

SUSTAINABILITY REPORT 2025



MASTERING
THE SCIENCE
OF METALS

LETTER FROM THE CHAIRMAN & CEO

Dear Stakeholders,

In 2025, FOMAS Group continued to strengthen its commitment towards Sustainability, integrating ESG topics in an increasingly structured way into its business strategy and decision-making processes. The year was marked by progress in Sustainability governance, including the introduction of certain ESG-related objectives into variable remuneration mechanisms (MBOs) through the Sustainability Performance Bonus, further reinforcing the link between sustainability performance and value creation.

In addition, the Group carried out a double materiality assessment, in line with ESRS standards, in order to identify the most relevant topics for the 2025 reporting cycle and define the Group's strategic priorities more precisely.

From an environmental perspective, 2025 confirmed the Group's decarbonization strategy toward 2030, with the goal of reducing direct Scope 1 and 2 emissions by 30%, further strengthening the climate mitigation pathway already launched in previous years. The Group also continued the ISO 14067 certification process for the Product Carbon Footprint and subjected its emissions calculations to independent verification in accordance with the GHG Protocol, supporting transparency and reliability in measurement. At the same time, FOMAS Group continued consolidating

and developing the Scope 3 reduction strategy, with the objective of acting across the entire value chain by actively involving partners and suppliers.

From a social perspective, in 2025 the Group obtained UNI/PdR 125 certification on gender equality for its Italian companies, an achievement that on the one hand confirms the compliance of the gender equality management system with UNI/PdR 125 requirements and on the other represents a concrete step towards a more equitable and inclusive workplace. In the same year, the Group also carried out its first company climate survey at Group level, a key tool for collecting employees' views in a structured way and guiding improvement actions based on the evidence gathered.

Overall, 2025 represents a further step forward in the FOMAS Group's journey toward responsible growth, supported by clear, transparent objectives aimed at creating shared value for all stakeholders.

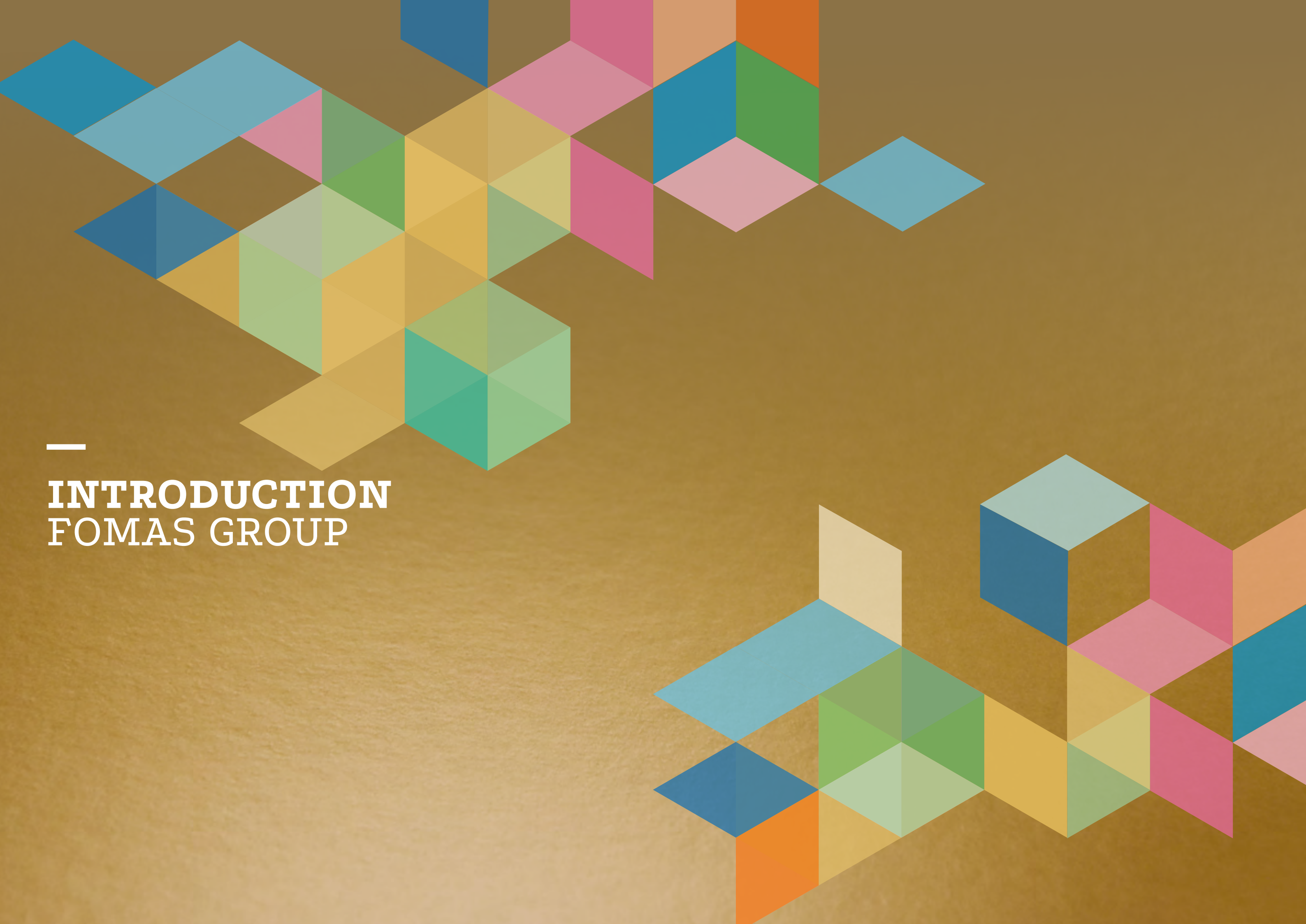
Jacopo Guzzoni, President & Group CEO



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INTRODUCTION
FOMAS GROUP

A TRULY GLOBAL FOOTPRINT



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

FOMAS, Inc.
York, SC (USA)

**LA FOULERIE
S.A.S.**
Carignan
(France)

FOMAS S.p.A.
Osnago (LC) (Italy)
HOT ROLL S.r.l.
Busano (TO) (Italy)
ASFO S.p.A.
Villamarzana (RO) (Italy)
MIMETE S.r.l.
Biassono (MB) (Italy)

BAY-FORGE Private Ltd.
Chennai (India)

**FOMAS Precision
Forging (Dalian)
Co., Ltd.**
Dalian (China)

1.1 BUSINESS MODEL, VALUE CHAIN AND STAKEHOLDERS ENGAGEMENT

Business model: production and markets

FOMAS Group specializes in the production of **forgings, rolled rings and metal powders** for a wide range of high-tech industrial applications. Its main reference markets include **Power Generation, Oil & Gas, Aerospace, Space & Defense, and Industrial**, where the Group positions itself as a supplier of intermediate components characterized by high mechanical and metallurgical performance. FOMAS Group's offering is structured into three main business areas:

- **Rings**
- **Forgings**
- **Metal powders**

The business model is characterized by a diversified **presence across major production hubs and international end markets**, ensuring proximity to customers, continuity of supply, and the ability to meet the specific technical requirements of the markets served. The FOMAS Group operates production sites in Europe (Italy and France), United States, India, and China.

Production Overview – Year 2025

By Product Category

Markets	%
Rings	54%
Open die forgings	45%
Metal powders	1%

By Markets Served

Markets*	%
Power Generation	58%
Industrial	34%
Oil & Gas	3%
Aerospace, Space & Defense	4%
Others	1%
*of which renewables	8%

FOMAS Group's product portfolio serves a wide range of industrial markets, including Power Generation, Oil & Gas, Aerospace, Defense, and renewable energy. The Group's contribution to climate and ESG objectives is mainly reflected in its operational commitment to optimizing production processes, the responsible selection of suppliers, and initiatives to reduce environmental impact, which are monitored and reported according to recognized standards. Since the products are intermediate components intended for different sectors, no specific sustainability targets have been set for individual product lines or customer segments. Opportunities in the renewable energy sector, as well as collaboration with customers on topics such as decarbonization, represent potential strategic levers, depending on the evolution of market demand and customers' specific applications, to support the transition toward lower-carbon industrial models.

FOMAS Group closely monitors emerging industrial trends, particularly those related to energy transition technologies, identifying opportunities in renewable energy markets, and sustainable applications. Although it is not directly involved in the production or distribution of fossil fuels, some products are supplied to customers operating in those sectors. The FOMAS Group is not involved in the production of chemicals, controversial weapons, or the cultivation/production of tobacco, nor does it offer goods or services prohibited in the markets in which it operates.

The Group pays particular attention to the origin of raw materials, favoring, where possible, suppliers located in geographic areas that allow transportation distances to be optimized, assessed together with other environmental and operational criteria. Dialogue with customers remains open on production processes, decarbonization, and opportunities for environmental improvement. Although no structured collaborations have yet been launched, there is significant potential for future initiatives in design, raw material selection, sustainable packaging, transport optimization, and responsible sourcing.

Value Chain

FOMAS Group's value chain covers all stages, from raw material selection to the delivery of finished products to global customers, including procurement, production processes, technological innovation and after-sales services. The operating model is based on an integrated approach and on strategic partnerships throughout the supply chain, with the aim of ensuring **quality, reliability, and sustainability**.

The Group produces intermediate components with high metallurgical complexity—**forgings, rings and metal powders**—developed according to customer specifications and intended for various industrial sectors. Metallurgical expertise and close attention to process quality are the distinguishing features of its offering.

UPSTREAM – Suppliers and procurement

Suppliers are essential to ensuring technological excellence and production continuity. The main categories are:

Raw material: steel

Tier 1 suppliers are **steel mills** that produce the steel grades required for forging and rolling processes. To meet the standards required by customers—often operating in critical sectors such as energy, aerospace and defense—it is essential to maintain **long-term relationships** with these suppliers, focusing on:

- availability and continuity of supply
- material qualification
- quality controls and technical compliance

Tier 2 and Tier 3 suppliers may include distributors, logistics operators or machine shops, but the Group does not interact directly with actors further upstream in the supply chain.

Machinery and equipment

Another strategic category concerns **manufacturers of furnaces and industrial machinery**, whose technological know-how is essential for:

- efficient processes
- high reliability
- process innovation

Supplier monitoring and sustainability

Suppliers' quality, ethical conduct and financial soundness are monitored on an ongoing basis.

In 2023, the Group introduced a **minimum sustainability score** in the Supplier Assessment Group Procedure, making ESG assessment an integral part of the selection and monitoring process for relevant suppliers. This approach strengthens the commitment to responsible and transparent procurement practices.

Core activities – Production, quality and innovation

At the center of the value chain are production and metallurgical transformation processes. Quality and know-how are distinctive elements of the FOMAS Group's offering, supported by: rigorous quality control systems consolidated technical expertise investments in plant modernization certified management systems (quality, environment, health and safety) The Group collaborates with customers, certification bodies and technical-industrial partners to ensure compliance with the requirements of the various markets served.

DOWNSTREAM – Customers, served sectors and business relationships

FOMAS Group's products are components that customers use to manufacture finished products. The offering is developed according to customers' technical specifications across different market segments, each with distinct requirements in terms of:

- metallurgical quality
- certifications
- mechanical properties
- process technologies

Customers operate in the **Power Generation, Oil & Gas, Industrial, Aerospace and Defense** sectors, as well as in other high-tech industries, on a global scale. The Group does not produce consumer goods and does not have a retail channel: the customer-supplier relationship is highly specialized, based on advanced technical requirements, process innovation, and collaboration.

Collaboration and audits

During the year, the Group:

- **undergoes customer audits**, especially in regulated sectors
- **conducts supplier audits** to ensure quality and supply chain traceability

This interaction helps strengthen the value chain and ensure transparency, reliability, and continuous improvement.

An integrated approach to a sustainable value chain

The Group's strategy promotes a sustainable value chain, aimed at generating value for all parties involved and supporting responsible growth.

The business model is built on three pillars:

1. **Strategic partnerships** with suppliers and customers
2. **Certified management systems** for quality, environment, and safety
3. **Ethics, transparency, and responsibility** throughout the entire supply chain

Through this approach, the Group strengthens supply chain resilience and contributes to the responsible development of the sectors in which it operates.

Stakeholder engagement

FOMAS Group recognizes its responsibility within the economic and social context, adopting a **multistakeholder** approach aimed at creating shared and lasting value. Its activities are developed through ongoing dialogue with key stakeholders, whose expectations are integrated into decision-making processes and the sustainability strategy. The identification and engagement of stakeholders are structural aspects of sustainability governance and are periodically reviewed and updated.

Main stakeholder categories

The FOMAS Group's stakeholders include:

- **Employees** and people across the Group, who drive the organization and safeguard its technical and metallurgical know-how.
- **Customers**, with whom the Group maintains ongoing dialogue on quality, technical requirements, production processes, innovation, and ESG topics.
- **Suppliers**, strategic partners with whom the FOMAS Group collaborates on transparency, responsibility, and performance monitoring, including ethical and sustainability aspects.
- The **financial community** (shareholders, credit institutions, investors), with regard to transparency of results and strategic soundness.
- **Authorities, institutions, and regulatory bodies**, at international, national, and local level.
- **Local communities**, in the areas where the FOMAS Group has an established presence, with attention to social, environmental, and employment impacts.

These categories are confirmed and reviewed annually as part of the governance process, which updates stakeholder groups and engagement methods.

Dialogue and engagement tools

Dialogue with stakeholders is designed according to the specific characteristics and information needs of each group. Depending on the topics and objectives, engagement takes place through:

- regular meetings with customers and suppliers;
- audits and visits to production sites;
- internal surveys addressed to employees;
- structured consultations during the double materiality assessment process;
- interactions with local authorities and institutions;
- technical reviews and material qualification activities with industrial partners;
- sharing of technical and sustainability documentation through digital channels and the intranet;
- participation in thematic working groups and industry initiatives.

Stakeholder engagement is integrated into data collection and reporting systems, as well as into internal control and governance processes.

Stakeholder engagement and the double materiality process

Stakeholder input is essential for identifying the Group's material topics. In the Double Materiality Assessment updated in 2025:

- stakeholder feedback is collected and analyzed to understand expectations, perceptions, and priorities;
- these elements are integrated into the assessment of the current and potential, negative or positive impacts of the Group's activities and its value chain;
- the outcome is discussed by the **Sustainability and Risk Committee** and submitted for approval to the **Board of Directors**.

The role of governance in managing stakeholder relations

Stakeholder engagement methods are first approved and subsequently monitored by the **Board of Directors and the Sustainability and Risk Committee**, which are responsible for:

- integrating ESG risks and opportunities into the strategy;
- verifying the alignment and completeness of consultation processes;
- approving the results of the materiality analysis and stakeholder analysis;
- ensuring that expectations, risks, and impacts are considered in strategic planning.

The **Sustainability Manager** operationally coordinates this engagement, supported by the **Sustainability Champions**, facilitating data collection and interaction with the various corporate functions.

Value generated through dialogue

Through the continuous engagement of internal and external stakeholders, FOMAS Group strengthens the quality and reliability of processes, ESG performance along the value chain, resilience to market, environmental, and social risks, the effectiveness of decarbonization strategies and climate commitments, and supports dialogue with local communities and the development of initiatives aimed at generating social benefits, depending on available resources and the local context. Stakeholder engagement also contributes to improving governance and identifying the priorities of the Sustainability Plan, in line with international best practices and emerging expectations.

Stakeholder category	Engagement channels	Main topics	Frequency
Employees	■ Internal surveys ■ Intranet and digital communications ■ Dedicated training ■ Regular meetings with HR and management	■ Fair working conditions ■ Health and safety ■ Skills development ■ Diversity and inclusion ■ Internal ESG information	Ongoing throughout the year; periodic meetings and communications
Customers	■ Technical meetings ■ Audits at FOMAS Group sites ■ Sharing of technical documentation ■ Dialogue on requirements and processes	■ Product quality ■ Traceability and technical requirements ■ Product and process innovation ■ ESG topics relevant to the supply chain	Ongoing; periodic audits and reviews
Suppliers	■ Qualification and monitoring audits ■ Supplier Assessment Procedure ■ Sharing of ESG standards and policies ■ Technical reports on materials and processes	■ Quality and reliability ■ Ethical conduct ■ Sustainability and minimum ESG ratings ■ Traceability and responsible sourcing	Ongoing; annual audits and assessments
Local communities	■ Social and local initiatives ■ Dialogue with local authorities ■ Community engagement projects	■ Economic, social and cultural impacts on local areas ■ Local support and development	Annual and on the occasion of specific social initiatives
Authorities and institutions	■ Regulatory compliance activities ■ Formal dialogue and reporting ■ Participation in industry working groups	■ Regulatory compliance ■ Transparency ■ ESG and safety topics	Ongoing throughout the year
Financial community (banks, investors)	■ Official reporting ■ Annual reporting ■ Interactions on ESG and industrial performance	■ Economic performance ■ ESG strategies ■ Risks and opportunities	Annual and quarterly
Certification bodies and supervisory authorities	■ Third-party audits ■ Periodic reviews of quality, environmental and safety systems	■ Compliance with international standards ■ ESG performance ■ Continuous improvement	Annual and according to certification cycles

1.2 SUSTAINABILITY STRATEGY

FOMAS Group integrates sustainability into its business model, recognizing it as a central element for future growth and competitiveness in response to the transformation of global markets. The ESG strategy is aligned with the risks and opportunities identified through the double materiality process and is developed involving all business areas.

In a context shaped by the energy transition, regulatory developments, technological innovation, increasing attention to social responsibility and supply chain resilience, the Group addresses these challenges through a strategy structured around the following **five pillars**:



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Ethical Governance

The governance model adopted is based on integrity, transparency and accountability, ensuring the management of ESG risks, the oversight of the relevant Committees, and a commitment to data protection, process quality and the prevention of corruption.



PEOPLE-CENTRIC

People are a strategic asset: FOMAS Group promotes a healthy, safe, inclusive working environment focused on well-being. The objectives include:

- protection of human rights along the value chain
- continuous improvement in health and safety
- increasing female representation
- growth in training hours to develop technical and managerial skills
- promotion of a DEI culture across the Group's sites

Area	Objective
Health and Safety	A safe working environment and a strong focus on prevention
Human Rights	Protection throughout the value chain
Training	Increase in the average annual training hours per person
DEI	Increase in female representation and promotion of an inclusive culture



AWARENESS AND COMMITMENT FOR THE PLANET

The Group has defined concrete targets for reducing emissions and using natural resources responsibly, with 2030 targets compared with 2022:

- **-30% Scope 1 and 2**
- **-10% Scope 1+2+3**
- **100% sourcing of electricity from renewable sources by 2030**, subject to market availability, site operating conditions and the different local regulatory contexts.

The climate strategy includes energy efficiency, responsible waste and water management, and technological innovation.

Scope	2030 Target	Description
Scope 1 + 2	-30%	Reduction of direct emissions and indirect emissions from purchased energy
Scope 1 + 2 + 3	-10%	Reduction of total emissions across the value chain
Electricity	100% sourcing of electricity from renewable sources	Full transition to electricity from renewable sources, subject to market availability, site operating conditions, and the different local regulatory contexts



EMBRACING THE CHANGE WITH OUR PARTNERS

The Group collaborates with suppliers to:

- promote responsible procurement
- introduce ESG criteria into qualification assessments
- implement scoring systems and performance monitoring
- promote ethical and transparent practices throughout the supply chain

Area	Objective
Supplier ESG Score	ESG assessment of strategic suppliers through a dedicated scoring system
Sustainable Procurement	Integration of ESG criteria into procurement procedures



CREATING SHARED VALUE FOR THE COMMUNITY

FOMAS Group is committed to generating value in the territories where it operates through social, cultural and educational initiatives, contributing to positive impacts for local communities, where measurable, depending on available resources and the local context.

SUSTAINABILITY DRIVERS



SOCIAL
IMPACT



SUSTAINABLE
VALUE CHAIN



ENERGY
EFFICIENCY

CO₂

EMISSION
REDUCTION

LEVERAGING TECHNOLOGY AND KNOWLEDGE FOR SUSTAINABLE PRACTICES



PEOPLE DEVELOPMENT
AND EMPOWERMENT



HEALTH
AND SAFETY



ELECTRICITY
FROM RENEWABLE
SOURCES



WASTE AND WATER
REDUCTION



**METHODOLOGY
AND REPORTING
STANDARDS**

2.1 SCOPE, BASIS OF PREPARATION AND TIME HORIZONS

FOMAS Group 2025 Sustainability Statement is prepared on a consolidated basis and presents the information necessary to understand the Group's impacts on ESG matters, as well as the effects that these matters have on the Group's development, performance and position in the short, medium and long term. The report is prepared on a **voluntary basis**, in accordance with the **European Sustainability Reporting Standards (ESRS)** issued pursuant to the **Corporate Sustainability Reporting Directive (CSRD)** and is **not currently subject to third-party assurance**.

The reporting process is inspired by the principles of **transparency and accountability**, with the aim of providing stakeholders with accurate, reliable and up-to-date information, thereby fostering trust and engagement. The system for collecting, monitoring, and reporting sustainability data was reviewed and approved in 2025.

The process is based on several key elements:

- the **governance system** is fully involved, with the Sustainability and Risk Committee overseeing and approving the process;
- the **sustainability strategy** is integrated into the business strategy in order to promote responsible and lasting growth;
- the main **stakeholder groups** are identified, and their engagement is managed and communicated transparently.

Consolidation scope

The report covers all companies of the FOMAS Group, collectively referred to as the "FOMAS Group": **FOMAS HOP S.p.A., FOMAS S.p.A., ASFO S.p.A., HOT ROLL S.r.l., MIMETE S.r.l., BAY-FORGE Private Ltd., FOMAS Precision Forging (Dalian) Co., Ltd., LA FOULERIE S.A.S. and FOMAS, Inc.**

The reporting perimeter fully coincides with that of the Group's financial consolidation, in line with the 2024 reporting scope.

Value chain coverage

Where relevant and possible, the report includes information on actors upstream and downstream in the value chain, integrating data from direct operational activities with those of the Group's most significant counterparties.

- **Upstream:** impacts, risks and opportunities associated with strategic raw material suppliers are considered, particularly steel mills (Tier 1), which play a central role in terms of quality, volumes and emissions impact.
- **Downstream:** the scope includes the assessment of impacts relating to customers and served sectors, considering technical requirements, product quality, continuity of supply and related ESG aspects.

Upstream and downstream information contributes to the **Impact, Risks and Opportunities Assessment (IRO)**, carried out in accordance with the ESRS.

Time horizons

The time horizons used for the assessment of impacts, risks and opportunities, including those related to climate change, are defined by the Group and aligned with the ESRS:

- **Short term: up to 2027**
- **Medium term: from 2027 to 2031**
- **Long term: from 2031 to 2050**

These time horizons guide ESG strategic planning and the assessment of climate-related impacts.

Use of estimates (Scope 3 value chain and financial materiality)

The FOMAS Group limits the use of estimates and proxy data wherever possible. However, in some circumstances, the use of indirect data is necessary, particularly for the value chain and for the assessment of financial materiality related to uncertain future events (for example, climate change).

a) Areas subject to estimation

The use of indirect data mainly concerns:

- **Scope 3 emissions** (category 3.1 – purchased goods and services), in the absence of primary data provided by suppliers;
- **recycled material content** used by the Group;
- **Product Carbon Footprint** relating to specific raw materials.

b) Methodological basis of estimates

In the absence of primary data, the following are used:

- secondary data on the percentage of recycled material;
- internationally recognized emission factors;
- specific information on material type, production technology and supplier country of origin.

The objective is to minimize inaccuracies and ensure consistency with globally recognized methodologies, avoiding claims not supported by verifiable data.

c) Level of accuracy

Metrics based on indirect data are classified as having a **medium** level of accuracy, as they depend on the availability of primary data from suppliers. The use of validated emission factors helps limit variability and the risk of error, although it does not guarantee absolute precision.

d) Planned actions to improve accuracy

The FOMAS Group intends to:

- request primary data from strategic suppliers on an annual basis;
- increase material traceability;
- standardize data collection along the value chain;
- progressively replace secondary data with primary information, where available.

These actions are aimed at a gradual improvement in the quality of ESG metrics, in line with the principle of diligence and transparency, while avoiding promises of improvement that cannot be substantiated.

Basis of preparation and applied principles

The report:

- follows the principles of the ESRS on a voluntary basis;
- adopts the definitions, metrics and disclosure requirements provided for by the standards;
- does not provide for incorporation by reference to other documents;
- is based on consolidated procedures for the collection, verification and approval of ESG data, coordinated by the Sustainability Manager and the Sustainability and Risk Committee.

Use of other standards or references

The disclosure is prepared voluntarily, without assurance by independent third parties, in accordance with:

- the **European Sustainability Reporting Standards (ESRS)**;
- the principles of the **CSRD**.

No additional frameworks have been adopted, nor have consolidation by reference to other documents been carried out.

Comparative data

As this is the Group's first report prepared in accordance with the ESRS, the transitional provisions set out in the standards (ESRS 1, paragraph 136) have been applied: quantitative metrics are therefore presented for 2025 only.

Structure of the document

FOMAS Group 2025 Sustainability Statement is prepared in accordance with the ESRS and is structured to ensure consistency, transparency and traceability of information. The organization of content follows the information flow required by the standards, facilitating consultation by all stakeholders and ensuring that disclosures can be clearly traced back to the sections required under European regulation.

The document opens with the general information required by ESRS 2: a description of the Group's business model, sustainability governance arrangements, the process for assessing impacts, risks and opportunities (IRO), and the strategic approach and medium- to long-term objectives. This section provides an interpretative framework for understanding the relevance of ESG topics for the Group and their integration into decision-making processes. The central part then focuses on the thematic information required by ESRS E (Environment), S (Social) and G (Governance). Each material topic identified through the double materiality process is presented according to the sequence provided for by the standards:

- adopted policies;
- implemented actions and plans;
- quantitative and qualitative objectives;
- metrics.

The governance section describes business conduct practices, integrity, anti-corruption and oversight. The environmental section includes, where relevant, disclosures on climate change, energy, water resources, waste management, circular economy and other environmental impacts. The social section addresses matters relating to the workforce, workers in the value chain, local communities and customers. This approach reflects the reporting structure already developed by the Group in 2024, particularly in the areas of governance and data collection methodology.

The metrics include the Group's own data and, where applicable, information relating to the value chain, collected through supplier engagement and harmonized according to the methodologies described in the "Basis of preparation" section. Environmental, social and governance information is presented with a focus on comparability and continuity, following a logic of progressive and documented improvement in data quality.

2.2 DOUBLE MATERIALITY

In accordance with the **European Sustainability Reporting Standards (ESRS)** and the methodological guidelines issued by EFRAG, in 2025 the FOMAS Group carried out its **Double Materiality Assessment**, with the aim of identifying in a structured way the most relevant **impacts, risks and opportunities (IROs)** for the Group, according to the dual perspective of **"inside-out"** (impact materiality) and **"outside-in"** (financial materiality). The process was conducted in line with ESRS 1 – AR16 and EFRAG Implementation Guidance IG 1.

Objectives of the Assessment

The double materiality assessment aims to:

- identify the Group's **most significant impacts** on the environment and people (inside-out), considering both internal operations and the entire value chain;
- identify **risks and opportunities** that may affect the Group's development, its financial performance, access to finance and cost of capital (outside-in);
- guide the definition of **ESG priorities**, targets and ESRS disclosures for 2025 reporting.

Methodological Approach

The Double Materiality process is structured in **three phases**, in accordance with the EFRAG framework:

Phase 1 — Context analysis

- Assessment of the business characteristics (steel, forgings, rings, metal powders);
- Analysis of the value chain, with a focus on Tier 1 suppliers (upstream) and customers in the main sectors (downstream);
- Benchmarking of the metallurgical and energy-intensive sector;
- Assessment of physical and transition climate risks;
- Review of policies, management systems and internal strategies.

This phase led to the development of a long list of ESRS topics and impacts for assessment.

Phase 2 — Identification of Impacts, Risks and Opportunities (IROs)

- Analysis of the stages of the production cycle;
- Assessment of the main processes and technologies;
- Mapping of key inputs and outputs (steel, energy, water, waste, emissions, quality);
- Involvement of internal functions (Sustainability, HSE, HR, Supply Chain, Legal & Compliance, Finance).

Impacts (Impact Materiality)

Impacts are assessed based on **Scale – Scope – Irremediability – Likelihood** in accordance with **ESRS 2**. The most relevant impacts identified include:

- **Climate change – Mitigation (E1)**
- **Water consumption in water-stressed areas (E3)**
- **Air / water / soil pollution (E2)**
- **Resource use and circular economy (E5)**
- **Working conditions, health and safety, equal opportunities (S1)**
- **Conditions of workers in the value chain (S2)**
- **Business conduct and corporate culture (G1)**

Risks and Opportunities (Financial Materiality)

These were assessed through Severity x Likelihood matrices using ESRS criteria, considering effects on EBITDA, revenues, operating costs, and capital. The identified risks concern financial, reputational, business continuity, regulatory, and compliance aspects. Opportunities include energy efficiency, new low-carbon markets, and labour protection.

Phase 3 — Final assessment

Each IRO was positioned in a **materiality heatmap** (impact + financial) in accordance with the ESRS. Below is the matrix of the topics resulting as material.

ESRS Topic	Sub-topic	Impact materiality	Financial materiality	Key drivers identified
E1 – Climate Change	Mitigation	Very material	Very material	Scope 1–2–3 emissions, ETS/ETS2, CBAM, markets
E2 – Pollution	Air / water / soil	Material	Not material	Compliance, incidents, Legislative Decree 231 sanctions, communities
E3 – Water	Water consumption	Very material	Material	Water stress, plant shutdowns, sanction costs
E5 – Resources, Circular Economy	Materials, scrap	Material	Very material	Scrap prices, steel sourcing, waste
S1 – Workers	Working conditions, health and safety	Material	Material	Accidents, production stoppages, turnover, legal costs
S1 – Workers	Equality, inclusion	Material	Not material	Equal opportunities, turnover, compliance
S2 – Workers in the value chain	Working conditions in the supply chain	Material	Material	Steel mill qualification, supplier health and safety, child/forced labour
G1 – Business conduct	Ethics, anti-corruption	Material	Material	Code of Ethics, Legislative Decree 231 procedures, reputation
G1 – Supplier management	Supply practices	Material	Material	ESG score, supplier diversification, costs
Entity-specific	Cybersecurity	Material	Very material	Data protection, plant shutdowns, GDPR/NIS2 sanctions

The identified impacts, risks and opportunities are covered by the ESRS requirements, with the exception of the topic of **Cybersecurity**, which is treated as entity-specific, as it is relevant to the Group's operating context but is not covered by a dedicated thematic ESRS standard.



Quantitative methodologies and scoring

The analysis combines qualitative and quantitative assessments, in line with ESRS 1 and ESRS 2. For **impact materiality** (inside-out), each impact is assessed against four parameters (scale, scope, irremediability, likelihood), using a weighted average and positioning in a heatmap. For **financial materiality** (outside-in), severity (as a % of EBITDA), likelihood (historical frequency, outlook, scenarios) and positioning in a heatmap are used. The assessment covers three time horizons: short term (<1 year), medium term (1–5 years), and long term (>5 years). The quantitative results are based on internal analyses, historical data, technical estimates and contributions from the Risk Owners, with validation by the Sustainability and Risk Committee. This methodology ensures transparency and supports the definition of targets, investments and mitigation plans in the thematic chapters of the Report.

Stakeholder engagement

- **Internal:** senior management, HSE, HR, Supply Chain, Finance, Engineering, Operations, Legal & Compliance.
 - **External:** key customers, Tier 1 suppliers, certification bodies, and local communities where relevant.
- The assessment was supplemented by internal surveys, technical validation workshops and contributions from the Risk Owners.

Validation and governance

- Process coordinated by the **Sustainability Manager**;
- Oversight by the **Sustainability and Risk Committee**;
- Approval by the **Board of Directors** of the FOMAS Group.

The analysis will be updated annually, in line with the evolution of ESRS standards and the availability of value chain data.

IRO Matrix – FOMAS Group (2025)

Based on the Double Materiality Assessment carried out in 2025, the FOMAS Group identified a set of material impacts, both positive and negative, arising from its own operations and from the value chain.

ESRS Topic ID	Topic	Sub-topic	Description	Type of impact	Type of effect	Time horizon	Value chain
E1	Climate change	Climate change mitigation	Contribution to climate change through the generation of atmospheric emissions resulting from the consumption of fossil energy sources during the production phase	Negative	Actual	Long term	Own operations
E1	Climate change	Climate change mitigation	Contribution to climate change along the value chain (e.g. suppliers, customers)	Negative	Actual	Long term	Upstream and downstream value chain
E1	Climate change	Climate change mitigation	The production of goods made predominantly from recycled materials enables the Group to reduce the environmental impact associated with its products (e.g. greenhouse gas emissions)	Positive	Actual	Long term	Own operations and downstream value chain

ESRS Topic ID	Topic	Sub-topic	Description	Type of impact	Type of effect	Time horizon	Value chain
E2	Pollution	Air pollution	The release of pollutants into the atmosphere during activities along the value chain (e.g. NOx, SOx, PM) negatively affects air quality (physical and chemical properties)	Negative	Actual	Short term	Upstream and downstream value chain
E2	Pollution	Water pollution	The release of pollutants into water during the company's activities has a negative effect on the quality (physical, chemical and biological properties) of water bodies	Negative	Potential	Short term	Own operations
E2	Pollution	Water pollution	The release of pollutants into water due to the absence or inadequacy of wastewater treatment during activities along the value chain has a negative impact on the quality (physical, chemical and biological properties) of water bodies	Negative	Potential	Short term	Upstream and downstream value chain
E2	Pollution	Soil pollution	The release of pollutants into soil due to accidental spills and/or inadequate resource management within the Group's own operations may alter soil conditions (chemical, physical and biological properties)	Negative	Potential	Short term	Own operations
E2	Pollution	Soil pollution	The release of pollutants into soil due to accidental spills and/or inadequate resource management in operations along the value chain may alter soil conditions (chemical, physical and biological properties)	Negative	Potential	Short term	Upstream and downstream value chain

ESRS Topic ID	Topic	Sub-topic	Description	Type of impact	Type of effect	Time horizon	Value chain
E3	Water and marine resources	Water	Water consumption, especially in areas subject to water stress, contributes to the issue of water scarcity	Negative	Actual	Medium term	Own operations
E3	Water and marine resources	Water	Water consumption during operations along the Group's upstream value chain (e.g. suppliers), especially in areas subject to water stress, contributes to water scarcity	Negative	Actual	Medium term	Upstream value chain
E5	Resource use and circular economy	Resource inflows, including resource use	The use of non-renewable materials (e.g. iron, steel) in the Group's production processes causes their depletion and reduces their availability on the market	Negative	Actual	Long term	Own operations
E5	Resource use and circular economy	Resource inflows, including resource use	The use of non-renewable materials (e.g. iron, steel) in production processes along the value chain causes their depletion and reduces their availability on the market	Negative	Actual	Long term	Upstream and downstream value chain
E5	Resource use and circular economy	Resource outflows related to products and services	The adoption of circular economy practices, such as recycling materials in production stages, reduces the Group's pressure on natural resources and ensures lower environmental impacts	Positive	Actual	Long term	Own operations
E5	Resource use and circular economy	Waste	The Group's production processes generate a significant amount of waste that must be managed (e.g. waste recycled or sent to landfill)	Negative	Actual	Short term	Own operations

ESRS Topic ID	Topic	Sub-topic	Description	Type of impact	Type of effect	Time horizon	Value chain
S1	Own workforce	Working conditions	Respect for employees' rights in relation to working conditions such as secure employment, working hours, adequate wages, social dialogue, freedom of association and collective bargaining contributes positively to workers' health and well-being	Positive	Actual	Short term	Own operations
S1	Own workforce	Working conditions	Ensuring permanent contracts generates positive impacts on employees' well-being	Positive	Actual	Long term	Own operations
S1	Own workforce	Working conditions	Worker injuries and social costs. These may result from production processes or failure to comply with company rules and procedures (mechanical risks; health data from the various plants—occupational diseases, of limited relevance; physical risk: noise is the most significant risk; the ageing of the workforce should also be considered, as it brings different needs and capabilities)	Negative	Potential	Short term	Own operations
S1	Own workforce	Equal treatment and opportunities for all	Training and skills development programmes have positive impacts on employees' motivation and skills enhancement	Positive	Potential	Long term	Own operations
S1	Own workforce	Equal treatment and opportunities for all	Fair and unbiased recruitment processes (e.g. prevention of favoritism and discrimination) contribute to employee retention, talent attraction and therefore employee well-being	Positive	Actual	Long term	Own operations

ESRS Topic ID	Topic	Sub-topic	Description	Type of impact	Type of effect	Time horizon	Value chain
S1	Own workforce	Equal treatment and opportunities for all	High levels of employee turnover (departures) negatively affect the Group's culture and working environment, as well as employee well-being	Negative	Potential	Short term	Own operations
S2	Workers in the value chain	Working conditions	The violation of the rights of workers in the value chain in relation to working conditions such as secure employment, working hours, adequate wages, social dialogue, freedom of association and collective bargaining negatively affects their lives and well-being	Negative	Potential	Short term	Upstream and downstream value chain
G1	Business conduct	Corporate culture	Effective management of sustainability aspects by the Group can have a positive impact on stakeholder satisfaction and the creation of shared value	Positive	Actual	Short term	Own operations
G1	Business conduct	Management of supplier relationships, including payment practices	The development of a corporate culture based on ethics, integrity and transparency contributes positively to the creation of a trustworthy working environment, with a direct impact on workers, business partners and external stakeholders	Positive	Actual	Long term	Upstream and downstream value chain and own operations

Risks

Based on financial materiality, the Group identified the following material risks:

ESRS Topic ID	Topic	Sub-topic	Type of risk	Risk description	Time horizon	Value chain
E1	Climate change	Climate change mitigation	Transition risk	Increase in costs due to investments required for the adoption of new technologies and the refurbishment of plants to support the transition to low-carbon production processes, including R&D costs.	Medium term	Own operations
E1	Climate change	Climate change mitigation	Regulatory risk (policies & legal)	Risks related to the regulatory and legal framework: increase in costs linked to climate-altering emissions (introduction of a carbon tax, tightening of carbon pricing systems, CBAM, ETS, enhanced emissions reporting obligations, etc.).	Medium term	Own operations
E1	Climate change	Climate change mitigation	Market risk	Reduction in demand for certain products and related market share due to changing customer and market behavior. 1. New technologies replacing rolled/forged components. 2. Contraction of the fossil fuels market and related value chains (Oil & Gas, power generation from fossil sources).	Medium term	Own operations
E3	Water and marine resources	Water	Market risk	Risk of economic losses and business interruption due to difficulties and/or disruptions in the supply and use of water resources (water scarcity).	Short term	Own operations
E5	Resource use and circular economy	Resource inflows, including resource use	Market risk	Risk of increased costs due to scarcity of primary and secondary raw materials (e.g. steel and iron) and the technological shift of steel plants from BOF to EAF.	Medium term	Own operations
S1	Own workforce	Working conditions	Regulatory (policies & legal) and reputational risk	Financial risk arising from reputational consequences and sanctions, fines and/or potential conflicts with employees in relation to inadequate working conditions (e.g. collective bargaining, occupational safety, working conditions and hours, etc.) or non-compliance with laws and regulations.	Short term	Own operations

ESRS Topic ID	Topic	Sub-topic	Type of risk	Risk description	Time horizon	Value chain
S1	Own workforce	Working conditions	Regulatory (policies & legal), reputational and business continuity risk	Risk of business interruption, reputational impact and legal disputes, sanctions and fines arising from events related to production activities, particularly workplace accidents and injuries. Interruptions caused by such events may lead to a temporary suspension of operations, affecting productivity, output and potentially business continuity.	Short term	Own operations
S2	Workers in the value chain	Working conditions		Potential economic losses and disruptions to business continuity arising from accidental events along the value chain relating to workers' working conditions (e.g. health and safety, working hours), discrimination, child and forced labour and, more generally, unsustainable practices in the value chain.	Short term	Upstream and downstream value chain
G1	Business conduct	Corporate culture		Reputational risk, risk of sanctions and loss of market share caused by potential non-compliance with laws and regulations relating to business conduct.	Short term	Own operations
G1	Business conduct	Whistleblower protection		Reputational and operational risk due to inadequate management of the reporting channel and procedure.	Short term	Own operations
G1	Business conduct	Management of supplier relationships, including payment practices		Difficulty in finding suppliers that comply with the Group's established social and environmental requirements, with resulting business disruption or cost increases.	Medium term	Own operations
G1	Business conduct	Corruption and bribery		Risk of fines, sanctions and damage to the Group's reputation due to episodes of corruption and unlawful conduct in the course of activities with business partners.	Short term	Own operations
Entity-specific				Risk of cyberattacks and possible loss of information that may result in economic losses, reputational damage and system malfunctions.	Short term	Own operations

Opportunities

Below material opportunities:

SRS Topic ID	Topic	Sub-topic	Type of opportunity	Opportunity description	Time horizon	Value chain
E1	Climate change	Climate change mitigation	Market opportunity	Expansion into or access to new markets (new activities, products, countries, etc.)	Medium term	Own operations
E1	Climate change	Climate change mitigation	Cost-saving opportunity	■ Participation in renewable energy programs and adoption of energy efficiency measures ■ Use of supportive regulatory incentives	Short term	Own operations
S1	Own workforce	Working conditions	Financial opportunity	Health and safety prevention processes and activities can reduce the number of accidents and related costs, while also improving the Group's reputation	Short term	Own operations

From double materiality to strategic integration

The double materiality assessment, together with stakeholder evaluations, guides the updating of the FOMAS Group's objectives and strategies. For each material topic, the Group defines specific **actions** consistent with the adopted **policies and targets**, in order to **manage impacts** and risks and explore **opportunities** along the value chain. This approach is integrated into the business model and decision-making processes, with **mitigation and adaptation measures** illustrated in the thematic sections of the Report. These measures also affect relationships with suppliers and partners, promoting sustainable practices throughout the production cycle (e.g. ESG criteria in supplier qualification, targeted audits).

Material impacts, risks and opportunities influence the Group's business model, guiding:

- industrial investment strategies;
- sourcing and supplier qualification choices;
- the development of products for low-carbon markets;
- the integration of ESG criteria into decision-making processes.

Current and prospective financial effects include:

- increases in operating and investment costs in the short and medium term;
- economic benefits from energy efficiency and technological innovation;
- impacts on the risk profile and cost of capital in the medium to long term.

Environmental focus – Climate, water, resources/circularity and pollution

The identification of Impacts, Risks and Opportunities (IROs) follows a life-cycle perspective consistent with the ESRS, with attention to **own operations and upstream suppliers** (Tier 1

steel mills), which are the main sources of Scope 3 category 3.1 emissions and recycled material content. Downstream, the Group assesses product quality, product safety and customer requirements. The material priorities for 2025 include **climate change mitigation (E1), water consumption (E3), resource use and circular economy (E5), and pollution (E2)**; all are linked to medium-term targets and KPIs.

With regard to climate, the assessment covers Scope 1–2–3 emissions and incorporates the main transition risk drivers (ETS/ETS2, CBAM, technological and market developments) and physical risk drivers (acute events and chronic conditions) across short-, medium- and long-term time horizons, in line with the Group's risk assessment. The quantification of economic and financial impacts highlights exposure to: incremental ETS/CBAM costs, energy price volatility and "green" cost premiums, raw material scarcity/price volatility, and operational disruptions due to water stress.

With regard to **water resources**, the mapping identifies water-stressed areas and includes a water index with reduction targets, monitoring consumption and assessing potential business interruption impacts; actions include efficiency measures, reuse, operational controls and dedicated resilience plans.

With regard to **circularity and resources**, the analysis quantifies economic risks related to the scarcity and price of steel/scrap and directs initiatives toward recycled materials, waste reduction and waste-to-landfill targets.

With regard to **pollution**, exposure is managed through certified management systems, operational controls, monitoring activities and continuous improvement plans, including measures to ensure regulatory compliance in the EU and in non-EU countries.

Social and governance dimension

From a social perspective, the material topics are **working conditions and health and safety** of the workforce (S1) and wor-

kers in the value chain (S2), which are connected to operational continuity, reputation and compliance risks; actions are planned on H&S prevention, training, retention and **due diligence** mechanisms extended to the supply chain.

From a **governance** perspective, the material topics include **business conduct/anti-corruption, supplier management and cybersecurity**; in addition to policies and systems, the analysis considers the economic impacts of adverse events (sanctions, reputational damage, direct costs and production stoppages), in order to protect the resilience of processes and data.

Link with strategy, targets and investment decisions

The outcomes of the double materiality assessment are reflected in the **decarbonization plan** and operational objectives, in responsible procurement policies (ESG scoring, supplier qualification and targeted audits), in H&S/People programmes (training, DEI), and in governance safeguards (codes, whistleblowing, cybersecurity). The findings are discussed by the **Sustainability and Risk Committee** and approved by the Board of Directors, with an annual update of the matrix and related IROs.

Policies

The Group has adopted formalized policies aligned with the identified material topics, including the Sustainability Policy, Code of Ethics, HSE Policies, Human Rights Policy and Sustainable Procurement Policy.

Actions

For each material topic, the Group has defined specific actions with short-, medium- and long-term time horizons, integrated into industrial and governance processes.

Metrics

Performance is monitored through quantitative and qualitative KPIs, collected through management systems and structured data monitoring processes.

Targets

Measurable targets and annual monitoring of progress have been defined.

Reading note - Reference to thematic chapters

- **Climate (E1):** strategy, reduction targets, ETS/CBAM/ETS2 regulatory scenarios and physical/transition risks (chapter E1 Climate Change).
- **Water (E3):** mapping of water-stressed areas, index and resilience plans (chapter E3 Water).
- **Resources and circularity (E5):** recycled content, raw material efficiency, waste-to-landfill (chapter E5 Circular Economy).
- **People (S1/S2):** H&S, rights, training, due diligence in the value chain (chapters S1 People, S2 Workers in the Value Chain).
- **Governance (G1 + entity-specific):** business conduct, suppliers, cybersecurity and Legislative Decree 231 safeguards (chapter G1).





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**SUSTAINABILITY
GOVERNANCE**

3.1 GENERAL OVERVIEW OF THE GOVERNANCE SYSTEM

The governance of the FOMAS Group is based on principles of transparency, accountability and integrity, with an organizational structure designed to ensure effective oversight of ESG matters across the entire organization.

All companies of the FOMAS Group are private legal entities incorporated in accordance with the national laws of their respective countries. The Boards of Directors of the individual companies regularly assess the impacts of the company's activities on the Group, the economy, the environment and people, in line with the values set out in the Group Code of Ethics and, for the Italian companies only, in the Organizational, Management and Control Models adopted pursuant to Legislative Decree 231/2001. The integration of sustainability and ethical matters into business processes takes place according to a strategy overseen by the Board of Directors of FOMAS S.p.A., which verifies the alignment of all Group companies with the common guidelines.

3.2 ESG GOVERNANCE STRUCTURE AND RESPONSIBILITIES

Governance framework, roles and responsibilities

1. Boards of Directors

The Boards of Directors are responsible for integrating the assessment of risks and opportunities related to sustainability and climate change into the business strategy. They are also responsible for approving the sustainability strategy, the annual budget and investments related to ESG projects, in particular through:

- integration of the assessment of ESG risks and opportunities into the business strategy;
- approval of the Group Strategic Risk Assessment Plan;
- validation of the materiality assessment, the sustainability strategy and the sustainability budget.

The Group President and CEO coordinates the sustainability strategy, defines the annual budget and expenditures for ESG projects, and then submits the proposals for approval to the Boards of Directors of the individual companies. The President and CEO is also responsible for defining the composition of the Sustainability and Risk Committee.

2. Sustainability and Risk Committee

The Sustainability and Risk Committee meets on a half-yearly basis and is composed of the Group President and CEO, the Sustainability Manager, the CFO, the Sustainability Champions and an external ESG expert. Its main responsibilities are:

- defining the sustainability strategy, objectives, initiatives and policies;
- conducting the annual materiality assessment;
- monitoring and reporting on sustainability policies and standards;

- raising awareness among employees and stakeholders;
- conducting the annual assessment of risks, the business continuity plan and the internal control system;
- coordinating and promoting the Group's sustainability initiatives;
- periodically reporting on sustainability objectives;
- monitoring and managing social and environmental risks;
- representing the various departments, with operational responsibilities in implementing the sustainability strategy;
- monitoring and implementing DEI KPIs;
- reporting to the Board of Directors;
- ensuring ongoing communication and alignment with the Sustainability and Risk Committee;
- periodically reporting on DEI objectives;
- managing the flow of reports appropriately.

Composition, skills and diversity

The Group has adopted a Board Member Selection Policy that ensures a transparent appointment process based on criteria of competence, professionalism and independence. This policy promotes a balanced composition of the Board of Directors, valuing experience, professional background, gender, age and cultural background, in line with the Group's commitment to **Diversity, Equity & Inclusion (DEI)**.

Candidate selection requires adequate technical and professional qualifications, integrity and adherence to the principles of the **Group Code of Ethics**. These requirements respond to stakeholder expectations and the recommendations of supervisory authorities, ensuring responsible governance in line with international best practices.

The composition of the Sustainability and Risk Committee reflects a multidisciplinary approach: members are selected on the basis of operational responsibilities and specific expertise, ensuring representation of the main corporate departments. The Committee also includes an external Strategic Sustainability Advisor, selected to provide impartial and specialist input on ESG matters. The policy was formally approved by the **Board of Directors of FOMAS S.p.A.**, which defines the governance system for all Group companies. This approach strengthens internal practices, ensuring that the selection of governing bodies is consistent with the principles of transparency and accountability set out by the ESRS.

For the Group's Italian companies, the professionalism and independence requirements set out by national legislation apply, ensuring compliance with applicable law. The same criteria, where applicable, are adopted for the identification of members of the supervisory bodies, appointed by the shareholders' meetings.

Boards of Directors

FOMAS Group – METRICS*	
Number of executive members	22
Number of non-executive members	9
Number of independent members	0
Board of Directors gender diversity index**	0.107

Percentage of members of the administrative, management and supervisory bodies by gender and other aspects of diversity

GENDER	2025
F	10%
M	90%
Total (non-unique)	100%

* Members are counted on a non-unique basis, at Group level.
** Total number of women / Total number of men.



3.3 MATERIAL TOPICS – IMPACTS, RISKS, OPPORTUNITIES AND PAT

3.3.1 G1 – Business Conduct (Ethics and Anti-Corruption)

The FOMAS Group adopts a strong and responsible governance model, characterized by transparency and shared ethical principles, with a commitment to preventing any unlawful act or conduct that is not consistent with the company’s values. The objective is to ensure that strategic and operational decisions are planned, implemented and monitored with integrity, fostering an environment in which fairness, honesty and respect serve as the organization’s cultural reference points. In this context, the Group is committed to promoting rules, principles and values both internally and externally, strengthening responsibility toward stakeholders and raising awareness of the value of effective governance.

Impacts, risks and opportunities

According to the Double Materiality analysis, the FOMAS Group recognizes that careful management of ESG aspects helps improve stakeholder satisfaction and generate shared value. A corporate culture based on ethics, integrity and transparency strengthens trust and the quality of the working environment, producing positive effects on people, partners and communities. This approach is also reflected in relationships with suppliers, through ESG clauses, due diligence and audits that support responsibility along the value chain. The double materiality assessment highlights reputational risks, sanctions and loss of competitiveness linked to potential non-compliance with business conduct regulations, which may affect stakeholder trust. Additional risks relate to the management of the whistleblowing channel, which, if inadequate, may weaken the culture of integrity and transparency, and to the possibility of unlawful conduct in relations with business partners, with legal, operational and reputational consequences.

Material impacts

Impact	Type of impact	Type of effect	Time horizon	Value chain
Effective management of sustainability aspects by the Group can have a positive impact on stakeholder satisfaction and the creation of shared value.	Positive	Actual	Short term	Own operations

Relevant Risks

Sub-topic	Risk description	Time horizon	Value chain
Corporate culture	Reputational risk, risk of sanctions, and loss of market share caused by potential non-compliance with laws and regulations relating to business conduct.	Short term	Own operations
Whistleblower protection	Reputational and operational risk due to unfair management of the whistleblowing channel and related procedures.	Short term	Own operations
Corruption and bribery	Risk of fines, sanctions, and reputational damage for the Group due to episodes of corruption and unlawful conduct in the course of activities with business partners.	Short term	Own operations

Relevant opportunities

No financially material opportunities have been identified for the Group.

Policies

The Group has adopted an integrated system of policies that provides a framework for the ethical, responsible and compliant management of its activities. These include the Sustainability Policy, the Code of Ethics, the Supplier Code of Conduct, the procedures for the selection of the Board of Directors, the Anti-Money Laundering Policy and the Whistleblowing Policy. These policies are intended to prevent unlawful conduct, corruption risks, improper practices along the value chain and human rights violations. The **Sustainability Policy** sets out the Group's commitments on the material topics identified through the double materiality assessment, such as decarbonization, resource management, protection of workers, human rights, business integrity and responsible collaboration. It applies to all Group companies, involving stakeholders across the value chain, and is approved by the Chairman and Group CEO, with implementation entrusted to the Sustainability & Risk Committee. The Policy is aligned with the main international standards, including the principles of the UN Global Compact, ILO Conventions, the Universal Declaration of Human Rights and the SDGs, without creating unrealistic expectations and in compliance with applicable regulations. The **Code of Ethics** is the key reference for ethical conduct, applying to all personnel and business partners. It defines the principles of legality, integrity, transparency and responsibility and forms an integral part of the Organizational Model pursuant to Legislative Decree 231/2001. Its implementation and the oversight of compliance with the principles set out therein are entrusted to the Legal, Compliance & Internal Audit function. The Supplier Code of Conduct establishes the minimum standards required of suppliers in terms of legality, human rights, environmental protection, health and safety, responsible governance and integrity in business activities. This document is shared as a requirement for the start of new collaborations and is integrated into the partner qualification process. The **Human Rights Policy** is inspired by the main international standards on the protection of fundamental rights, including the Universal Declaration of Human Rights, the International Covenants on Civil, Political, Economic, Social and Cultural Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the principles of the United Nations Global Compact.

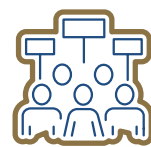
The **Diversity and Inclusion Policy** is guided by global standards such as the principles of the United Nations Global Compact, the Women's Empowerment Principles and the Universal Declaration of Human Rights. Other policies, such as the procedures for the selection of Board members, the Anti-Money Laundering Policy and the Whistleblowing Policy, complete the governance system, strengthening control, prevention and reporting mechanisms, in compliance with applicable regulations and stakeholder expectations. All policies are publicly accessible through the corporate website and available to employees through the company intranet, ensuring transparency and dissemination to all interested parties. The implementation of these policies and oversight of compliance with the principles contained therein are entrusted to the Legal, Compliance & Internal Audit function, with the support of representatives from the other corporate functions that may from time to time be involved.

FOMAS Group Code of Ethics

The Code of Ethics represents a fundamental pillar for the dissemination and application of the FOMAS Group's values, fully integrating into the Organizational, Management and Control Model pursuant to Legislative Decree 231/2001. It applies to all persons operating within the Group, including corporate bodies, management, employees and business partners, in Italy and abroad. Every member, particularly team leaders, is required to adopt and promote these principles in day-to-day activities. The Code is communicated to employees during onboarding, displayed in company premises and made accessible through internal monitors. It is also publicly available on the **Group's official website**. In particular, the Code of Ethics establishes: the prohibition of unlawful or improper conduct and the obligation to comply with the laws of the countries in which the Group operates;

- the commitment to fair competition, recognizing the value of proper competition for market development;
- the protection of confidentiality and the appropriate management of company information;
- the promotion of human rights and equal opportunities, without discrimination;
- the commitment to operate responsibly, with respect for the environment and health, avoiding communications or statements that may create unrealistic expectations or fail to comply with anti-greenwashing regulations;
- the promotion of health and safety in the workplace through evolving management systems and prevention initiatives.

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

Alongside the Code of Ethics, each Italian company within the Group adopts an **Organizational Model pursuant to Legislative Decree 231/2001**, which incorporates protocols and controls designed to prevent the commission of the offences provided for under Legislative Decree 231/2001, in order to avoid the occurrence of criminal offences or, in any case, conduct potentially giving rise to the administrative liability of such companies, in addition to that of their respective top management. These models represent an essential component of the broader corporate integrity system.

For the management of potential violations, conflict-of-interest situations and updates on rules of conduct, the Group relies on:

- **Governance structure:** this includes the Sustainability and Risk Committee, the Code of Ethics Committee, the Legal, Compliance & Internal Audit function, and the administrative bodies (typically the Boards of Directors of the companies), whose role is to supervise and ensure the proper application of corporate policies.
- **Monitoring system:** this includes a dedicated dashboard to transparently track all reports received.
- **Reporting system:** accessible to all stakeholders, ensures protection, transparency and a structured process for managing reports. The Group maintains ongoing dialogue with

its stakeholders in order to better understand their needs and gather useful suggestions. A table below summarizes the main initiatives adopted, the policies put in place to prevent and reduce potential impacts, and the overall strategy adopted to address the topic.

Whistleblowing System and UNI/PdR 125 Reports

The Group has implemented a whistleblowing system compliant with Legislative Decree No. 24 of 10 March 2023, which transposes Directive (EU) 2019/1937, allowing employees and stakeholders to report, in a confidential and protected manner, violations of the law, the Code of Ethics and the 231 Model. Whistleblowers are protected against any form of retaliation, and the report management process is structured, traceable and transparent. The Whistleblowing Policy governs the operating procedures, tools and safeguards, ensuring confidentiality, impartiality and protection, as well as documented case management. The system also includes reports relating to equal opportunities, non-discrimination and fair treatment in accordance with UNI/PdR 125. Reports may be submitted through dedicated and secure channels accessible to both internal personnel and external stakeholders. The process guarantees:

- anonymity, where requested;
- protection against retaliation;
- impartial and independent analysis by the designated functions;
- appropriate and timely response times;
- the adoption of corrective or disciplinary measures where necessary.

The proper management of whistleblowing is essential to mitigate reputational, operational and compliance risks, while strengthening a corporate culture based on ethics and responsibility. The initial assessment of reports is entrusted to the Code of Ethics Committee, which ensures confidentiality and data protection. After an initial review, reports are classified by severity

and, with the involvement of the Head of Legal, Compliance & Internal Audit, if relevant, are forwarded to the Supervisory Body for an admissibility assessment and to ensure separate and independent oversight.

Persons involved in the reporting process have the right to be informed within defined timeframes and to submit observations. In the case of manifestly unfounded reports or reports made in bad faith, corrective measures are integrated, including referral to the competent authorities. FOMAS Group fully protects whistleblowers and all individuals involved in the investigation process, safeguarding them from retaliation, penalties or discrimination. In the event of alleged retaliation, the whistleblower may contact their manager or the HR function to assess any possible disciplinary measures.

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

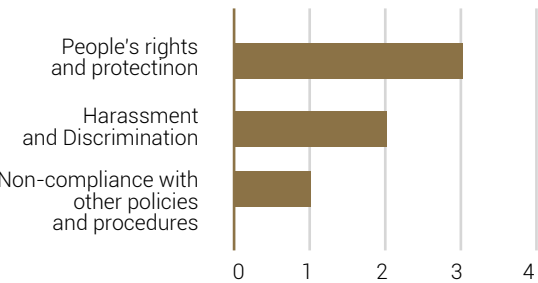
- Handles reports respecting confidentiality of whistleblower and reported person
- Conduct a preliminary analysis of the relevance of the report

CONTACTS

- Whistleblowing Dashboard
- ethicscommittee@fomasgroup.com

During 2025, the Code of Ethics Committee received and reviewed 6 reports, of which 4 were closed by year-end and one during 2026. None of the reports were considered material enough to proceed with the reporting process to the Supervisory Bodies.

Reports by category



At present, a specific anti-corruption or anti-bribery policy aligned with the United Nations Convention against Corruption is not yet in force. However, the essential principles relating to these matters are already set out in the **FOMAS Group Code of Ethics**. The Group is currently developing an anti-corruption policy in line with the United Nations Convention against Corruption.

Actions

MBOs and ESG indicators linked to remuneration (FY2025)

To strengthen the link between **management performance and ESG priorities**, in 2025 the Group introduced a **set of indicators** affecting the **variable remuneration (MBO)** of executives. These parameters make it possible to assess the effectiveness of sustainability management, integrating environmental, social and business conduct results into management objectives and incentive mechanisms. The time horizon for these actions is short to medium term, in line with the strategic nature of ESG objectives.

5% of the variable remuneration of executives and senior management is directly linked to the achievement of ESG objectives, confirming the relevance of sustainability in the FOMAS Group's strategies.

The incentive system, which integrates ESG indicators among the assessment parameters, is approved and updated annually by the Human Resources Director. Regular updates make it possible to monitor and adapt the objectives based on results and regulatory developments. In 2025, an increase in executive participation in the achievement of ESG objectives was observed, with measurable results in emissions reduction, inclusion initiatives, and transparency.

Enhancement of cultural heritage and communication tools

In 2025, the FOMAS Group continued investing in the **promotion of corporate culture**, enhancing the company's heritage and disseminating its founding principles. These actions, intended to be consolidated over the medium to long term, led in 2025 to greater interaction on digital channels, more active involvement

of employees and local communities, and a stronger sense of belonging and community.

The initiatives included:

optimization of internal digital channels (intranet) with new accessibility features, which helped increase traffic and employee participation;
organization of events, meetings and educational activities aimed at employees, schools, communities and external stakeholders, expanding the dissemination of company values.
These tools help spread corporate culture and strengthen awareness of the company's social role.

Legislative Decree 231 audits and compliance checks

The FOMAS Group's internal control system includes structured checks on the implementation of the **Organizational, Management and Control Model pursuant to Legislative Decree 231/2001**, adopted by each Italian company within the Group. The **Supervisory Body (OdV)** appointed in each company meets periodically throughout the year—generally every two months, unless ad hoc meetings are required to address specific issues—to verify the consistency of corporate conduct with the 231 Model and/or the need to update the Model itself in order to incorporate regulatory developments. Each Supervisory Body (OdV) prepares a dedicated year-end report, which is submitted to the Boards of Directors of each company. In 2025, no conduct in breach of the 231 Models was identified, nor did any significant irregularities emerge. The Supervisory Bodies limited themselves to recommending improvement actions, where necessary. The control activities—carried out, where appropriate, also with the support of the FOMAS Group's **Internal Audit Manager**—include:

- documentary audits and sample checks on the sensitive areas identified by the 231 Model;
- assessment of the effectiveness of preventive measures and control protocols;
- analysis of corporate information flows;
- verification of the application of compliance procedures.

These controls strengthen the culture of compliance, mitigate legal and reputational risks, and promote transparent and responsible governance.

Anti-corruption training and awareness-raising

Training is a pillar of the FOMAS Group's integrity system. In 2025, training courses were delivered for all Italian companies and the most exposed operational functions, focusing on: the 231 Model;

- corruption prevention;
- management of conflicts of interest;
- handling of sensitive information;
- proper use of reporting channels (whistleblowing).

The training programme includes **mandatory e-learning modules**, incorporated into the onboarding process managed by the HR function. All white-collar employees of the Italian companies

complete the module on Legislative Decree 231/01 and reporting procedures upon hiring. The functions most at risk—Procurement, Sales, Finance/Treasury, Legal & Compliance—completed the training 100%, confirming the Group's attention to ethical issues.

The programme also includes ongoing awareness-raising for senior managers and members of corporate bodies. This activity, structured on an annual basis, has led to stronger awareness and greater consistency in knowledge levels across the various company roles.

Training contributes to strengthening the culture of ethics and compliance, preventing unlawful conduct and ensuring the dissemination of the principles of the Code of Ethics and the 231 Model.

Third-party due diligence

The FOMAS Group establishes business relationships with partners that demonstrate integrity, transparency, and reliability. Structured third-party **due diligence** procedures have been introduced, including:

preliminary checks on the integrity, reputation and compliance of counterparties, in order to select reliable partners and reduce reputational risks;
specific checks designed to exclude the risk that not only the partners, but also their shareholders and senior representatives, may be subject to embargoes, restrictions or other prohibitions under national and international regulations;
qualification questionnaires based on ESG criteria, to promote transparency and sustainable practices in business relationships;
in-depth documentary checks where risk signals emerge, to safeguard corporate compliance;
periodic partner performance assessments, to continuously monitor the quality of collaborations and foster continuous improvement.

These activities are aimed at the responsible management of third-party relationships, with effects observable in the short and medium term.

Resources allocated (Capex / Opex)

Type of resource	Areas covered	€	Time horizon
CapEx	-	-	-
OpEx	Sustainability governance consulting	~ €7,000	Short to medium term

Targets

The FOMAS Group is committed to promoting diversity and inclusion within its administrative bodies, setting the objective of achieving, by 2028, a **minimum share of 5% for the less represented gender** on the Boards of Directors of the Group companies. This target aims to foster a plurality of perspectives within the boards, contributing to more transparent governance and more informed decision-making. Progress monitoring is based on the year 2022 as the baseline, when representation of the less represented gender was equal to 0%. The reference period runs from 2022 to 2028, thus outlining a path of gradual improvement.

The assessment is carried out by considering the unique members of the Boards of Directors of the Group companies, ensuring transparency and accuracy in measuring representation. Achievement of the target is verified annually to assess the effectiveness of the initiatives adopted and, if necessary, adjust the strategies. Stakeholders were involved in the target-setting process through discussions with leadership teams and the Boards of Directors, so that the objectives are aligned with business priorities and material sustainability topics. The first intermediate milestone is set for 2025, with an expected share of 17%, representing concrete progress toward the final target.

Metrics

Anti-corruption and anti-extortion training table

2025	Functions at risk	Administrative, management and supervisory bodies	Executives	Other employees
Training coverage				
Total	95	95	0	0
Total receiving training	95	95	0	0
Delivery method and duration (hours)				
Classroom training				
E-learning	X	X	X	X
Voluntary computer-based training	0			
Frequency				
Required training frequency	Upon joining the company	Upon joining the company	Upon joining the company	Upon joining the company
Topics covered				
Diversity, equity and inclusion	X	X	X	X
ESG	X	X	X	X
Whistleblowing	X	X	X	X
Legislative Decree 231	X	X	X	X

3.3.2 G1 – Supplier Management (Supply Practices)

The responsible management of the supply chain is strategic for the FOMAS Group, as it reflects the values of integrity and responsibility that guide the company's activities. The supply chain affects operational continuity, product quality and reputation; the Double Materiality Assessment highlighted the need to strengthen relationships with suppliers that adopt ESG criteria, giving preference, where possible, to local supply chains.

The Group conducts and undergoes periodic audits and promotes adherence to voluntary management system certifications, strengthening the credibility and transparency of the value chain. In addition, Scope 3 emissions represent a significant share of the company's carbon footprint; collaboration with suppliers is

essential to improve environmental performance and support the emissions reduction pathway. The approach is structured around:

- identification of the main risks relating to human rights, health and safety;
- engagement of strategic suppliers;
- review of procurement practices to prevent negative impacts;
- development of responsible sourcing strategies based on transparency and resilience.

Impacts, risks and opportunities

Promoting a corporate culture based on ethics, integrity and transparency generates a positive impact for the FOMAS Group,

fostering a reliable and responsible working environment, the protection of workers, strong relationships with business partners, and stakeholder trust.

Among the risks, the Group identifies the difficulty of finding suppliers that fully comply with social, environmental and ethical requirements, with possible effects on operational continuity, material quality and the economic conditions of supply. This requires systematic monitoring and the strengthening of due diligence processes.

At present, no additional material opportunities have been identified.

Material impacts

Impact	Type of impact	Type of effect	Time horizon	Value chain
The development of a corporate culture based on the principles of ethics, integrity and transparency contributes positively to the creation of a trustworthy working environment, with direct impacts on workers, business partners and external stakeholders.	Positive	Actual	Long term	Upstream and downstream value chain and own operations

Relevant risks

Sub-topic	Risk description	Time horizon	Value chain
Management of supplier relationships, including payment practices	Difficulty in finding suppliers that comply with the Group's established social and environmental requirements, resulting in operational disruptions or increased costs.	Medium term	Own operations

Policies

Supply chain management within the FOMAS Group is based on a structured system of policies that reflect ethics, transparency and sustainability, which are core principles of the corporate culture. These policies define the guidelines governing relationships with suppliers and ensure compliance with high environmental, social and governance standards throughout the value chain.

The **FOMAS Group Sustainability Policy** formalizes the commitment to responsible growth, integrating the material topics identified through the double materiality assessment. A central element is collaboration with value chain partners, recognized as key actors in promoting a sustainable business.

The **Code of Ethics** is the reference point for the conduct expected from employees and partners. In Italy, it forms an integral part of the Organizational, Management and Control Model pursuant to Legislative Decree 231/2001 adopted by each Italian company of the Group, establishing values and rules of conduct based on legality, fairness and respect for people.

The **General Terms and Conditions of Supply** clearly set out the contractual requirements, including payment terms, expected conduct and compliance standards. These conditions ensure transparency and mutual protection, in line with the Group's ethical and sustainability principles.

With regard to suppliers, the FOMAS Group carries out **Reasonable Country of Origin** documentary checks across all levels of the supply chain and applies the Supplier Code of Conduct, which establishes minimum standards, including compliance with laws, ethical business practices, protection of human and labour rights, environmental protection, health and safety conditions,

respect for intellectual property and data protection. Acceptance of these requirements is essential in order to initiate and maintain business relationships with the Group.

The Group adheres to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and complies with Regulation (EU) 2017/821 on importers of tin, tantalum, tungsten and gold originating from conflict-affected and high-risk areas.

- Suppliers are required to ensure traceability of raw materials, guaranteeing the verifiability of supply chain stages in line with international standards.
- Periodic audits and checks are carried out to prevent the entry of minerals from conflict-affected areas and to ensure transparency in sourcing operations.
- The Group promotes training for business partners on due diligence best practices and on the management of risks related to minerals originating from sensitive areas.

All policies apply to all Group companies, regardless of geographic area, and involve the entire value chain. Their implementation requires the active participation of suppliers and partners, who are informed and involved in qualification and monitoring processes. The policies are published on the corporate website and intranet to ensure transparency for all stakeholders.

Responsibility for approving the policies lies with the President & Group CEO, while their implementation is entrusted, depending on the relevant area, to the Sustainability & Risk Committee, the Legal, Compliance & Internal Audit function and the Supply Chain Department.



Actions

FOMAS Group has strengthened its supply chain management model through an integrated system of actions aimed at incorporating ESG criteria into supplier selection, monitoring, and evaluation processes. These initiatives are structured across different time horizons: the introduction of ESG vendor rating provides for ongoing monitoring with medium- to long-term results, while audit campaigns produce effects in the short to medium term, enabling the prompt identification and management of critical issues. A central element is the implementation of ESG scoring for suppliers, formalized in the Supplier Assessment Procedure. Strategic partners are evaluated according to environmental, social, and governance parameters, such as human rights, working conditions, safety, integrity, environmental management, and sustainability governance. The assigned ESG score makes it possible to qualify only suppliers that exceed the minimum threshold, giving ESG performance a central role in onboarding, renewal and supply continuity decisions. This system promotes a supplier base that is increasingly aligned with the Group's standards and contributes to risk mitigation and supply chain resilience. The application of the Conflict Minerals Regulation introduces due diligence and traceability requirements for suppliers operating in at-risk sectors. This measure ensures greater compliance and reduces reputational risk in the short to medium term, strengthening stakeholder trust. Audit campaigns and in-depth reviews, carried out jointly by the Procurement, Health and Safety, Environment and Quality functions, focus on suppliers identified through structured criteria (economic materiality, safety risk, difficulty of replacement, previous critical issues). This approach makes it possible to concentrate on controls where risk is greatest, preventing inefficiencies and mitigating supply chain disruptions. Results, already visible in the short term, translate into a greater capacity to oversee risks and a more resilient supply chain.

Resources allocated (Capex / Opex)

No resources were identified as allocated in the form of CapEx or OpEx; however, operating time was dedicated by the corporate functions involved.

Targets

The indicators assess the sustainability performance of the supply chain. The **Local Procurement Share for raw materials** represents the percentage of purchases made from local suppliers: in 2022 it amounted to 97%, with a minimum target of 90% by 2030, in order to safeguard local rootedness. Preference for local suppliers is consistent with the Group's policies aimed at reducing environmental impact by helping reduce transport-related emissions and by supporting the productive realities of the relevant areas. The methodology for calculating the local share considers only raw material suppliers, defining "local" with reference to the main geographic areas of interest (Europe, Asia, America). Performance monitoring recorded a value of 95% in 2025. These results highlight a positive relationship between sourcing choices and the principles of environmental sustainability. The **ESG Score** in the **Supplier Assessment Procedure** indicates the minimum score required from suppliers. In 2022, the value was 0% (not yet monitored), while the 2030 target provides that suppliers must exceed the minimum ESG score of 60%, with an intermediate objective for 2025 of bringing all assessed suppliers above 40%. This process strengthens the integration of environmental, social, and governance criteria into procurement procedures and applies to raw material suppliers.

INDICATOR	BASE YEAR	BASE YEAR VALUE	TARGET	TARGET YEAR	2025
Local Procurement Share (minimum – raw materials)	2022	97%	90%	2030	95%
Supplier Assessment Procedure – ESG Score (minimum)	2022	0%	60%	2030	>40%

Metrics

INDICATOR	2025																																																
Average number of days between the start of the contractual or statutory payment term and the payment of the invoice	Average delay days for the Group's main supplier categories: Raw materials: 2.87 days Consumables/ Spare parts: 10.04 days Utilities: 5.22 days Industrial Services: 9.79 days Transportation: 9.98 days The analysis shows that the average payment delays, calculated as the difference between the contractual/ legal due date and the actual payment date, remain limited, although they vary by supplier category.																																																
Standard payment terms applied by the undertaking, expressed in days, for the main categories of suppliers	<table><tr><th></th><th>RAW MATERIALS</th><th>CONSUMABLES/ SPARE PARTS</th><th>UTILITIES</th><th>INDUSTRIAL SERVICES</th><th>TRANSPORTATION</th></tr><tr><td colspan="6">Payment Terms:</td></tr><tr><td>0–30 days</td><td>48%</td><td>30%</td><td>74%</td><td>50%</td><td>43%</td></tr><tr><td>31–60 days</td><td>27</td><td>41%</td><td>14%</td><td>26%</td><td>12%</td></tr><tr><td>60–90 days</td><td>9%</td><td>20%</td><td>11%</td><td>19%</td><td>42%</td></tr><tr><td>91–120 days</td><td>5%</td><td>6%</td><td>0%</td><td>5%</td><td>2%</td></tr><tr><td>121–150 days</td><td>9%</td><td>3%</td><td>0%</td><td>1%</td><td>0%</td></tr><tr><td>more than 150 days</td><td>1%</td><td>0%</td><td>0%</td><td>05</td><td>0%</td></tr></table> Payment terms applied by the Group are mainly concentrated within 30–60 days, in line with established commercial practices. A residual share of suppliers is subject to longer terms, generally related to specific negotiated conditions or to the nature of the supplies.		RAW MATERIALS	CONSUMABLES/ SPARE PARTS	UTILITIES	INDUSTRIAL SERVICES	TRANSPORTATION	Payment Terms:						0–30 days	48%	30%	74%	50%	43%	31–60 days	27	41%	14%	26%	12%	60–90 days	9%	20%	11%	19%	42%	91–120 days	5%	6%	0%	5%	2%	121–150 days	9%	3%	0%	1%	0%	more than 150 days	1%	0%	0%	05	0%
	RAW MATERIALS	CONSUMABLES/ SPARE PARTS	UTILITIES	INDUSTRIAL SERVICES	TRANSPORTATION																																												
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121–150 days	9%	3%	0%	1%	0%																																												
more than 150 days	1%	0%	0%	05	0%																																												
Percentage of payments made in accordance with standard payment terms	Raw materials: 84% Consumables/ Spare parts: 65% Utilities: 81% Industrial Services: 75% Transportation: 61%																																																
Number of ongoing legal proceedings related to late payments	For 2025, no ongoing legal proceedings related to late payments to suppliers were reported for the Group companies included within the scope of analysis.																																																
Provision of contextual information on payment practices	The Group adopts a structured approach to the management of commercial relationships with suppliers, aimed at ensuring fairness, transparency and financial sustainability throughout the value chain. Payment terms are defined based on the following key factors: ■ prevailing market practices; ■ the nature of the goods or services supplied; ■ specific contractual arrangements; ■ compliance with applicable laws and regulations. The Group monitors trade payables through the use of the Days Payables Outstanding (DPO) as a key performance indicator. For the current financial year, the Group's average DPO is approximately 62 days, reflecting a balanced management of payment flows, consistent with both contractual arrangements and working capital management objectives. The Group performs regular monitoring of payment performance with the aim of: ■ mitigating potential delays; ■ maintaining financial equilibrium across the supply chain; ■ preventing reputational and legal risks.																																																

3.3.3 Entity Specific – Cybersecurity

In the global context in which the FOMAS Group operates, the **protection of information systems, corporate data and production processes** is a fundamental pillar for ensuring **operational continuity, industrial safety, information integrity** and the protection of the company's reputation. The increasing digitalization of activities and the interconnection of systems increase exposure to increasingly sophisticated cyber threats, making cybersecurity an essential element of the Organization's resilience strategy.

Impacts, risks and opportunities

The Double Materiality Assessment identified the **risk of cyberattacks and possible loss of information** as a **material risk** for the Group, classified across four dimensions:

- **Financial** (economic losses)
- **Reputational** (damage to image)
- **Operational continuity** (process interruption)
- **Regulatory and compliance** (sanctions and non-compliance)

Material impacts

No material impacts have been identified for the Group.

Material risks

ESRS ID / DRs	Risk description	Time horizon	Value chain
Cybersecurity	The risk of cyberattacks and the possible loss of information may result in economic losses, reputational damage and system malfunctions.	Short term	Own operations

Material opportunities

No financially material opportunities have been identified for the Group.

Cyber assessment within the Quality Management System

Cyber risk is integrated into the Risk Assessment Matrix and reconsidered during the annual Management Review, which assesses the effectiveness of controls, implemented measures and managed incidents. The results are presented periodically to the **Board of Directors**.

Cybersecurity management is supported by a coordinated governance structure involving:

- **Legal, Compliance & Internal Audit**
- **Digital & Information Technology (D&IT) / Cyber Security function**
- **Sustainability & Risk Committee**
- **Crisis Management Committees**

Policies

The Group adopts a structured set of cybersecurity policies and controls designed to protect information systems, corporate data and operational continuity. These measures define responsibilities, minimum security requirements and processes needed to mitigate the main cyber risks, ensuring a consistent approach across all Group companies. The policies are made available to all relevant functions and are integrated into training programmes and onboarding processes.

One of the key areas concerns backup management, which establishes criteria for the execution, retention and protection

of copies of critical data, including frequency, retention periods, encryption and restoration testing. These measures significantly reduce the risk of data loss, operational impacts and system unavailability. A further safeguard is represented by the workstation security policy, which defines mandatory behaviours and preventive measures for the secure use of workstations and digital tools, preventing unauthorized access, data breaches and human error.

The information classification policy establishes rules for classifying, managing and protecting corporate data. Equally relevant is the on/offboarding policy, which governs the management of access rights, including privileged users, the use of strong authentication and periodic controls, thereby reducing the risks associated with unauthorized access or privilege abuse.

The Asset Management policy defines criteria for the inventory, management and disposal of hardware and software assets, mitigating risks such as shadow IT, obsolescence or loss of devices. Finally, the Incident Response policy describes the processes for managing security incidents and activating system recovery plans, with specific annexes for companies subject to the NIS2 Directive.

Overall responsibility for the definition and implementation of these policies lies with the Digital & Information Technology Director, within a framework inspired by the principles of ISO/IEC 27001, NIST best practices, the NIS2 Directive and data protection measures. These policies address the needs of customers, auditors, compliance functions, and employees, ensuring a consistent and transparent approach to cyber risk management.

Actions

During 2025, the Group significantly strengthened its cybersecurity framework through investments, tools and operational initiatives. The time horizon of the actions ranges from short to medium-long term: some initiatives, such as training programmes and vulnerability testing, focus on immediate and recurring results, while others, such as compliance with the NIS2 Directive and infrastructure modernization, are structured to ensure long-lasting resilience and regulatory compliance over time.

To respond in a structured and systematic way to growing cyber threats, the Group implemented a broad set of operational, organizational and infrastructure actions aimed at reducing cyber risk, increasing resilience and ensuring regulatory compliance. A central element is the structured path toward compliance with the NIS2 Directive, mandatory for two Italian Group companies, which helps raise the overall maturity of the security posture and align it with the most advanced European standards. The results of these actions have translated into greater prevention, detection and incident response capabilities, with a significant reduction in compromise risk and improved compliance with sector regulations.

At an operational level, the Group relies on highly specialized managed security services, including a **Security Operations Center (SOC)** active in the continuous monitoring of events and the coordinated management of incidents, and **Cyber Security Intelligence (CSI)** activities, which include data breach monitoring, brand and reputation protection, Deep and Dark Web analysis, VIP monitoring services and continuous scanning of the exposed attack surface. These activities enable threats to be detected and addressed more rapidly, mitigating the risk of compromise. The time horizon of these actions is ongoing, following a continuous operating cycle and ensuring benefits such as faster threat detection and greater readiness in incident management.

The Group has also adopted a continuous approach to **vulnerability management**, based on ongoing assessments and annual external penetration testing, which makes it possible to identify weaknesses promptly and prevent potential targeted attacks. At the same time, technical security measures have been strengthened through the introduction of Multi-Factor Authentication,

laptop encryption, mobile device protection and management, network segmentation — starting with all new or refurbished plants during the year — firewall configuration reviews and device standardization with centralized update management. These actions have a time horizon ranging from short term (for immediate measures) to medium-long term (for standardization and centralized management), producing tangible results such as reduced vulnerabilities, improved device security and greater resilience of critical infrastructures.

Training also plays a fundamental role: the Group has invested in strengthening the internal security culture through dedicated e-learning programmes on cybersecurity and recurring simulated phishing campaigns. An interactive platform with gamification elements helps increase employee awareness, reducing risk arising from the human factor. These initiatives have a short-to medium-term horizon, with measurable results in increased participation, campaign effectiveness and a reduction in incidents caused by human error.

Other initiatives include infrastructure modernization through hardware upgrades and cloud migrations, as well as ongoing support for factory digitalization projects, integrating specific assessments on OT security, practices aligned with the ISO/IEC 27001 standard and remediation activities on plants and production systems. The Group also relies on qualified partners for assessments, gap analyses, corrective actions and Board training activities, thereby consolidating an advanced approach to cyber risk governance. These actions develop over a medium- to long-term horizon, delivering results such as greater operational efficiency, improved security of production infrastructures and stronger, more accountable cyber risk governance.

Finally, a governance model based on the three lines of defence has been adopted: the operational and IT functions engaged in implementing security measures; the Cyber Security function responsible for defining policies and monitoring their application; and Internal Audit, which ensures an independent level of verification and control. This model ensures transparency, accountability, and structured management of cyber risk within the Group. The time horizon of this governance model is ongoing, and its results translate into more effective and transparent management, reduced residual risks, and the continuous improvement of the security posture.

Resources allocated (Capex / Opex)

Type of resource	Areas covered	€	Time horizon
CapEx	Consulting; licences and fees; hardware	~ €68,000	Medium to long term
OpEx	Consulting; licences and fees; system administration activities; hardware	~ €630,000	Short to medium term

Targets

The targets identified focus on MFA coverage (Multi-Factor Authentication), cyber awareness training and patch management, each with a baseline that measures the current status: 50% MFA coverage on critical cloud systems (2025), 71% training completion and a 4% phishing failure rate (2025), and an already established patch management process. The reference period runs from 2026 to 2028, with interim milestones such as reaching 90% MFA coverage by 2027 and applying 80% of critical patches within 15 days, with a target of 90% by 2028. The methodologies adopted include continuous monitoring and the definition of structured processes, while the assumptions are based on the progressive extension of coverage and alignment with ISO and NIS2 best practices. Progress is assessed through periodic review of results, using clear indicators and annual checks, ensuring transparency and adaptability in relation to the targets set.

The targets are consistent with the principles of **ISO 27001** and **NIST** best practices and are voluntary at Group level, while being essential for the companies subject to the **NIS2 Directive (ASFO S.p.A. and FOMAS S.p.A.)**.

Target	Objective	Baseline	Scope	Deadline	Nature of target (mandatory/voluntary)
MFA Coverage	90% MFA coverage on critical cloud systems and remote access (→ 95% → by 2027) – strengthen access control	50% (2025)	Critical cloud systems + remote access	2026–2027	Voluntary for the Group; mandatory for NIS2 entities
Cyber Awareness Training	85% annual completion rate; phishing failure rate <10% → reduce human risk	71% training completion / 4% failure rate (2025)	All companies	2027	Voluntary; aligned with ISO 27001
Patch Management	Apply 80% of critical patches within 15 days (→ 90% by 2028) – reduce the attack surface	Process defined, rollout ongoing	Office clients + critical workstations	2026–2028	Voluntary; required under NIS2 for obligated entities

3.4. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

Risk management, internal control and operational continuity

FOMAS Group has implemented a structured internal control and risk management system, fully integrated into decision-making processes and consistent with its strategic objectives. This system enables the Group to identify, analyse and assess the main risk areas in a systematic manner, anticipate potential impacts and define appropriate mitigation measures.

Risk identification and assessment

Risk assessment is updated at least once a year as part of the Quality Management System (QMS) and the Management Review, ensuring ongoing monitoring. For each risk, the following are analysed:

- causes and enabling factors;
- severity and potential magnitude;
- financial, operational, reputational and regulatory impacts;
- likelihood and materiality, in accordance with the Group's Risk Management Procedure.

The Board of Directors oversees the process, ensuring methodological consistency and integrating risk management into business strategies.

Oversight of ESG and climate-related risks

Risks related to sustainability, including environmental, social,

governance and climate change matters, are reviewed annually by the Sustainability Manager together with the heads of the relevant corporate functions, in order to define mitigation actions and integrate ESG risks into the risk management system.

The Sustainability and Risk Committee:

- coordinates the oversight of ESG and cross-functional risks;
- supervises the alignment between the sustainability strategy and risk management;
- collaborates with the Crisis Management Committees to ensure an effective response to any critical situations.

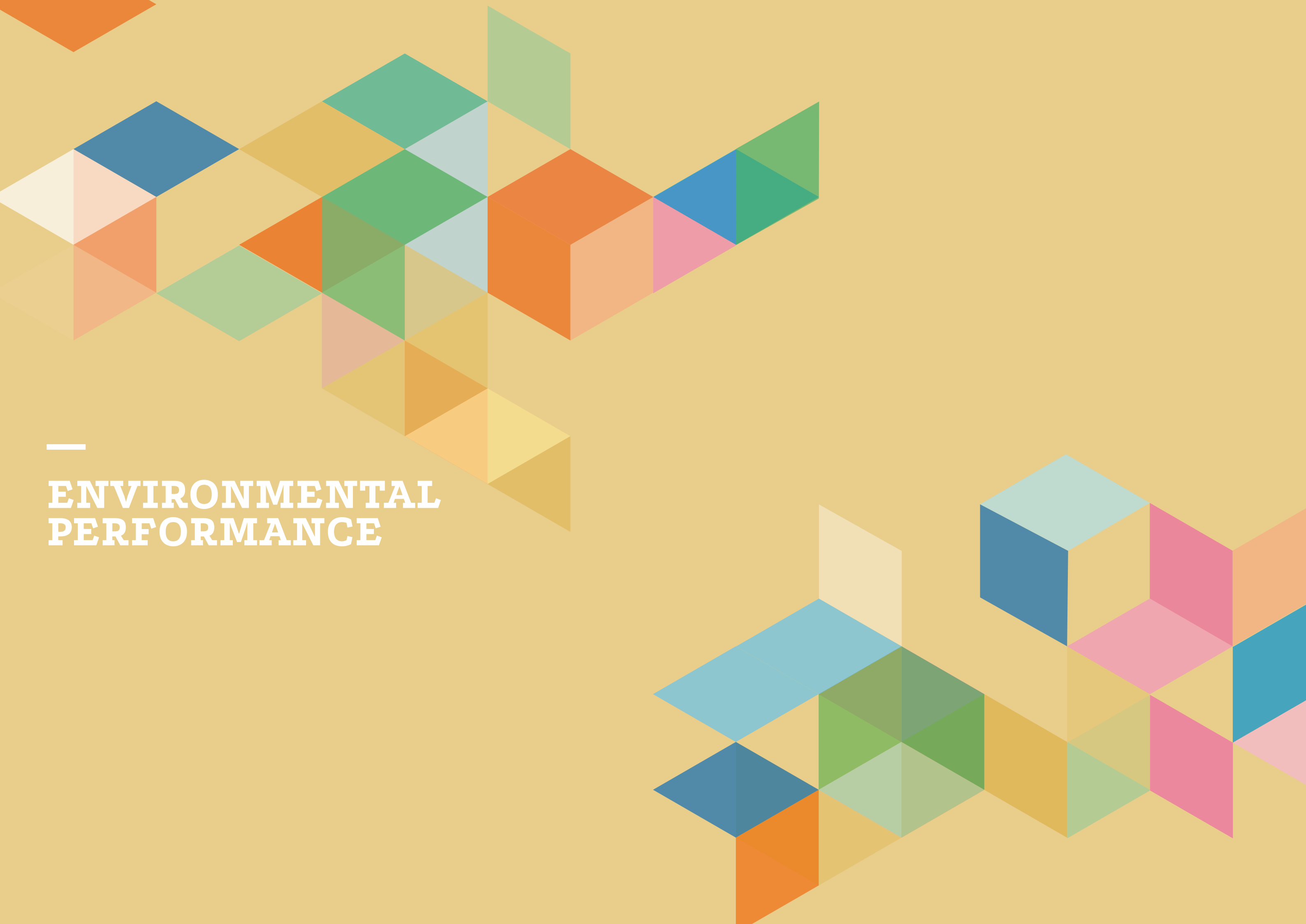
Materiality is managed internally in accordance with international standards and guidelines (CSRD Directive), coordinated by the Sustainability Manager with the support of the Sustainability Champions. The results are discussed by the Sustainability & Risk Committee and approved by the Board of Directors. Further details are available in section 2.2 Double Materiality.

Climate risk assessment

The assessment of climate-related risks is based on the guidelines of the **IPCC** and the **IFRS Foundation**, considering:

- physical risks, both acute (extreme weather events) and chronic (long-term climate changes);
- transition risks, arising from regulation, market developments or stakeholder expectations.
- The analysis is updated annually to monitor the potential impacts on the Group's activities.





ENVIRONMENTAL PERFORMANCE

4.1 E1 CLIMATE CHANGE

Climate mitigation strategy integrated into the business strategy

FOMAS Group's climate strategy is an integral part of governance and is reflected in the management of relationships with customers and suppliers, as well as in financial planning and capital investments. The decarbonization plan provides, by 2030, for the progressive increase in the use of certified renewable electricity (e.g. Guarantees of Origin and PPAs), with the objective of covering 100% of electricity demand, subject to market availability and site operating conditions, and for a 30% reduction in Scope 1 and Scope 2 emissions compared with the 2022 base year. The strategic objectives are approved by the Board of Directors. The Group's GHG emissions mainly derive from natural gas-fired furnaces, which have a long useful life and for which there are currently no economically viable low-carbon alternatives. This situation may slow the emissions reduction pathway and give rise to transition risks linked to rising carbon costs and technological obsolescence, highlighting the need for investment in innovation and new solutions.

At present, the FOMAS Group is not included in the EU Paris-Aligned Benchmarks (PABs) due to the specific nature of its production processes and the lack of dedicated benchmarks for energy-intensive manufacturing companies with long-lived assets. Although not included in the PABs, the Group regularly monitors climate transition-related risks and opportunities, assesses greenhouse gas emissions across the entire value chain, and applies scenario analyses in line with the TCFD and IPCC guidelines. These activities support alignment with European climate objectives and prepare the Group for possible future inclusion in sector benchmarks.

Impacts, risks and opportunities

Material impacts

FOMAS Group's production activities generate atmospheric emissions, mainly due to the use of fossil energy sources. This contributes to climate change and makes responsible resource management essential. The environmental impact extends across the entire value chain, involving both internal production and suppliers and customers: this requires a joint commitment to reducing the overall carbon footprint.

Material risks

The transition to a low-emission production model entails risks, including increased costs for investments in innovative technologies, plant modernization and research. These activities, which are necessary to align with decarbonization objectives and regulatory requirements, may affect competitiveness and margins in the short to medium term, requiring careful resource planning and effective financial risk management.

Material opportunities

The commitment to energy transition and decarbonization may offer potential development opportunities in certain transitioning sectors, such as hydrogen, renewable energy and electric mobility, depending on market demand and technological developments. The adoption of energy efficiency practices and investment in renewable sources make it possible to access public incentives, thereby supporting innovation and competitiveness.



Relevant impacts

Impacts	Type of impact	Type of effect	Time horizon	Value chain
Contribution to climate change through the generation of atmospheric emissions resulting from the consumption of fossil energy sources in production processes	Negative	Actual	Long term	Own operations
Contribution to climate change along the value chain (e.g. suppliers, customers)	Negative	Actual	Long term	Upstream and downstream value chain
The production of goods made predominantly from recycled materials enables the Group to reduce the environmental impact associated with its products (e.g. greenhouse gas emissions)	Positive	Actual	Long term	Own operations and downstream value chain

Relevant Risks

Type of risk	Risk description	Time horizon	Value chain
Transition risk	Increase in costs due to investments required for the adoption of new technologies and the refurbishment of plants to support the transition to low-carbon production processes, including R&D costs.	Medium term	Own operations
Regulatory risk (policies & legal)	Risks related to the regulatory and policy framework: increase in costs linked to climate-related emissions (introduction of a carbon tax, tightening of carbon pricing systems, CBAM, ETS, enhanced emissions reporting obligations, etc.).	Medium term	Own operations
Market risk	Reduction in demand for certain products and related market share due to changes in customer and market behaviour. 1. New technologies replacing rolled/forged components. 2. Contraction of the fossil fuel market and related value chains (Oil & Gas, power generation from fossil sources).	Medium term	Own operations

Relevant opportunities

Type of opportunity	Opportunity description	Time horizon	Value chain
Market opportunity	Expansion into or access to new markets (new activities, products, countries, etc.)	Medium term	Own operations
Cost-saving opportunity	■ Participation in renewable energy programmes and adoption of energy efficiency measures ■ Use of supportive policy incentives	Short term	Own operations

Assessment of climate-related risks and opportunities: strategic approach and implementation

In 2025, the FOMAS Group carried out a structured assessment of climate-related risks and opportunities, following the guidelines of the IPCC and the IFRS Foundation. The process, coordinated by the Sustainability and Risk Committee, integrated climate risk management into the business strategy, strengthening resilience and adaptive capacity.

The assessment considered triggering factors, operational, reputational and regulatory impacts, as well as the likelihood of occurrence across different time horizons (short, medium and long term). Both physical risks (acute and chronic) and transition risks were analysed, with attention to regulatory, political, technological, reputational and market developments. At the same time, opportunities were identified, such as greater resource efficiency, diversification of energy sources, development of

sustainable products and services, access to new markets and strengthened business resilience.

Resilience was enhanced through stakeholder engagement, the adoption of adaptation measures, multi-level planning and, where possible, risk transferability. The analysis covered all operating activities in the countries where the Group is present, including strategic suppliers (Tier 1), while excluding less relevant suppliers and physical risks not pertinent to the geographic areas in which the Group operates.

The transition to a low-carbon economy was recognized as a source of both risks and opportunities: moderate economic growth is expected, together with an increase in carbon-related costs, a gradual shift toward renewable energy, initial market instability and accelerated adoption of clean technologies such as electrification, biogas and hydrogen. To address these changes, decarbonization targets and investments in energy efficiency, renewable energy sourcing and low-carbon innovation were defined in support of a responsible transition pathway.

The assessment of climate risks was conducted across three time horizons: short term (up to 2027), medium term (2027–2031) and long term (2031–2050). The scenario analysis made it possible to identify the most exposed assets (such as natural gas furnaces), engage suppliers on low-impact solutions and promote energy efficiency measures and product innovation. While adapting the business model is a priority, it presents challenges related to costs and the availability of mature technological alternatives, particularly for core processes such as natural gas furnaces. The transformation will require technological innovation and careful financial planning, while low-carbon solutions are being implemented where feasible.

Transition risks and opportunities are identified through climate scenarios aligned with the objective of limiting global warming to 1.5°C, in line with TCFD and IPCC recommendations. Transition events considered include regulatory changes (carbon pricing), market evolution toward low-carbon products and new stakeholder expectations. Climate impact management includes: GHG emissions inventory and monitoring (relevant Scope 1, 2 and 3), scenario analysis, integration of climate considerations into strategic planning and investment decisions, and implementation of mitigation actions such as energy efficiency measures, development of sustainable products and value chain engagement. The analyses are integrated with financial assumptions, ensuring consistency between cost, investment and compliance projections and possible future climate developments.

Policies

The policies adopted by the Group are structured along several lines, each of which is essential to support the transition toward environmental sustainability and decarbonization:

- **Sustainability:** this policy guides the integration of sustainable development and decarbonization objectives into the business strategy, promoting responsible growth that takes into account environmental, social and governance (ESG) impacts.

- **Safety and Environment:** this policy focuses on protecting health and safety in the workplace and reducing the environmental impact of activities through safe production processes, waste management, and compliance with environmental regulations.
- **Energy:** this policy governs the efficient use of energy resources, encouraging the use of renewable sources and the adoption of innovative technologies to reduce energy consumption and greenhouse gas emissions.
- **Green Sourcing:** this policy promotes the selection of suppliers and materials that meet environmental sustainability criteria, encouraging the use of recycled raw materials, value chain engagement and the minimization of the ecological footprint throughout the value chain.
- **Operations and Plant Investment Sustainability Requirements:** this policy establishes specific sustainability requirements for industrial investments and operations at production sites, ensuring that every new plant, intervention or process is designed to reduce emissions, optimize consumption and support the circular economy.

These policies, which are monitored and regularly updated, serve to guide all Group activities toward responsible resource management, greater energy efficiency, emissions reduction, and a strong focus on safety and innovation, consolidating leadership in the low-carbon transition and industrial sustainability.

Actions

FOMAS Group has introduced a series of concrete initiatives to accelerate the transition toward decarbonization and strengthen its climate strategy through integrated governance and targeted planning. These actions aim to reduce emissions, improve energy efficiency and promote sustainable innovation, with measures developed over different time horizons: operational and energy efficiency projects are implemented in the short to medium term, while structural and technological investments extend into the medium to long term.

- **Climate governance:** strengthening oversight of climate and energy matters through the ESG system, with periodic monitoring and strategic direction. In 2025, the sustainability strategy was consolidated and ISO 50001 certification was extended across the company, confirming the importance attributed to energy and decarbonization. These measures increased transparency in decision-making processes and improved climate risk management. Climate considerations are integrated into executive remuneration systems through bonuses linked to ESG performance and decarbonization objectives (MBOs), with a dedicated department and an annual reduction target that in 2025 accounts for 5% of the MBO.
- **Energy efficiency and decarbonization (Scope 1–2):** launch of energy audits and implementation of energy management systems, with interventions on motors, inverters and heat recovery. The use of electricity from renewable sources was expanded through dedicated contracts (PPAs, GOs) and

investments in efficient technologies. Best practices and energy KPIs were extended to all production sites. These initiatives, implemented over the short to medium term, contributed to reducing Scope 1 and 2 energy consumption and emissions, supporting the continuous improvement of environmental performance.

Key levers for reducing Scope 1 and 2 emissions:

- **Scope 1:** replacement of gas-based technologies with carbon-free solutions, process electrification, use of biogas, energy efficiency improvements (plant revamping), digitalization, maintenance and R&D activities on new technologies.
- **Scope 2:** use of renewable energy through photovoltaic generation and green certificates, energy efficiency improvements, digitalization, maintenance and research into new technologies.

Estimated total reduction in GHG emissions (Scope 1+2) from these actions: approximately 1 tonne of CO₂ eq per year.

- **Management systems and supplier qualification:** application of ISO 50001 and ISO 14001 management systems for the continuous improvement of environmental and energy performance. Qualification of new suppliers according to sustainability criteria, in order to strengthen responsibility along the value chain. These actions, over a short- to medium-term horizon, increased the share of qualified suppliers and the integration of ESG criteria into procurement procedures.
- **Indirect emissions management (Scope 3):** engagement of energy-intensive suppliers, optimization of logistics activities, and increased use of recycled materials. Strengthening primary data collection and collaboration along the value chain to improve the measurement and management of Scope 3 emissions. In the medium to long term, these actions are aimed at promoting the reduction of indirect emissions along the value chain through supplier engagement, progressive improvement in the quality of available data, and greater accountability among value chain partners.

- **Scope 3:** optimization of raw material efficiency (increasing the share of recycled materials) and collaboration with suppliers that adopt low-carbon processes.

Estimated total reduction in GHG emissions related to "Management systems and supplier qualification" and "Indirect emissions management (Scope 3)": approximately 10–12 tonnes of CO₂ eq by 2030.

- **Product and market innovation:** development of components for low-carbon sectors, such as renewable energy, with a higher content of recycled materials, to support the offering toward sustainable markets. These initiatives, over a medium- to long-term horizon, have expanded the product portfolio and strengthened competitiveness in emerging sustainability markets.



Climate transition plan

Main item	Brief description	Impact on gas/electricity/Scope 3	GHG emissions reduc-tion % by 2030	Next steps
Energy Monitoring	Installation and expansion of meters and SCADA systems for detailed monitoring of consumption and the defini-tion of energy KPIs; energy audit programmes.	Electricity	–	Roll-out of best practices and energy KPIs across all sites
Plant Revamping	Upgrading of induction heating systems, compressors, furnaces and compressed air systems to improve efficiency.	Gas and electricity	–0.5%	Long-term re-vamping plan
Furnace Replacement and Maintenance	Decommissioning, rebuilding and maintenance of furnaces with more efficient solutions and, where possible, conversion to alternative fuels (LPG/CNG).	Gas (natural gas, LPG, CNG)	–0.05%	Long-term maintenance plan
Consumption Analysis and Process Optimization	Analysis of methane con-sumption and optimization of compressor management and production practices.	Gas and electricity	–	Roll-out of best practices and energy KPIs across all sites
Infrastructure Measures	Replacement of piping, re-furbishment of fibres, furnace doors and soles, and improved insulation of windows and structures.	Gas and electricity	–	Long-term investment plan
Awareness Campaigns	Training activities and promotion of a corporate culture focused on energy efficiency in offices and production departments.	Gas and electricity	–	Training
Renewable Energy	Guarantees of Origin, photovoltaic systems, guarantees and PPA contracts	Gas and electricity	–14%	Assess addi-tional multicountry and on-site PPAs where applicable; biogas
Supply chain (Scope 3)	Engagement of steel/transport suppliers; collection of primary data; definition of Scope 3 targets and supplier qualification criteria	Scope 3	–2%	Greater engagement and possible new qualifications with new suppliers
Circular processes	Waste reduction, circular processes, material recovery	Scope 3	–	Traceability of recycled content percentage by product family

Resources allocated (CapEx / OpEx)

Main item - CAPEX	Description	Year	Importo (€k)
Energy Monitoring	Installation and expansion of meters and SCADA systems for detailed monitoring of con-sumption and the definition of energy KPIs.	2025	~ 220,000€
Plant Revamping	Upgrading of induction heating systems, com-pressors, furnaces and compressed air sys-tems to improve efficiency.	2025	~ 3,300,000€
Furnace Replacement and Maintenance	Decommissioning, reconstruction and mainte-nance of furnaces with more efficient solutions and, where possible, conversion to alternative fuels (LPG/CNG).	2025	~ 220,000€
Consumption Analysis and Process Optimization	Analysis of methane consumption and optimization of compressor management and pro-duction practices.	2025	~ 8,000€
Infrastructure Measures	Replacement of piping, refurbishment of fi-bres, furnace doors and soles, and improved insulation of windows and structures.	2025	~ 500,000€
Awareness Campaigns	Training activities and promotion of a corpo-rate culture focused on energy efficiency in of-fices and production departments.	2025	0€
Circular processes	Waste reduction, circular processes, material recovery.	2025	0€
Renewable energy	Photovoltaic systems.	2025	~ 481,000€

Type of resource	Areas covered	€	Time horizon
OpEx	Consulting; Training; Guarantees of Origin and PPA contracts	~ €80,000	Short to medium term

Green Tagging of investments

The Group plans capital expenditures and operating expenses aimed at decarbonization, including:

- energy efficiency measures;
- investments in renewable energy;
- plant modernization and revamping;
- R&D activities on low-carbon technologies.

continuous monitoring of progress toward medium- to long-term targets. Emissions are calculated based on methodologies and assumptions consistent with the GHG Protocol, ensuring transparency and consistency. Progress is verified annually, making it possible to assess the effectiveness of initiatives and update strategies based on the results.

Decarbonization targets of the FOMAS Group

The FOMAS Group has set out a concrete pathway for energy sustainability and emissions reduction, committing to use 100% renewable electricity by 2030, subject to market availability, site operating conditions and the different local regulatory contexts. In addition, the Group has set a target to reduce Scope 1 and Scope 2 greenhouse gas emissions by 30% compared with the 2022 level by 2030, with annual interim steps. The current targets have not yet been certified as science-based by third parties, but the Group plans to submit them for validation in the coming years. FOMAS Group is committed to maintaining consistency between greenhouse gas (GHG) emissions reduction targets and the boundaries of the GHG inventory, aligning the scope of the targets with the organizational and operational boundaries defined for emissions reporting. Scope 1 and Scope 2 emissions related to direct activities are fully included in the inventory and in the reduction targets. As regards Scope 3 emissions, which arise mainly along the value

Financial resources are integrated into industrial planning, classified as material investments for the purposes of the climate transition, and approved by the Board of Directors. The FOMAS Group is currently monitoring the requirements of the EU Taxonomy and the related technical screening criteria (Commission Delegated Regulation 2021/2139). To date, no specific targets, CapEx plans or OpEx plans have yet been defined to fully align our economic activities with the Taxonomy criteria.

Targets

The Group updates the **Scope 1–2–3** GHG inventory annually in accordance with the GHG Protocol and monitors **emissions intensity** per tonne of product. Clear decarbonization targets have been defined for **Scope 1, 2 and 3** and for the use of renewable energy. Starting from a reference value (baseline), intermediate milestones and annual targets have been established, enabling



chain, both upstream and downstream, they are included in the targets where data are available and reliable. This approach makes it possible to focus reduction efforts on the areas with the greatest impact, ensuring measurability and transparency, while acknowledging the limitations related to control and data availability across the value chain.

The base year was defined as 2022, considered representative in terms of volumes. In its annual performance assessment, the Group considers changes in the production mix and future volume forecasts to assess any adjustments to the predefined targets.

Progress toward targets

In 2025, the Group monitored progress against its climate targets, recording a 24% reduction in Scope 1 and 2 emissions compared with 2022 and an increase in the share of renewable energy to 40%. The available data indicate progress consistent with the pathway defined to achieve the 2025 and 2030 targets.

In defining the targets, consideration was given to the objectives of the Paris Agreement and the underlying scientific principles, with the intention of progressively aligning with Science Based Targets. However, full alignment depends on the availability of technologies and solutions, as well as their economic feasibility.

Parameter	2022 Base Year	2025 Target	2025 Actual	2030 Target	Notes
Gi (gas index)	343	372	368	345	Reduction in emissions intensity per tonne of product (total Sm ³ of gas / total tonnes produced). MIMETE S.r.l. and BAY-FORGE Private Ltd. are excluded.
El index	860	1029	995	900	Reduction in emissions intensity per tonne of product (total kWh / total tonnes pro-duced).
Renewable electricity	0%	40%	40%	100%	Increase in the use of renewable sources , subject to market availability, site operating conditions and the different local regulatory contexts.
Scope 1+2	176,393 tCO ₂ eq	-20%	-24%	-30% (123,475 tCO ₂ eq)	Specific targets for the reduction of direct and indirect emissions, Scope 1+2. Scope 2 market-based.
Scope 1+2+3	461,981 tCO ₂ eq	-10%	-12%	-10% (415,783 tCO ₂ eq)	Definition of the Scope 1+2+3 decarboni-zation target. Scope 2 market-based.



Metrics

Energy

INDICATOR	2025 DATA
(1) Fuel consumption from coal and coal products (MWh)	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	17,060
(3) Fuel consumption from natural gas (MWh)	459,834
(4) Fuel consumption from other fossil sources (MWh)	17,895
(5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	35,062
(6) Total energy consumption from fossil sources (MWh) (calculated as the sum of lines 1 to 5)	529,852
Share of fossil sources in total energy consumption (%)	86
(7) Consumption from nuclear sources (MWh)	6,944
Share of consumption from nuclear sources in total energy consumption (%)	1
(8) Fuel consumption from renewable sources, including biomass (also in-cluding industrial and municipal waste of biological origin, biogas, renew-able hydrogen, etc.) (MWh)	0
(9) Consumption of purchased or acquired electricity, heat, steam and cooling from re-newable sources (MWh)	78,838
(10) Self-generated renewable energy consumption not derived from fuels (MWh)	0
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8, 9 and 10)	78,838
Share of renewable sources in total energy consumption (%)	13
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	615,635

The Group operates in a high climate impact sector, as defined by ESRS E1 based on its NACE classification. As a result, total energy consumption is taken into consideration. Energy consumption is reported in MWh and is calculated using net calorific values (NCV). The conversion factors are derived

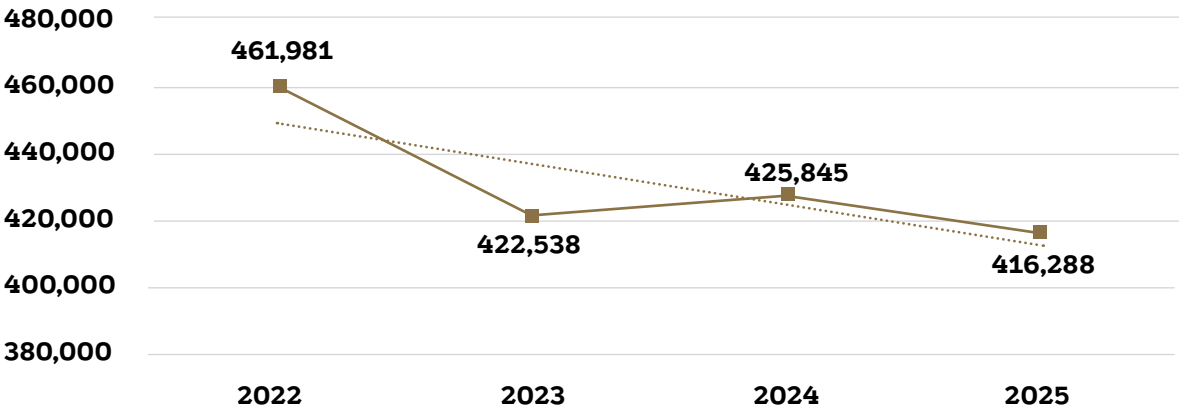
from the IPCC Guidelines for National Greenhouse Gas Inventories and are aligned with the GHG Protocol for corporate reporting. These factors are applied consistently across the entire reporting perimeter and throughout all reporting periods.

INDICATOR	REFERENCE UNIT	2025 DATA
Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue)	MWh/€	0.0012
Total energy consumption from activities in high climate impact sectors	MWh	615,635

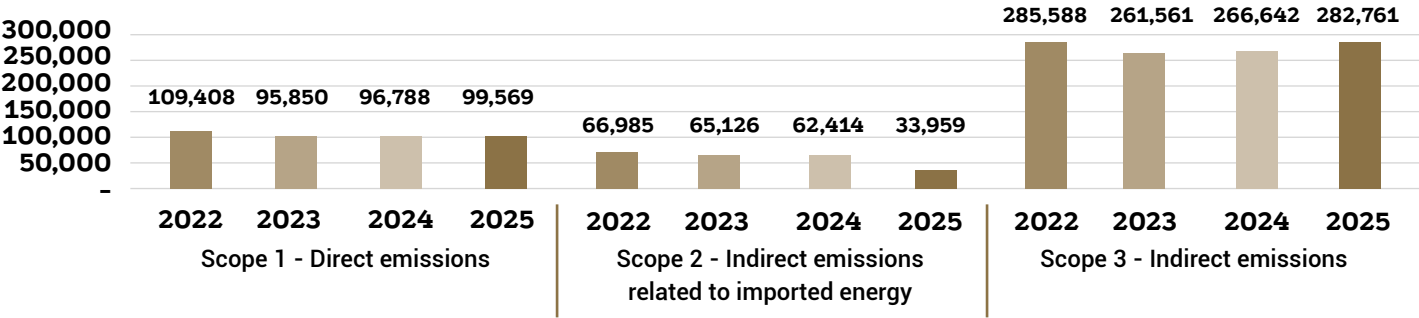
Net revenue is defined in line with the 2025 consolidated financial statements under item A1) Revenue from goods and services.

Emissions				
	Base year 2022	2024	2025	Comparison % 2025 vs 2022
Scope 1 GHG emissions				
Scope 1 GHG emissions (tCO ₂ eq)	109,408	96,788	99,569	-9%
Percentage of Scope 1 GHG emissions subject to regulated emission trading schemes (%)	44%	50%	51%	
Scope 2 GHG emissions				
Scope 2 GHG emissions – location-based method (tCO ₂ eq)	47,194	40,320	47,977	2%
Scope 2 GHG emissions – market-based method (tCO ₂ eq)	66,985	62,414	33,959	-49%
Significant Scope 3 GHG emissions				
Total indirect GHG emissions (Scope 3) (tCO ₂ eq)	285,588	266,642	282,761	-0,2%
1 Purchased goods and services	208,123	181,714	205,901	0,46%
2 Capital goods	4,225	5,487	7,486	79%
3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2) – market-based method	49,515	45,778	33,251	-33%
4 Upstream transportation and distribution	14,010	23,948	23,921	71%
5 Waste generated in operations	3,203	2,777	3,318	4%
6 Business travel	184	530	591	220%
7 Employee commuting	2,385	2,699	2,934	-20%
8 Upstream leased assets	0	0	0	0
9 Downstream transportation and distribution	3,942	3,708	5,360	36%
10 Processing of sold products	0	0	0	0
11 Use of sold products	0	0	0	0
12 End-of-life treatment of sold products	0	0	0	0
13 Downstream leased assets	0	0	0	0
14 Franchises	0	0	0	0
15 Investments	0	0	0	0
Total GHG emissions				
Total GHG emissions (location-based) (tCO ₂ eq)	437,100	399,221	438,513	1%
Total GHG emissions (market-based) (tCO ₂ eq)	461,981	425,845	416,288	-9%

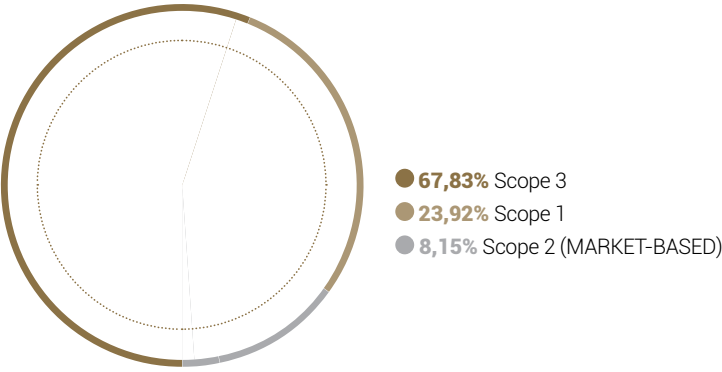
FOMAS Group GHG emissions over the years (tons CO₂eq)



FOMAS Group GHG emissions over the years by Scope (tons CO₂eq)



FOMAS Group GHG emissions 2025 (tons CO₂eq)



GHG emissions by company – 2025 – Italy

	FOMAS S.p.A	ASFO S.p.A.	HOT ROLL S.r.l.	MIMETE S.r.l	FOMAS H.O.P.
Scope 1 GHG emissions					
Scope 1 GHG emissions (tCO ₂ eq)	50,880	17,373	4,194	69	0
Scope 2 GHG emissions					
Scope 2 GHG emissions – location-based method (tCO ₂ eq)	16,004	3,934	6,910	320	0
Scope 2 GHG emissions – market-based method (tCO ₂ eq)	17,748	19	7,080	2	0
Significant Scope 3 GHG emissions					
Total indirect GHG emissions (Scope 3) (tCO ₂ eq)	71,192	52,033	41,761	1,293	1,561
1 Purchased goods and services	42,611	39,655	32,420	1,005	0
2 Capital goods	2,293	1,602	784	115	1,561
3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2) – market-based method	15,699	5,035	2,145	51	0
4 Upstream transportation and distribution	7,074	2,359	5,621	13	0
5 Waste generated in operations	1,502	1,035	378	3	0
6 Business Travel	417	40	22	30	0
7 Employee commuting	703	736	392	73	0
9 Downstream transportation and distribution	893	1,571	0	3	0
Total GHG emissions					
Total GHG emissions (location-based) (tCO ₂ eq)	141,606	74,296	54,402	1,761	1,561
Total GHG emissions (market-based) (tCO ₂ eq)	139,819	69,425	53,035	1,364	1,561

GHG emissions by company - 2025 - RoW

	FOMAS Precision Forging (Dalian) Co., Ltd.	FOMAS, Inc.	BAY-FORGE Private Ltd.	LA FOULERIE S.A.S.
Scope 1 GHG emissions				
Scope 1 GHG emissions (tCO ₂ eq)	8,362	9,297	8,288	1,106
Scope 2 GHG emissions				
Scope 2 GHG emissions – location-based method (tCO ₂ eq)	9,683	3,092	7,325	708
Scope 2 GHG emissions – market-based method (tCO ₂ eq)	0	3,092	5,778	241
Significant Scope 3 GHG emissions				
Total indirect GHG emissions (Scope 3) (tCO ₂ eq)	70,249	19,076	16,810	8,786
1 Purchased goods and services	61,003	12,898	10,274	6,037
2 Capital goods	541	318	220	51
3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2) – market-based method	2,556	3,034	4,251	479
4 Upstream transportation and distribution	4,336	997	1,505	2,016
5 Waste generated in operations	214	95	20	73
6 Business Travel	57	14	11	1
7 Employee commuting	179	422	299	130
9 Downstream transportation and distribution	1,364	1,299	230	0
Total GHG emissions				
Total GHG emissions (location-based) (tCO ₂ eq)	89,866	31,465	32,808	10,749
Total GHG emissions (market-based) (tCO ₂ eq)	78,611	31,465	30,876	10,133

INDICATOR	REFERENCE UNIT	2025 DATA
GHG emissions intensity (location-based), calculated as total greenhouse gas emissions divided by net revenue	TonsCO ₂ eq / K€	0.86
GHG emissions intensity (market-based), calculated as total greenhouse gas emissions divided by net revenue	TonsCO ₂ eq / K€	0.82
Net revenue	K€	508,940.264
Net revenue used for the calculation of GHG emissions intensity	K€	508,940.264

Methodology
The Corporate Carbon Footprint (CCF) study was carried out in accordance with the methodological principles of the two main international standards for reporting greenhouse gas (GHG) emissions at organizational level: Greenhouse Gas (GHG) Protocol A Corporate Accounting and Reporting Standard (2015) and GHG Protocol Corporate Value

Chain (Scope 3) Accounting and Reporting Standard (2011), published by the World Business Council for Sustainable Development / World Resources Institute (WBCSD/WRI). ISO 14064-1:2018, adopted in Italy as UNI EN ISO 14064-1:2019 Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.

The Corporate Carbon Footprint and climate change impacts were expressed in tonnes of CO₂equivalent, calculated using the Global Warming Potential over a 100-year time horizon (GWP 100). The GWP factors considered for greenhouse gases, used to express total emissions in tonnes of CO₂equivalent, were taken from the IPCC Sixth Assessment Report (2021). These coefficients, listed in section 3.5, represent the ratio between the global warming potential of other greenhouse gases and that of CO₂, which is conventionally set at 1.

The sources used for the selection and development of emission factors were:

- Information obtained directly from FOMAS Group suppliers, relating to the carbon footprint (cradle-to-gate) of purchased raw materials.
- Ecoinvent 3.9.1, the international database and main life cycle assessment (LCA) inventory dataset.
- Ecoinvent, 2025. Electricity emission factors – scope 2 – 3 in ecoinvent 3.11.
- Department for Energy Security and Net Zero, 2024. UK Government GHG Conversion Factors for Company Reporting.
- ISPRA (Istituto Superiore per la Protezione e la Ricerca Ambientale).
- US EPA, 2024. Supply Chain Greenhouse Gas Emission Factors v1.3 by NAICS-6.

The Carbon Footprint is expressed in kg of carbon dioxide (CO₂) equivalent, applying conversion factors to other substances according to the method defined by the Intergovernmental Panel on Climate Change (IPCC, 2021). These factors, listed in Table 3 for the main greenhouse gases, were determined by considering the potential impact of each substance on global warming over a 100-year period (Global Warming Potential – GWP 100). The calculation methodology is based on multiplying the activity data, which quantify the organization's activity, by the corresponding emission factor (EF), as follows:

GHG Emissions = Activity Data × EF

Where:

- GHG emissions represent the quantity of greenhouse gases emitted by the activity, expressed in tonnes of CO₂ equivalent (tCO₂eq).
- Activity data correspond to the quantity generated or used to describe the activity, expressed in terms of energy (J or MWh), mass (kg), or volume (m³ or l).
- EF is the emission factor that links the unit of activity data to the related greenhouse gas emissions..

Base Year

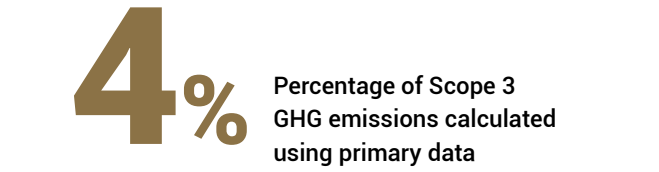
The base year was set as 2022, as it represents the first year for which completed and verified data were available for all relevant emission sources and organizational boundaries. This choice ensures accuracy and consistency in the calculation of the

corporate Carbon Footprint and provides a solid basis for future comparisons and trend analysis.

Third-Party Verification

Energy and GHG data were **verified/reconciled** with internal monitoring systems (ISO 50001) and balanced against production volumes. In 2025, a third-party verification was carried out on the 2024 GHG calculation; 2025 data will be validated during 2026.

Primary Data – Scope 3



The primary data collected to quantify emissions for the reporting year relate to:

- fuels used;
- energy consumption;
- purchased materials and services;
- outputs of materials produced by the company (including shipped finished products);
- employee commuting;
- employee and customer business travel.

Where primary data are not available, secondary sector-specific factors will be used until they can be replaced by **suppliers' primary data** (rolling update of Scope 3).

Boundaries

The approach used to calculate emissions for the reporting year includes both direct and indirect emissions generated by the organization. The emission categories considered are those proposed by the GHG Protocol: Scope 1, Scope 2 and Scope 3. All the following 15 Scope 3 subcategories were assessed:

1. Purchased goods and services
2. Capital goods
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2
4. Upstream transportation and distribution
5. Waste generated in operations
6. Business travel
7. Employee commuting
8. Upstream leased assets
9. Downstream transportation and distribution
10. Processing of sold products
11. Use of sold products
12. End-of-life treatment of sold products
13. Downstream leased assets
14. Franchises
15. Investments

Subcategories 8, 13, 14 and 15 were excluded because they were considered not applicable to the FOMAS Group. Categories 10, 11 and 12 were excluded because the final destination of the products is uncertain, given the wide variety of customers and end uses. Emissions of substances regulated by the Montreal Protocol were excluded from the CCF.

An assessment was carried out to identify the main sources of Scope 3 emissions. Categories with medium or high significance were included in the GHG inventory. Categories with low significance were excluded from quantification but are reported qualitatively to ensure transparency. Non-applicable categories were documented with a clear justification. Exclusions will be reviewed and improved estimation methodologies will be considered in future inventories.

A summary of the materiality assessment results is provided in the table below.

Scope 3 Category	Level of significance	Included (Yes/No)	Reasons for exclusion
1. Purchased goods and services	Medium	Yes	
2. Capital goods	Medium	Yes	
3. Fuel- and energy-related activities	High	Yes	
4. Upstream transportation and distribution	Medium	Yes	
5. Waste generated in operations	Medium	Yes	
6. Business travel	Medium	Yes	
7. Employee commuting	Medium	Yes	
8. Upstream leased assets		No	Not applicable. Excluded because the company does not lease upstream assets from other entities. All production activities are owned and directly managed by the company.
9. Downstream transportation and distribution	Medium	Yes	
10. Processing of sold products	Low	No	Excluded due to low significance : emissions may occur during processing by customers, but scenarios vary widely. Data quality is very low and collecting primary data would be extremely difficult. The company has no influence over processing activities and no significant risks were identified.
11. Use of sold products	Low	No	Excluded due to low significance : emissions depend on multiple use scenarios that cannot be reliably modeled with the available data. The company has no influence over the use of the products and stakeholder interest is negligible.
12. End-of-life treatment of sold products	Low	No	Excluded due to low significance : emissions are expected to be low (for example, metal recycling), but end-of-life scenarios vary by geography and product type. Data quality is very low and the company has no influence over end-of-life treatment.
13. Downstream leased assets		No	Not applicable. Excluded because the company does not lease assets to other entities for downstream activities. The company sells products, but does not provide leased assets to customers or third parties.
14. Franchises			Not applicable. Excluded because the company does not operate through a franchise model and does not grant franchises to third parties.
15. Investments			Not applicable. Excluded because the company does not hold investments in other entities that would require inclusion of their GHG emissions.

Net revenue is defined in line with the 2025 consolidated financial statements under item A1) Revenue from goods and services.

Carbon removal and storage

The FOMAS Group does not report any greenhouse gas removal and storage activities through direct or indirect investments in carbon credits.

Internal carbon price

No internal carbon pricing systems have been implemented within the Group.

4.2 E2 POLLUTION

Pollution management is one of the pillars of FOMAS Group's environmental commitment, aimed at preventing and limiting the negative impacts of its production activities. Although it does not operate in highly chemical-intensive sectors, the Group interacts with the air, water and soil compartments both at its sites and along the value chain. In this context, the Group bases its approach on prevention, compliance with environmental regulations and robust control systems, aimed at the responsible management of substances and potential releases. In 2025, no additional technical analyses or consultations were carried out.

Impacts, Risks And Opportunities

The double materiality assessment confirmed the relevance of impacts related to the release of pollutants into different ecosystems, without identifying any additional material risks or opportunities. The main impacts identified concern the potential release of pollutants into the atmosphere, water bodies and soil. With regard to air quality, emissions of NOx, SOx and particulate matter (PM) along the value chain may affect the chemical and physical properties of the atmosphere and environmental health. The quantities of pollutants generated by the processes are not significant, and the vapours produced are managed through abatement systems. The Group holds the necessary environmental permits in each country, including the list of substances handled and the related traceability documentation. The direct impact of the sites is generally more manageable than the impact arising from the supply chain. With regard to water, the Group's own activities and those of its suppliers may result in the transfer of pollutants into water bodies, particularly where wastewater treatment is absent or insufficient. This may alter water characteristics, with possible effects on aquatic ecosystems. The impact of any environmental incidents depends on the location of the site and the type of water involved: for example, at the **HOT ROLL S.r.l.** site, the presence of a deep aquifer and a nearby irrigation canal may give rise to specific impacts, while at **LA FOULERIE S.A.S.**, the high water table and particular environmental sensitivity require enhanced monitoring. Monitoring is carried out periodically through wells, as required by environmental permits; in this case as well, the direct impact is more manageable than the indirect one. With regard to soil, any accidental spills or improper management of process materials may compromise soil quality and local biodiversity. This risk affects both direct operations and the value chain. At the sites in France and India, where the land is already exposed to high levels of pollution due to previous production activities, there is a specific risk associated with cutting fluids and mill scale. Monitoring is carried out by the competent authorities and in accordance with local regulations. Here too, the direct impact is more easily mitigated than the indirect one. With regard to substances of very high concern, the Group applies strict control systems in compliance with the REACH Regulation, which restricts the presence of around 600 hazardous substances in products. In FOMAS Group's products, these substances are present only in negligible quantities, mainly in the surface coatings of forgings. The Group mainly operates as a downstream user, except for certain specific processing activities for which dedicated monitoring and reporting are required.

Material Impacts

Impact	Type of impact	Type of effect	Time horizon	Value chain
The release of pollutants into the air during activities along the value chain (e.g. NO _x , SO _x , PM) negatively affects air quality (physical and chemical properties).	Negative	Actual	Short term	Upstream and downstream value chain
The release of pollutants into water during the company's activities has a negative effect on the quality (physical, chemical and biological properties) of water bodies.	Negative	Potential	Short term	Own operations
The release of pollutants into water due to the absence or inadequacy of wastewater treatment during activities along the value chain has a negative effect on the quality (physical, chemical and biological properties) of water bodies.	Negative	Potential	Short term	Upstream and downstream value chain
The release of pollutants into soil due to accidental spills and/or inadequate resource management in the Group's own operations may alter soil conditions (chemical, physical and biological properties).	Negative	Potential	Short term	Own operations
The release of pollutants into soil due to accidental spills and/or inadequate resource management during activities along the value chain may alter soil conditions (chemical, physical and biological properties).	Negative	Potential	Short term	Upstream and downstream value chain

Policies

Pollution management is governed by the Group HSE Policy, which defines the Group's strategic guidelines for the prevention and mitigation of environmental impacts. The Policy establishes the commitment to prevent the release of pollutants into air, water and soil, to avoid environmental incidents and any contamination, and to adopt environmental incident response measures, including dedicated management plans and emergency procedures. The Policy incorporates the principles of Best Available Techniques (BAT), as promoted by European legislation, ensuring compliance with national and European legal requirements. Its application is consistent across all Group sites, including those located in areas subject to environmental constraints or with pre-existing conditions of historical pollution. Thanks to this framework, the Policy ensures a precautionary approach to the management of substances, releases and potential incidents, and provides the foundation for all operational activities related to pollution prevention.

Actions

The Group's actions on pollution prevention are implemented through operational management at production sites and through the control of plant modification processes under Group procedures. The time horizon of these actions includes short- to medium-term measures, such as routine maintenance and process optimization. The Group procedure serves as the environmental change management tool. Any plant modification or introduction of new substances must be subject to a prior environmental impact assessment and the application of the best available technologies. During 2025, no pollution events attributable to uncontrolled modifications or inappropriate use of substances were identified, confirming the effectiveness of the actions implemented. This result highlights how the Group's proactive approach ensured regulatory compliance and the protection of ecosystems, with no relevant negative impacts during the reporting period. There are no additional actions upstream or downstream of the internal production process.

Resources allocated (Capex / Opex)

No resources were identified as allocated in the form of CapEx or OpEx; however, operating time was dedicated by the corporate functions involved.

Targets

The Group has not defined voluntary numerical pollution reduction targets, as environmental performance in this area is governed by strict authorization limits established by national and local regulations. The main objective is therefore to maintain full compliance with emission limits, wastewater discharge thresholds, and all technical and documentary requirements set out in environmental permits.

Metrics

Air, water and soil pollution (emissions)

No specific data is available: emission and discharge points are sampled in accordance with applicable regulations, but mass flow is not monitored. In the absence of a continuous monitoring system, any estimate based on spot measurements would be unreliable, as production parameters vary continuously.

Measurement methodologies

Depending on the environmental medium (air or water), periodic sampling is carried out annually, as required by law. The samples collected are analyzed in a laboratory to verify compliance with legal limits. Soil sampling is not required unless accidental spills occur or if requested by the competent authorities. BREF standards are not applicable, as none of the sites fall under the IPPC regime (AIA under the Italian regulatory framework). No monitoring technology is installed, as it is not required by law.

Microplastics

Forging, rolling, machining, metal powder production and heat treatment activities do not involve either the use or the generation of microplastics.

Substances of concern

No specific data are available: FOMAS Group companies fall within the category of downstream users of chemical substances. The use of chemical products is subject to EHS approval. Consequently, substances of very high concern are managed in compliance with applicable regulations (such as REACH and RoHS). Calculating the content of such substances, when declared by suppliers in product safety data sheets and below regulatory thresholds, is practically impossible.

4.3 E3 WATER

The responsible management of water is one of the pillars of FOMAS Group's sustainability strategy, given its relevance to metallurgical processes and the increasing pressure on this resource, especially in areas exposed to water stress. The Double Materiality Assessment highlighted the critical nature of this issue both in terms of impacts along the value chain and operational risks. It underscored the need for an integrated approach, including the mapping of water flows, the adoption of clear policies, the implementation of targeted actions, and the definition of measurable long-term objectives. The Group relies on technical consultants, ISO 14001 audits and external professionals to ensure compliance with applicable regulations, submitting the required documentation to the competent authorities.

Impacts, risks and opportunities

The Double Materiality Assessment found that the Group's main impact is related to the water consumption required by its production processes, particularly at sites located in areas exposed to water stress. This use may contribute to increased pressure on local water resources, with potential effects on availability for communities and ecosystems. The assessment, carried out across all sites, included the monitoring of water flows and the identification of potential improvements.

The impact does not concern direct operations only: suppliers with high water consumption, such as steel mills, may also operate in vulnerable regions, contributing to the overall impact across the life cycle of FOMAS Group's products. From a risk perspective, limited water availability in the areas where the Group operates may lead to production interruptions, delays and economic losses, particularly in the event of restrictions or adverse climate events. No specific material opportunities were identified, confirming the need to focus on risk management and impact reduction, in line with regulations and without making claims that are not supported by concrete data.

Material Impacts

Impact	Type of impact	Type of effect	Time horizon	Value chain
Water consumption during operations along the Group's upstream value chain (e.g. suppliers), especially in areas subject to water stress, contributes to water scarcity.	Negative	Actual	Medium term	Upstream value chain

Material Risks

Type of risk	Risk description	Value chain	Time horizon
Market risk	Risk of economic losses and business interruption due to difficulties and/or disruptions in the supply and use of water resources (water scarcity)	Own operations	Short term

Policies

Water management follows the Group HSE Policy, which defines the commitment to use this resource efficiently and to progressively reduce consumption, with particular attention to sites located in areas subject to water stress. The Policy provides for the responsible use of water in production processes, ensuring that discharges comply with regulatory requirements and do not cause environmental impacts.

The prevention of water pollution is ensured through structured control, monitoring and risk management procedures. The Group promotes collaboration with local authorities, regulatory bodies and communities in order to support equitable water resource management. The Policy applies to all Group companies, including sites located in more vulnerable water contexts, such as **BAY-FORGE Private Ltd., FOMAS Precision Forging (Dalian) Co., Ltd., HOT ROLL S.r.l. and LA FOULERIE S.A.S.**

As the Group manufactures according to technical specifications provided by customers, product design does not significantly influence water demand in production processes. Water resource management is integrated into the Group's environmental sustainability policy, which considers water a priority for the protection of natural resources.

The analysis, policies, actions and related targets described refer exclusively to the use and treatment of water resources, with no application to marine resources, which are not material for the Group.

Actions

The commitment to sustainable water management is reflected in the operational and managerial actions implemented across the various sites. A central aspect is the continuous collaboration with local authorities and public administrations, aimed at monitoring water withdrawals and verifying the compliance of discharges. Water consumption is constantly monitored and environmental risks are assessed through ISO 14001 management systems, with periodic reviews and audits. The measures adopted produce results both in the short to medium term (continuous management and monitoring) and in the medium to long term, thanks to investments and structural interventions aimed at improving water efficiency at the plants. Initial positive outcomes include greater traceability of consumption, reduced waste, and compliance with environmental standards, thereby contributing to the protection of water resources and production continuity.

At sites located in areas subject to greater water stress, specific measures are adopted and calibrated to local conditions in order to prevent risks and ensure operational continuity even in the presence of pressure on the resource. In these contexts, actions are oriented toward the medium to long term, and the results achieved include greater operational resilience, reduced environmental impact, and stronger relationships with local communities and institutions, which recognize the transparency and effectiveness of resource management.

The Group relies on local HSE teams centrally coordinated and on established environmental management systems, which ensure consistency in data collection and controls. From 2025, targeted investments are planned to improve processes, plant equipment and water efficiency, with the objective of progressively reducing water demand across the various production stages. These medium- to long-term investments aim to minimize the risk of production interruptions caused by water shortages.

Resources allocated (CapEx / OpEx)

Local HSE teams are responsible for water management, supported by global HSE coordination meetings and alignment activities, in addition to environmental certification.

Type of resource	Areas covered	€	Time horizon
OpEx	Water Treatment	~ 380,000€	Medium to long term
OpEx	-	-	-

Targets

To effectively monitor water performance, the Group has introduced an internal indicator: the Water Index (Wi), which measures the volume of water used per tonne of steel processed. This indicator is recorded monthly at each site and centrally monitored, making it possible to identify inefficiencies and plan consumption optimization measures.

No intermediate milestones are envisaged toward the 2030 water target; instead, FOMAS Group has **set annual Water Index** reduction objectives, monitoring progress against the 2022 baseline. Each year, new targets are defined and results are verified at individual sites, ensuring gradual and transparent progress toward the final target.

The Water Index is calculated on the basis of water consumption measured by systems installed at the sites and the tonnes of steel processed. The data, collected monthly and centrally reviewed, are based on methodological assumptions such as the continuity of production methods, the reliability of measurement systems, and the correct classification of water sources (mains water, wells, internal recycling). Consideration is also given to any operational changes due to efficiency measures, extraordinary maintenance, or process modifications, which may temporarily affect consumption. This approach ensures transparency and comparability of data over time, in line with environmental reporting best practices.

The 2030 target provides for a significant reduction in water consumption compared with the 2022 baseline: starting from 2.43 m³ per tonne of steel processed in 2022, the objective is to reach 1.4 m³/t by 2030. This reduction, equal to approximately 70%, is particularly relevant for sites located in areas subject to water stress, such as Chennai, Dalian, Busano and Carignan, where additional measures and collaborative strategies with local authorities are adopted to ensure operational continuity and minimize environmental impacts.

Baseline value	Base year	Target year	Target value	2025 value
2.43 m³/T	2022	2030	1.4 m³/T	1.41 m³/T

Metrics

Data 2025

Total withdrawals - Total water consumption*	Total water consumption in areas at water risk, including areas of high-water stress	Total water recycled and reused	Water intensity ratio**
171,456 m³	71,747 m³	0 m³	336.9 m³ per million €

*The volume of water consumed is considered equivalent to the volume withdrawn, as no direct consumption measurement systems are in place.
** total water consumption in own operations in m³ per million euros of revenue.

Data are collected directly through meter readings and cross-checked against water bills. All information relating to water withdrawals is derived from direct measurements. The Group does not have water accumulation or storage systems. The production process reuses recirculated water, and the water in the tanks is changed only when necessary, but this figure is not formally tracked.

Financial Risks

The market risk related to water availability materializes in the possibility of incurring economic losses and operational disruptions due to difficulties or interruptions in the supply and use of water, especially under scarcity conditions. The likelihood of occurrence is high and concerns the short term, directly affecting the Group's own operations, with significant severity particularly in areas exposed to water stress.

In addition, regulatory and compliance risk may lead to significant financial penalties under the applicable legislation, up to the limits established by law. In the event of serious violations, injunctions or other restrictive sanctions may also be imposed, potentially causing further production stoppages and exacerbating the economic impact.

To strengthen operational resilience, measures have been planned such as the construction of first-flush rainwater collection tanks and the recovery of rainwater from rooftops, with the installation of pumps for redistribution. These measures entail additional costs, both for infrastructure and for the management of production areas located in high water-risk zones, but they are essential to mitigate impacts and ensure business continuity under water-stress conditions.

4.4 E5 CIRCULAR ECONOMY

Circular Economy is a cornerstone of FOMAS Group's transition toward a more sustainable and resilient production model. The Group's metallurgical activities involve significant use of non-renewable raw materials, such as steel and ferroalloys; therefore, reducing dependence on virgin materials, optimizing resource flows, and improving waste management are essential in a market subject to volatility, regulatory requirements, and growing stakeholder expectations.

The 2025 double materiality assessment examined in detail the material inflows (energy, raw materials, machinery, accessories, consumables, and packaging) and outflows from the plants, with particular attention to waste (distinguished between disposed, recycled, and reused). Finished products were not included among the outflows. This assessment confirmed the relevance

of Circular Economy for the Group, highlighting environmental impacts, risks along the value chain, and the need to strengthen the systemic management of resources.

The Group's approach, in line with ISO 14001 certification and supported by technical consultants, is based on three main pillars:

- **Material efficiency:** improvement of metallurgical yields and reduction of scrap.
- **Internal circularity:** recovery and recycling of scrap generated at the plants.
- **Responsibility in the value chain:** collaboration with suppliers and customers to promote circular practices throughout the product life cycle.

Impacts, risks and opportunities

The use of non-renewable materials represents the Group's main environmental impact. The continuous use of steel and ferroalloys contributes to the progressive depletion of available natural resources and generates significant pressure on extraction and production systems, especially in the upstream phase of the value chain. This phenomenon affects not only the FOMAS Group's own sites, but the entire value chain, with particular relevance to sourcing practices and the future availability of materials.

In addition to resource consumption, the management of industrial waste constitutes another material aspect. Forging, heat treatment and finishing activities generate metallic scrap and non-metallic residues that must be managed responsibly and in compliance with environmental regulations, thereby affecting the Group's overall environmental performance.

To mitigate these impacts, the adoption of circular practices such as the recovery of scrap, material recycling and the optimization of production yields helps reduce the use of virgin raw materials and limit the associated environmental impacts. While not constituting a significant material opportunity, circularity strengthens the sustainability of production processes and contributes to reducing the negative effects associated with the use of non-renewable resources.

The analysis identified two main risks: the increase in raw material costs, due to the scarcity of ferrous materials and technological changes in the steel industry (such as the shift from BOF to EAF), which may lead to price fluctuations and sourcing challenges, exposing the Group to economic and operational risks; and environmental and reputational management, where non-compliant waste treatment or collaboration with inadequate suppliers may lead to regulatory breaches, sanctions and negative impacts on the company's reputation.

No material opportunities were identified. However, the adoption of circular practices can improve production yields, reduce waste and strengthen supply chain resilience, generating indirect benefits and contributing to the Group's competitiveness.

Relevant Impacts

Impact	Type of impact	Type of effect	Time horizon	Value chain
The use of non-renewable materials (e.g. iron, steel) in the Group's production processes causes their depletion and reduces their availability on the market.	Negative	Actual	Long term	Own operations
The use of non-renewable materials (e.g. iron, steel) in production processes along the value chain causes their depletion and reduces their availability on the market.	Negative	Actual	Long term	Upstream and downstream value chain
The adoption of circular economy practices, such as material recycling in production stages, reduces the Group's pressure on natural resources and contributes to reducing environmental impacts compared with scenarios based exclusively on virgin materials.	Positive	Actual	Long term	Own operations
The Group's production processes generate a significant amount of waste that must be managed (e.g. waste recycled or sent to landfill).	Negative	Actual	Short term	Own operations

Relevant risks

Type of risk	Risk description	Value chain	Time horizon
Market risk	Risk of increased costs caused by the scarcity of primary and secondary raw materials (e.g. steel and iron) and by the technological shift of steel plants from BOF to EAF.	Own operations	Medium term

Policies

The Group's approach to circular economy is based on corporate policies that guide the responsible management of resources. The Health, Safety & Environment Policy establishes the commitment to reduce environmental impacts, improve resource-use efficiency and minimize waste generation through circular practices. The Quality Policy supports the optimization of metallurgical processes and the prevention of waste.

The Sustainability Policy includes environmental protection among the responsibilities towards communities and stakeholders. The Sustainable Procurement Policy and supplier assessment procedures introduce ESG requirements, traceability criteria and environmental obligations for business partners, giving preference, where possible, to lower-impact solutions. The Code of Ethics reinforces the internal governance framework by emphasizing environmental responsibility, integrity and the responsible use of resources.

These policies form the basis of a management model that progressively integrates circularity principles across the different stages of the production cycle.

Actions

As a supplier of intermediate products, the Group does not have full control over the end-of-life phase of its products, but it supports the circular economy through efficient management of inbound and outbound flows, aiming to reduce waste and environmental impacts.

Operational activities are guided by ISO 14001 certification, which represents the reference standard for the practical implementation of the commitments set out in the Group's policies. Suppliers for waste management are selected through thorough assessments by the HSE department, from a list of qualified operators subject to periodic monitoring through audits and contract reviews.

The main waste streams generated consist of metallic materials, such as chips and process scrap. Quantities are measured through certified weighing systems and compliance with regulatory protocols, ensuring transparency and compliance throughout the value chain. The main actions focus on improving production yields through rigorous controls and the continuous optimization of metallurgical processes. FOMAS Group's products are custom-made for customers and use raw materials sourced from steel mills with a high percentage of recycled content.

The Group is increasing the use of secondary materials, prioritizing recycled scrap and strengthening collaboration with steel mills in order to consolidate supply chain partnerships over the medium to long term. This results in greater production efficiency, reduced consumption of virgin raw materials and enhanced operational resilience.

Internally generated scrap is recovered and sent for recycling wherever technically feasible, or otherwise transferred to authorized operators in accordance with strict environmental criteria. Waste management is supported by periodic audits. Over a short- to medium-term horizon, these activities contribute to a reduction in non-recoverable waste, full regulatory compliance and strengthened corporate reputation through transparency in environmental management.

In addition, Carbon Footprint analyses are underway on the most impactful production lines to assess environmental effects of the life cycle of products. These activities, with a medium- to long-term horizon, foster greater internal awareness, a reduction in the environmental footprint of products, and a more collaborative and sustainability-oriented supply chain.

In 2025, the Group launched an initiative dedicated to the recovery and reuse of PPE and workwear, in collaboration with a specialized external company, with the aim of promoting a more circular and responsible management approach. The project was launched at FOMAS S.p.A. and will be progressively extended to all the Group's Italian companies.

Resources allocated (Capex / Opex)

Type of resource	Areas covered	€	Time horizon
OpEx	Waste collection area	~ 35,000€	Medium to long term
OpEx	Containers	~ 1,700€	Short to medium term

Targets

The Group has identified strategic targets to guide the transition toward greater circularity.

Recycled raw materials

The objective is to increase the use of recycled materials in production processes, reducing dependence on non-renewable resources and contributing to the reduction of environmental impacts associated with the extraction and processing of virgin materials. Starting from a **baseline value of 62%** in 2022, the Group aims to progressively increase the share of recycled materials used in production processes, with an indicative target of at least 80% by 2030, calculated on the basis of available supplier data and subject to the availability of suitable materials on the market.

Achieving this objective requires structured collaboration with suppliers and steel mills to ensure availability, quality and traceability. The indicator is monitored annually; in 2025, it stood at 60%. The calculation is based on the percentage of recycled materials over total raw materials used (where supplier data are not available, the national average by process is used).

Waste sent to landfill

The second indicator concerns the share of waste sent for final disposal in landfill. Reducing this percentage makes it possible to enhance the value of internal materials, increase recovery and recycling, and reduce the environmental impacts of waste management. In 2022, the share of waste sent to landfill was 7.20%; the target is to reach 4% by 2030, through better separation of waste streams, the development of recovery solutions, and the involvement of specialized suppliers. The figure is calculated as the percentage of total waste sent to landfill out of the total waste generated.

Supplier responsibility and product carbon footprint

Among the qualitative targets, the Group aims to strengthen supplier responsibility and integrate product carbon footprint assessments into new production lines, in line with the principles of transparency and regulatory compliance.

Objective	Baseline value	2030 Target	Reference period	2025 progress assessment	Methodologies and assumptions
Recycled raw materials	62% (2022)	≥80% (2030)	2022–2030	60%	Percentage of recycled materials out of total raw materials; collaboration with suppliers; improvement of metallurgical yields; traceability.
Waste sent to landfill	7.20% (2022)	4% (2030)	2022–2030	7.30%	Percentage of waste sent to landfill; separation of waste streams; recovery solutions; specialized suppliers.
Supplier responsibility / Product Carbon Footprint	N/A	Progressive integration into new production lines	2022–2030	N/A	Extension of Product Carbon Footprint assessment; supplier ESG criteria; periodic monitoring.

Metrics Inbound*

Ref.	Required information	Data and reporting notes
(a)	Total overall weight of products and technical and biological materials used	■ Total weight of products and materials used during the reporting period: 133,969 tonnes. Total volume of raw materials purchased and entering the production process. ■ Inclusion of packaging: No, the weight of packaging is not material in relation to incoming raw materials. ■ Breakdown by material type: all technical materials, no biological materials.
(b)	Percentage of sustainably sourced biological materials	0%. No biological materials for non-energy use are used in production.
(c)	Secondary materials reused or recycled	■ Absolute weight of reused/recycled components and secondary materials used (t or kg): 80 tonnes. ■ Percentage (%) of total materials used: 60%. ■ Type of secondary materials (reused components, secondary intermediate products, recycled materials): percentage of secondary material included in raw materials, as communicated by the supplier. ■ Inclusion of packaging: No, the weight of packaging is not material in relation to incoming raw materials.

*Raw materials purchased between Group companies were not considered.

Outbound Finished products

Finished products, namely rings, forgings and metal powders, were not considered in the analysis of impacts, risks and opportunities as outbound materials. This choice is based on the fact that the Group's production process does not alter the composition of materials between input and output; therefore, it is assumed that the percentage of recycled material contained in raw materials remains unchanged in the finished products as

well, which are intermediate products. The only exception is represented by **MIMETE S.r.l.**, which modifies the chemical composition of the materials processed; however, its impact on the Group's total activities is marginal.

Packaging

Packaging is considered as not material. In most cases, non-recycled wooden pallets are used, or the product is shipped directly by truck.

% recycled content in packaging materials: **30%***

*The total is calculated as the number of recycled packaging material units over the total number of packaging material units.

Waste
Most of the waste generated consists of metal scrap and wastewater, mainly made up of iron and steel residues. These are the typical by-products of production processes in which technical materials are processed without altering their composition between input and output, as already highlighted in the previous analysis.
With regard to hazardous waste, the quantity is monitored and calculated using data recorded in the company ERP system or through dedicated Excel files. This information is then submitted to the competent local authorities, thereby ensuring accurate reporting in compliance with applicable regulations.

Indicator	Description	Data to be reported
Total waste generated	Total quantity of waste generated during the reporting period	34,023 tonnes
Total hazardous waste	Total quantity of waste classified as hazardous	3,192 tonnes
Waste diverted from disposal	Waste not directed to final disposal	Total waste diverted from disposal: 31,486 tonnes Breakdown by hazardousness: ■ Hazardous waste: 702 tonnes ■ Non-hazardous waste: 30,783 tonnes Breakdown by treatment type: ■ Recycling: 1,265 tonnes ■ Preparation for reuse: 0 ■ Material recovery: 30,144 tonnes ■ Energy recovery: 77 tonnes *R13 and R12 are considered as material recovery, without supplier confirmation.
		Total waste directed to disposal: 2,538 tonnes Breakdown by hazardousness: ■ Hazardous waste: 2,490 tonnes ■ Non-hazardous waste: 48 tonnes Breakdown by treatment type: ■ Landfill: 2,392 tonnes ■ Incineration without energy recovery: 145 tonnes ■ Other disposal methods: 0
Waste directed to disposal	Waste directed to final disposal	■ Quantity of non-recycled waste: 2,615 tonnes Total disposal + incineration without energy recovery + energy recovery
Non-recycled waste	Waste not sent for recycling	
Percentage of non-recycled waste	Share of non-recycled waste out of total waste generated	■ Percentage of non-recycled waste out of total waste generated: 8% Total "Non-recycled waste" (tonnes) / Total waste (tonnes)

The quantities of waste are determined based on traceability systems and the data provided by authorized operators, in compliance with the applicable environmental legislation. The data are expressed in tons or kilograms.

Financial Risks
Risk of increased costs caused by the scarcity of primary and secondary raw materials (for example, steel and iron), as well as by the technological evolution of steelmaking plants, with the transition from the BOF (Basic Oxygen Furnace) process to the EAF (Electric Arc Furnace) process. This risk is classified as

"Market Risk". A scenario involving an increase in scrap prices was already observed in the two-year period 2022–2023, following the energy crisis triggered by the outbreak of the conflict in Ukraine. A potentially material financial risk is identified against the thresholds defined by the Group, correlated with the peak levels reached by scrap prices. Critical assumptions relate to the uncertainty of the risk, influenced by geopolitical factors as well as environmental factors affecting resource availability, with a medium-term time horizon. Scrap and its price are of strategic importance in our sustainability strategy and business decisions.





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**SOCIAL
PERFORMANCE**



5.1 S1 PEOPLE

FOMAS Group considers people to be at the heart of corporate value and a key factor for competitiveness. All workers across the various sites — including permanent and fixed-term employees, part-time staff, apprentices, interns, and collaborators such as consultants and external technicians — are included within the scope of the double materiality assessment, as they may be affected by the Group's operational and organizational activities.

A quality working environment, safety, the protection of rights, and the promotion of diversity are essential elements for the company's competitiveness and resilience. The Double Materiality Assessment confirms the centrality of topic S1 across the three fundamental dimensions of **Working Conditions, Health and Safety, and Equal Opportunities and Treatment**. The management model integrates global policies, monitoring, prevention, training and stakeholder engagement, and is applied to all Group companies and geographies in line with internationally recognized principles and standards (ILO, UN).

When assessing risks, impacts and opportunities, FOMAS Group takes into account the different exposure of categories such as **women, workers with disabilities, and operators in countries with limited protections**, who may be more vulnerable groups. The Group is committed to addressing the low female representation in the metalworking sector, which has historically been male-dominated.

Among the specific risks identified, critical issues emerged in production areas and factories where the level of education is generally lower. In these contexts, there are greater risks related to **forced labour and child labour**, particularly in Asian countries such as India and China, where rights protection control mechanisms are less developed. These risks mainly concern the value chain, while within the Group they are mitigated through due diligence processes.

With regard to human rights, the Group conducts an annual risk assessment supported by a whistleblowing system that enables reporting and continuous monitoring. Workers' health and safety are monitored throughout the year, with employees directly involved in identifying suggestions and solutions. The analysis focuses on injury prevention and ergonomic conditions, with particular attention to the ageing workforce.

In the assessment of risks and opportunities, particular attention is paid to women and workers with disabilities (for potential discrimination risks) and to factory workers (for accident risks and reputational impacts). For all other opportunities and risks, the Group assesses the entire workforce, taking into account all employment types and the different geographic contexts, while considering cultural differences.

The Group promotes an inclusive culture that values the individual, a sense of belonging, and social dialogue. Active listening — through surveys, focus groups, monitoring systems, digital platforms and dialogue with trade union representatives — is central to human resources management.

The feedback collected is integrated into strategic decisions, ESG planning and the definition of targets under the 2025–2030

Sustainability Plan, which focuses on pillars such as safety, protection, diversity, equity and inclusion, skills development, engagement and well-being.

FOMAS Group continuously monitors regulatory developments and international best practices concerning **labour, human rights, equal opportunities and responsible employment**, adopting a proactive approach in organizational and social management.

Worker engagement

FOMAS Group promotes the active involvement of its workers through a participatory model based on:

- **Structured industrial relations:** relations with worker representatives are managed at local level, in compliance with regulations and collective labour agreements. The dialogue addresses issues such as safety, welfare, working conditions, working hours and organizational processes. Worker representatives are involved in defining HSE plans and improvement initiatives.
- **Direct and ongoing engagement:** FOMAS Group gathers workers' views through: A biennial climate survey, anonymous and broken down by site, gender, age group and function, which makes it possible to identify specific areas for improvement. A feedback platform and a whistleblowing channel accessible to all are also available. Internal communication is supported by the intranet and information screens in production areas, to reach as many people as possible.
 - Focus groups on ESG, DEI and HSE topics;
 - Digital tools accessible also in production departments;
 - Individual feedback channels;
 - Notice boards and other internal communication tools.

The results of these activities guide priorities and action plans in the areas of HR, HSE and sustainability, as well as any corrective measures. Worker engagement is coordinated by the relevant functions, including the HR Director, the Sustainability & Risk Committee and the Group HSE Manager.

Impacts, risks and opportunities

Material Impacts

Working Conditions

Material positive impacts include the protection of workers' rights, job stability, social dialogue, freedom of association, and fair remuneration. The prevalence of permanent contracts supports economic and psychological stability, increasing employees' well-being, satisfaction, and motivation.

Health and Safety

The main negative impact is represented by the risk of accidents related to production activities and to mechanical and physical factors (such as noise). The ageing workforce requires particular attention, including ergonomic solutions and dedicated prevention programmes. Physical safety is essential for safeguarding people's integrity and ensuring operational continuity.

Equal Opportunities and Treatment

Positive impacts include continuous training, skills development, fair recruitment, the prevention of discrimination, and an inclusive working environment, all of which support retention, motivation, and innovation. The only negative impact identified is high employee turnover, which may undermine the internal climate and corporate culture.

Risks and opportunities

Working Conditions – risks

The main risks concern potential sanctions, disputes, and reputational damage arising from working conditions that do not comply with regulations on contracts, trade union rights, working hours, or remuneration.

Health and Safety – Risks and opportunities

The most significant risk is the interruption of operations, unexpected costs, and impacts on the company's image in the event of accidents. The opportunity lies in reducing such events through investments in prevention, training, certified systems, and the promotion of a safety culture, thereby generating measurable economic and reputational benefits.

Equal Opportunities and Treatment – risks

No additional material risks emerged, other than high employee turnover and potential discriminatory episodes, which may negatively affect well-being and internal cohesion.

Relevant Impacts

Sub-topic	Impact	Type of impact	Type of effect	Time horizon	Value chain
Working conditions	Respect for employees' rights in relation to working conditions—such as secure employment, working hours, adequate remuneration, social dialogue, freedom of association and collective bargaining—contributes positively to employees' health and well-being.	Positive	Actual	Short term	Own operations
Working conditions	Ensuring permanent contracts generates positive impacts on employees' well-being.	Positive	Actual	Long term	Own operations
Working conditions	Worker injuries and social costs. These may result from production processes or from failure to comply with company rules and procedures. (Mechanical risks. Based on health reports from the various sites, occupational diseases are of limited relevance. Physical risk: noise is the most significant risk. The ageing workforce should also be considered, as it entails different needs and capabilities.)	Negative	Potential	Short term	Own operations
Equal treatment and opportunities for all	Training and skills development programmes have positive effects on employee motivation and skills enhancement.	Positive	Potential	Long term	Own operations
Equal treatment and opportunities for all	Fair and impartial recruitment processes (for example, by avoiding favouritism and discrimination) support employee retention, talent attraction and therefore employee well-being.	Positive	Actual	Long term	Own operations
Equal treatment and opportunities for all	High levels of employee turnover negatively affect the Group's culture and working environment, as well as employees' well-being.	Negative	Potential	Short term	Own operations

Material risks

Sub-topic	Risk description	Time horizon	Value chain
Working conditions	Financial risk arising from reputational consequences and sanctions, fines and/or potential conflicts with employees in relation to inadequate working conditions (e.g. collective bargaining, occupational safety, working conditions and working hours, etc.) or non-compliance with laws and regulations.	Own operations	Short term
Working conditions	Risk of business interruption, reputational impact and legal disputes, sanctions and fines arising from events related to production activities, in particular workplace accidents and injuries. Interruptions caused by such events may lead to a temporary suspension of operations, affecting productivity, output and potentially overall business continuity.	Own operations	Short term

Material opportunities

Sub-topic	Type of opportunity	Opportunity description	Time horizon	Value chain
Working conditions	Financial opportunity	Health and safety prevention processes and activities can reduce the number of accidents and related costs, while also improving the Group's reputation.	Short term	Own operations

Policies

Working Conditions

Working conditions are governed by an integrated set of policies: the Sustainability Policy, the Human Rights Policy, the HR Policy and the Code of Ethics. The Sustainability Policy formalizes the Group's commitment to fair and transparent employment conditions, promoting HR processes based on integrity. Relevant topics include fairness in working conditions, the protection of workers' rights, fair recruitment and professional development. The Human Rights Policy ensures respect for the fundamental rights of workers across all operating sites, in accordance with internationally recognized standards, including the Universal Declaration of Human Rights, the International Covenants on Civil, Political, Economic, Social and Cultural Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the principles of the UN Global Compact. The policy also addresses child labour and forced labour.

The HR Policy governs the procedures for the selection, hiring, management and development of employees in compliance with national and international regulations (UNI/PdR 125, Equal Opportunities Code, Model 231). The Code of Ethics, applicable to all companies and business partners, establishes the principles of integrity, respect, dignity and legality.

Health and Safety

The Safety & Environment Policy, aligned with UNI ISO 45001 and ISO 14001 standards, defines the Group's commitment to incident prevention and health protection. It includes systematic monitoring, continuous improvement, emissions reduction, responsible use of resources and emergency management. In line with the other policies, it recognizes safety as a fundamental

right and applies to all Group companies under the supervision of the Group HSE Lead.

Equal Opportunities and Treatment

The policy framework for Equal Opportunities and Treatment includes the DEI Policy, the Sustainability Policy, the Human Rights Policy, the HR Policy, the Code of Ethics, the Whistleblowing Policy, and the Policy against violence and harassment. The DEI Policy promotes meritocracy, equal opportunities, pay equity, inclusion, and zero tolerance for discrimination and harassment, involving all employees and valuing every form of diversity. The Sustainability Policy recognizes DE&I as a central topic, applying the principles of the UN, ILO, UN Global Compact and the SDGs. Among the fundamental principles of the Human Rights Policy are support for the development of individual skills and a firm opposition to any form of discrimination, intimidation, bullying or stalking. The HR Policy supports fair and transparent HR processes. The Whistleblowing Policy provides a secure reporting channel, while the Policy against violence and harassment establishes specific procedures and responsibilities. All policies are communicated to employees and integrated into training programmes and HR and HSE operational procedures. All policies are approved by the President & CEO, published on the corporate website and intranet, and apply to all Group personnel.

Actions

Working Conditions

FOMAS Group considers working conditions a cornerstone of people management, as they directly affect employee well-being, health and safety, operational continuity, and engagement. Initiatives

in this area aim both to improve satisfaction and motivation in the short term and to strengthen retention and organizational resilience in the medium to long term, thereby contributing to corporate sustainability in a transparent and verifiable way. According to the findings of the 2025 Double Materiality Assessment, the Group's material impact on working conditions is reflected in its ability to:

- ensure employees' **physical, psychological and social** well-being;
- promote a sustainable **work-life balance**;
- provide a **safe, healthy** and motivating working environment;
- support workers through the **different stages of their personal and professional lives**.

These aspects, already highlighted in the 2024 Sustainability Report, are an integral part of the corporate strategy and contribute to improving the internal climate, reducing turnover and increasing attractiveness to new talent.

People management and organizational well-being

The Group adopts structured **onboarding** systems, technical and managerial **training paths, succession plans**, and a **merit-based performance management** model aimed at developing competencies and enhancing human capital. These actions result in stronger internal capabilities, higher motivation, and more effective succession management.

To monitor organizational well-being, **periodic wellbeing surveys** are carried out to assess the level of engagement, perceptions of the working environment, and areas for improvement. The results feed into targeted action plans, ensuring continuous and sustainable improvement.

Corporate welfare and quality of working conditions

Corporate welfare is a strategic lever for FOMAS Group, aimed at improving working conditions and supporting people's overall well-being. In 2025, an integrated welfare platform was defined for the Italian companies (active from 2026), and welfare initiatives across the various countries were reviewed. Welfare is based on support for health, well-being, the working environment and family needs. Key initiatives include:

- supplementary healthcare and individual support services, where available;
- periodic information campaigns on prevention, health, safety, ergonomics and stress management;
- initiatives promoted on the occasion of international days dedicated to well-being;
- airway obstruction clearance training (for both children and adults);
- safe driving training, aimed at raising awareness of the importance of adopting responsible driving behaviours to protect one's own safety and that of others.

Welfare activities are coordinated between global and local functions, according to **corporate guidelines** and the specific needs of each territory. Greater participation in initiatives, lower absenteeism, and higher perceived employee well-being have been observed.

Human Rights Due Diligence & HRIA

FOMAS Group applies the UN Guiding Principles on Business and Human Rights and integrates the perspective of workers into its due diligence processes, assessing potential impacts on working conditions. Following the risk assessment, the Group conducts simplified HRIA exercises involving HR, HSE, Sustainability, Compliance, workers' representatives and, where necessary, external experts. Impacts are assessed in terms of likelihood and severity, taking into account:

- equality and non-discrimination;
- working conditions, working hours and remuneration;
- health and safety;
- privacy;
- freedom of association;
- protection of at-risk categories (e.g. minors).

Thanks to the safeguards adopted, residual risk is considered low. The implementation of these processes has strengthened the protection of human rights and reduced discriminatory episodes and critical issues. The time horizon is mainly medium to long term, and results are monitored over time.

Remedy and monitoring of human rights impacts

No human rights or social rights violations were identified in 2025.

Whistleblowing: channels for raising concerns

The Group offers employees several channels for reporting concerns or non-compliant behaviour, accessible through the intranet, the corporate website and physical drop boxes. The multi-channel whistleblowing system, active throughout the year and managed by an independent third party, ensures anonymity, impartiality and protection, promoting the timely handling of reports.

Equal opportunities and treatment

FOMAS Group implements structured initiatives to ensure fairness, inclusion and impartiality across processes, supported by dedicated governance, continuous training and constant monitoring. The time horizon is mainly medium to long term, with immediate results (greater awareness and involvement) as well as longer-term outcomes (stronger inclusive culture, reduced disparities, and improved DEI indicators).

Governance, safeguards and processes

- **DEI Committee:** oversees DE&I strategies, operational plans and KPIs, defining priorities and steering initiatives;
- **DEI Strategic Plan:** a structured plan with dedicated budget, measurable objectives and planned actions;
- **Ethics Committee:** manages reports, ensuring impartiality and protection of the people involved;
- **Digital whistleblowing system:** a multi-channel platform ensuring anonymity and protection against retaliation;
- **Annual UNI/PdR 125 audit (Italy):** periodic review of HR processes and corporate culture against gender equality criteria, with the approach applied across all countries.

Inclusive culture, training and awareness-raising

- **Mandatory onboarding training** on bias, non-discrimination and harassment prevention;
- **Training Island:** a structured programme designed to train and progressively integrate people with disabilities or vulnerabilities into real work activities, with dedicated support and supervision;
- **Periodic well-being surveys:** analysis of fairness, respect, inclusion and treatment;
- **Dedicated training for HR and management** on inclusive recruitment, intercultural communication and bias prevention;
- **Internal campaigns and workshops** on international days dedicated to generations, gender equity and cultural inclusion;
- **Listening and engagement initiatives** to strengthen fairness and active participation in decision-making processes.

Skills development and performance management

FOMAS Group adopts a training model that integrates principles of fairness, inclusion and the enhancement of competencies. The Individual Performance Management system guides, monitors and values people's contribution, based on a **transparent, continuous and merit-based approach** consistent with the Code of Ethics and company policies.

The objectives of the process are to:

- align individual objectives with corporate expectations;
- promote behaviours consistent with FOMAS Group's values;
- support motivation, professional growth and engagement;
- ensure fairness and consistency in performance evaluation.

Individual Performance Management is managed through a single digital platform to record objectives, monitor results and support continuous feedback, together with methodological guidelines, digital training content and dedicated sessions on feedback management and performance evaluation.

The initiatives described generate immediate effects (surveys, onboarding) and, in the medium to long term (welfare, training, performance management, inclusion), contribute to a fairer, safer and more motivating working environment, with higher retention, stronger reputation, and improving well-being and inclusion indicators.

Based on the impacts identified, the corporate functions discuss implementation methods and actions to be undertaken, defined in alignment with the areas of sustainability, human resources, communication and HSE, and may involve other functions. In the case of particularly significant initiatives, a dedicated budget is provided, subject to approval by the managing directors, the Sustainability Committee and the DEI Committee. All initiatives provide the collection of feedback through questionnaires to refine communication channels and promote engagement. In 2025, a general well-being survey was carried out to gather opinions and perceptions regarding the effectiveness of the company's commitment across the various areas.

Resources allocated (Capex / Opex)

Type of resource	Areas covered	€	Time horizon
CapEx	Health and Safety	~ €62,000	Medium to long term
OpEx	Health and Safety	~ €230,000	Short to medium term
CapEx	Equal Opportunities and Treatment	~ €72,000	Medium to long term
OpEx	Equal Opportunities and Treatment	~ €1,000,000	Short to medium term

Targets

The definition of objectives and areas for improvement takes place with the active involvement of employees, through feedback collection, evaluation of results and company climate surveys. The formalization of targets is the responsibility of management, with approval by the managing directors. Employees and representatives contribute to the identification of corrective actions and improvement opportunities through reports, questionnaires and periodic meetings, particularly in relation to he-

alth, safety and welfare, where workers' representatives engage regularly with management.

Working Conditions

No specific numerical targets are envisaged. The main objective is to ensure fair, transparent and stable working conditions, in compliance with the applicable legislation.

Health and Safety

In line with the HSE Policy and the Group's long-term strategy, the Group is committed to promoting safe workplaces focused on prevention, avoiding statements that are not supported by concrete actions. The objective is the progressive reduction of workplace accidents and the dissemination of a safety culture across all production sites.

Each year, specific objectives are defined for each plant, focusing on:

- risk reduction and continuous improvement of technical and organizational systems;
- incident prevention and the strengthening of a safety culture;
- enhancement of HSE competencies through structured training;
- greater worker involvement in safety programmes.

In the medium term, with a **2030** horizon, the Group has defined the following key targets:

Indicator	2022 Baseline	2024	2025	2030 Target	Description
Incident Frequency Index	10.82	11.34	11.56	0	Reduction of the injury frequency rate through prevention actions, behavioural observations and the strengthening of operational controls.
Incident Severity Index	0.3	0.23	0.31	0	Reduction in injury severity through process improvements, plant maintenance and enhanced training.
Participants in HSE training (HSE ti)	631	861	755	1,000	Increase in the number of workers trained on health, safety and safe behaviours.
HSE Participation Rate	100%	100%	100%	100%	Maintenance of full participation in mandatory training across all Group sites.

Monitoring of progress against the targets is carried out through periodic review of performance indicators, assessment of results against objectives, and analysis of any critical issues. Quantitative and qualitative indicators are used, with a systematic approach to the collection, analysis and periodic verification of data. The main assumptions include full participation in training programmes, the implementation of HSE management systems, and the active involvement of all personnel in improvement and reporting processes.

The interim 2025 data provide a benchmark for assessing the Group's progress toward its medium- and long-term goals.

Strategic directions for achieving the targets

To achieve the 2030 targets, FOMAS Group will focus its activities on:

- strengthening HSE management systems and audit processes;
- reinforcing behavioural observation programmes and people engagement;
- improving risk analyses, Management of Change processes and operational controls;
- investing in technologies, equipment and safety solutions;
- expanding HSE training, instruction and leadership pathways;
- promoting a prevention culture that fosters participation, shared responsibility and proactive near-miss reporting.

Equal Opportunities and Treatment

In line with FOMAS Group's commitment to fairness, inclusion and the enhancement of people, medium-term targets with a **2030** horizon have been defined to strengthen female representation, skills development and the quality of the employee experience.

These objectives complement the DE&I policies, the DEI Strategic Plan and the safeguards set out in the governance system, contributing to the creation of a fair, transparent and inclusive environment.

Indicator	Baseline	2024	2025	2030 Target	Description
Total Women	12% (2022)	13%	12%	14%	Increase in female representation in managerial positions through inclusive succession planning, skills development and fair recruitment processes.
Annual training hours per employee (Italy)	12.8 h (2022)	13.8 h	18.5 h	15 h	Strengthening of the training offering, with a focus on upskilling, DE&I, inclusive leadership and technical-professional skills.
Reasons for leaving the Group	22% (2024)	22%	34%	≤ 20%	Reduction of exits linked to organizational factors through improved engagement, climate action, people management and HR processes.

No interim milestones are envisaged along the pathway: progress is monitored through the achievement of annual targets defined in line with the Group's strategic objectives. Reporting methodologies aligned with industry standards and DE&I best practices are applied, ensuring transparency and consistency in the approach. The underlying assumptions concern the stability of HR processes, the continuity of training programmes and the ongoing development of skills. Progress against the targets is assessed annually, with reference to the status achieved in 2025.

Action lines to achieve the targets

To achieve the 2030 targets, the Group will focus its initiatives on:

- strengthening development programmes for talents and future managers;
- reinforcing continuous training with a focus on DE&I, leadership and key skills;
- improving HR processes (inclusive recruitment, onboarding, performance evaluation and feedback);
- engagement and retention initiatives, integrated with periodic surveys;
- systematic monitoring of DE&I KPIs through the DEI Committee and governance functions..

Metrics

Reference year: 2025

The data are based on the number of employees in service as of 31/12/2025 (reference year, end of the reporting period). Headcount was calculated using the same methodologies across all companies and all countries.

Working Conditions

Number of employees (headcount) – by gender and level

Sum 2025 - GROUP	GENDER		
Item	Men	Women	Total
Employees – Directors	25	3	28
Employees – Production	823	8	831
Employees – Managers	66	20	86
Employees – Offices	314	136	450
Total	1228	167	1395

Number of employees (headcount) - by gender and level (%)

Sum 2025 - GROUP	GENDER		
Item	Men	Women	Total
Employees – Directors	2%	0%	2%
Employees – Production	59%	1%	60%
Employees – Managers	5%	1%	6%
Employees – Offices	23%	10%	32%
Total	88%	12%	100%

ITALY

Sum 2025 - GROUP	GENDER		
Item	Men	Women	Total
Employees – Directors	20	3	23
Employees – Production	526	3	529
Employees – Managers	25	9	34
Employees – Offices	212	98	310
Total	783	113	896

FRANCE

Sum 2025 - GROUP	GENDER		
Item	Men	Women	Total
Employees – Directors	2	0	2
Employees – Production	49	1	50
Employees – Managers	5	0	5
Employees – Offices	7	4	11
Total	63	5	68

USA

Sum 2025 - GROUP	GENDER		
Item	Men	Women	Total
Employees – Directors	1	0	1
Employees – Production	85	4	89
Employees – Managers	6	3	9
Employees – Offices	8	9	17
Total	100	16	116

INDIA

Sum 2025 - GROUP	GENDER		
Item	Men	Women	Total
Employees – Directors	1	0	1
Employees – Production	81	0	81
Employees – Managers	25	2	27
Employees – Offices	60	0	60
Total	167	2	169

CHINA			
Sum 2025 - GROUP		GENDER	
Item	Men	Women	Total
Employees – Directors	1	0	1
Employees – Production	82	0	82
Employees – Managers	5	6	11
Employees – Offices	27	25	52
Total	115	31	146

“Top Management” is identified as the Directors.

Employee characteristics – information on employees by type of contract and gender – GROUP			
Sum 2025 - GROUP		GENDER	
Item	Men	Women	Total
Employees with non-guaranteed hours	0%	0%	0%
Permanent employees	86%	12%	97%
Temporary employees	2%	0%	3%
Total	88%	12%	100%

Sum 2025 - GROUP		GENDER	
Item	Men	Women	Total
Full-time employees	88%	11%	99%
Part-time employees	0%	1%	1%
Total	88%	12%	100%

Number of employees who left the company and employees hired – GROUP			
Sum 2025 - GROUP		GENDER	
Item	Men	Women	Total
Employees who left the company	146	29	175
New Hires	154	18	172
Total	300	47	347

Non-employee workers – type – GROUP	
ITEM	2025
Type 1 – Consultancy agreement	3
Type 2 – Internship agreement	3
Type 3 – Contractual relationship with a Temporary Employment Agency	72
Type 4 – Agency workers	44
Total	122

Data relating to non-employee workers are reported and include the following categories: consultancy agreements, internship agreements, contractual relationships with temporary employment agencies, and agency workers. The number of agency workers may vary from year to year according to production needs, particularly at the sites of **HOT ROLL S.r.l., FOMAS Precision Forging (Dalian) Co., Ltd. and BAY-FORGE Private Ltd.**, where both agency workers and temporary employment agencies are included annually in contractual arrangements. The data are tracked and no assumptions are made.

Total number of employees covered by collective bargaining agreements

%	Sum of 2025
ITALY	100%
INDIA	49%
CHINA	N.A.
USA	N.A.
FRANCE	100%

Employees by gender and age – GROUP			
Sum of 2025 - Group		GENDER	
Item	Men	Women	Total
Over 50 years of age	367	50	417
Under 30 years of age	109	20	129
Between 30 and 50 years of age	752	97	849
Total	1228	167	1,395

Employees by Gender and Age (%) – GROUP			
Sum of 2025 - Group		GENDER	
Item	Men	Women	Total
Over 50 years of age	26%	4%	30%
Under 30 years of age	8%	1%	9%
Between 30 and 50 years of age	54%	7%	61%
Total	88%	12%	100%

Health and Safety
Within FOMAS Group, all Group employees are fully covered by health and safety management systems compliant with applicable regulations and recognized standards.

FOMAS Group supports freedom of association and collective bargaining, opposing any form of intimidation, harassment or abuse. It promotes an open and constructive dialogue with trade union representatives, collaborating on health, safety, welfare, corporate objectives and investments.

At the European sites, all employees are covered by national collective bargaining agreements; in India and China, activities comply with local regulations (in India applicable only to blue-collar workers and not applicable in China), while in the United States federal and state laws protecting workers' rights are strictly observed (**Fair Labor Standards Act**).

The Group ensures adequate remuneration in line with international standards, continuously monitoring wage conditions against inflation and adopting sector benchmarks where necessary. The internal welfare system is regularly updated to ensure fairness and well-being. From the first day of employment, protection against loss of income due to illness, unemployment, accidents, disability, parental leave and retirement is ensured.

ITEM	2025 - GROUP
Number of employee fatalities due to work-related accidents and occupational diseases	0
Number of fatalities due to work-related accidents and occupational diseases among other workers operating at the company's sites	0
Number of recordable work-related injuries among employees	35
Rate of recordable work-related injuries among employees (Number of recordable work-related injuries among employees / Total hours worked) × 1,000,000	10.39
Number of recordable cases of occupational diseases among employees	2

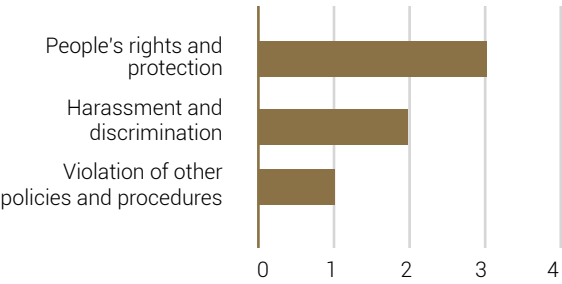
Equal Opportunities and Treatment

COMPANY	Gender Pay Gap in 2025	Annual Total Remuneration Ratio in 2025
ASFO S.p.A.	-1.18	2.55
BAY-FORGE Private Ltd.	12.92	3.36
FOMAS Precision Forging (Dalian) Co., Ltd.	-27.2	5.56
FOMAS, Inc.	-30.54	2.41
FOMAS S.p.A.	-6.10	3.67
HOT ROLL S.r.l.	-5.28	2.77
LA FOULERIE S.A.S.	-10.55	3.78
MIMETE S.r.l	-15.59	2.78

* Data on first-line management and the CEO are not available.

Reports by classification

During 2025, six reports were submitted to the Code of Ethics Committee, of which two concerned Harassment and Discrimination and three related to people's rights and protection; however, none of these was recognized as a severe human rights violation. All reports were properly managed and were closed without the need for specific interventions.



All employees are entitled to family-related leave, as guaranteed both by social policies and by collective bargaining agreements: 100% of workers, by virtue of the applicable regulations and national collective agreements, are entitled to family-related leave.

Percentage of eligible employees who took family-related leave, by gender	% 2025
Men	7%
Women	9%

Total training hours by company

COMPANY	Sum of 2025
ASFO S.p.A.	4,419
BAY-FORGE Private Ltd.	841
FOMAS Precision Forging (Dalian) Co., Ltd.	3,536,5
FOMAS, Inc.	1,501,25
FOMAS S.p.A.	8,696
HOT ROLL S.r.l.	2,639
LA FOULERIE S.A.S.	1,075,25
MIMETE S.r.l.	810

% Training category

ITEM	Sum of 2025
HSE (Health, Safety and Environment)	28%
Job-specific	19%
Management	8%
Personal development	25%
Quality	6%
Tools and methodologies	15%

Average number of training hours by gender and level – Group

Level	Men	Women	Total
Employees – Directors	23.5	79.3	29.5
Employees – Production	9.3	13.1	9.3
Employees – Managers	39.0	53.3	42.3
Employees – Offices	21.1	34.3	25.1
Total	14.2	36.4	16.9

The table below presents the percentage of employees who participated in regular performance and career development reviews. For this purpose, only employees who completed the process under the new IPM methodology introduced by the Group in 2024 were considered. Production department employees in the Italian companies were excluded from the process.

2025	GENDER		
Item	Men	Women	Total
Employees – Directors	15	3	18
Employees – Production	262	4	266
Employees – Managers	44	20	64
Employees – Offices	278	126	404
Total	599	153	752
% on total*	85%	93%	85%

* excluding employees in the production departments of the Italian companies

The metrics are calculated in accordance with the Group's internal reporting systems. The data are consolidated at Group level, unless otherwise indicated, and may be subject to revisions depending on the evolution of information systems and the reporting perimeter.

5.2 S2 WORKERS IN THE VALUE CHAIN

Impacts, risks and opportunities

The management of workers in the supply chain is a central issue for FOMAS Group, particularly due to the presence of labour-intensive production processes and the geographical diversification of the sourcing network. These characteristics expose workers to potential social vulnerabilities, making the systematic assessment of impacts and risks related to the working conditions of business partners essential. For the purposes of the value chain, this refers to the employees of first-tier suppliers, in particular those working in steel mills, as well as outsourced production and maintenance workers operating at the company's sites.

The main impact concerns the potential violation of workers' fundamental rights, including:

- job stability and employment security,
- fair and sustainable working hours,
- adequate remuneration in line with international standards,
- social dialogue,
- freedom of association and the right to collective bargaining.

Failure to protect these rights may have negative effects on workers' lives and well-being, undermining their social, economic and professional conditions. Additional negative impacts may arise from discrimination, insufficient health and safety conditions, or the presence—whether direct or indirect—of child labour, forced labour or contemporary forms of exploitation. Particular attention is paid to geographical areas and raw materials associated with a high risk of child or forced labour, such as India, where human rights regulation is less stringent, and suppliers operating in the mining sector.

The main risk is the possibility of economic losses and operational disruptions due to accidental events or non-compliant practices in the supply chain, including:

- incidents related to insufficient HSE conditions,
- violations concerning working hours and work organization,
- discrimination,
- the presence of child or forced labour,
- unsustainable management of working conditions.

These risks may compromise the protection of workers, the continuity of supplies, the Group's reputation and compliance with applicable regulations on human rights, safety and social responsibility. The groups most affected are those operating in India and China and factory workers, although all workers in the value chain are involved.

For 2025 reporting purposes, no financially material opportunities connected to workers in the supply chain were identified.

Material impacts

Impact	Type of impact	Type of effect	Time horizon	Value chain
The violation of the rights of workers in the value chain, in relation to working conditions such as job security, working hours, adequate remuneration, social dialogue, freedom of association and collective bargaining, negatively affects their lives and well-being.	Negative	Potential	Short term	Upstream and downstream value chain

Material risks

Risk description	Time horizon	Value chain
Potential economic losses and disruptions to business continuity arising from accidental events along the value chain, with reference to workers' working conditions (for example, health and safety, working hours), situations of discrimination, the presence of child labour and forced labour and, more generally, unsustainable practices in the supply chain.	Upstream and downstream value chain	Short term

During 2025, no incidents, critical issues or serious reports relating to human rights were identified along the value chain, either upstream or downstream.

Policies

FOMAS Group adopts a structured policy framework that defines the minimum requirements expected from all supply chain partners.

Supplier Code of Conduct

It establishes binding obligations regarding:

- compliance with national and international regulations, including ILO conventions;
- prohibition of child labour, forced labour and all contemporary forms of slavery;
- guarantee of adequate wages, regular contracts and working hours compliant with applicable laws;
- protection of occupational health and safety;
- freedom of association and the right to collective bargaining;
- prohibition of discrimination and promotion of equal treatment;
- obligation to provide training on health and safety, chemicals management and accident prevention;
- availability of anonymous reporting channels also for suppliers' workers.

The Code also includes termination clauses, with the possibility of suspending or terminating relationships with suppliers that do not comply with the minimum requirements.

Human Rights Policy

FOMAS Group's Human Rights Policy for the value chain focuses on respecting the human rights of those who work within the Group and throughout the entire supply chain, promoting safe working conditions, fair wages, regular contracts and the prohibition of discriminatory and exploitative practices, as well as the explicit prohibition of forced labour and child labour.

The Human Rights Policy is consistent with the Group Code of Ethics and, for the Group's Italian companies, with Legislative Decree 231/2001 ("Decree 231") and with internal procedures and policies. It is committed to respecting the main international human rights standards, including:

- *Universal Declaration of Human Rights*
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- United Nations Global Compact Principles

Sustainable Procurement Policy

It integrates ESG principles into supplier selection, qualification and monitoring processes, promoting the dissemination of sustainability throughout the entire supply chain.

Group Code of Ethics

The Group Code of Ethics defines the fundamental principles of integrity, respect for human rights, fair working conditions and responsible behaviour that all supply chain partners are required to observe. These principles represent the normative and behavioural basis through which FOMAS Group ensures alignment with ESRS S2 requirements, preventing violations and promoting fair labour standards throughout the value chain.

Sustainability Policy

The Group Sustainability Policy integrates environmental, social and ethical objectives and commitments into all business processes, including procurement. Within the scope of ESRS S2, it guides the systemic integration of ESG criteria into supplier selection, qualification and evaluation, helping to ensure responsible working conditions and the protection of workers' rights in the value chain.

Actions

FOMAS Group implements structured tools and processes to protect workers' rights in the supply chain and prevent conduct that is not aligned with ESG principles. The main initiatives include supplier assessment, human rights due diligence, reporting mechanisms and the application of the Supplier Code of Conduct. These systems are oriented toward the medium to long term, while audits, annual assessments and recurring training fall within the short to medium term. The results achieved include greater transparency in the supply chain, strengthened protection of human rights, reduced risks of violations and higher labour standards, with a tangible improvement in working conditions and compliance with applicable regulations.

ESG Supplier Assessment and annual supplier evaluations

The Group integrates ESG parameters into the Supplier Assessment Procedure, making social and environmental evaluation an integral part of selection and qualification processes. This allows the Group to continuously monitor working conditions, prevent risk situations and promote sustainability throughout the supply chain. Suppliers are encouraged to define plans and actions to protect the human and labour rights of their employees.

Internal human rights due diligence

The Group applies a structured Human Rights Due Diligence process aimed at continuously monitoring risks and potential violations in the value chain. This medium- to long-term approach supports risk reduction and prevention, timely identification of critical issues and the implementation of improvement actions, ensuring the effective protection of human rights and greater organizational resilience.

- Clear allocation of responsibilities at corporate and operational level;
- Systematic assessment of critical issues in Group companies and supply chain partners;
- Implementation of improvement actions resulting from the due diligence process;

- Use of methodologies and tools shared across all Group companies, consistent with the principles of the UN Global Compact and the main international standards;
- Structured processes to identify and implement appropriate actions in response to adverse impacts on workers;
- Specific interventions in relation to material adverse impacts;
- Mechanisms to activate effective remedies in the event of adverse impacts.

This approach helps reduce and prevent the risk of human rights violations both internally and among supply chain partners, fostering reliability and international compliance..

Conflict minerals due diligence

FOMAS Group requires relevant suppliers to submit the Conflict Minerals Declaration, with the aim of:

- reducing the risk of indirectly contributing to human rights violations linked to the extraction of minerals from conflict-affected areas;
- increasing transparency and traceability in the supply chain;
- ensuring compliance with international ethical and regulatory requirements.

Whistleblowing and reporting mechanisms

FOMAS Group's Whistleblowing system is a tool for preventing and managing violations, with a short- to medium-term time horizon, enabling the Group to respond rapidly to reports and emerging risks.

- Accessible to all stakeholders, including people in the supply chain;
- Supports anonymous reporting;
- Protects whistleblowers from any form of retaliation;
- Contributes to the monitoring, prevention and timely management of non-compliant behaviour and potential human rights violations.

The mechanism strengthens the Group's due diligence, providing an effective safeguard for the management of social risks and promoting a culture of transparency and accountability.

Application of the Supplier Code of Conduct

FOMAS Group requires all suppliers to adhere to and comply with the Supplier Code of Conduct, which establishes minimum requirements relating to:

- human rights and decent working conditions;
- health and safety;
- prohibition of discrimination and abusive practices;
- compliance with international regulations and ILO conventions.

Ongoing compliance with the Supplier Code of Conduct represents a medium- to long-term commitment, with results

reflected in enhanced corporate reputation, higher ethical standards and the promotion of a responsible supply chain aligned with international principles and sustainability best practices.

Resources allocated (CapEx / OpEx)

No resources were identified as allocated in the form of CapEx or OpEx; however, operating time was dedicated by the corporate functions involved.

Targets

Within the reporting boundary relating to topic S2 – Workers in the value chain, the FOMAS Group has not defined any additional specific targets beyond those already established for the overall management of supplier relationships.

The only formally defined quantitative target is the **Supplier Assessment Procedure – ESG Score (minimum)**, already described in the section **G1 – Management of supplier relationships, including payment practices**, which establishes the minimum acceptance threshold for suppliers based on their ESG performance. This requirement also represents an indirect but significant safeguard for the protection of working conditions in the supply chain, ensuring that all partners comply with minimum social, environmental and governance standards.

No further specific targets have been set because, to date, ongoing monitoring and active collaboration with qualified suppliers are considered an effective approach for managing potential impacts. FOMAS Group remains committed to the **continuous improvement** of the assessment, awareness and accountability of its suppliers regarding human rights, working conditions, and sustainable practices.

5.3 S3 – S4

In the 2025 Double Materiality Assessment, the FOMAS Group assessed topics **S3 – Affected communities** and **S4 – Consumers and end-users**, finding that, although they involve certain potential impacts and risks, they were **not considered material for ESRS disclosure purposes** for the current reporting year. The assessment, consistent with the process described in the 2024 Sustainability Report, will be updated annually.

With regard to **S3 – Affected communities**, the Group contributes to local development through stable employment, collaborations with institutions and educational bodies, and initiatives aimed at collective growth. Possible negative effects were also assessed, such as environmental impacts related to new plants, pressure on natural resources, and social consequences in the event of industrial reorganization. Reputational risks and costs associated with community-related projects were weighed alongside opportunities to attract talent and strengthen reputation. However, none of these aspects reached a level of significance requiring specific disclosure, considering the management measures already in place and the absence of significant negative impacts.

The topic **S4 – Consumers and end-users** was examined in relation to product quality and safety, data management, and post-sales satisfaction. Although risks such as potential data breaches and implications for product safety or quality were assessed, the analysis concluded that these are not material for the Group's operating model, which is mainly B2B and supported by well-established management and control systems. Ri-

sks of sanctions or litigation are mitigated by internal processes. No significant opportunities were identified; therefore, the topic does not require dedicated disclosure for 2025.

In summary, S3 and S4 were classified as non-material for ESRS purposes for the 2025 reporting year, with further assessments planned in subsequent materiality cycles.



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APPENDIX
ESRS
CONTENT INDEX

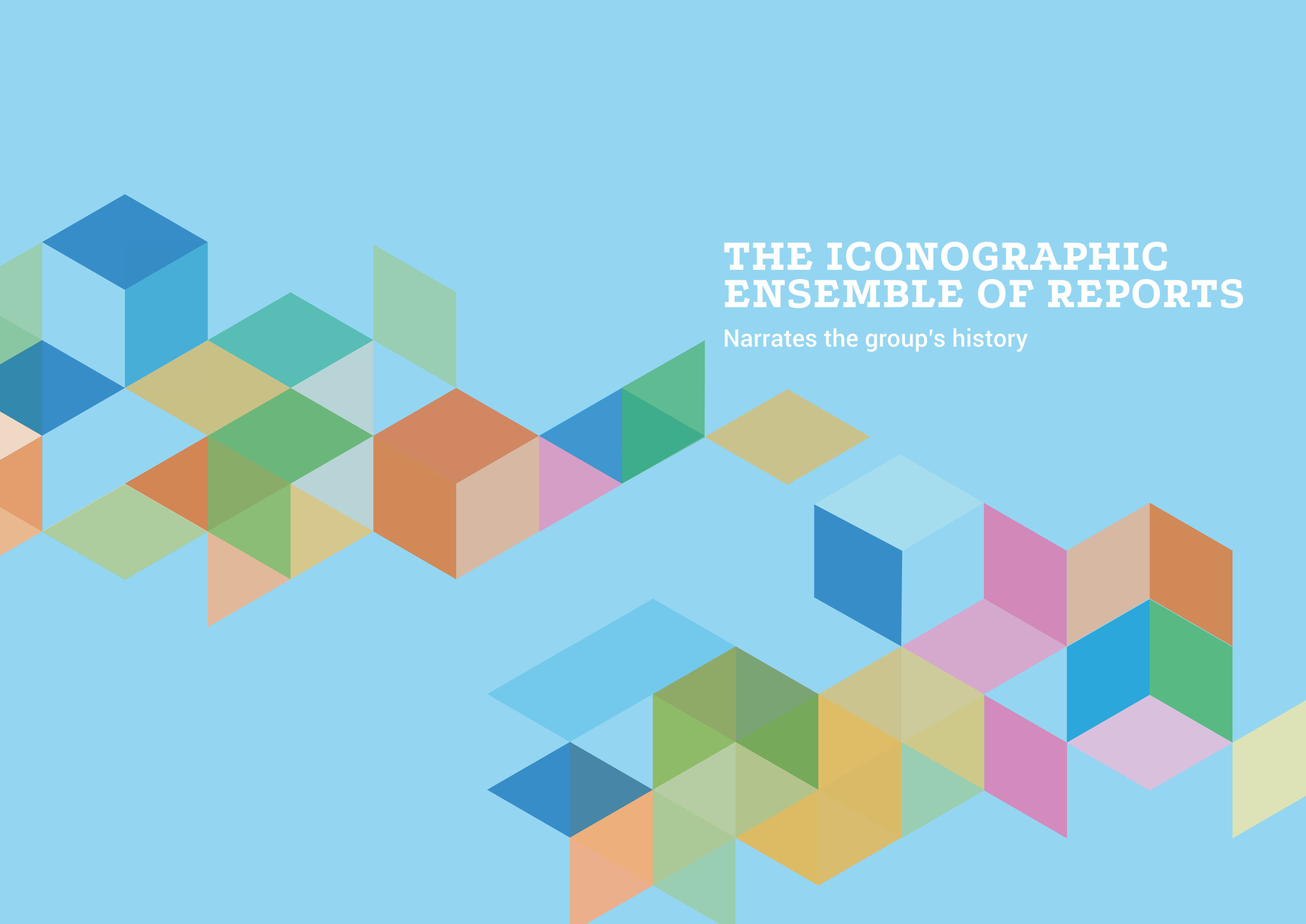
Below are the disclosure requirements with which the Group has complied in preparing this Sustainability Statement.

Standard ESRS	Disclosure Requirement (DR)	Paragraph ESRS	Disclosure Title	Report Section	Page	Notes
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ESRS E2	E25	§28	Substances of concern	4.2 E2 POLLUTION	67	
ESRS E2	E26	§29	Financial effects	4.2 E2 POLLUTION	66	

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ESRS E4	E43	§§19–21	Targets related to biodiversity	NA		
ESRS E4	E44	§§22–27	Impacts on biodiversity	NA		
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Standard ESRS	Disclosure Requirement (DR)	Paragraph ESRS	Disclosure Title	Report Section	Page	Notes
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The background features a light blue color with an abstract geometric pattern of colorful cubes and triangles. The shapes are arranged in a way that creates a sense of depth and movement, with colors ranging from light blue and green to orange, pink, and yellow.

THE ICONOGRAPHIC ENSEMBLE OF REPORTS

Narrates the group's history

THE ICONOGRAPHIC ENSEMBLE OF REPORTS

NARRATES THE GROUP'S HISTORY

The **2023 edition** marked the beginning of a new era: from that year onwards, the **Sustainability Report** accompanied the **Financial Statements**, anticipating the regulatory requirement that will come into force with fiscal year 2025.

While in previous editions the Sustainability Report was presented with a distinct graphic design, in 2023 the two documents adopted a unified visual identity. This change reinforced the idea that the two reports are interdependent and that our business model is becoming increasingly integrated and interconnected. In 2023, we also chose to focus on the graphic theme of bees and their way of working. Our beekeeping project continued to grow within our Company, and we decided to highlight this initiative in the reporting activities relating to the year. Bees, with their extraordinary ability to work collaboratively and sustainably within their communities, perfectly represented the principles we seek to promote through our Reports. This theme was conceived to illustrate how synergy and interdependence, distinctive characteristics of the work of bees, are also fundamental to our approach to sustainability and business growth.

The photographic theme of the **2024 edition** sought to visually express, through an evocative colour palette, the transformation of material within our production process: a journey that begins with hot, vibrant and incandescent material and arrives at the precision and coolness of mechanical processing.

The colours selected represented this physical and symbolic evolution, ideally accompanying the viewer throughout the entire industrial cycle.

For the publication dedicated to sustainability, the cover maintained visual consistency with the main photographic theme, recalling the year's unified graphic identity. However, within the document, the section dividers featured different shades, each inspired by the representative colours of the various **Pillar** of our sustainability strategy. In this way, each section was immediately recognisable and aligned with the environmental, social and governance values we are committed to communicating.

The stylistic choice that characterises this year's **Report**, and which will also be reflected in the **Sustainability Report**, is inspired by the concept of a mosaic. Each tile represents an element, a contribution, a story or an achievement that, when considered individually, possesses its own value.

However, it is through its combination with the other tiles that it acquires broader significance, generating an overall vision capable of transforming its meaning. The mosaic thus becomes the representation of an interconnected system, in which people, skills, processes and objectives contribute to building a shared picture, richer and more meaningful than the sum of its parts.



2025



2024



2023





