

SUSTAINABILITY REPORT 2024



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Terracing symbolizes the balance between human action and nature.

In a challenging global context, this metaphor reflects our approach to sustainability: a challenge that is overcome through design and resilience.

We chose this photographic theme to illustrate a commitment that develops gradually, level by level, consolidating the ground upon which our environmental and social goals rest.

Ingenuity at the service of tomorrow, to shape growth that will stand the test of time.



Letter to Stakeholders



Dear Stakeholders,

Since 1962, we at Lafert S.p.A. have been passionately dedicated to the research and development of innovative solutions that enhance society by building a more productive and sustainable future. Our history is rooted in a solid technological heritage, which we have successfully renewed and enriched over time, while maintaining a constant focus on the future.

Our growth is driven by a vision that combines innovation, responsibility, and sustainability. We firmly believe that technological and economic progress must proceed in harmony with commitment to the community and respect for the environment.

In this context, the **Sustainability Report** is not just a reporting tool, but also an opportunity to share with you our achievements and our goals for the future.

Through the **environmental, social and governance (ESG)** dimensions, we are committed to generating lasting value, contributing concretely to the well-being of people and the sustainable progress of our industry.

Our sincere thanks go to all those who, with trust and commitment, accompany us on this journey. It is thanks to everyone's contribution that we can continue to build a more conscious and sustainable future together.

Cesare Savini
CEO Lafert Group

1. General Information

- 1.1 Methodological Note
- 1.2 Criteria for Drafting
- 1.3 Lafert Group
- 1.4 The business model
- 1.5 Stakeholder management
- 1.6 Double materiality analysis



1.1 Methodological Note

This Report presents the ESG activities, data, and information of the Lafert Group for the period from 1 January to 31 December 2024, in line with the scope of the 2024 Annual Financial Report. Any deviations, extensions, or exclusions with respect to the consolidated perimeter are duly indicated through footnotes.

Where available, comparisons with the previous year are provided to support an evolutionary reading of performance.

Compared to the FY 2023 reporting, which adopted the GRI Sustainability Reporting Standards (GRI Standards 2021), this document introduces a significant methodological update.

Starting from 2024, the Lafert Group has chosen to align its reporting approach with the new European regulatory framework introduced by Directive (EU) 2022/2464 – CSRD and the European Sustainability Reporting Standards (ESRS), transposed in Italy through Legislative Decree 125/2024 and subsequent updates under Decree-Law 95/2025.

This evolution reflects the Group's commitment to progressively align with the European standards that will become the single reference framework for sustainability reporting, giving priority to the qualitative principles and disclosure requirements of the ESRS over the previous GRI framework.

In continuity with this progressive alignment towards the new European reporting framework, the Lafert Group has also decided that, starting from FY 2025, reporting will be prepared in accordance with the ESRS VSME standard. This choice ensures proportionality, informational consistency, and a more balanced management of reporting requirements, while maintaining adherence to the principles of the CSRD.

1.2 Criteria for Drafting

General Criteria for the Preparation of Sustainability Statements

This document constitutes the *2024 Sustainability Report of the Lafert Group*, prepared on a voluntary basis and inspired by the provisions of Legislative Decree No. 125 of September 6, 2024 (and its amendments introduced by Decree Law 95/2025 regarding the application dates of the regulation), implementing Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (Corporate Sustainability Reporting Directive, or “CSRD”).

The document has been drafted to the extent necessary to ensure the comprehensibility of the information relating to the Group’s activities, as well as the other qualitative characteristics of the undertaking described in ESRS 1, Appendix B, of the above-mentioned European Directive.

The document examines the activities, data, and qualitative and quantitative ESG information of the Lafert Group, following the scope and reporting period of the 2024 Annual Financial Report (from January 1 to December 31, 2024). Any deviations concerning the scope are indicated alongside the relevant data with appropriate footnotes. Where possible, a comparison with the previous year has been included.

Specifically, the scope of the social and environmental data and information covered in the report includes all the companies of the Group. Therefore, within the document, references to the “Lafert Group” or the

“Group” refer to the companies listed below:

| Country | Società |
|----------------|----------------------------------|
| Italy | Lafert S.p.A. |
| Slovenia | Lafert Elektromotorji D.o.o. |
| China | Lafert (Suzhou) Co. Ltd. |
| Canada | Lafert North America Inc. |
| France | Lafert Moteurs S.A.S. |
| Germany | Lafert GmbH |
| Spain | Lafert Motores Electricos S.L.U. |
| United Kingdom | Lafert Electric Motors Ltd. |

The data relating to environmental, social, and governance aspects concern the companies included within the reporting boundary. The data and information presented are derived from direct measurements; where it was not possible to obtain specific data, estimates were made and are clearly indicated in the text. It should be noted that, in the tables included in this document, it will be clearly specified whether the data refer to the entire Group or to individual companies, through specific symbols or explanatory notes.

This Sustainability Report does not include information required by other regulations containing obligations to disclose sustainability-related information, nor by generally accepted sustainability provisions. Given the voluntary nature of the current reporting framework, this Sustainability Report currently covers only part of the value chain.

The Lafert Group has not made use of the exemptions provided by the regulation to omit sensitive information relating to intellectual property, knowhow, innovation results, upcoming developments, or matters under negotiation.

Finally, the Group has included in this Sustainability Report certain specific disclosures, consistent with previous reporting periods. All additional disclosures are duly indicated within the Table of Contents.

Disclosure related to specific circumstances

This document was approved by the Board of Directors of Lafert S.p.A. on 11 march 2026 and made available to all Group stakeholders through publication on the institutional website of the parent company at the following address: <https://www.lafert.com/it/corporate/6>

For further information, requests may be addressed to the following email address: LSPA.legal-compliance@shi-g.com.

In accordance with Appendix C of ESRS 1, this Sustainability Report has been structured into four main sections:

1. General Information
2. Environmental Information
3. Social Information
4. Governance Information

1.3 Lafert Group

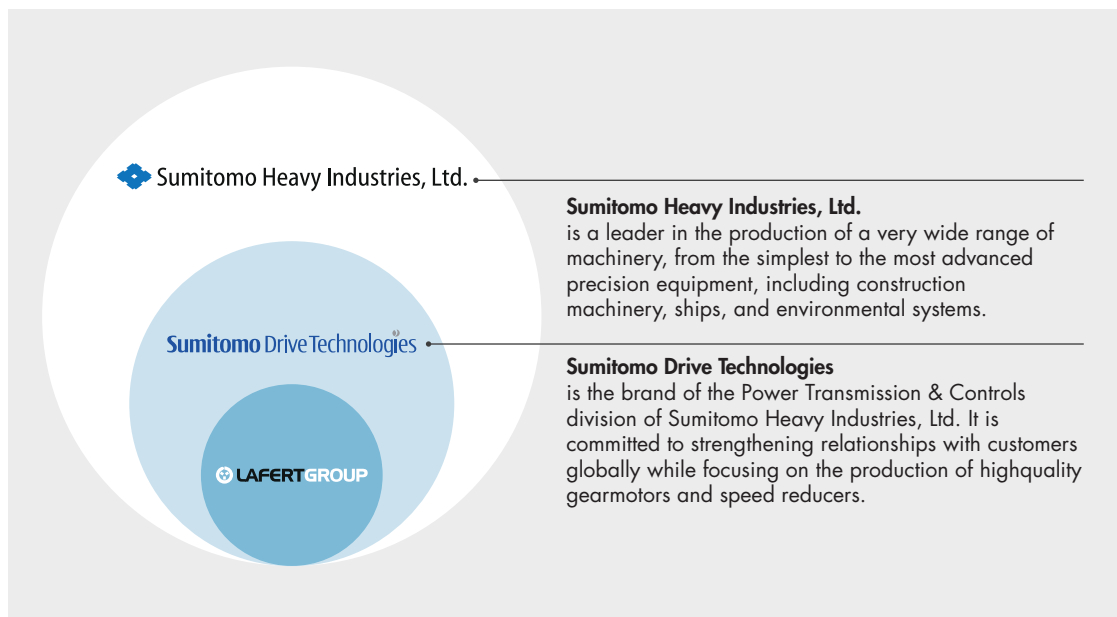
Lafert Group is a European leader in the designing and manufacturing of electric motors and customised drives, specifically in the sectors of industrial automation and energy efficiency.

Since 2018, Lafert Group has been part of the international industrial group Sumitomo Heavy Industries, Ltd., with the strategic idea to be the global Competence Centre for research and development of the most modern electric motors, as well as a landmark for the future growth of this market.

Sumitomo Heavy Industries, Ltd. (SHI) is part of Sumitomo Group, and whose origins date back to the 17th century, founded by Masatomo Sumitomo. SHI, born in 1888 operates in a vast array of business areas using technologies of the latest generation, which contribute to the production of machinery and facilities. Moreover, during the last years, the Company has focused its research and development on precision technology, mechatronics, and devices for precision control and for key components such as equipment for the production of LCD, semiconductors, and digital home appliances.

Thanks also to this partnership, **Lafert Group has established itself as a world leader in the branch of Super Premium efficiency motors** through the expansion strategy of the Sumitomo Drive Technologies brand, leader in the products of the sector Power Transmission & Control – PTC.

The core business is high performance, robust and efficient electric motors, with the strength of easily adapt to the most diverse applications. Through a continuous exchange with the customer, Lafert Group studies and defines the best solution for the required application, designing efficient and innovative motors, with all the required customisations.



During 2024, Lafert Group achieved revenues of 165 million euro with a overall workforce of approximately 1,003 employees at 31st December 2024.

The sites and the trademarks

The entrepreneurial force is embedded in the companies which make up the Group: each company with their own specific role - from specialised production to commercial distribution- operates in a close synergy with the parent company, sharing expertise and resources in research and development to create the most innovative technologies.

Lafert is an international group, leader in Europe, with 60 years of experience and solid partnerships with international players, world leaders in their sectors.

Carrying out its business activities, The Group consists of 11 operating sites in Europe, North America and Asia, including six production and commercial units and five exclusively commercial branches. In addition, there is an associated company in Singapore, which is also purely commercial in nature.

Therefore, the Group has a presence in the main industrialised countries on three continents to be **always close to the customer** and assure timely and customised services. This makes it possible to offer the highest flexibility in the design and construction of the various products.

For a complete list of companies, please refer to the chapter General criteria for the preparation of sustainability statements.

Below there is the map showing the distribution of the companies in Lafert Group broken down by production or trading facilities.



Lafert S.p.A., based in San Donà di Piave (VE), is the parent company of Lafert Group and produces customised electric motors with high technological content, for a wide range of uses and applications.

As the parent company, Lafert S.p.A. determines development guidelines, designs production processes, outlines commercial strategies and develops new product lines. In addition, the head office also defines investments, which are always strongly focused on technological innovation and product customisation.

To date, the headquarter consists of two production plants, one of which is automated in line with Industry 4.0.

The Group also owns two trademarks registered in Italy: Lafert and ICME. Trademarks are one of Lafert's most important assets, as they protect its identity and strengthen its recognition in the market.



Lafert also markets Smartris-branded products, which has been registered by Sumitomo Heavy Industries, Ltd. in Japan.



History, Mission, Vision

The roots of the Group

Lafert S.p.A. was founded in 1962 in San Donà di Piave, just outside Venice. From the outset, the company focused on the production of asynchronous electric motors, dedicating all its efforts to ensuring the quality of Lafert products on the Italian market. The San Donà di Piave site is still the headquarters of the Lafert Group today, where the technical team initiates the customisation process that characterises the company's historic approach to the market.



At the end of the 1980s, Lafert S.p.A. entered the international market with its intrinsic propensity for product customisation. These were the years in which the company came into contact with different global markets and with demand that had different and often more stringent regulatory requirements than those in Italy. To meet these needs, and thanks to a fruitful joint venture in Canada, Lafert North America Inc. was founded in 1992.

In the 1990s, Lafert S.p.A. faced the first industrial automation projects for the European market and expanded its production. To ensure the highest levels of customisation, Lafert S.p.A. begins to produce all engine components in-house and acquire comprehensive expertise in the field of servo motors. In 1994, Lafert Servo Motors S.p.A., located a few km from San Donà di Piave, and Lafert Elektromotorji D.o.o. in Slovenia, were founded.

In the 1990s and early 2000s, Lafert experienced a period of strong international expansion with the opening of new offices and strategic acquisitions. During this period, the company consolidated its competitiveness by entering diversified markets and developing important technological innovations. Thanks to its expertise in asynchronous motors and servo motors, Lafert was among the first to introduce permanent magnet technology, becoming a benchmark in the energy-efficient motor sector.

In 2012, market coverage expanded into the Asian market with the opening of Lafert (Suzhou) Co. Ltd., extending Lafert S.p.A.'s presence with its know-how and high-quality motors.

The expansion and recognition of the Lafert brand led to Lafert joining the international Sumitomo group in 2018. Thanks to this integration, the Lafert Group is now able to face challenges that require the ability to respond to new global demands, developing synergies and integration projects with other world-leading companies.

The entrance into the Sumitomo Group, specifically in the Power Transmission and Control (PTC) division, allows us to create fundamental synergies between the other companies of the Group, develop new integrated products and enter new markets.

In 2022, taking advantage of its **60th anniversary**, the Group further strengthened its position by bringing all Italian companies under the single leadership of Lafert S.p.A. and taking full control of its foreign subsidiaries in Canada and Spain.

Today, the company's history continues to develop in the spirit of innovation and constant improvement, with an eye always on future challenges and opportunities.

Mission

Create innovative motors that are increasingly efficient and optimize performance with advanced integrated solutions. Engineer customizations for different applications and changing market needs



Lafert's watchword is 'evolution', because it has always been a tireless promoter of technological innovation that matures over time, through corporate choices, internal expertise and market demands.

This means the ability to develop integrated industrial processes of the highest technological profile, but above all it represents the professional motivation of the people who work in the Lafert Group at all levels: a natural predisposition to improve, to look ahead, to imagine a future full of new opportunities.

Vision

Bring innovation anywhere, leveraging the maximum technological know-how. Innovation means doing something new every day, something that will improve the world.



Every day, Lafert faces new challenges with a clear vision: to improve its production capabilities, offer energy-saving solutions and customised products, thereby increasing performance and reducing environmental impact.

This, in short, is the Group's vision.

Lafert takes responsibility for operating in a sustainable manner, with an awareness that allows the Group to understand the future, think big and anticipate upcoming global needs in order to build a more efficient world.

The administrative, management and control bodies

Lafert adopts the traditional governance system consisting of the following corporate bodies:

- **the Shareholders' meeting** (competent to resolve on the matters set forth by law and by the Articles of Association);
- **the Board of Directors** (the executive body of the company to whom the corporate governance is entrusted);
- **the Board of Statutory Auditors** (entrusted with the vigilance over the activities of the administrators, and the adherence to the law of the management and administration of the company).

The statutory audit was entrusted to KPMG S.p.A., appointed on 26 April 2021. This appointment was renewed in 2024 for the three-year period 2024-2026.

The so-called **"Supervisory Body"** (S.B.) can also be identified as a body with a supervisory function. It had been already present in Lafert in monocratic form but, given the considerable size reached by the Group over the years, the Company Management has taken the decision to make it a collegiate-type body, whose appointment took place on March 23rd, 2022.

In 2024, the Board of Directors also established the following Committees:

1. **Sustainability Committee**, tasked with analysing activities aimed at implementing the Group's commitment to sustainable development, for example in relation to climate transition, technological innovation and local development.
2. **Privacy Committee**, tasked with defining the main projects for implementing regulations to protect the confidentiality of personal data.
3. **Anti-Bribery Committee**, which monitors the application of the existing anti-corruption system and evaluates possible updates to it.
4. **IMS** (Integrated Management System) Committee called upon to share and define the objectives, risks and KPIs for each business area for the purposes of integrated system management and vision.

The chairmen of the Committees report the most relevant issues to the Board of Directors. The members of each Committee have different skills and professional expertise in order to enhance the areas to which they belong within the Committee itself.

Board of Directors

The company is managed by a Board of Directors, the members of which are appointed by the Shareholders' meeting.

The directors are vested with the powers for ordinary and extraordinary management of the company without any limitation whatsoever and are therefore entitled to carry out all the deeds they deem most appropriate for implementing and achieving the corporate purpose, bar excluded only those the law and the Statute reserved to the Shareholders' Meeting.

The current members of the Board of Directors were nominated on 21st April 2023, excepted for the Board member Koichi Shuhei, co-opted with effect from 25 July 2024 following the resignation of director Akira Yamamoto, in office until the next Shareholders' Meeting.

| Board of Directors | |
|-------------------------------|-------------------------------|
| Shaun Dean | Chairman |
| Cesare Savini | Chief Executive Officer (CEO) |
| Florian Butzmann | Director |
| Shuhei Koichi | Director |
| Joris Felicitas F. Blommaerts | Director |

| | FY 2022 | | | | FY 2023 | | | | FY 2024 | | | |
|------------------------|------------|-------------------|------------|-------|------------|-------------------|------------|-------|------------|-------------------|------------|-------|
| | < 30 years | 30 < x > 50 years | > 50 years | Total | < 30 years | 30 < x > 50 years | > 50 years | Total | < 30 years | 30 < x > 50 years | > 50 years | Total |
| Board member | - | 2 | 3 | 5 | - | 2 | 4 | 6 | 0 | 2 | 3 | 5 |
| % | - | 40% | 60% | 100% | - | 33% | 67% | 100% | 0 | 40% | 60% | 100% |
| Board member by gender | Woman | Man | Other | Total | Woman | Man | Other | Total | Woman | Man | Other | Total |
| Board member | 1 | 4 | - | 5 | 1 | 5 | - | 6 | - | 5 | - | 5 |
| % | 20% | 80% | - | 100% | 17% | 83% | - | 100% | - | 100% | - | 100% |

In 2024, the Board of Directors consists of five members (only one of whom has an executive role), all of whom are male. Forty per cent (two people) are aged between 30 and 50, while the remaining 60 per cent are over 50.

The Board of Directors meets periodically to discuss the economic and financial trend of the Group and the commercial strategies for the pertaining business. Moreover, the very same is informed and trained on the relevant impacts, risks and opportunities and, more generally, on the new projects that Lafert undertakes in the field of sustainable development, concluding the process with their approval.

The Board of Directors delegates the executive function of managing the Group in terms of economics, environment and governance to the **Leadership Team**, a body consisting of five executives (responsible for the following areas: Finance and Corporate Services, Sales & Marketing, Operations, Business Development, Global Supply Chain and Human Resources) and a CEO, who periodically interfaces with the members of the Board of Directors regarding the progress, results and current status of the company's activities.

The Board of Directors carries out independent assessments of the issues brought to its attention, delegating the implementation of validated corrective actions to the Leadership Team, which acts directly.

During the reporting period under review, no particular critical issues were reported to the Board of Directors.

Board of Statutory Auditors

The Board of Statutory Auditors monitors compliance with the law and the Articles of Association, adherence to the principles of proper administration and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the company and its actual functioning.

The Board of Statutory Auditors consists of five members appointed by the Shareholders' Meeting: a chairman, two standing auditors and two alternate auditors. Of the total number of members, 40% are women, highlighting a higher representation of women than in the Board of Directors, while all members are over 50 years of age.

The current Board of Statutory Auditors was appointed on 26 April 2021, with its mandate renewed for the three-year period 2024-2026 by resolution of the Shareholders' Meeting on 29 April 2024.

| Board of Statutory Auditors | |
|-----------------------------|-------------------|
| Camilla Menini | Chairman |
| Luca Angelo Pandolfi | Standing Auditor |
| Sandro Miotto | Standing Auditor |
| Lorenzo Brocca | Alternate Auditor |
| Alessandra Tavella | Alternate Auditor |

The Shareholders' meeting

The Shareholders' Meeting is the collegial body in which shareholders (or their proxies) meet to deliberate on the most important decisions affecting the company: approval of the financial statements, appointment of the Board of Directors, statutory determinations or significant amendments, and decisions on profit distribution policies. It represents the manifestation of company ownership and ensures that strategic choices reflect the will of the shareholder or shareholders, in compliance with the law and the articles of association. In this specific case, Lafert S.p.A., as the parent company, is wholly owned by Sumitomo, which holds the capital as the sole shareholder. The Group's subsidiaries, on the other hand, have Lafert S.p.A. as their sole shareholder, confirming a centralised and consistent ownership structure that ensures strategic and managerial alignment within the Group.

The organisational structure

The organisational structure expresses the system of roles, powers, delegations, decision-making processes and company procedures, providing a clear identification of each person's tasks and responsibilities with respect to company activities.

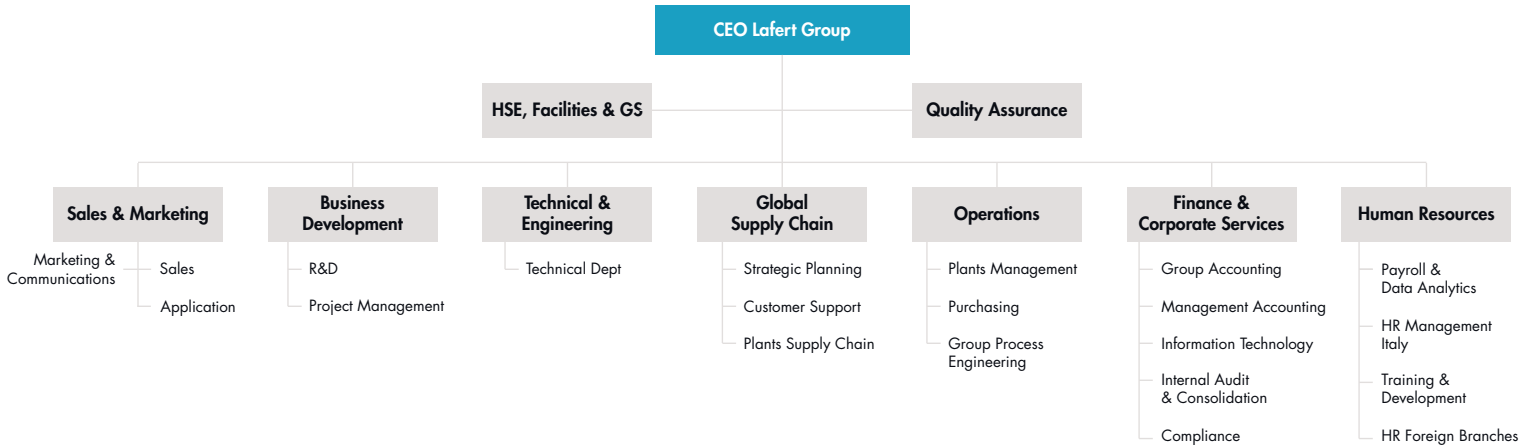
Lafert's organisational structure is strongly focused on providing governance to the Group and its subsidiaries, as well as defining the principles of business organisation, process and resource management.

To incorporate the tasks into its policies, so as to develop a responsible business conduct, Lafert structured an organization chart which displays all the positions, roles, and responsibilities. Moreover, the company relies on

a file named “Authorization Chart” which displays all the internal procedures of approval. Each year, a budget is outlined which defines the strategic goals to achieve and their referring supervisor.

Each year, a budget is drawn up setting out the strategic objectives to be achieved and the person responsible for achieving them. .

The current organisational chart of the Parent Company is shown below:



Risk Management

For the Group, identifying and managing risks has always been a key aspect of conducting business and ensuring business sustainability. This focus has been further strengthened following the acquisition by Sumitomo, which brought with it a corporate culture geared towards **control, prevention and resilience**. The importance attributed to risk management is confirmed not only in the company policy but also in the results of the materiality assessment conducted this year for the purposes of preparing this Sustainability Report, which identified the issue as financially significant. For more details on the results of the double materiality analysis, please refer to the chapter of the same name.

Lafert adopts a **risk identification and management system through the quarterly compilation of a Risk Matrix**, in order to measure the impact of each identified risk on business continuity, reducing the probability of its occurrence and/or limiting its negative effects.

The risk matrix is updated every three months by the risk owners of each business area (Sales & Marketing, Purchasing, Human Resources, HSE, Facilities & GS, Operations - Plant Management, Quality Assurance, Global Supply Chain, Finance & Corporate Services).

Once the document has been prepared, it is reviewed internally by the Management Team before being sent to Sumitomo, which may provide feedback. The Management Team, delegated by the Board of Directors to perform the Group’s executive functions, meets monthly to discuss the management, governance and economic and financial performance of the Organisation with the aim of proposing improvement and/or preventive actions based on any potential issues that have emerged.

The main business risks identified, monitored and managed by the Lafert Group are classified as follows:

- **Operational risks:** these are any risks generated within the company that depend on strategies, procedures and supply chains and that may have a negative impact on the company’s performance.
- **Business risks:** these are any risks arising outside the company that depend on macroeconomic situations (e.g. stock market fluctuations, market trends, political instability, etc.) and that may have a negative impact on the company’s performance.

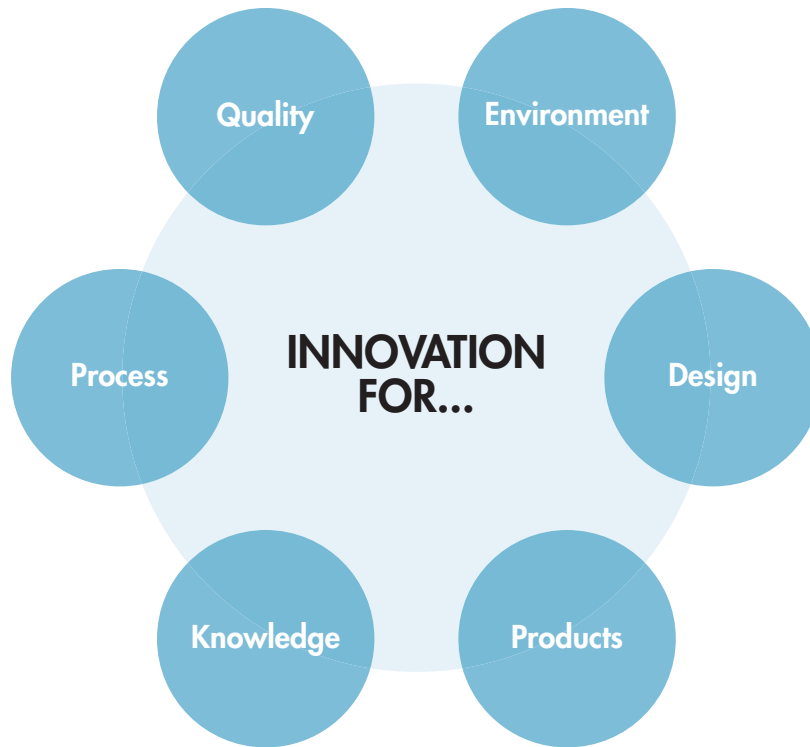
Strategy and sustainability

Lafert and sustainability

For over 60 years, the Group has embraced an industrial development model grounded in the principles of sustainability, transparency, inclusion, and quality, with the aim of addressing social, environmental, and industrial challenges through efficient and innovative electric solutions and drive systems. In this perspective, Lafert contributes to creating a **sustainable and inclusive environment**, while at the same time promoting economic development and social well-being, and supporting the protection of the planet for future generations through cutting-edge technologies.

At Lafert, **innovation** is the core around which ideas, projects, products, and processes are developed, driven by continuous research activities. It thus becomes the engine of sustainable and inclusive growth, serving people, businesses, communities, and regions, always with respect for the environment.

Building on this approach, Lafert has defined a **sustainability path** that translates into specific strategic objectives — true corporate **drivers** — which guide the Company's policies and management systems, ensuring consistency between daily operations and sustainable development principles:



INNOVATION FOR...

| | |
|--------------------|--|
| Quality | Lafert considers innovation a driver to maintain the quality and safety of its products on which the reputation and brand awareness on the market is based, also related to performance and the reduction of electrical consumption. |
| Process | Lafert has always striven to innovate production processes in order to streamline the production cycle and optimise lead times also thanks to enabling technologies. |
| Environment | Lafert's focus on reducing the energy consumption of its products and minimising their environmental impact has always been an essential driver in the development of new projects. This goes hand in hand with the development of production processes, which has made it possible to develop solutions to reduce to the minimum. |
| Products | The number of patents filed, and product innovations implemented by Lafert, with a view to their environmental and social impacts, have always been a specific feature of the company's offer. |
| Knowledge | One of the core values of Lafert is its constant commitment to sharing its knowledge on emerging technologies and its use in cutting-edge products, implementing cross-fertilisation initiatives aimed at achieving the utmost energy efficiency and precision of movement in all application sectors. |
| Design | Lafert develops innovative and integrated solutions that combine the quality of motors and state-of-the-art electronics and assure the highest efficiency in a compact design that makes for ductility and applicability in the most diverse sectors. |

Sustainable development goals



Lafert's strategic approach is consistent with the journey towards sustainability it has embarked on 2023, which entails progressive integration of the **SDGs (Sustainable Development Goals)**, part of the United Nations' Agenda 2030.

The current context and the megatrends underway require from companies a commitment to pursue economic objectives that are able to generate positive impacts also in environmental and social terms. The implementation of a sustainable development policy by companies, as an element of the Group's core business, is indeed a lever for achieving the SDGs, jointly with specific projects and initiatives.

In this context, Lafert has carried out a preliminary analysis of the consistency of its business model and strategic goals with the SDGs, also through the assessment of BLab-Global Compact's SDG Action Manager platform (see the next paragraph), which has made it possible to identify some SDGs as a priority, with respect to which the Company's business is able to give a significant contribution.

SDG Action Manager

In order to assess the company's sustainable development against the 17 Sustainable Development Goals – SDGs – indicated by the United Nations' Agenda 2030, Lafert has measured itself through the **SDGs Action Manager**, an online platform that was set up in 2020 stemming from the integration of the B Impact Assessment by the US no-profit B Lab with the Principles of the United Nations' Global Compact Network.

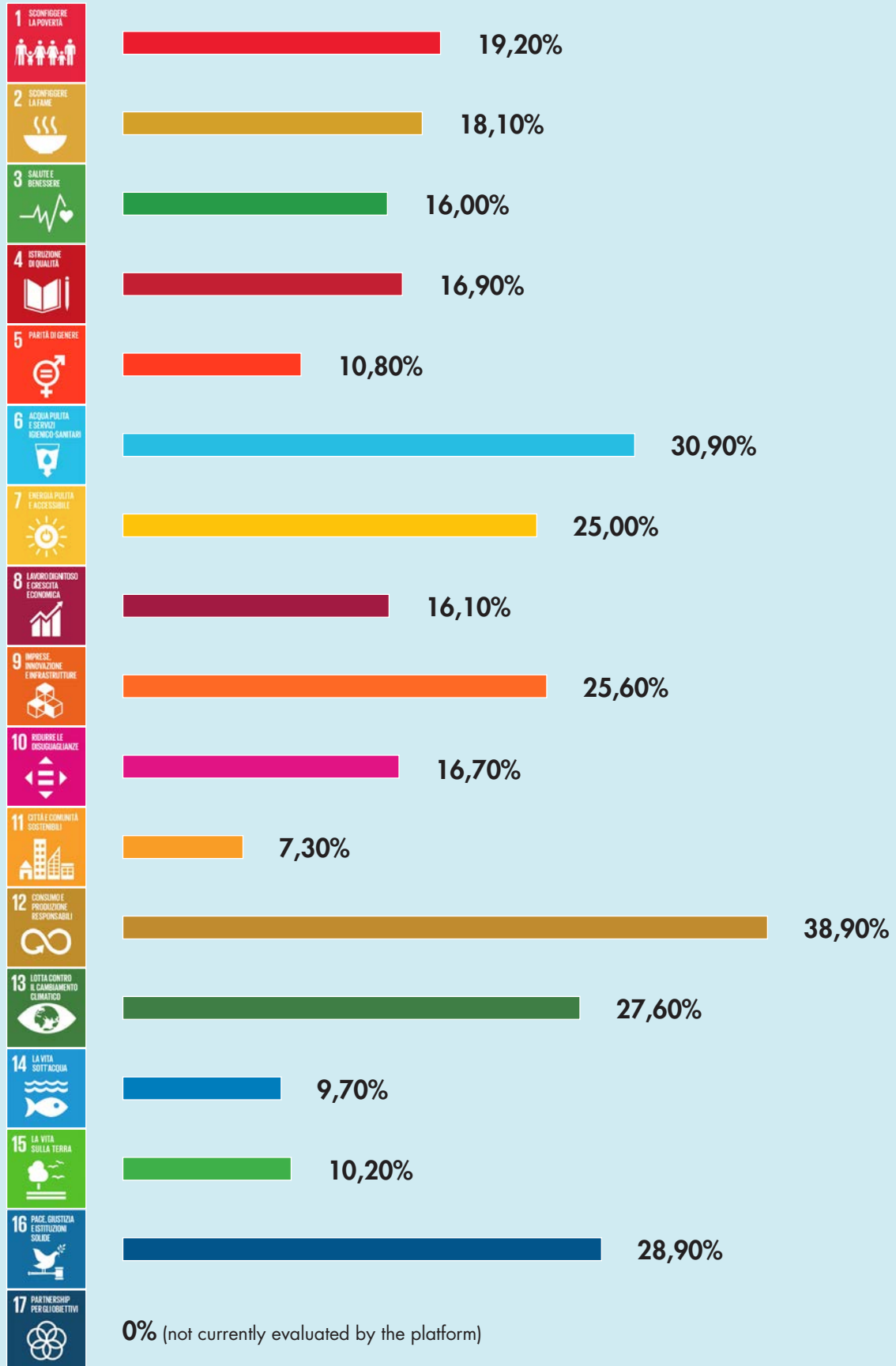
SDG Action Manager is a tool that measures how much a company is contributing to the achievement of the individual goal with respect to its potential.



Indeed, the tool enables a company to self-assess its level of contribution for each SDG (except the seventeenth, which stems from the interaction of the other 16 and is not assessed by the platform now).

The results obtained from the platform for each SDG are set out below, based on Lafert's answers to the questionnaire provided by the system.

Lafert's contribution to SDGs

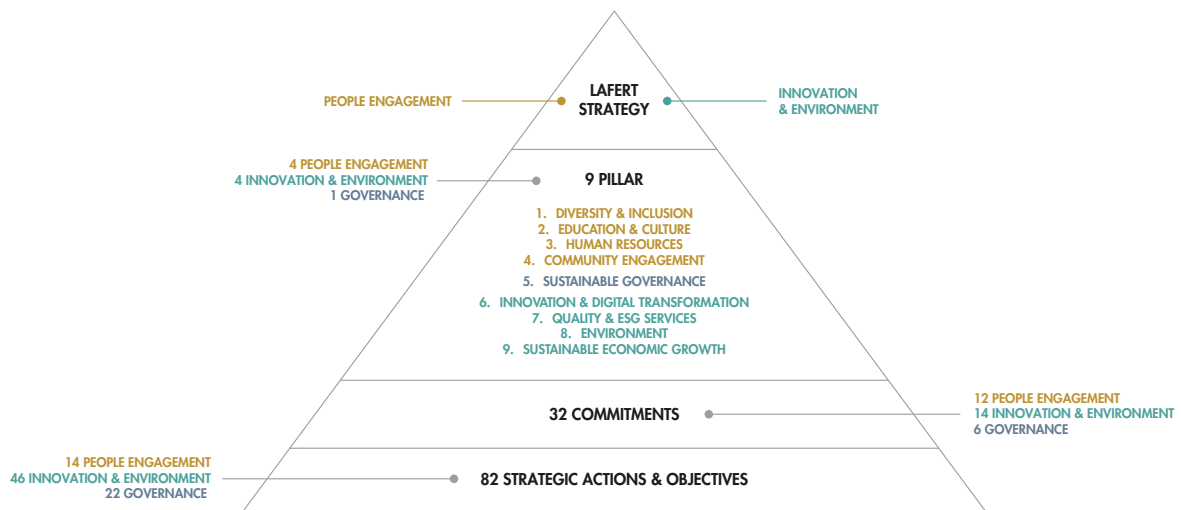


Lafert Group Sustainability Plan

Starting right from the bond between innovation and care for the environment (Innovation & Environment) and the attention to people’s welfare (People engagement), Lafert developed a Sustainability Plan 2023-2026 which specifically aims at following **9 pillars**, which also lay the foundations of its policies and its management systems regulating the processes and operativity of the Group, in coherence with the sustainable development:




The established Sustainability Plan declared the strategic guidelines and the targets in the ESG field in the short-medium term, by defining quantitative goals, concrete actions, role assignments, responsibilities of the interested area, and performance indicators (KPI), accordingly to the company mission. The ESG strategy was developed through two trajectories: **innovation and attention to the environment** on one side, and care for the **people’s well-being** on the other. A total of 82 actions and strategic targets were identified, classifiable into 32 tasks and, more generally, into 9 pillars.







The main objectives of Lafert’s ESG Plan and its impacts for each SDG are summarised below.

| | | |
|------------------------|--|--|
| | DIVERSITY & INCLUSION | EDUCATION & CULTURE |
| OBJECTIVES | Enhancing diversity and ensuring inclusion | Promote education and vocational training for the growth of people and the territory |
| | Manage the diversity and equal opportunities | Develop the culture of internal resources through organizational initiatives and training |
| | Ensure the gender balance in career paths and recruitment | Develop the training on themes as ethics and transparency |
| | Exploiting merit and ensuring equal pay and career opportunities | |
| MATERIAL TOPICS | <ul style="list-style-type: none"> • Respect for human rights and protection of workers | <ul style="list-style-type: none"> • Training and development of skills |
| |    |     |

| | | |
|------------------------|---|--|
| | HUMAN RESOURCES | COMMUNITY ENGAGEMENT |
| OBJECTIVES | Promote the well-being and development of employees' growth | Promote the development of the territory and the employees' growth |
| | Improving the living conditions work and the business climate | Strengthen the dialogue with the institutions local and national level |
| | Strengthen the management of health and safety at work | Developing partnerships with schools, universities, non-profit organizations and local authorities |
| | Develop the corporate welfare system | Encourage initiatives of territorial regeneration |
| MATERIAL TOPICS | <ul style="list-style-type: none"> • Respect for human rights and protection of workers • Health and safety at work | <ul style="list-style-type: none"> • Dialogue and the engagement of stakeholders • Support to the local community and territory |
| |    |     |

| SUSTAINABLE GOVERNANCE | |
|--|---|
| <p>Develop and maintain a governance system aligned to the best practices of sustainability</p> | |
| OBJECTIVES | <p>Improving compliance, transparency and ethics</p> |
| | <p>Improving the system of enterprise risk management with ESG impacts</p> |
| | <p>Create a process of stakeholder engagement</p> |
| MATERIAL TOPICS | <p>Ensuring sustainability considerations in business strategies</p> |
| | <p>Improving sustainability sensitivity and corporate brand reputation</p> |
| | <p>Improving accountability and sustainability reporting</p> |
| | <ul style="list-style-type: none"> Ethics and integrity in business conduct Transparent governance and management of sustainability claims Dialogue and the engagement of stakeholders |
| |  |

| | INNOVATION & DIGITAL TRANSFORMATION | QUALITY & ESG PRODUCTS |
|-----------------|---|--|
| | <p>Develop innovation and technological transformation to contribute to the digitalization of the territories in which Lafert operates</p> | <p>Develop reliable, quality and “green” products and solutions for the sustainable growth of the country</p> |
| OBJECTIVES | <p>Promoting internal processes digitalization</p> | <p>Developing projects for the control and optimization of quality of services and of the products</p> |
| | <p>Developing innovation of the products</p> | <p>Developing initiatives to improve the focus on customers and the measurement of their satisfaction</p> |
| MATERIAL TOPICS | <p>Increase the safety of products and of customers</p> | <p>Increase the safety of products and of customers</p> |
| | <ul style="list-style-type: none"> Innovation and technological transformation | <ul style="list-style-type: none"> Product quality, safety and reliability Satisfaction and customer relationship management |
| |  |  |

| | ENVIRONMENT | SUSTAINABLE ECONOMIC GROWTH |
|-----------------|--|---|
| OBJECTIVES | <p>Improve environmental impact and achieve Carbon neutrality</p> | <p>Contribute to the social, environmental and economic development of national and international communities</p> |
| | <p>Implementation of a road map towards Carbon neutrality</p> | <p>Promote the selection and the assessment of suppliers considering ESG factors</p> |
| | <p>Optimize the use of the materials and the management of waste</p> | <p>Develop initiatives for the access to subsidized loans by projects of sustainable innovation</p> |
| | <p>Develop the strategy for mobility management</p> | <p>Respect of human rights along the chain supply</p> |
| | <p>Improve the containment of water consumption</p> | <p>Develop a strategic economic and financial growth considering ESG aspects</p> |
| MATERIAL TOPICS | <ul style="list-style-type: none"> Fight against climate change Energy efficiency and sustainable products | <ul style="list-style-type: none"> Creation and distribution of generated wealth Economic strength and resilience Responsible management of the supply chain |
| |  |  |

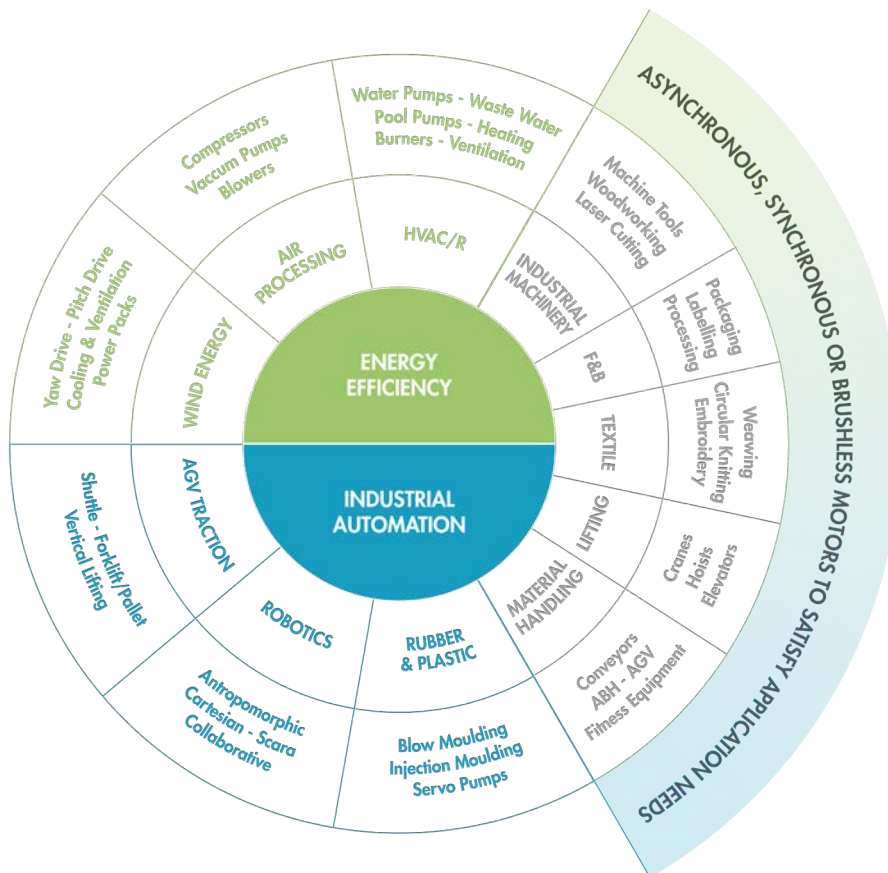
1.4 The business model

The distinctive features of Lafert's business model

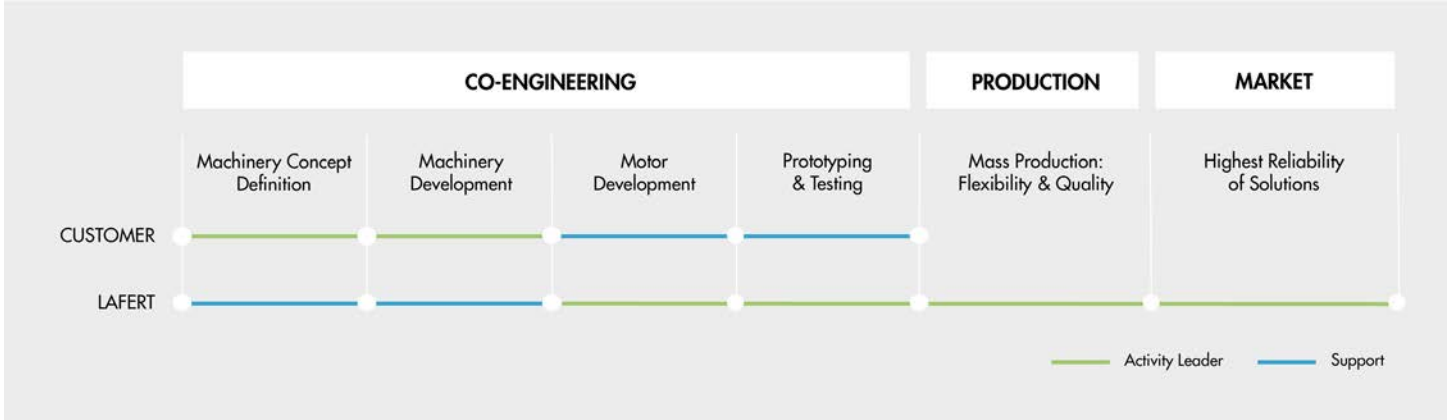
A leader in market segments focused on energy efficiency, Lafert manufactures super-efficient motors that are compact in size and perform well above the limits set by current regulations. The company is always ready to explore new technologies and exceed new standards.

Thanks to their controllability, compactness and precision in rapid, short and segmented movements, Lafert motors are ideal for use in all industrial automation systems.

Lafert's core business is the production of asynchronous motors, synchronous motors, servo motors, integrated packages combined with drives and, when necessary, fully customised, innovative and designed to bring Lafert quality to the Energy Efficiency and Industrial Automation sectors. With 60 years of experience and collaborations with international players, Lafert is innovation that evolves, never stops and continues to look ahead towards 'infinite integrated solutions', where the electric motor, gearbox and electronic control unit are combined in a single package.



The Group’s business model is based on direct control of the entire production and distribution process. With flexibility and reliability, the Lafert Group focuses on market needs by designing even highly customised motors with an innovative approach and maximum specialisation in applications and solutions. The value creation development process is summarised below:



With a strong market focus, Lafert has acquired unrivalled expertise in a wide range of applications, including highly specialised ones. Lafert motors and servo motors are fully customisable to ensure optimum performance in any environmental conditions and industrial systems in which they are used.

The main distinctive features of the Group’s business model are:



Continuous growth

Assuring continuous growth while **preserving distinctive Lafert’s features** (focus on the market and product) **and achievement of strategic objectives**



Integration with Sumitomo

Integration within Sumitomo PTC structure and strategy, **strengthening the focus on the market and enhancing skills** in the various markets through synergistic projects



Business Development

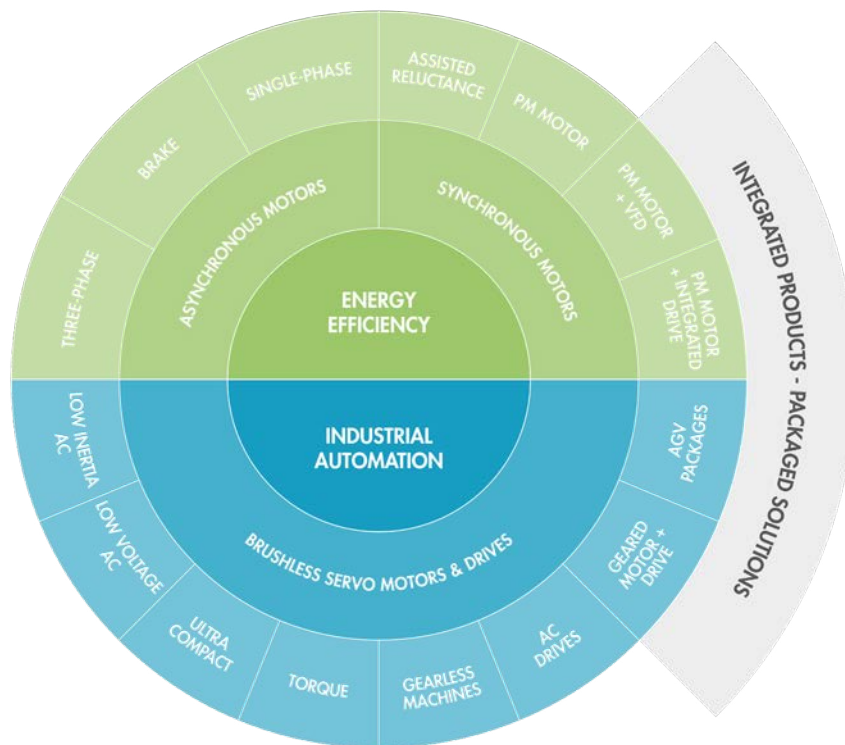
Assuring the development of new products **ensuring the timeliness of projects and anticipating market needs**, thanks to the extensive technological know-how of PTC

The product lines

Lafert's product lines revolve around three types of motors: **asynchronous, synchronous and servo motors**, wholly customised and designed to provide the highest energy efficiency and movement precision to all sectors of application. Innovative and integrated solutions are developed to combine the quality of motors and state-of-the-art electronics and assure the highest efficiency in a compact design.

Solid and reliable, Lafert's asynchronous and synchronous motors stand for quality worldwide.

Thanks to the use of permanent magnet technology, Lafert was among the first players to introduce high-efficiency motors, offering solutions capable of maximising energy savings.



The main product lines are:

1. **PM Synchronous Motors - IE4/IE5**
2. **Asynchronous Motors - IE2/IE3**
3. **Self-Braking Motors**
4. **Brushless Servo Motors**
5. **Integrated Solution for AGVs**
6. **Gearless Machines for Lifts**
7. **Servo Drives**

1. PM Synchronous Motors - IE4/IE5

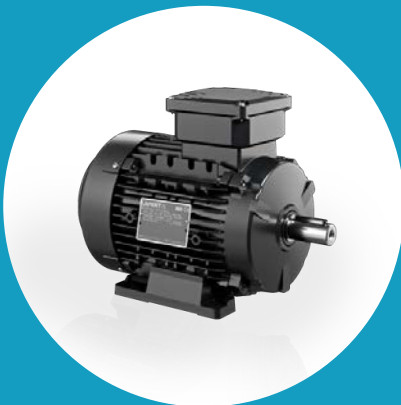
High Performance (HP) is a generation of PM (Permanent Magnet) Synchronous Motors, achieving IE5 Super Premium Efficiency level, that offer improved electrical efficiency and a very compact design.

This uniquely engineered product combines the electrical design of Brushless Servomotors with the mechanical design of AC Induction Motors. The result is a compact motor primarily targeted toward HVAC applications in fans, compressors, and blowers, where there is emphasis on reducing the operating cost or weight and size of the motors.

Finally, Lafert offers wide flexibility in terms of design, by customising the motor's active and mechanical parts based on the customer's specific needs.

This range of motors includes the following series:

- A) PM stand-alone motor -IE4/IE5
- B) PM motor and drive package – IE5
- C) PM motor with integrated drive – IE5
- D) Integrated Direct Drive motor



A) PM stand-alone motor -IE4/IE5

High Performance (HP) is a generation of permanent magnet (PM) synchronous motors that achieve Ultra Premium IE5 Efficiency level, combining the electrical design of brushless servo motors with the mechanical design of AC induction motors.



B) PM motor and drive package – IE5

HP Combi is two in one, an innovative combination of a permanent magnet synchronous motor and variable frequency drive. The Combi package combines the very high IE5 efficiency of permanent magnet synchronous motors with variable frequency drive (VFD), achieving the highest energy efficiency standards.

The main advantages of HP Combi are:

- **drive pre-configuration** that allows for immediate use after installation;
- **advanced electronic control** that allows you to configure the drive through HP Drive Tools, a user interface available for PC or mobile app;
- **greater efficiency and shorter payback time** thanks to precise speed control and system optimisation.



C) PM motor with integrated drive – IE5

High Performance Integral (HPI) is the second generation of our innovative range of fully integrated PM (Permanent Magnet) Synchronous Motors with variable frequency drive (VFD - IE2 efficiency), which guarantees IE5 Ultra Premium Efficiency and offers low energy consumption thanks to greater energy efficiency.

The main advantages of HP Integral are:

- **drive pre-configuration** with the pre-loading of the operating settings;
- **advanced electronic control** with the option of setting up the drive through a user interface, HP Drive Tools, available for PC or mobile app;
- **precise speed control** and system optimisation granting greater efficiency and shorter payback time;
- **built-in drive for an ultra-compact design.**



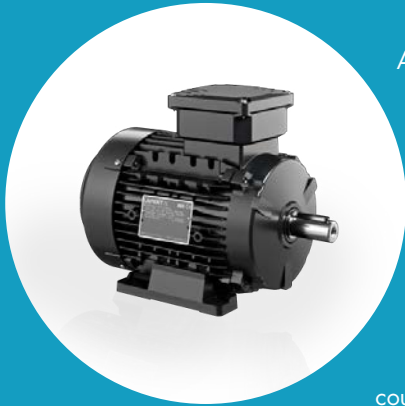
D) Integrated Direct Drive motor

An innovative concept of Synchronous PM Motor with low RPM, specifically designed for application on HVLS fans (High Volume Low Speed), it is introduced on the market as IFM, Integrated Direct Drive Fan Motor. The system offers the advantage of moving a significant amount of air at low speed, consequently distributing it evenly, while consuming less electricity than conventional ventilation systems, up to 50% less.

In buildings with large halls and entrance areas, the most economical way to ensure even temperature distribution and therefore cooling, is identified in a new concept of Permanent Magnet Synchronous Motors which, when activated at a low number of revolutions, operate fans with large diameter blades (up to 7 m), reducing energy consumption. The number of fan RPMs is controlled by a drive built into the motor.

From the livestock to the industrial sector, the IFM range is versatile and can be used in large premises such as gyms, stables, shopping malls or warehouses.

2. Asynchronous Motors - IE2/IE3/IE4



Asynchronous motors account for a significant portion of overall energy consumption costs and are therefore strongly influenced by increasingly restrictive and binding energy saving regulations and by companies' growing awareness of their responsibility towards the environment.

The range includes the following motors:

- IE4
- The PREMIUM EFFICIENCY IE3 series guarantees compliance with the minimum efficiency performance standards (MEPS) required by various countries within the EU, and with the mandatory NEMA/EISA requirements in the US and Canada.
- The HIGH EFFICIENCY IE2 series offers the guarantee of a reliable, durable and robust product that fully meets the requirements of the IE2 efficiency class, which is mandatory in Europe for all motors from 0.12 to 0.55 kW, and in other countries around the world.
- Dual Speed Motors allow the power used to be adapted to the requirements of the application, thus ensuring significant energy savings and a consequent reduction in CO2 emissions, as they can be used at low speed, reducing the power consumption.

This type of motors is mainly used for **Machinery (Textiles, Packaging / Labelling, Tools, Woodworking, Food), Pumps, Fans, Air Conditioning, Compressors and Vacuum Pumps, Blowers, Heat Exchangers.**

3. Brake Motors

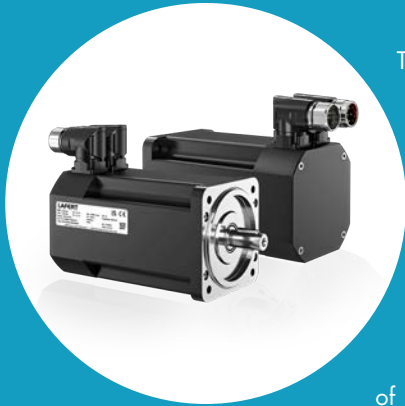


Lafert's Brake Motors are engineered according to the customer's specification. Total control over all aspects of production permits multiple design options including flanges, shafts, brakes plus optimum resistance to external agents and offshore environments for paints, seals, and magnet surfaces.

The result is a range of AC motors with DC and AC brake, produced entirely in-house which incorporates Lafert's own technical solutions for achieving robustness and performance, combined with the option for application-specific customization.

This type of motors is mainly used for **Machine Tools, Woodworking Machines, Food Industry, Conveyors, Cranes and Hoists, Yaw Drive - Nacelle Rotation.**

4. Brushless Servo Motors



The range of brushless servo motors is one of the most comprehensive available on the market, with a wide range of nominal torques. It also includes direct drive torque motors and motors with ATEX certification – Zone 2 and 22, for use in potentially explosive areas.

The latest addition is the Ultra Compact range, designed to guarantee high dynamic performance in minimal dimensions.

The power of these servo motors, their extreme compactness and the regularity of the torque delivered, as well as Lafert's willingness to co-design with the customer, make it possible to design and build even more efficient machines. An ideal solution for all applications requiring high dynamic performance and maximum power density.

At the same time, these motors are widely used, especially in the industrial field, in so-called automatic machines, which require precise and rapid movements. Lafert provides customised, high-performance solutions and complete packages with dedicated drives.

This type of motor is mainly used for textile machinery, plastic and rubber machinery, packaging/labelling machinery, printing machinery and robotics.

5. Integrated solution for AGVs



Smartris is the new complete package solution including gear, servo motor and drive for AGV systems (Automated Guided Vehicles) and combines the extensive technological competences of two companies. Lafert's customized solutions for electric motors & drives meet Sumitomo expertise in gears and gearboxes. Both brands have strong reputation respectively in the motor and gear market and in the AGV sector, and with this new integrated package they are offering very competitive advantages and benefits.

6. Gearless Machines for Lifts



With the LIFT range, Lafert has established itself in the lift market, confirming its international excellence in this sector. The innovative design and protected encoder with no external cables are the defining features of these motors, allowing for compact dimensions and reduced weight, which make them ideal for new home lift or M.R.L. systems.

The use of gearless technology with an internal rotor and concentrated slot is part of Lafert's motor expertise and allows for maximum performance and energy efficiency, responding to the current needs and trends of the lift market, namely higher speeds in relation to greater heights.

7. Servo Drives



Lafert's servo drive range is designed to drive brushless servo motors and includes standard products and custom solutions that ensure high performance and energy cost reductions for diverse applications across the fields of Industrial Automation and battery-powered applications, such as the automated handling of materials and/or people.

The production process

The performance of an industrial group the size of Lafert is inevitably linked to the careful management of its production process. The correct implementation of all stages of the production cycle requires careful and planned management of the tools and resources available: machinery, tools, materials, paints and other resources necessary for the creation of the final product are therefore key components in the company's value creation process. Meticulous planning of logistics, order management and incoming materials is also of primary importance, as is the management of processing waste. The recovery of scrap and the analysis of energy consumption are further elements with a significant impact both in terms of cost efficiency and the implementation of Lafert's sustainability parameters.

These characteristics and peculiarities of the Group's production process are the basis for the upstream creation of value generated by the company and distributed among all its stakeholders.

These characteristics of the Lafert Group's production process are highlighted in detail below.

Management of the machinery park

For the purposes of efficient and high-quality fleet management, almost all critical machines installed in production are subject to analysis and preventive maintenance.

The maintenance of older systems is mainly carried out by internal teams, who record the type of intervention carried out "manually"; During interventions, the operator in charge, in addition to performing the necessary work, reports any critical components and orders the necessary spare parts to ensure rapid intervention in the event of malfunctions.

As for new systems, especially if they are specific and customised, scheduled and multi-year maintenance contracts are signed at regular intervals to ensure their correct and effective operation.

The new MES (Manufacturing Execution System) currently being installed will not only be used for production data collection, but will also be equipped with a maintenance management module. This will enable maintenance operations to be managed by opening "tickets" from production in the event of breakdowns and, at the same time, will enable scheduled maintenance to be managed by sending dedicated "alerts" to notify when maintenance is due. All operations are then recorded digitally with a list of parts replaced or maintained.

Tool Storage System

An initial automated dispensing cabinet for high-value special tools has been installed as a pilot project.

After scanning their badge, operators can request the required tool; the system then grants access to the operator and uses an LED to indicate the specific drawer and sub-compartment from which to collect it.

This will make it possible to precisely monitor tool withdrawals, enabling the analysis of any consumption anomalies and a reduction of waste.

Order management and material planning

Engine orders are entered and processed through two main processes: direct entry by Customer Support, according to the line load availability provided by Planning, or directly by Planning through the execution of the MPS (Master Production Schedule) for the entry of orders to cover warehouse stocks or forecasts provided by customers.

The former are entered via ERP and then imported into Cyberplan, a programme that analyses requirements and schedules orders; the latter are entered via Cyberplan and then imported into the ERP system.

Regardless of the order entry channel, material requirements are broken down using Cyberplan's MRP (Material Requirement Planning) system, which, based on the set stocks, minimum/multiple reorder lots, inventories and expected commitments, processes purchase/production proposals that are analysed and released by Planning.

At least once a year, unless specific inputs are received, such as product phase-outs, consumption trends are analysed and stock values and minimum batches are reviewed in order to minimise the risk of obsolescence.

Intrabranche, Inbound e Outbound Logistics

Lafert's logistics management is divided into three main categories: intra-branch logistics, inbound logistics and outbound logistics.

- **Intra-branch logistics** covers all material transport between the Group's various plants (e.g. from San Donà to Noventa, or from San Donà to Slovenia and vice versa) and is managed both with the company's own vehicles and with dedicated local transporters. Given the constant flow of materials between the Group's various plants, transport optimisation is fairly straightforward and only in a few specific cases are vehicles not fully loaded.
- **Inbound logistics**, involving suppliers from different and distant geographical areas, is managed both with the support of major transport players who, thanks to their dense network, are able to optimise small shipments through groupage, and with the support of local freight forwarders. In the latter case, transport is optimised by identifying a group of suppliers belonging to a common geographical area and organising, generally on a regular basis, transport both to deliver the material to subcontractors and to collect the processed components.
- **Outbound logistics**, on the other hand, is linked to the delivery terms agreed commercially with each customer. For customers with delivery terms and DAP (Delivery At Place), Lafert undertakes to organise transport directly; in this case, depending on the geographical area served, the company relies on suppliers who guarantee the widest coverage together with the best service, both in terms of punctuality and cost. The shipping department, in line with production and checking the dates requested by the customer, organises the collection of goods by consolidating and optimising the destinations of arrival.

In the case of EXW (EX Works) delivery, once the material has been supplied to the warehouse, the customer is informed that the goods are ready for delivery and organises collection with their trusted carrier; some customers also have a dedicated portal through which they can book collection directly.

For overseas shipments, containers are booked on a case-by-case basis, taking into account the optimisation of transport by filling a 40-foot container.

From 1 January 2023, following the merger and given the number of customers shared between the various plants, activities were launched to explore possible synergies in terms of transport with a view to reducing the number of carriers and optimising their management.

Logistics Agreements

To ensure shorter delivery times and an improved level of service, logistic agreements are signed with certain customers with the aim of guaranteeing the availability of critical components, with the customer committing to maintain a specific warehouse turnover. These agreements always include obsolescence clauses whereby, in the event of a “phase out,” the customer must provide advance notice — depending on the product type — which may range from 3 to 6 or 12 months

Painting area

In the last years, in addition to progressively transitioning from solvent-based paints to water-based paints (which currently consist of more than 90% of the total consumption) electronic systems for the management of paint and colours were installed to reduce the waste and optimize the consumption.

The new Multi Spray system allows to mix instantaneously the two components necessary for the paint catalysis, consuming only the required quantity and eliminating the process of manual preparation which, based on the consumption estimates, led to the waste of significant quantities of material.

The tintometer, on the other hand, allows to prepare internally, and only according to necessity, even small quantities of special colours which, having low consumption rates, would lead to the proliferation of the paint stock with consequent waste risks, not to mention the obsolescence of the colours.

Manufacturing waste management and scrap recovery

The major quantity of scraps generated by the production is mostly produced by the process of **stamping** (scraps of magnetic metal sheets), **mechanical machining** (aluminium and steel) and **windings** (copper).

The scraps of the stamping process are collected through magnetic bands, one for each machine, and transported outside in a big tank from which the scraps are daily retrieved and processed by specialized companies.

The used stamping moulds are designed with the ultimate goal to reduce the scrap: the produced waste, then, is minimal.

The scraps of the mechanical machining are mostly divided into bar or extruded shavings and clips. The clips are produced by the cutting process, as a consequence of manufacturing shaft machining or the boxes made from extruded pipe.

Regarding the extruded pipe, analyses were run to set the optimal lengths of some high-rotating specific codes, in order to reduce the waste to a minimum.

As long as the process to optimize and reduce the clips of steel bars is concerned, since the bars are purchased in standard measures of approximately 6 m, the merging and the sequencing of work orders which share the same raw material is established, reducing the setup and correlated waste of the end of the lot.

The disposal of metallic shavings and clips also requires the division by material type and, subsequently, the collection by specialized companies.

The **copper scraps**, produced by the winding process, are retrieved in designated containers located on the side of each working station; subsequently, they are collected in a single container, which is weighed and emptied on a mostly regular basis, always registering the weight and the date of emptying.

Innovation and digitalisation

The innovation in Lafert Group is developed through the R&D structure, a part of the “Business Development” area, which currently includes a team of two electrical engineers and one mechatronic engineer. The goal of the R&D structure is to study and develop solutions that can ensure the medium-long term competitiveness of Lafert’s products, following and possibly anticipating the main market trends.

In particular, the R&D department deals with the analysis, electromagnetic design and testing phase of asynchronous and synchronous electrical motors.

Its activities rely on the support and collaboration of the Technical Department, particularly regarding mechanical design, the creation of BOMs (Bills of Materials) and laboratory tests.

Under a perspective of continuous evolution and development of new platforms, Lafert embarked on a collaboration path with the University of Bologna, aimed at researching new advanced technological solutions through the use of “general purpose” software and firmware modular systems for high-performance motor control. Additionally, contacts with the University of Padua were also established to evaluate possible collaboration strategies with this athenaeum.

Lafert is also a member of the Research and Innovation consortium called IrisLab. Said consortium will be acknowledged as a technological platform for the launch of projects based on innovative and high-efficiency technologies.

Moreover, aiming at furtherly strengthening the product synergy projects between Lafert and Sumitomo, the R&D team has been recently enriched with a senior electrical engineer and a senior mechanical engineer from the Sumitomo R&D.

This daily synergy allows the Lafert Group not only to pursue the objectives of its Japanese parent company Sumitomo Heavy Industries, Ltd. (part of the PTC Power Transmission & Controls division), but also to integrate existing expertise in order to develop increasingly innovative technological products.

For the Lafert Group, its diversification policy is the spark that gives rise to cutting-edge products that anticipate the future.

Since its acquisition by the Sumitomo Group, the Group has embarked on a process of further developing its technological areas. Some of the planned investments are already available, while others will be available within the next three years, with the aim of supporting an ambitious programme that can be summarised in four lines of development:

- 1. new solutions and innovative products that anticipate future market needs;**
- 2. continuous improvement of the range and products in the catalogue with the implementation of new customisations;**
- 3. research and development activities aimed at identifying new technologies that unlock new business opportunities;**
- 4. technologies in the field of electrification and digitalisation that place people and the environment at the centre, including in their relationship with machines.**

Lafert's innovation and continuous evolution of solutions are made possible by its ability to optimise integrated industrial processes at the highest level of technology and safety, with particular attention to minimising the environmental impact of production.

Lafert's innovative projects focus on the development of key market trends such as energy saving, electrification, digitalisation, optimisation of weight, size and materials (compact and/or integrated solutions) and product safety.

The following projects have resulted from the collaboration with Sumitomo:

- **Development of IE5 integrated gear motors and servo gear motors**
- **Motors with integrated HPI drive**
- **Development of assisted reluctance synchronous electric motors with ferrite magnets**
- **Projects for large fans for industrial and agricultural environments**
- **Project for the safety of testing personnel**

Patents and Utility Models

- The patent, developed in recent years in three countries, i.e. Italy, China and USA, for **"rotor of permanent magnet electrical motor"**: concerns the IPM rotor (Interior Permanent Magnet) with ferrite magnets, developed for application on hydraulic pumps, in particular, it concerns the type of skew adopted, to optimise the noise level and at the same time the process in this type of rotor, specifically the rotor has a continuous skew of the external shape, but the linear internal structure still allows magnets with standard parallelepiped shape to be housed. It was filed in Italy in 2014 and then extended to China and USA. It is valid for 10 years and has been renewed for 2025.
- **"Stator component for concentrated winding permanent magnet synchronous"**: it concerns the insulation solution between the coils of the winding of a permanent magnet motor with a concentrated winding, with the insertion of a plastic stick, suitably shaped, between the coils. It was filed in China in 2015. It lasts ten years.
- **"Thermoplastic end-cap and concentrated winding permanent magnet synchronous motors"**: it concerns the insulation solution of the winding heads from the pack of laminations in a permanent magnet motor with concentrated slot, by using a plastic component, suitably shaped, also for proper routing of the coil connections, to be placed at the ends of the lamination pack. It was filed in China in 2015. It lasts ten years.
- The Group also holds a Design patent called **"Electric motor"**. This concerns the peculiar features of Lafert's servomotor aesthetics, such as the shape of the case. It was filed in China in 2015.

Lafert 4.0

Lafert's innovation also extends to its production processes, optimising them and establishing an intelligent customisation mechanism that enhances the know-how already acquired.

This change is evident in the new San Donà plant, where every element is automated and efficient, with state-of-the-art interconnected information systems, proving that digitalisation is a strategic factor not only externally but also within the organisation, directly affecting management, efficiency and overall sustainability, as confirmed by the results of the double relevance analysis (for more information on the results of the analysis, please refer to the chapter of the same name).

The Group's objective is to customise the production system as much as possible and also stimulate technological evolution internally, in order to highlight its strengths and bring about continuous improvement that **allows Lafert to always be synonymous with reliability**, even in new market segments.

Production facilities

The production activity takes place in 6 innovative production facilities.

Lafert S.p.A. - San Donà di Piave Plant

San Donà Di Piave, Venice - Italy



The Lafert S.p.A. plant, the Group's historic production site, manufactures high-efficiency synchronous and asynchronous, three-phase, single-phase and self-braking electric motors.

In recent years, it has undergone significant expansion thanks to the construction of a new plant, designed with automated lines and integrated systems in line with Industry 4.0.

A 381,000 kWh/year photovoltaic system is currently being installed.

This plant has implemented a virtuous mechanism for managing the emulsified water used in machine tools: the emulsified water is separated using an internal evaporator that separates the aqueous phase from the oily phase. The oil phase is then disposed of by an authorised supplier, while the water phase is reused to fill the fire-fighting system's storage tank and is reused by the foundry department for production purposes.

In addition, compressed air system leak tests are carried out regularly in order to monitor and intervene with preventive maintenance. The compressor station is managed with special monitoring and has recently undergone energy optimisation.



27.000 m²
Total area



552
Employees



Activities:
Asynchronous Motors,
PM Synchronous Motors



1.900
motors/day
436K
motors/year



Lafert S.p.A. - Noventa di Piave Plant

Noventa di Piave, Venice - Italy

In this plant, highly customized, advanced, and high-performance brushless servomotors are produced, designed for industrial automation.

The key strength of this production site lies in the combination of asynchronous technology with the features of servomotors, enabling increasingly innovative product developments. In this plant, all components of the brushless motors are assembled, allowing for a high degree of flexibility as well as products with a high level of reliability and quality.



5.500 m²
Total area



187
Employees



Activities:
Brushless Servo Motors,
Gearless Machines



733
motors/day
144K
motors/year



Lafert S.p.A. - Bologna Plant

Bologna - Italy

In this plant, the production of specific components for industrial automation is carried out, particularly drives for the control of brushless servomotors. Customized solutions are also developed based on the customer's specific needs, while at the same time pursuing energy savings and environmental sustainability.



800 m²
Total area



11
Employees



Activities:
Servo Drives - Design and
Assembly



20
drives/day
4.728
drives/year



Lafert S.p.A. - Fusignano Plant

Fusignano, Ravenna - Italy

This production site is dedicated to the development of small and medium-sized asynchronous motors, where quality, robustness, and fast delivery times are the key distinguishing features. With a strong customer focus and a high level of customization, the production carried out at this site specializes in highly niche application areas.

The in-house technical office provides customers with the know-how acquired in specific sectors, becoming a true design partner.

In line with the industrial structure optimization process and with the communication issued on 13 January 2025 announcing the closure of operations at the Fusignano site and the gradual consolidation of production at the San Donà di Piave headquarters, preparatory activities for the organizational transition were launched in 2025. The objective is to ensure a responsible and transparent management of the process that will lead to the definitive closure of the site in 2026, in full respect of the people and territories involved.



4.200 m²
Total area



65
Employees



Activities:
Asynchronous Motors -
design and assembly



959
motors/day
221K
motors/year



Lafert (Suzhou) Co. Ltd.

Suzhou - China

Inaugurated in 2012, this plant is entirely dedicated to the production of brushless servomotors and gearless motors for elevators serving the Asian market. Thanks to this manufacturing site located in China, the Lafert Group is able to meet the growing demand for motors in the Asian market, both from long-standing customers and from rapidly expanding local companies.

The direct presence allows for a significant reduction in delivery times and transportation costs, while maintaining the guaranteed quality of Lafert-branded motors.

Between the end of 2024 and the first quarter of 2025, the Company has planned the relocation to a new production site for strategic reasons and to support business growth.



5.500 m²
Total area



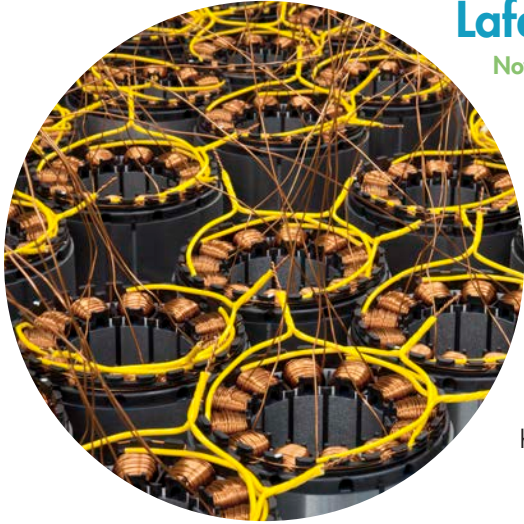
65
Employees



Activities:
Brushless Servo Motors,
Gearless Machines



135
motors/day
32K
motors/year



Lafert Elektromotorji D.o.o.

Nova Gorica - Slovenia

The Lafert Elektromotorji D.o.o. plant is located on the border between Italy and Slovenia and has, over the years, become a center of excellence in the production of windings for the Italian facilities. Professionalism and promptness in responding to the needs of the plants have made it a key asset for the development of the Lafert Group. This production site supports the continuous growth of production capacity and promotes the adoption of increasingly compact and high-performance designs.



2.000 m²
Total area



67
Employees



Activities:
Windings for
Asynchronous Motors



889
windings/day

155K
windings/year

The value chain

Co-Engineering

Lafert works in co-engineering with the customers, international players in their industries, from the construction of machinery to industrial automation, designing high performance solutions for the most diverse sectors.

Production

In order to assure the highest quality of our products, we produce every component in-house. Cutting the sheets in our shearing shop, winding the copper wires, melting the metal components, processing of the permanent magnets and ferrite, up to the electronic boards: all that reflects our attention to quality.

Vertical production allows us to have the flexibility needed to develop motors for any specific application, but also to design integrated products in synergy with other leading international companies and with Sumitomo Heavy Industries, Ltd.

We have also innovated production processes, streamlining them, and setting up a smart customisation system that makes full use of the acquired know-how. Change is also embodied in the new San Donà di Piave production facility, where every aspect is automated and efficient, with state-of-the art interconnected information systems (Industry 4.0).

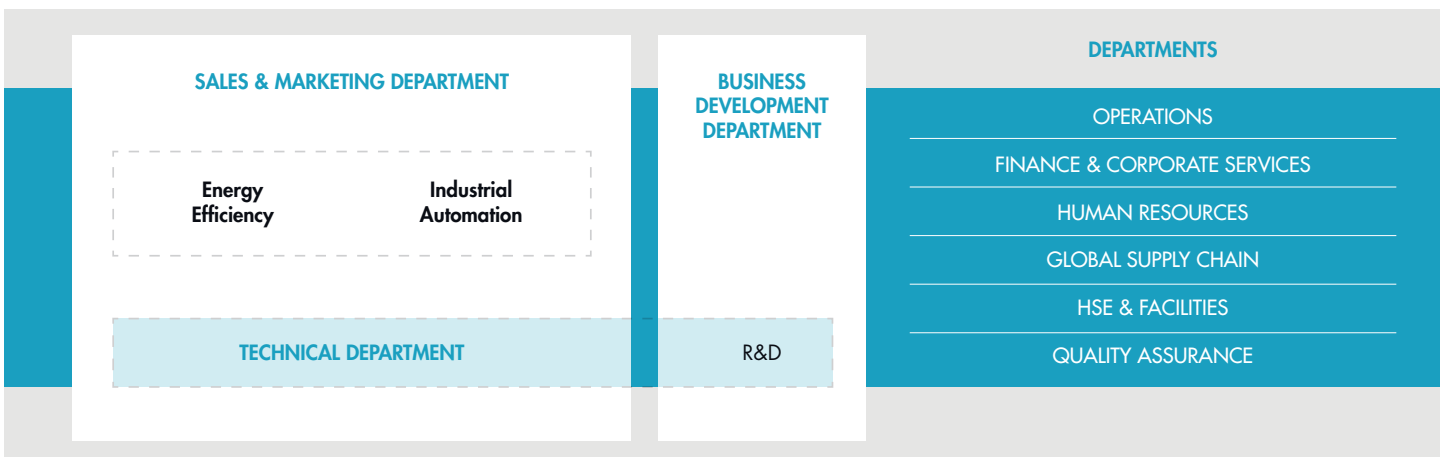
Distribution

We operate through eleven offices in Europe, North America and Asia, including six complex production units in order to foster process integration. This allows us to offer the highest flexibility in the design as well as in the distribution of our products.

Lafert Group’s sales network is present in major industrialised countries on three continents in order to be close to the customer and ensure truly timely and tailor-made service.

Therefore, at Lafert there is a strong interconnection between the Sales Department and the Business Development Department, which makes it possible to work in synergy with the following features:

- **Business Development focused on highly technological and innovative projects and synergistic projects with the companies of Sumitomo Heavy Industries, Ltd.;**
- **Strong integration of Sales and Technical Department to provide the highest support to new applications and our customers;**
- **Strategic role of the Technical Department in assuring the success of Sales and Business Development.**



1.5 Stakeholder management

Stakeholders are those subjects (individuals or groups) who represent different interests in relation to a company and with whom the company interacts in carrying out its activities. Engagement and dialogue with stakeholders enable not only an understanding of their needs, expectations, and assessments, but also allow the company to better define its strategies and business objectives, assessing change, risks, and opportunities.

Lafert's relationships with its stakeholders include tools and communication channels differentiated by stakeholder category, in line with their level of interdependence and influence on the organization.

| Stakeholder Category | Engagement activities (Projects – Initiatives – Relations) |
|--|---|
| Banks and lenders | Shareholders' Meeting - Website |
| Investors and shareholders | Shareholders' Meeting - Website - Periodic meetings |
| Employees | Constant dialogue with Human Resources Manager - Informal / corporate meetings - Training sessions - Corporate welfare initiatives - Social networks - Website - Monthly report |
| Suppliers | Periodic meetings - Definition and sharing of standards |
| Customers and consumers | Periodic meetings/ presentations - Project meetings - Partnerships on projects (products and innovation) - Social networks - Website and other dedicated communication channels - Informative Newsletters |
| Distributors and dealers | Periodic meetings/ presentations - Project meetings - Social networks - Website and other dedicated communication channels – Informative Newsletters |
| Community and region, Local institutions and Associations | Meetings with representatives of local communities - Cooperation in open innovation projects - Training and social responsibility - Sponsorships |
| Industrial associations | Periodic meetings - Website - Presentations |
| Media | Interviews - Press conferences - Corporate website - Press releases |
| Public Administration | National and local public authorities / National authorities / local authorities - Control authorities and regulators: meetings / sending and exchange communications for specific requirements or requests |

Active stakeholder engagement is also a central element in the double materiality assessment, as highlighted in the following chapter. In this first reporting cycle, for the evaluation of potentially relevant impacts, risks, and opportunities, Lafert chose to involve a selected group of internal stakeholders in order to initiate a structured and methodologically robust process.

1.6 Double materiality analysis

Description of the process for identifying and assessing relevant impacts, risks, and opportunities

The materiality assessment underpins the Lafert Group's sustainability strategy as it helps management to focus on the areas of greatest impact and to ensure appropriate stakeholder relations.

Over the past two years, several standardisation and regulatory bodies have begun to refine the concept of sustainability materiality: in particular, the Corporate Sustainability Reporting Directive (CSRD) adopted by the European Union focuses on the concept of "double materiality".

For this consolidated sustainability report, the Lafert Group undertook an initial double materiality analysis guided by the mandatory European Sustainability Reporting Standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG). This exercise provides the information required to understand the Group's impact on society and the environment, as well as how ESG factors and relevant sustainability issues influence its Enterprise Value.

According to this approach, a sustainability issue is material if it is prioritised from the perspective of *impact materiality*, *financial materiality*, or both.

A sustainability issue is material from the point of view of impact when it concerns the material effects of the company, be they negative or positive, actual or potential, on people or the environment in the short, medium, or long term. Impacts include those related to the undertaking's own operations and to the upstream and downstream value chain, including through its products and services and business relationships. Business relationships include those in the enterprise value chain, both upstream and downstream, and are not limited to direct contractual relationships.

A sustainability issue is material from a financial point of view if it entails, or can reasonably be expected to entail, significant financial effects for the undertaking. This is the case when a sustainability issue generates risks or opportunities that have, or can reasonably be expected to have, a material influence on the undertaking's development, its financial position, on the results of operations, cash flows, access to financing or cost of capital in the short, medium, or long term. Risks and opportunities may arise from past or future events. The financial materiality of a sustainability issue is not limited to the aspects that are under the control of the undertaking, but includes information on relevant risks and opportunities attributable to business relationships that are outside the scope of consolidation used in preparing the Sustainability Report.

Context analysis

The assessment of materiality was based on a preliminary analysis of the context in which the Group operates, which included an assessment of internal documents, the 2023 Sustainability Report, policies, management systems and the risk control system.

Subsequently, a benchmark analysis was carried out, which involved examining the websites and public documents of companies identified as "best-in-class" or "comparable" in the field of non-financial reporting in order to identify potentially material sustainability issues for the sector in question. The benchmark analysis considered the list of sustainability issues covered in the topical ESRS, broken down into topics, sub-topics and sub-sub-topics (AR 16 ESRS 1 of Delegated Regulation (EU) 2023/2772).

The analysis within the sphere of impact materiality identified 10 competitors of the Lafert Group and assessed them with respect to sustainability issues considered material to the sector in which the Group operates.

For the analysis related to *financial materiality*, the benchmark analysed industry-leading ESG reporting frameworks (TCFD, TNFD, SASB) and ESG observatories and research (Global risk report 2025, Encore¹) and the Group’s ESG Plan.

This initial analysis highlighted 21 potentially material sustainability matters for the Lafert Group, confirming its key areas of interest. These matters formed the basis for focusing on the specific topics, sub-topics, and sub-sub-topics associated with the ESRS Topical Standard. In addition, the Group has identified a number of “entity-specific” issues, on the basis of which it has then drawn up its own entity-specific disclosures of material impacts, risks, and opportunities.

The 21 issues that emerged from the benchmark analysis were then linked to impacts, risks and opportunities (IROs) directly related to the Group’s activities and were subsequently subject to evaluation.

As this is a voluntary disclosure, the assessment was conducted by an internal Working Group comprising Sustainability Managers, with the active support of the relevant departments. The analysis focused primarily on identifying the material impacts, risks, and opportunities (IROs) for the Lafert Group.

Impact materiality

With regard to the assessment of impacts, the Working Group considered the variables of **severity²** and **likelihood³**, according to the rating scale below.

| Severity rating scale | | |
|-----------------------|-----------|--|
| 1 | None | No or negligible impact on people or the environment |
| 2 | Low | Minor impact on people or the environment |
| 3 | Medium | Moderate impact on people or the environment |
| 4 | High | Significant impact on people or the environment |
| 5 | Very High | Profound and far-reaching impact on people and the environment |

| Likelihood rating scale | | |
|-------------------------|-----------|----------------------|
| 1 | None | Unlikely event |
| 2 | Low | Low-likelihood event |
| 3 | Medium | Likely event |
| 4 | High | Very likely event |
| 5 | Very High | Certain event |

¹ Platform recognised by the European Commission and promoted by the UN with the aim of identifying impacts and dependencies on natural and social resources for financial institutions and companies. The platform makes it possible to select the type of sector, sub-sector and activity to narrow the scope of the analysis and identify the specific dependencies of a particular business. Please note that ENCORE only lists direct potential dependencies and impacts of production processes on ecosystem services and natural capital, excluding dependencies and impacts occurring through the supply chain.

² The assessment criterion for severity is defined as the combination of the scale, scope, and irremediable character of the impact. “Scale” refers to how beneficial or severe the impact is for people or the environment; “scope” refers to how widespread the impact is (considering, for example, its geographical extent, the number of people affected, etc.); “irremediable character” refers to whether and to what extent it is possible to remediate the negative impacts.

³ Likelihood measures the chance of an impact occurring within a given period (short, medium or long term).

Financial materiality

With regard to risks and opportunities, an assessment of the **magnitude**⁴ of possible financial effects and the **likelihood**⁵ of the risk/opportunity occurring was requested, using the same numerical rating scale as above.

Specifically, magnitude was used to assess the material influence of a risk or opportunity on the Organisation's development, on its financial position, financial performance, cash flows, access to financing, or cost of capital in the short, medium, or long term.

| Magnitude rating scale | | |
|------------------------|-----------|--|
| 1 | None | Zero adverse impact/benefit |
| 2 | Low | Minor or negligible adverse impact/benefit |
| 3 | Medium | Possibility of moderate adverse impact/benefit |
| 4 | High | Significant adverse impact/benefit |
| 5 | Very High | Very significant adverse impact/benefit |

| Likelihood rating scale | | |
|-------------------------|-----------|----------------------|
| 1 | Very Low | Unlikely event |
| 2 | Low | Low-likelihood event |
| 3 | Moderate | Likely event |
| 4 | High | Very likely event |
| 5 | Very High | Certain event |

Outcomes of the analysis

Each category of IRO was assigned a specific threshold of materiality (i.e. a specific threshold for impacts, a specific threshold for risks, and a specific threshold for opportunities) placed close to the value obtained by averaging the "overall score" achieved by the IROs belonging to that category.

IROs reaching the established threshold are classified as material. By extension, a sustainability matter is itself considered material if it includes at least one material impact, risk, or opportunity.

Of the potentially material issues that emerged from the benchmarking analysis, 20 were found to be material, for which the Group discloses information in accordance with the corresponding disclosure requirements of the relevant topical ESRS.

The last step of the double materiality analysis determined which information on which material issues should be reported in this Consolidated Sustainability Report. To this end, the Group followed the procedures regulated in ESRS 1 (including Appendix E), the Implementation Guidance "EFRAG IG 1 - Materiality Assessment" and the additional paper "Links between AR16 and disclosure requirements".

⁴ The magnitude assessment criterion measures the extent to which a risk or opportunity has a material influence on the Organisation's development, financial position, financial performance, cash flows, access to finance, or cost of capital over the short, medium, or long term.

⁵ Likelihood measures the chance of a risk or opportunity occurring within a given period (short, medium or long term).

The table below describes, for each material issue, the relative impacts (positive and negative), risks and opportunities that exceeded the materiality threshold and thus made the issue material.

| List of material issues, material positive impacts (I+), negative impacts (I-), risks (R) and opportunities (O) | | |
|---|--|--|
| Topic | Material issue | Material impacts, risks and opportunities |
| E1 – Climate change | Fight against climate change | <ul style="list-style-type: none"> • Modification and adaptation of infrastructure aimed at counteracting the effects of climate change, improving its resilience (e.g. by preventing disruptions in production due to damage to the installations) and ensuring the preservation of employment and the well-being of workers. (I+) • Contribution to combating climate change and reducing CO₂ emissions in the markets served through the production and sale of energy-efficient electric motors. (I+) • Generating direct and indirect CO₂ emissions, slowing down the achievement of the Paris Agreement targets and the European Green Deal. (I-) • Extreme weather phenomena that could jeopardise the continuity and quality of processes, causing damage, malfunctions, or interruptions in the operations of production facilities and logistics and distribution activities. (R) • Expansion of the market due to increased demand for low-emission solutions (i.e. electric motors), with positive effects on revenue. (O) • Improved reputation through the introduction of a partially or fully electric fleet for internal transport. (O) |
| | Sustainable energy management | <ul style="list-style-type: none"> • Increased energy efficiency of production facilities and offices through the installation of photovoltaic systems (I+) • Instability in energy-related operating costs due to unforeseen fluctuations in the cost of energy resources, resulting in difficulties in cash flow management (R) • Operations to increase the energy efficiency in production processes and offices, reducing energy consumption and related costs. (O) • Use of energy from renewable sources (self-generated or purchased with GO) to power installations and offices, resulting in reduced energy dependency and a lower carbon footprint. (O) |
| E4 – Biodiversity and ecosystems | Impacts on biodiversity and dependencies on it | <ul style="list-style-type: none"> • Habitat degradation and loss of biodiversity due to the intensive use of critical materials (e.g. rare earth elements, copper, aluminum, etc.) extracted from vulnerable ecosystems. (I-) • Increase in operating costs related to the procurement of rare raw materials, as a result of the intensive exploitation of natural resources for production processes, which leads to a reduction in ecosystems' capacity to regenerate. (R) • Damage to the Group's reputation and image due to negligent behavior toward the surrounding environment. (R) |

| List of material issues, material positive impacts (I+), negative impacts (I-), risks (R) and opportunities (O) | | |
|---|---|--|
| Topic | Material issue | Material impacts, risks and opportunities |
| E5 – Circular economy | Efficient use of resources and waste management | <ul style="list-style-type: none"> • Elimination of waste and efficiency of raw materials through the recovery and reuse of production waste such as scrap metal or waste packaging. (I+) • Reducing the amount of waste generated by operations through circular economy actions and strategies that transform waste into secondary raw materials, thus reducing the amount of waste sent to landfills. (I+) • Intense mining and rare earths extraction activities to obtain the raw materials needed for production, with consequent alteration of the natural conformation of the territories exploited. (I-) • Increased cost of the final products due to increased business operating expenses resulting from price fluctuations of resources used (e.g. energy, water) and waste management obligations (e.g. waste treatment). (R) • Decline in stakeholder confidence due to inadequate waste management and failure to reduce its impact. (R) • Reduced waste and more efficient disposal through circular practices, with consequent reduction of elimination costs. (O) |
| S1 – Own workforce | Protection of workers | <ul style="list-style-type: none"> • Safeguarding the employment stability of employees characterised by decent working hours, adequate wages, and a peaceful working environment through appropriate and long-term contracts. (I+) • Protection and promotion of employees’ human rights through the implementation of anti-exploitation measures, in accordance with international standards on the subject. (I+) • Poor employee retention due to poor working and economic conditions, resulting in increased turnover (loss of key resources) and associated costs. (R) • Employee well-being through job security, respectable working hours, and appropriate salaries, resulting in greater talent retention and positive impacts on personnel costs. (O) • Implementation of policies and procedures in accordance with national and international laws to prevent child and forced labour, thus avoiding legal sanctions, litigation, and economic losses related to human rights violations. (O) |
| | Workers’ well-being and work-life balance | <ul style="list-style-type: none"> • Improving employees’ mental and physical well-being through welfare policies that promote, where possible, time flexibility initiatives, remote and part-time working, parental leave and benefits (I+) • Difficulties in attracting new talent and reputational damage due to lack of implementation of welfare policies and inadequate promotion of work-life balance. (R) • Increasing reputation and attracting talent through work-life balance policies and family support services. (O) |

| List of material issues, material positive impacts (I+), negative impacts (I-), risks (R) and opportunities (O) | | |
|---|--|--|
| Topic | Material issue | Material impacts, risks and opportunities |
| S1 – Own workforce | Health and safety | <ul style="list-style-type: none"> • Increase in occupational accidents and illnesses with negative consequences for workers and families due to the Group’s poor occupational health and safety record. (I-) • Risk of sanctions and legal action due to insufficient measures in relation to health and safety regulatory requirements. (R) • Reduction in the number of accidents and consequent lower exposure to penalties and litigation due to the proper implementation of health and safety systems. (O) |
| | Training and skills development | <ul style="list-style-type: none"> • Employee satisfaction, better prospects for professional growth and greater employment stability thanks to investments in continuous training and skill development. (I+) • Strengthening the capabilities of employees by investing in their training, thus increasing productivity and the company’s competitiveness. (O) |
| | Diversity, equity and inclusion | <ul style="list-style-type: none"> • Creation of an inclusive, attractive, and high-performing work environment through the formation of heterogeneous teams that include people from different social and cultural backgrounds. (I+) • Creation of a safe and respectful workplace through the adoption of clear policies and procedures against violence and harassment. (I+) • Inadequate promotion of diversity, gender equality, and inclusion across the workforce, risking reduced innovation potential and increased employee turnover. (R) • Increased problem solving skills and productivity through inclusive recruitment and the creation of diverse teams that foster innovation. (O) • Improving the Group’s reputation and image externally as a gender-sensitive Group, by implementing policies on the issue and ensuring equal pay. (O) |
| S2 – Workers in the value chain | Respect for human rights in the supply chain | <ul style="list-style-type: none"> • Ensuring decent working conditions for all workers along the Group’s value chain by working with suppliers who share the same principles and values as the Group. (I+) • Protecting the health and safety of workers through adequate support and monitoring the supply chain to ensure that practices to decrease occupational injuries and illnesses of all workers in the chain are in place. (I+) • Interruption of supply due to poor safety conditions in supplier establishments, which may be closed or whose workers may go on strike. (R) • Production stability and quality by working with suppliers who provide decent working conditions for their employees, guaranteeing safety, adequate working hours and wages, and a healthy work-life balance. (O) |
| S3 – Affected communities | Protection of the local community and area | <ul style="list-style-type: none"> • Positive contribution to the growth of the region by supporting programmes and initiatives that are not only in line with Lafert Group’s principles and vision, but also oriented towards the development and active involvement of local communities. (I+) |

| List of material issues, material positive impacts (I+), negative impacts (I-), risks (R) and opportunities (O) | | |
|---|--|--|
| Topic | Material issue | Material impacts, risks and opportunities |
| S4 – Consumers and end-users | Quality, safety and reliability of the product | <ul style="list-style-type: none"> • Guaranteed product reliability through the implementation of continuous and meticulous conformity, quality and safety checks at every stage of the production cycle. (I+) • Non-compliance with product safety and quality regulations and standards, resulting in legal action, fines, or marketing bans. (R) • Reduction of product recall costs and operating costs resulting from the correction of non-conformities in production processes due to the maintenance of quality certifications. (O) • Production of more reliable and safer electric motors by implementing quality tests, resulting in an improvement of the Group’s image and an increase in product demand. (O) |
| | Customer satisfaction and management of the relationships with customers | <ul style="list-style-type: none"> • Prompt resolution of non-conformities through the implementation of specific procedures and corrective and preventive actions, resulting in an improvement not only of the service, but also of the production process. (I+) • Customer loyalty through efficient and consistent customer care services. (O) |
| G1 – Business conduct | Ethics and business culture | <ul style="list-style-type: none"> • Promotion of strong ethical and sustainability values throughout the production cycle, benefiting the environment, workers, and communities through a corporate culture that incorporates ESG principles. (I+) • Enhanced ability to adapt to regulatory changes by integrating sustainability into the corporate strategy and continuously monitoring the evolving regulatory landscape. (O) • Integrating sustainability into corporate governance and strategy, improving information and procedural flows and reducing inefficiencies that can lead to wasted time and investment. (O) |
| | Preventing and combating corruption | <ul style="list-style-type: none"> • Safeguarding legality and preventing unlawful acts (e.g. laundering of profits from illegal activities, bribery cases, etc.) through systems for monitoring and identifying corruption. (I+) • Risk of sanctions and legal liability arising from incidents of corruption and bribery. (R) • Implementation of systems to prevent corruption incidents, including through appropriate training, thus reducing exposure to legal sanctions and liabilities and improving the Group’s image. (O) • Implementation of effective whistleblowing policies and procedures that protect the whistleblowers, resulting in increased stakeholder confidence. (O) |
| | Sustainable procurement | <ul style="list-style-type: none"> • Protection of human rights and prevention of unethical behaviour by developing responsible procurement processes and working with suppliers who share the Group’s principles to ensure compliance with high ESG standards. (I+) • Behaviour of an accredited supplier not in line with Lafert Group’s quality and sustainability standards and applicable regulations (e.g. CSDDD), with negative impacts on reputation. (R) |

| List of material issues, material positive impacts (I+), negative impacts (I-), risks (R) and opportunities (O) | | |
|---|---|--|
| Topic | Material issue | Material impacts, risks and opportunities |
| Other matters | Cybersecurity and Dataprotection | <ul style="list-style-type: none"> • Exposure to cyber attacks in industrial information systems due to the failure to adopt up-to-date software, with the risk of loss and/or theft of sensitive data. (I-) • Ensuring business continuity and resilience of systems in case of cyber attacks by implementing data back-up and disaster recovery systems. (I+) • Cyber attacks that could compromise confidential company data, resulting in the expense of system recovery and loss of stakeholder confidence. (R) |
| | Technological innovation and digitalisation | <ul style="list-style-type: none"> • Increasing productivity and reducing human error by automating industrial processes, e.g. through the use of robotics. (I+) • Lack of responsiveness to market dynamics due to the absence of advanced digital tools that allow real-time analysis of the Group's performance data, resulting in lost revenue. (R) • Loss of competitiveness and consequent loss of market share due to the lack of innovation in production processes and materials/technologies used. (R) • Partnerships with universities, start-ups and research centres to develop advanced technological innovations, with consequent reduction of development costs. (O) |
| | Risk Management | <ul style="list-style-type: none"> • Increased operating costs resulting from possible disruption of production processes, due to incomplete and ineffective identification of the company's operational risks. (R) • Improving product quality and increasing production efficiency by managing and monitoring risks related to complex production processes. (O) |
| | Economic performance | <ul style="list-style-type: none"> • Possible economic instability and difficulties in achieving set growth targets due to poor financial planning and ineffective management of available resources. (I-) • Increased financial resilience and ability to cope with market fluctuations by adopting strategies to diversify revenue sources and broaden the product portfolio. (I+) • Increased operating costs and potential disruption of production due to ineffective inventory management, with negative effects on the income statement and cash flow. (R) • Delays in implementing corrective actions to address economic performance inefficiencies, due to inadequate monitoring of results, leading to adverse impacts on financial ratios. (R) • Access to government incentives and new investments through the production of sustainable products. (O) |

2. Environmental information

- 2.1 Environmental Responsibility
- 2.2 Lafert's Commitments in the Fight Against Climate Change
- 2.3 Biodiversity-related impacts and dependencies
- 2.4 Efficient use of resources and waste management



HIGHLIGHTS | Informativa ambientale

- Environmental management system in accordance with UNI EN ISO 14001:2015.
- Sustainable mobility project, through the implementation and introduction of solutions to support workers in reducing commuting times.
- Replacement of petrol and diesel cars with plug-in models at the Group's Italian sites.
- Ongoing installation of a 381,000 KWh/year photovoltaic system in the San Donà di Piave plant and 247,000 KWh/year in the Noventa di Piave plant.
- Lafert product circular economy project.



2.1 Environmental Responsibility

The Lafert Group, considering environmental protection as essential for sustainable development, aims to balance economic growth with particular attention to environmental impact.

The company is aware that the development of high-performance, energy-efficient electric motors has a significant effect on the environment and on the territory.

Lafert has always undertaken initiatives aimed at continuously reducing the environmental impacts of its activities, adopting the best possible practices and engaging in concrete collaboration with suppliers and partners.

In this context, in 2021 Lafert S.p.A. obtained certification for its environmental management system in accordance with the **UNI EN ISO 14001:2015** standard, which has been renewed over the years, with the objective of continuing to maintain this certification. The aim is to demonstrate a positive environmental conduct by monitoring the environmental impact of activities, products, and services, adopting an environmental policy, and setting protection objectives.

The Environmental Management System is the set of processes, tools, and models implemented by a company to meet the requirements of the relevant certification standard. These instruments support sustainable development, as a certified company commits to limiting both the direct and indirect environmental impacts generated by its activities. The goal is to improve emission reduction, promote waste recycling, and encourage proper environmental practices.

The international environmental management standard is designed to provide organizations with the foundations of an effective environmental management system which, when integrated with other operational requirements, helps them achieve their environmental and economic objectives.

Eco-sustainability and the adoption of green practices represent the core commitment of a certified company that chooses to pursue the continuous improvement of its performance to protect and safeguard the environment.

2.2 Lafert's Commitments in the Fight Against Climate Change

Lafert's management, fully aware of its role and obligations towards the environment in which it operates, has embarked on a path to improve its performance with the aim of developing valuable and sustainable solutions, in compliance with regulations and capable of meeting the needs and expectations of its stakeholders.

The main objectives of the Environmental Policy are summarized below:

- compliance with applicable laws, rules, and regulations relating to the sector, as well as any additional requirements formally adopted by the Company;
- ensuring effectiveness, efficiency, and reliability by employing all necessary resources to uphold the principles of diligence and integrity;
- employee engagement, ensuring a high level of professionalism, including on matters related to environmental sustainability;
- selecting partners and suppliers who commit to the continuous improvement of their environmental performance;
- systematically renewing the company's vehicle fleet to maintain a low environmental impact of the vehicles used;
- managing natural resources and energy within company facilities in a sustainable manner, reducing waste and ensuring the monitoring and control of environmental aspects.

Lafert's management has defined the guidelines for achieving its environmental objectives, including:

- **the continuous reduction of energy consumption through the optimization of machinery use and production processes;**
- **strengthening the use of smart working to improve office management and enhance energy efficiency;**
- **the sustainable mobility project, through the implementation and introduction of solutions that support employees in reducing home-to-work travel;**
- **the implementation of a circular economy project for Lafert products.**

Sustainable Energy Management

Lafert S.p.A. manages energy resources carefully, monitoring consumption in each individual building and studying new projects for the implementation of supporting technologies.

A significant share of Lafert S.p.A.'s energy consumption is allocated to the production of compressed air in the factory; for this reason, considerable attention is devoted to this topic, with a detailed analysis of the compressor unit configuration for each production site.

The remaining portion of electricity is largely used by Lafert to power machinery, equipment, and systems, and to a lesser extent to supply offices and services.

To ensure that part of the energy required is generated in a more sustainable way, Lafert has decided to install a photovoltaic system producing 381,000 kWh/year at its San Donà di Piave plant, and another system producing 247,000 kWh/year at the Noventa di Piave plant, whose installation will be completed in 2025/2026.

The table below reports the energy consumption of Lafert S.p.A., Lafert Elektromotorji d.o.o., and Lafert (Suzhou) Co. Ltd. (China) for the years 2022, 2023, and 2024:

| Energy consumed (MWh) | 2022 | 2023 | 2024 |
|--|------------------|------------------|------------------|
| Electricity | | | |
| Electricity purchased | 7.066,55 | 6.865,91 | 7.120,70 |
| <i>of which from non-renewable sources</i> | <i>7.066,55</i> | <i>6.865,91</i> | <i>7.120,70</i> |
| <i>of which from renewable sources</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| Fuels | | | |
| Natural Gas | 10.286,44 | 10.558,12 | 6.949,81 |
| GPL | - | - | - |
| Diesel for generators | - | - | - |
| Transport fuels | | | |
| Diesel | 417,51 | 284,96 | 295,21 |
| Petrol | 58,04 | - | 434,63 |
| GPL | - | - | - |
| Total consumption | 17.828,54 | 17.709,00 | 14.800,35 |

The Lafert Group's purchased electricity consumption in 2024 increased by 3.71% compared to 2023. Natural gas consumption, on the other hand, decreased by 34.18% compared to the previous year.

Production is powered by both electricity and natural gas, the latter being used for heating and certain industrial applications.

The Group's total energy consumption for 2024 decreased by 16.42% compared to 2023.

Emissions

The table shows emission data for Lafert S.p.A., Lafert Elektromotorji d.o.o. and Lafert (Suzhou) Co. Ltd. (China) for the three-year period 2022, 2023 and 2024:

| Scope 1 GHG emissions (tCO ₂ e) - Scope 1 | 2022 | 2023 | 2024 |
|--|-----------------|-----------------|-----------------|
| Direct emissions | | | |
| Natural Gas | 2.080,59 | 2.139,67 | 1.408,24 |
| Diesel | 107,01 | 72,42 | 75,00 |
| Petrol | 13,91 | - | 101,01 |
| Overall emissions – Total Scope 1 | 2.201,51 | 2.212,08 | 1.584,25 |

| Scope 2 GHG emissions (tCO ₂ e) - Location Based | 2022 | 2023 | 2024 |
|---|-----------------|-----------------|-----------------|
| Indirect emissions - Purchased electricity | | | |
| Italy | 1.820,56 | 1.413,00 | 1.285,72 |
| Slovenia | 56,95 | 45,16 | 37,69 |
| China | 615,62 | 683,64 | 524,47 |
| Overall emissions – Total Scope 2 | 2.493,12 | 2.141,80 | 1.847,87 |
| Total Scope 1 + Scope 2 emissions | 4.695,63 | 4.353,88 | 3.432,12 |

| Scope 2 GHG emissions (tCO ₂ e) - Market Based | 2022 | 2023 | 2024 |
|---|-----------------|-----------------|-----------------|
| Indirect emissions - Purchased electricity | | | |
| Italy | 2.662,41 | 2.766,15 | 2.683,34 |
| Slovenia | 85,94 | 105,80 | 76,27 |
| China | 615,62 | 683,64 | 524,47 |
| Overall emissions – Total Scope 2 | 3.363,96 | 3.555,59 | 3.284,07 |
| Total Scope 1 + Scope 2 emissions | 5.565,47 | 5.767,67 | 4868,32 |

In calculating the emissions of the Lafert Group, direct ones (scope 1) and indirect ones (scope 2) were taken into account. The former refer to the emissions generated directly by the company in relation to the production process, while the latter are indirect emissions deriving from the purchase of electricity from third parties, required for production as well as for the routine management of facilities.

The table above shows that direct scope 1 emissions are lower than last year, reporting a decrease of 28.38%. Indirect emissions, according to the *Location Based* criterion, generated by the Group in 2024 decreased by 13.72% compared to the previous year. This change is mainly due to the reduction in energy consumption in the period, which is linked to the Group's different level of activity

The total scope 1 and scope 2 emissions produced by the Group in 2024, according to the *Location Based* criterion, therefore, amount to **3,432.12 tCO₂e**, a decrease of 21.17% compared to 2023.

2.3 Biodiversity-related impacts and dependencies

For Lafert, ecosystems are extremely important. This is why the Group seeks to integrate the preservation of biodiversity into its management practices, in accordance with Lafert's sustainability strategy.

With regard to the environment, Lafert's focus on reducing the energy consumption of its products and minimising their environmental impact has always been an essential driver in the development of new projects. It is complemented by process innovation, which has enabled the development of solutions towards more sustainable production.

The Lafert Group's production plants are all located in non-risk areas and the potential effects on biodiversity are limited. Lafert recognises, however, the importance of preserving natural ecosystems and is committed to progressively strengthening its environmental protection practices.

With this in mind, new initiatives to further reduce the impact of production activities and promote more sustainable management of natural resources are constantly being evaluated. The Group's future efforts will be geared towards the adoption of **tools** and **concrete strategies** to contribute to the preservation of biodiversity and the maintenance of the balance of local habitats.

2.4 Efficient use of resources and waste management⁶

With regard to the circular economy and waste, the main objective of the Environmental Policy is to operate by reducing waste production, preventing pollution and disposing of waste in accordance with current legislation. Lafert's top management has laid down the guidelines to achieve this and other environmental objectives, including: **increase in the percentage of waste recovered, reduction of the amount of EWC 150106 waste (packaging in mixed materials) through the introduction of waste separation down to the individual user.**

The tables show emission data for Lafert S.p.A., Lafert Elektromotorji D.o.o. and Lafert (Suzhou) Co. Ltd. (China) for the three-year period 2022, 2023 and 2024:

| 2022 | Quantity (ton) | Of which not destined for disposal (preparation for re-use) | Of which destined for disposal (other disposal operations) |
|---|-----------------|---|--|
| Total waste generated | 7.664,72 | 7.663,68 | 1,04 |
| % Non-recycled waste | 100% | 99,99% | 0,01% |
| Hazardous waste by type of materials | 87,47 | 86,43 | 1,04 |
| Non-conforming products and unused products | 0,84 | 0,84 | - |
| Oils and oil emulsions | 62,91 | 62,91 | - |
| Hazardous absorbent materials | 4,92 | 4,92 | - |
| End-of-life vehicles and their components | 1,66 | 1,66 | - |
| Hazardous electronic waste | 0,08 | 0,08 | - |
| Batteries and accumulators | 0,10 | 0,10 | - |
| Contaminated packaging | 10,32 | 10,32 | - |
| Hazardous washing solutions | 1,04 | - | 1,04 |
| Non-hazardous waste by type of materials | 7.577,25 | 7.577,25 | - |
| Metal and production scrap | 6.956,11 | 6.956,11 | - |
| Non-hazardous absorbent materials | 12,80 | 12,80 | - |
| Non-hazardous waste containing solvents | 9,20 | 9,20 | - |
| Non-hazardous packaging waste | 565,32 | 565,32 | - |
| Non-hazardous electronic waste | 1,83 | 1,83 | - |
| Metal and production scrap | 31,26 | 31,26 | - |
| Batteries and accumulators | 0,09 | 0,09 | - |
| Non-hazardous packaging waste | 0,64 | 0,64 | - |

⁶ Only data relating to the Group's manufacturing companies were considered, namely: Lafert S.p.A., Lafert Elektromotorji D.o.o. and Lafert (Suzhou) Co. Ltd. (China). For the other companies in the Group, a solid data collection system has not yet been implemented, partly due to their small size and/or the type of activities carried out (commercial companies).

2. ENVIRONMENTAL INFORMATION

| 2023 | Quantity (ton) | Of which not destined for disposal (preparation for re-use) | Of which destined for disposal (other disposal operations) |
|---|-----------------|---|--|
| Total waste generated | 6.323,51 | 6.288,41 | 35,10 |
| % Non-recycled waste | 100% | 99,45% | 0,55% |
| Hazardous waste by type of materials | 188,54 | 153,44 | 35,10 |
| Hazardous waste containing waste solvents, paints and adhesives | 13,2 | 13,2 | - |
| Oils and oil emulsions | 97,72 | 97,72 | - |
| Hazardous absorbent materials | 4,75 | 4,75 | - |
| Batteries and accumulators | 2,72 | 2,72 | - |
| Contaminated packaging | 31,78 | 31,78 | - |
| Hazardous washing solutions | 35,10 | - | 35,10 |
| End-of-life vehicles and their components | 0,197 | 0,197 | - |
| Surgical masks | 0,0065 | 0,0065 | - |
| Solvents | 3,041 | 3,041 | - |
| Non-hazardous waste by type of materials | 6.134,97 | 6.134,97 | - |
| Metal and production scrap | 5.761,14 | 5.761,14 | - |
| Glass | 0,58 | 0,58 | - |
| Plastic waste | 0,57 | 0,57 | - |
| Washing solutions | 102,1 | 102,1 | - |
| Non-hazardous waste containing solvents | 13,41 | 13,41 | - |
| Non-hazardous packaging waste | 251,83 | 251,83 | - |
| Non-hazardous electronic waste | 5,23 | 5,23 | - |
| Batteries and accumulators | 0,08 | 0,08 | - |

2. ENVIRONMENTAL INFORMATION

| 2024 | Quantity (ton) | Of which not destined for disposal (preparation for re-use) | Of which destined for disposal (other disposal operations) |
|---|-----------------|---|--|
| Total waste generated | 5.558,60 | 5.430,95 | 131,74 |
| % Non-recycled waste | 100% | 97,63% | 2,37% |
| Hazardous waste by type of materials | 135,87 | 31,00 | 104,86 |
| Aqueous suspensions containing paint or varnish, containing organic solvents or other hazardous substances | 2,96 | - | 2,96 |
| Waste paint and varnish containing organic solvents or other hazardous substances | 4,88 | 4,88 | - |
| Waste adhesives and sealants containing organic solvents or other hazardous substances | 0,85 | 0,85 | - |
| Machining emulsions and solutions free of halogens | 100,98 | - | 100,98 |
| Machining sludges containing hazardous substances | 0,10 | - | 0,10 |
| Synthetic machining oils | 0,08 | 0,08 | - |
| Other engine, gear and lubricating oils | 4,06 | 4,06 | - |
| Other solvents and solvent mixtures | 4,69 | 4,69 | - |
| Packaging containing residues of or contaminated by hazardous substances | 11,20 | 11,20 | - |
| Metallic packaging containing a hazardous solid porous matrix (for example asbestos), including empty pressure containers | 0,01 | 0,01 | - |
| Absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by hazardous substances | 4,45 | 4,45 | - |
| Aqueous liquid wastes containing hazardous substances | 0,83 | - | 0,83 |
| Discarded equipment containing chlorofluorocarbons, HCFC, HFC | 0,55 | 0,55 | - |
| Discarded equipment containing hazardous components other than those mentioned in 16 02 09 and 16 02 12. | 0,04 | 0,04 | - |
| Lead batteries | 0,18 | 0,18 | - |



2. ENVIRONMENTAL INFORMATION

| 2024 | Quantity (ton) | Of which not destined for disposal (preparation for re-use) | Of which destined for disposal (other disposal operations) |
|--|----------------|---|--|
| Non-hazardous waste by type of materials | 5.422,74 | 5.399,94 | 22,79 |
| Aqueous washing solutions other than those mentioned in 10 01 11 | 19,05 | - | 19,05 |
| Aqueous liquid wastes other than those mentioned in 16 10 01 | 14,74 | 8,42 | 6,32 |
| Aqueous suspensions containing paints and varnish, other than those mentioned in 08 01 19 | 1,40 | - | 1,40 |
| Absorbents, filter materials, wiping cloths and protective clothing, other than those mentioned in 15 02 02 | 8,24 | 8,14 | 0,10 |
| Non-ferrous metal filings and turnings | 123,81 | 123,81 | - |
| Paper and cardboard packaging | 76,97 | 76,97 | - |
| Plastic packaging | 33,12 | 33,12 | - |
| Wooden packaging | 34,33 | 34,33 | - |
| Mixed packaging | 58,22 | 58,22 | - |
| Discarded equipment, other than that mentioned in 16 02 09 to 16 02 13 | 3,16 | 3,16 | - |
| Components removed from end-of-life equipment other than those referred to in entry 16 02 15 | 27,30 | 27,30 | - |
| Iron and steel | 281,25 | 281,25 | - |
| Cables, other than those listed under 17 04 10 | 2,42 | 2,42 | - |
| Paper and cardboard | 0,46 | 0,46 | - |
| Waste paints and varnish, other than those mentioned in 08 01 11 | 14,54 | 14,54 | - |
| Waste adhesives and sealants, other than those mentioned in 08 04 09 | 0,39 | 0,39 | - |
| Ferrous metal filings and turnings | 4.688,37 | 4.688,37 | - |
| Non-ferrous metal dust and particles | 27,45 | 27,45 | - |
| Spent grinding bodies and grinding materials containing hazardous substances, other than those mentioned in 12 01 20 | 0,73 | 0,73 | - |
| Metal packaging | 0,05 | 0,05 | - |
| Other linings and refractories from metallurgical processes, other than those mentioned in 16 11 03 | 8,64 | 8,64 | - |
| Mixed construction and demolition wastes other than those mentioned in 17 09 01, 17 09 02 and 17 09 03 | 2,18 | 2,18 | - |



Waste management is carried out according to internal procedures compliant with the legal provisions in force.

In 2024, Lafert Group generated approximately 5,562.68 tonnes of waste, a decrease of 12.03% compared to 2023. Of the total waste generated, almost all is non-hazardous waste (97.98%).

Waste generation in 2024 is mainly related to the category "Ferrous metal filings and turnings" (about 86.46% of total non-hazardous waste and 84.28% of total waste generated).

The second category in percentage terms is "Iron and steel", which accounts for 5.19% of total non-hazardous waste and 5.06% of total waste generated.

Furthermore, in 2024, the percentage of non-recycled waste stands at 2.37% of the total waste generated, a slight increase compared to previous years.

The waste is collected in the production departments in first collection containers and identified by type of material. These containers are then periodically emptied by authorised personnel and the waste is stored in appropriate external areas in appropriate containers for disposal. The temporary storage area is periodically emptied and the waste is picked up by selected firms for disposal or recovery of the waste.

3. Social disclosure

- 3.1 Job creation and respect for workers' rights
- 3.2 Training and skills development
- 3.3 Workers' well-being and work-life balance
- 3.4 Occupational health and safety
- 3.5 Diversity, equity and inclusion



HIGHLIGHTS | Social disclosure

- 1,003 people in the Group's workforce in 2024
- Approximately 96% of Lafert's employees are hired on permanent contracts
- Platform *WorkDay* for performance appraisal and annual employee target allocation
- Occupational health and safety system - ISO 45001:2018
- 3620 hours of HSE (*Health, Safety, Environment*) training
- Zero deaths following work accidents



3.1 Job creation and respect for workers' rights

For the Lafert Group, people are the key factor in achieving its objectives. That is why the Group protects and promotes their value and works to improve and increase the wealth of skills held by each employee, also in order to develop the professional skills of each for the benefit of the company and, more generally, of all Stakeholders.

Honesty, skill, professionalism, seriousness and technical expertise are the features the Group demands from its employees.

“People growth” is one of the company values that is pursued to the greatest extent, from the employee’s induction throughout his or her stay with the company, through the organisation of initiatives that aim to develop skills in order to broaden the knowledge of the individual and consequently of the company, thus strengthening the bond between company and employees.

Personnel management is inspired by the principles of fairness and impartiality, avoiding favouritism or discrimination, all while respecting the worker’s professionalism and skills. At the same time, in pursuing objectives, the employee must work in the awareness that ethics is of primary importance for the Lafert Group; therefore, their actions must always comply with the Organisation, Management and Control Model pursuant to It. Legislative Decree no. 231/2001 that the Group has adopted, with the Code of Ethics and with the company protocols and regulations. To this end, said documents are provided to all employees.

The Lafert Group requires all resources, at all levels, to cooperate in order to keep a climate of mutual respect within the Company, safeguarding the dignity, honour and reputation of each.



The personnel selection policy

Management believes that proper human resource management – also in terms of information, training and education – is an essential condition for achieving the commitments and goals assigned each year to the entire organisation. In the delicate phase of selecting new personnel as well as in cases of internal changes in job positions, there is generally the need to assure an adequate level of knowledge and expertise. To this end, there is a procedure aimed at disseminating to all levels of the organisation the necessary information on the objectives, rules, procedures and operating methods established by the Management, supporting, where necessary, said information with specific training and education activities on specialist aspects that may positively influence the performance of the organisation.

The selection processes

Selection processes play an essential role for the Group as they are intended to identify candidates that have specific skills, such as professionalism, seriousness and technical expertise. The result of this process leads to the identification of profiles that meet the Company's needs, who also share the ethical principles and values of honesty and loyalty that inspire Lafert.

To this end, selection is carried out in full compliance with equal opportunities, without any discrimination whatsoever, and avoiding favouritism, any form of facilitation and clientelism: the choice is based exclusively on objective criteria of professionalism and skill.

The requesting organisational unit assesses the candidate's academic qualifications and skills, aptitudes, motivation and anything else required to provide a neutral opinion on qualification. The information required in the selection phase is strictly related to the need to ascertain the characteristics foreseen by the professional, psychological and skills profile, respecting the private life, the opinions of the candidate and guaranteeing equal opportunities for all parties concerned. The personnel of the Lafert Group involved in the personnel assessment and selection is required to adhere to the following rules of conduct:

- **impartiality in the treatment of the candidates taking part in the recruitment process;**
- **confidentiality of the information acquired during the selection;**
- **independence in performing their tasks and abstaining from getting involved in operations that may lead to a conflict of interest;**
- **prohibition to cede to any undue pressure from internal or external subjects.**

The selection process varies depending on the job category, with a focus on white-collar and blue-collar workers.

For white-collar workers, there is an individual/specialised plan, depending on the role/activity, which allows them to be put in contact with the managers of the different company areas in order to get to know the entire company organisation. For blue-collar workers, this activity is supervised by the Health and Safety Officer (Responsabile del Servizio di Prevenzione e Protezione - RSPP) and the Workers' Safety Representative (RLS), who explain to new hires the safety issues to be adopted within the production area, as well as the internal regulations. Lastly, they are made aware of the appropriate behaviour within the company.

After the selection process is successfully completed, the candidate is supported during induction through an **on-boarding process, created ad hoc for the resource according to the professional profile.**

The employees

In 2024, the total number of Lafert Group employees reached 1,003, compared to 1,060 in the previous period (-5.38%).

The workforce is predominantly made up of men, who account for about 82% of the total, engaged in manual activities in the production of electric motors.

Lafert's employees are hired solely with a regular employment contract, through the National Collective Labour Agreement of metalworkers, in compliance with the laws and regulations in force.

| Number of employees | 2022 | | | 2023 | | | 2024 | | |
|---------------------|-------|-----|-------|-------|-----|-------|-------|-----|-------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| | 178 | 854 | 1.032 | 189 | 871 | 1.060 | 179 | 824 | 1.003 |

Approximately 96% of employees are hired on open-ended contracts.

In order to accommodate the personal and family needs of employees, there is the option of making use of flexible working hours are available alongside part-time arrangements, which are currently utilised by 3% of the workforce.

| Numero dipendenti per tipologia di contratto/per genere | 2022 | | | 2023 | | | 2024 | | |
|---|------------|------------|-------|------------|------------|-------|------------|------------|-------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| On open-ended contracts | 162 | 801 | 963 | 167 | 819 | 986 | 165 | 797 | 962 |
| On temporary contracts | 16 | 53 | 69 | 22 | 52 | 74 | 14 | 27 | 41 |
| Total | 178 | 854 | 1.032 | 189 | 871 | 1.060 | 179 | 824 | 1.003 |
| Full-time contract | 154 | 849 | 1.003 | 165 | 867 | 1.032 | 154 | 818 | 972 |
| Part-time contract | 24 | 5 | 29 | 24 | 4 | 28 | 25 | 5 | 30 |
| Contract with variable hours | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Total | 178 | 854 | 1.032 | 189 | 871 | 1.060 | 189 | 871 | 1.003 |

The table below shows the figures for non-employee workers of the Lafert Group, which in 2024 totalled 45. Most of them (93.33 %) are temporary workers.

| Non-employee workers by type of contract by gender and region | 2022 | | | 2023 | | | 2024 | | |
|---|-----------|-----------|-------|----------|-----------|-------|----------|-----------|-------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Interns and trainees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Temporary workers | 14 | 70 | 84 | 1 | 40 | 41 | 1 | 41 | 42 |
| Self-employed workers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 |
| Total | 14 | 70 | 84 | 1 | 40 | 41 | 1 | 44 | 45 |

Diversity metrics

The Lafert Group also monitors the composition of senior management from a gender perspective: in 2024, women make up 20% of middle manager and executive positions. Although still a small proportion, the figure is up on previous years, representing a further step towards gender balance in senior management. Therefore, the Group recognises the importance of promoting a more representative gender balance and supporting female career development paths within the organisation.

| Top management by gender | 2022 | | | 2023 | | | 2024 | | |
|--------------------------|------------|------------|-------|------------|------------|-------|------------|------------|-------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Executives | 3 | 15 | 18 | 3 | 13 | 16 | 4 | 12 | 16 |
| Middle managers | 1 | 15 | 19 | 2 | 18 | 20 | 4 | 21 | 25 |
| Total | 4 | 30 | 34 | 5 | 31 | 36 | 8 | 33 | 41 |
| Percentage | 12% | 88% | 100% | 14% | 86% | 100% | 20% | 80% | 100% |

Come dimostra la tabella sottostante, nel 2024, così come nei due anni precedenti, la maggior parte dei dipendenti di Lafert ha un'età compresa tra i 30 ed i 50 anni (56,23 %).

| Top management by age group | 2021 | | | | 2022 | | | | 2023 | | | |
|-----------------------------|------------|-------------------|------------|-------|------------|-------------------|------------|-------|------------|-------------------|------------|-------|
| | < 30 years | 30 < x > 50 years | > 50 years | Total | < 30 years | 30 < x > 50 years | > 50 years | Total | < 30 years | 30 < x > 50 years | > 50 years | Total |
| Total | 184 | 609 | 239 | 1.032 | 170 | 628 | 262 | 1.060 | 157 | 564 | 282 | 1.003 |

Turnover

| New hires and turnover | 2022 | | | | | 2023 | | | | | 2024 | | | | |
|------------------------|------------------|------------|-----------|-------------------|-------------------|------------------|------------|-----------|-------------------|-------------------|------------------|-----------|------------|-------------------|-------------------|
| | No. of employees | New hires | Leavers | Positive turnover | Negative turnover | No. of employees | New hires | Leavers | Positive turnover | Negative turnover | No. of employees | New hires | Leavers | Positive turnover | Negative turnover |
| Total | 1.032 | 198 | 95 | 19% | 9% | 1.060 | 123 | 94 | 12% | 9% | 1.003 | 45 | 110 | 4% | 11% |

Compared to the previous two-year period, in 2024 the Group recorded a higher negative turnover rate than positive turnover (11% compared to 4%).

The turnover percentages were calculated over the total number of employees as at 31 December of each year, in compliance with the ESRS Standard requirements.

3.2 Training and skills development

Lafert believes it is important to ensure all the personnel working at the company have access to appropriate levels of information, training and education. This activity is diversified based on the various contract levels and respecting professional profiles, as described below.

Upon hiring, or immediately following confirmation of employment, in addition to the information provided in the "Selection processes" section, all employees are briefed by the relevant departments on the company's structure, quality policy and objectives, procedures, production flows, workplace safety, and all other matters relating to the employment relationship. Each new recruit is handed a document containing basic information and the Group's Code of Ethics laying down all the rules of conduct they must abide by. For white-collar workers, there is also a schedule of meetings with all the managers of the different company areas.

This on-boarding process is envisaged for all company resources. Specifically in the production area, after induction and for as long as deemed necessary by the head of department, each worker (including personnel transferred internally to new positions) is adequately trained to perform the assigned activity, through the coaching and supervision of experienced internal personnel.

Taking into account the individual's and/or the company's needs, HR has the onus to take action through a challenging training plan that allows for its implementation and monitoring. In this way, training becomes the corporate pillar for a constant and continuous growth of the skills of the individual and the corporate body.

Training planning

All training activities carried out in-company by company personnel are documented in an appropriate form by recording the topics covered, trainer's name, duration of the course and participants' names. If the required knowledge and training activities carried out have been sufficiently effective, the department manager will formally declare that the training activity is closed; at this point it will be the responsibility of the HR department to update the relevant system information. Otherwise, the department manager will report to the HR department the failed "qualification" and/or limitations shown by certain participants, recommending the usefulness of further training activities or otherwise.

Training activities provided by external entities or trainers are documented in appropriate registers, lists and/or certificates issued by the provider; a copy of the documents issued by the entity is recorded in the appropriate archives by HR.

During the course of 2024, 4.1 training hours were provided on average, including mandatory training and specific courses.

| Average training hours | 2022 | | | 2023 | | | 2024 | | |
|------------------------|------------|------------|-------|------------|------------|-------|------------|------------|-------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Executives | 23,0 | 0,3 | 3,5 | 8,0 | 3,8 | 4,6 | 10,0 | 9,5 | 9,6 |
| Middle managers | - | 1,6 | 1,4 | - | 4,6 | 4,1 | - | 8,9 | 15,9 |
| Office workers | 5,4 | 6,4 | 6,1 | 3,2 | 5,4 | 4,7 | 4,2 | 9,0 | 7,5 |
| Production workers | 2,6 | 3,4 | 3,3 | 1,7 | 3,4 | 3,2 | 2,2 | 3,0 | 2,9 |
| Total | 4,0 | 3,8 | 3,9 | 2,4 | 3,8 | 3,6 | 3,6 | 4,3 | 4,1 |

In 2024, the Lafert Group provided a total of 3,371 hours of training to all its employees.



The **WorkDay platform** was implemented for assessing performance and assigning annual objectives. It also provides a section relating to the assessment of acquired skills in connection with previously customised professional training pathways.

3.3 Workers’ well-being and work-life balance

The Lafert Group promotes flexible working arrangements wherever possible, including special leave for medical appointments for both employees and their children, to support family life and care. This includes access to flexible working hours, **part-time options** and **parental leave**. Furthermore, to reward the academic performance of Lafert employees’ children, the company has decided to grant scholarships for high-achieving students at every stage of their education, up to and including higher education.

In this light, **Remote (Smart) Working**—introduced as a necessity during the Covid-19 pandemic—is now evolving into a **new organisational approach. This model reconciles individual worker needs with corporate requirements as part of a strategy focused on employee well-being and the prevention of work-related stress arising from increasingly complex roles.**

For this reason, the Company, as part of its sustainability and work-life-balance initiatives, introduced from 2022 **Agile Work**, with the consequent stipulation of individual agreements between company and employee depending on the type of task of each worker, as required by Law no. 81/201.

To provide economic support to employees, the Company has implemented a welfare platform which offers workers a personalised incentive system, with the option of subscribing to supplementary pension schemes.

Company cars are allocated to personnel in connection to their job position and is normally related to the contractual level of the assignees. The cars are assigned for specific work needs in order to ensure the employee is able to adequately perform their tasks and, where deemed appropriate, acknowledge a benefit to them.

| Parental leave | 2021 | | | 2022 | | | 2023 | | |
|--|-------|-----|-------|-------|-----|-------|-------|-----|-------|
| | Women | Men | Total | Women | Men | Total | Women | Men | Total |
| Employees entitled to parental leave | 178 | 854 | 1.032 | 189 | 871 | 1.060 | 179 | 824 | 1.003 |
| Number of employees who took parental leave | 15 | 27 | 42 | 8 | 38 | 46 | 6 | 26 | 32 |
| Percentage of eligible employees who took parental leave | 8% | 3% | 4% | 4% | 4% | 4% | 3% | 3% | 3% |

Health welfare

The health welfare system is assured by membership of **Fondo Metasalute**. The aim of the Fund is to support workers’ needs, providing supplementary healthcare services to those of the Italian National Health System (SSN). Registration of workers to Fondo Metasalute is mandatory and automatic, paid by the company with a monthly fee. Companies that apply the National Metalworking Labour Agreement, among others, are eligible for the Fund.

3.4 Occupational health and safety

Policy for health and safety in the workplace

As part of the respect due to people as an essential element for achieving the company's objectives, the Lafert Group undertakes to ensure that its activities, its plants and services are compatible with the objective of best prevention and protection of workers' health and safety, with a view to reducing to the minimum the risks deriving from normal work activities, from particular situations or emergencies.

The Group undertakes to spread and consolidate the culture of safety, developing awareness of risks and compliance with the regulations in force on prevention and protection, promoting responsible behaviour by everyone.

It also works to preserve and improve, especially through preventive actions, the working conditions and the health and safety of employees.

Therefore, the Lafert Group undertakes to:

- eliminate/reduce to the minimum risks in relation to the knowledge acquired based on technical progress, favouring actions taken at the source;
- adopt equipment, machinery and plants to perform production activities that comply with the essential safety requirements;
- with regard to the products used, replace what is hazardous with non-hazardous or less-hazardous products;
- limit to the minimum the number of workers who are or may be exposed to risks;
- adopt appropriate management systems to assure and maintain a high level of prevention and protection from the risks of accidents and occupational diseases;
- assure suitable information, education, awareness-raising and training on the matter of health and safety to all workers.

For the purpose of prevention, the Group strives to assure compliance with the laws and regulations of the sector, and, through suitable planning, it adopts specific objectives and ensures the preparation of programmes and means to achieve them, assess and periodically review them. This procedure is aimed at achieving a continuous improvement of health and safety conditions, also on the basis of technical regulations, directives or recommendations by international bodies.

Occupational health and safety system

The Lafert Group adopts an Occupational health and safety management system - **ISO 45001:2018**. This system is adopted and certified for the parent company Lafert S.p.A. and applicable to all other production companies, therefore covering all the Group's employees.

The prevention policy on health and safety in the workplace is implemented and made operational through management and the engagement of personnel at all levels and departments concerned according to the procedures set forth by standard ISO 45001:2018.

In order to assure the application and effectiveness of the measures on occupational health and safety, the Group:

- adopts a preventative approach to the management of safety issues;
- periodically reviews the effectiveness of the management system adopted by assessing the achievement of

the objectives and goals set for the purpose;

- promotes knowledge of the objectives by personnel, awareness of the results to aim for, acceptance of responsibilities, individual motivation and commitment in the implementation of the system, encouraging participation and consultation at all levels;
- communicates its health and safety policy to all stakeholders and whoever requests it;
- commits the human and financial resources required to achieve the objectives and to implement the improvement programmes.

As set forth by It. Legislative Decree no. 81/2008, a health surveillance service is provided (company doctor) with the purpose of checking the health condition of employees and express a judgement of fitness for the specific task assigned to the employee.

In application of It. Legislative Decree no. 81/2008, the Lafert Group has appointed a **Health and Safety Officer (RSPP)**. This role coordinates the prevention and protection service, goes to the company and deals with the management of safety in the workplace and relations with the various control and certification bodies and entities, coordinating with the workers' safety representatives and Directors.

The Board of Directors, upon the proposal put forth in the Management review meeting, establishes objectives in the short and medium-term, which are shared throughout the organisation.

Regular meetings are held, organised by the Health and Safety Officer (RSPP) and in consultation with the workers' safety representatives.

During 2023, Lafert implemented a renewed method of sending and handling reports. On this occasion, the Prevention Service trained all the Group's workers with the aim of promoting their use. Workplace safety continues to be a shared value throughout the Group in 2024, as well; indeed, all employees are incentivised to contribute to its development as a principle of general interest.

Hazard identification, risk assessment and investigations on accidents

The regulatory framework, specifically It. Legislative Decree no. 81/2008, lays down the responsibilities, activities and deadlines to be met in the field of protecting occupational health and safety. The procedures and protocols set forth by the ISO 45001 management system call for:

- the adoption by the organisation of rules and procedures which cover its own quality aspects and health and safety risks;
- monitoring the trends of accidents, near-misses and occupational diseases and improving how they are managed;
- the adoption of all the necessary measures to limit the occurrence of emergency conditions and any impacts thereof;
- the adoption of measures aimed at eliminating, where possible, the hazards and reducing the health and safety risks;
- the involvement of all company departments and of the entire organisation through proactive behaviour.

The Lafert Group has implemented processes for assessing and maintaining the prevention and protection measures put in place to eliminate or reduce structural risks and risks deriving from work activities.

Two documents were drawn up as part of the health and safety policy:

- Risk Assessment Document (Documento di Valutazione dei Rischi - DVR), which identifies the specific potential risk factors related to these operational reference areas;
- Single Interference Risk Assessment Document (Documento di Valutazione dei Rischi Interferenti - DUVRI), which assesses "interference risks" in relation to activities commissioned to third parties.

Furthermore, a document containing the work plan and improvement actions is periodically drawn up and updated (Improvement plan).

Training on occupational health and safety

The Lafert Group pays close attention to training and to the growth of all workers’ personal skills in relation to health and safety issues. Specific trade union agreements are formalised to submit training and corporate development plans to Fondimpresa; these plans include dedicated health and safety training initiatives.

Below is the total number of hours of Health, Safety and Environment training⁷ provided to Lafert employees, broken down by category.

From 2023, it has been decided to carry out 3 hours of training per year, 2 on safety and one on the environment for each worker: the topics covered during 2023 are biohazards and hygiene in the workplace, the shared participation system on safety and environmental issues and its reporting mechanism, and raising awareness on waste separation. The following topics were covered in 2024, on the other hand: specific accident risks, risks related to the use of screens, manual handling of loads, PPE, safety signs.

Prevention and mitigation of impacts on occupational health and safety within trade relations

| Type of training | 2023 | | 2024 | |
|-------------------|--------------|--------------|--------------|--------------|
| | Hours | Participants | Hours | Participants |
| General training | 166 | 82 | 140 | 35 |
| Specific training | 32 | 8 | 500 | 35 |
| Other | 1.949 | 316 | 2.980 | 162 |
| Total | 2.147 | 406 | 3.620 | 232 |

The potentially critical aspects relating to occupational health and safety that concern trade relations are dealt with by the Lafert Group according to the following approach:

- monitoring and raising awareness in the supply chain;
- monitoring the supply chain with regard to quality and possible nonconformities of products;
- assessment of the impacts on health and safety associated with the supply chain;
- promotion with stakeholders of the actions undertaken by the organisation and results it achieves within the sphere of health and safety in the workplace.

Accidents

The scope of the data provided in the table, unlike in previous years, refers exclusively to the Group’s Italian sites, due to a lack of proof from foreign sites on the subject of occupational accidents. It can be seen that in 2024 the rate of accidents at work decreased compared to previous years, confirming the Group’s major investments in implementing the safety level of its plants.

⁷ The hours for the “environment and safety” refresher course are divided as follows: about 1/3 on the environment and 2/3 on safety.

Most accidents occur due to accidental impacts, sudden movements (e.g. back strain, falls, sprains), injuries/bruises while using hand equipment/tools.

Every injury/accident is declared by the department heads by filling in an appropriate form which is sent to the competent manager. Subsequently, the prevention service analyses the dynamics of the accident and shares with the competent area and with the productions plants where similar activities are carried out any improvements required to prevent recurrence of the event.

| Data on accidents | 2022 | 2023 | 2024 |
|---|--------------|--------------|--------------|
| Number of deaths due to work-related injuries and illnesses | 0 | 0 | 0 |
| Number of recordable work-related accidents | 30 | 41 | 24 |
| Hours worked | 1.404.539 | 1.411.825 | 1.229.393 |
| Rate of recordable work accidents | 21,36 | 29,04 | 19,52 |

3.5 Diversity, equity and inclusion

Lafert promotes the dissemination of an inclusive corporate culture, aimed at assuring respect for equal opportunities, considering each person’s value regardless of their gender, sexual orientation, disability, ethnic origin, nationality, political opinions and religious beliefs, always guaranteeing the application of the principle of impartiality.

In compliance with the principles of the Code of Ethics, Lafert expresses its attention to a fair management and growth of the intellectual potential of its human resources, in line with criteria of merit and the results achieved, assuring equal treatment and censuring any attitude or behaviour that is threatening, hostile, discriminatory or harmful to the person and dignity of the worker, of their beliefs and preferences, or such as being able to undermine the peaceful performance of their tasks.

Everyone at Lafert is expected to promote and maintain a culture of mutual respect, both within the workplace and beyond, while remaining mindful of the sensitivities of others at all times.

Lafert’s Code of Ethics shares its commitment to the protection and promotion of human rights, drawing inspiration from the contents of the Universal Declaration of the United Nations, of the fundamental Conventions of the International Labour Organization (ILO) and of the OECD Guidelines, believing in a society founded on the primary principles of equality, solidarity, protection of civil and political rights, of social, economic and cultural rights and so-called third generation rights, such as the right to self-determination, to peace, to a healthy environment.

Specifically, in the awareness that in its sector, the percentage of female professionals is low, Lafert promotes the issue of gender equality and the professional growth of women within the company. With the aim of consolidating its focus on the above issues, in 2023 the Group obtained the Gender Equality Certification in accordance with UNI/PDR 125:2022 and the certification ISO 30415:2021 - Human Resources Management - Diversity and Inclusion.

| Percentage of people with disabilities by gender | 2024 | | |
|--|-----------|-----------|--------------|
| | Women | Men | Total |
| Total employees | 179 | 824 | 1.003 |
| Employees with disabilities | 9 | 25 | 34 |
| Total | 5% | 3% | 3% |

4. Workers in the Value Chain

4.1 Respect for Human Rights in the Supply Chain



4.1 Respect for Human Rights in the Supply Chain

The Lafert Group believes in the importance of developing synergies, close collaboration, and engagement with its suppliers, who not only ensure the reliability of production performance but also share the Company's values and expectations in terms of ethical, environmental, and social standards.

In supplier selection, evaluation, and qualification activities, impartiality and respect **for all stakeholders must always be guaranteed**; moreover, during negotiations, the principles defined in Lafert's Code of Ethics must always be upheld.

These same principles form the basis of Lafert's Supplier Code of Ethics, where they are presented in a more detailed and comprehensive manner, with the aim of ensuring that suppliers are aligned with the Group's values. Lafert requires each of its suppliers to review and comply with the Supplier Code of Ethics; any violation of the Code may jeopardize the commercial relationship between Lafert and the supplier, potentially resulting in its termination.

The search, selection, and qualification/approval of new suppliers involve a significant number of interdisciplinary resources within the Lafert Group, usually over medium to long timeframes.

These activities must therefore be planned in advance, shared with the relevant functions, and carried out based on real and objective organizational or business needs, opportunities, or critical issues.

Below are some of the principles on which the Supplier Code of Ethics is based:

ETHICS AND HONESTY

Suppliers must comply with the highest ethical standards of conduct, operating with honesty and integrity in every aspect of their business. Examples of honest conduct and integrity by Suppliers include, but are not limited to:

- refraining from offering or requesting excessively expensive gifts or hospitality in order to influence any business decisions;
- behaving in a fair manner towards competitors and not engaging in practices that could alter competition;
- respecting the dignity of every individual;
- choosing sustainable products and production and business processes.

LABOUR AND HUMAN RIGHTS

Suppliers must comply with current legislation on working conditions and human rights and ensure that this is done throughout their supply chain. In particular:

Prohibition of discrimination: Suppliers shall treat all employees fairly and without discrimination on the basis of gender, age, ethnicity, sexual orientation, any form of disability, religious denomination, trade union membership, marital status or pregnancy status, provide equal opportunities to them and adopt appropriate policies to avoid all forms of discrimination.

Prohibition of harassment and abuse: Suppliers undertake to ensure a safe working environment free from harassment or any other form of abuse.

Rejection of all forms of modern slavery: Suppliers shall ensure that all work performed by their employees and contractors is provided on a voluntary basis and that there is no connection with human trafficking or other forms of slavery or forced labour.

Fighting against child labour: Suppliers are obliged to comply with any local or national laws on minimum working age, and undertake not to use child labour.

Wages and other forms of remuneration: Suppliers shall comply with all applicable local and national laws on minimum wages, ensuring that all employees receive at least the minimum wage and other forms of remuneration prescribed by law, and that overtime work is handled contractually and paid as prescribed by law.

HEALTH AND SAFETY

Suppliers must comply with current occupational health and safety legislation and transmit the same commitment within their supply chain. In particular, Suppliers must ensure that adequate procedures are in place regarding:

- Response to emergencies;
- Communication on health and safety;
- Accident management;
- Hygiene;
- Occupational health, safety and risk prevention.

SUSTAINABILITY - PRODUCTS

Lafert also encourages its suppliers to consider every available means to design and manufacture sustainable products.

SUSTAINABILITY - LOCAL COMMUNITIES

Lafert recommends that its suppliers consider promoting economic and social development as well as contributing to the sustainability programmes of the communities in which it operates.

ENVIRONMENT

Lafert encourages its suppliers to consider making every effort to ensure that their activities do not have an excessive impact on the environment. Lafert recommends that its suppliers give preference to activities aimed at reducing water and energy consumption in production processes and limiting the production of waste by choosing ecologically sustainable goods and services wherever possible.



5. Engaged Communities

5.1 Protection of the Local Community and Territory



5.1 Protection of the Local Community and Territory

Although the Lafert Group operates internationally, it maintains deep roots in the territory where it was founded and where its historic headquarters are still located: San Donà di Piave (Venice).

The Group is highly attentive to issues concerning the local area and the broader social sphere, with no distinction between local and international communities.

The company is committed to providing systematic support through financial contributions, volunteer activities, and participation in multi-year projects, such as:

- **initiatives in the sports sector and/or aimed at youth training and entertainment**, organized by the Municipality of San Donà di Piave
- **open day** organized for school groups and for players of the local rugby team;
- **Lafert Academy**: a production-focused training program for young people. At the end of the training period, Lafert evaluates the potential integration into the Group of those considered particularly deserving.

Associations

For over 20 years, the Lafert Group has supported the local rugby team, **Rugby San Donà**, which carries the company's name.

Through this sponsorship, Lafert not only promotes and encourages athletic and sports development—strongly represented through rugby—but also supports the local community by integrating new resources into the company through the awarding of scholarships.



6. Consumers and End Users

- 6.1 Customer Satisfaction and Relationship Management
- 6.2 Product Quality, Reliability and Safety
- 6.3 Responsible Marketing



6.1 Customer Satisfaction and Relationship Management

The success of the Lafert Group is strongly linked to market appreciation of its products, driven by their high quality, which enables the Group to achieve margins in line with or above those of its competitors.

Flexibility and reliability ensure customer trust as well as strong visibility in the international competitive arena: from robotics to renewable energy, from material handling to air processing, and across a wide range of industrial machinery, the applications of Lafert products are virtually endless. This makes Lafert the ideal partner for the supply of high-performance solutions for a vast array of uses.

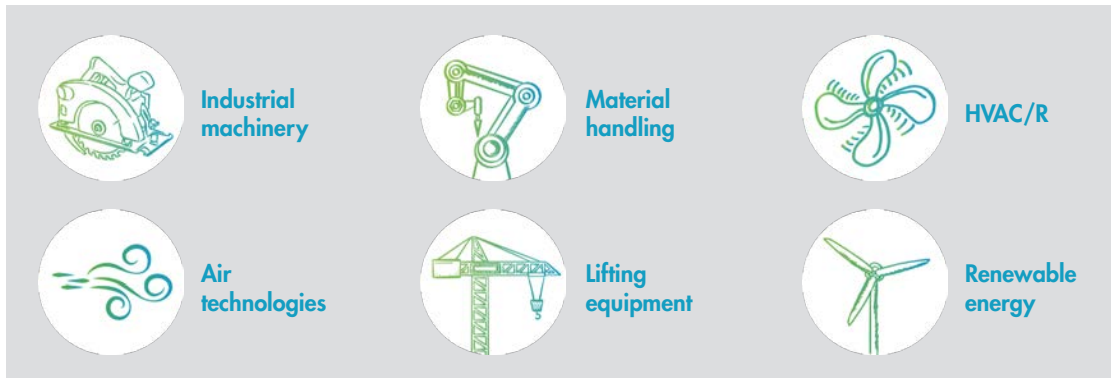
Through a *co-engineering* approach, the Group develops very strong and mutually respectful relationships with its customers, fostering successful and, above all, long-lasting collaborations.

Lafert Group’s integration into Sumitomo has increased opportunities for collaboration with global partners and has strengthened the Group’s international presence.

A new CRM system⁸ has also been launched, which will enable improved project sharing both within Lafert and across the SHI network, particularly for synergistic projects and shared customers within SHI.

Customer Types and Markets Served

Lafert’s customers are mainly manufacturers or distributors operating in the following sectors:



⁸ Customer relationship management

For each of the target markets listed above, Lafert builds its commercial relationships with three different types of customers:

- **OEM (Original Equipment Manufacturer)**, a company that produces products, parts, or components for other companies—referred to as “parent companies”—that then apply their own brand;
- **Distributors**, entities responsible for marketing Lafert-branded products to the final customer;
- **Systems integrator**, companies that integrate systems and machinery—often highly heterogeneous—to create a finished product that is unique, functional, and tailored to the needs of the end user.

In Industrial Automation applications, distributors effectively act as system integrators, providing machine or plant manufacturers with a comprehensive service that includes study/sizing/configuration, supply of the motor/drive/control package, commissioning during start-up, and application support.

From a geographical standpoint, the Group’s customers are mainly located in six key regions:

- **Italy**
- **German-speaking countries;**
- **Scandinavian countries**
- **Rest of Europe**
- **North America**
- **Rest of the world.**

Customer Acquisition and Management

Lafert’s brand positioning is strong, particularly in the segment of customized motors, and its know-how is well established in specific application areas.

For this reason, in most cases, customer acquisition occurs through direct outreach from companies interested in the services and products offered by the Lafert Group. Satisfied customers also contribute to promoting and increasing the Group’s reputation through word-of-mouth. Nonetheless, industry trade fairs undoubtedly play a fundamental role in promoting the Group’s image and reputation.



DIRECT CONTACT



“WORD OF MOUTH”



TRADE FAIRS

Customer relationships are further supported by a widespread local presence that oversees the entire sales process.

At the commercial level, customer relations are managed by territorial sales representatives—Area or Country Managers and Agents—centrally supported by Sales Managers, Application Sales Managers, and Application Specialists. Their role is to understand customer needs, collect requests, guide customers toward the most suitable choices, and monitor their satisfaction with Lafert, with the goal of developing new business opportunities.

At the delivery level, customer relations are handled by the various local **Customer Support teams**, which are responsible for coordinating all resources, responding promptly to requests, and maintaining the customer relationship.

The ability to meet customer needs and anticipate expectations is the key factor in Lafert's development and is essential for maintaining and ensuring long-term trust.

For this reason, the company has developed a plan of actions aimed at improving customer satisfaction through:

- **the development of innovation as a driver for enhancing product performance, supporting customer growth, optimizing their processes, and minimizing environmental impact;**
- **customer focus and satisfaction of their needs (such as product quality and high performance) through co-engineering activities;**
- **the pursuit of technological excellence in response to customer requirements;**
- **the promotion of the well-being of the people who work in and for Lafert.**

In line with these principles and the Company's Code of Ethics, in its relationships with customers, Lafert:

- **is committed to meeting customer expectations by acting in good faith, with fairness, integrity, and transparency;**
- **carries out its activities respecting the right of customers not to receive services or products that fail to meet agreed standards or that could harm their business;**
- **listens to customer requests that may contribute to improving the quality of services and products offered;**
- **refrains from any behavior that could compromise the integrity, reliability, or security of the IT or telematic systems and data of its customers or final consumers.**

To enhance the Group's commercial capabilities, the market must be based on fair and honest competition, in compliance with all applicable laws and regulations.

The Group does not engage in unlawful or unfair practices to obtain confidential information and does not induce employees or customers to disclose sensitive information. Furthermore, it does not conduct business with counterparties involved in risky or illicit activities.

Finally, providing services, sales, or agreements with the intention of obtaining benefits of any kind is strictly prohibited.

6.2 Product Quality, Reliability and Safety

The system adopted by Lafert, which is highly process-oriented and designed to ensure the highest level of quality for its customers, guarantees full transparency throughout the various project phases, leading to the delivery of customized and complex solutions within the expected timeframes.

Lafert holds ISO 9001:2015 certification for its Quality Management System, which covers all management processes—from Research & Development to the sales phase, from delivery and installation to after-sales service.

The Quality System has been designed to achieve the objective of centralizing design control, which is often carried out together with the customer to adapt to the specific requirements of each request. It also ensures compliance with legal regulations and international quality and safety standards, from the design phase through to internal and external production processes.

The production process is vertically integrated and therefore thoroughly monitored in each phase, both by production personnel and by the plant’s Quality Control resources.

Quality, compliance, and safety are guaranteed through appropriate verification, measurement, and control plans at all stages of the production cycle (incoming inspection, manufacturing, assembly, and final testing), performed by trained and qualified personnel. **In particular, during final testing, all motors produced from frame size 56 to frame size 160 undergo 100% electrical and functional testing before being delivered to the customer, as follows:**

| Frequency | Test description | Type of test |
|-----------|--|------------------------|
| 100% | Winding resistance measurement | Functional test |
| 100% | Continuity of thermal protector (if any) | Functional test |
| 100% | High voltage test vs earth at 2.5/3.0kV ac | Safety test |
| 100% | High voltage test between phases at 1.3/2.2kV ac | Reliability test |
| 100% | External ground cable/connection at 25A (if any) | Safety test |
| 100% | Insulation resistance measurement vs earth at 500V or 1kV dc | Additional safety test |
| 100% | No-load test: current, unbalancing and power or V/Ke | Functional test |
| 100% | No-load test: noise and sense of rotation | Functional test |

For traceability purposes, all motors produced in the Lafert Group’s plants (regardless of the brand used) are identified with specific nameplates and markings that indicate their origin, certify their compliance with applicable standards, define their electrical and performance characteristics, and—above all—ensure full traceability through batch numbers and/or production serial numbers linked to the ERP production orders.

Reports of Product Non-Conformities and Complaints

Normally, reporting a product or process non-conformity—originating from returns and/or complaints, non-conformities, scrap and deviations in production, or non-conformities attributable to suppliers—gives rise, depending on the severity of the problem, to a series of actions aimed at identifying the causes and planning activities to contain, correct, and prevent the recurrence of the issue. In particular:

1 – Containment Actions These actions serve to “patch up” or “resolve” a specific problem that has occurred, aiming to limit possible damage. Containment actions are followed by statistical and risk analysis to assess whether the case is single/isolated and whether it concerns a non-conformity defined as “serious”.

2 – Corrective Actions Corrective actions are usually initiated when deviations, discrepancies or non-conformities have already been verified/confirmed, when their resolution alone is not sufficient to prevent recurrence of the phenomenon, and when it is therefore necessary to intervene by correcting, revising, or modifying one of the following elements that typically lie at the origin of the problem.

3 – Preventive Actions Preventive actions represent the activities implemented to prevent the occurrence of potential non-conformities. They generally consist of short- or medium-term activities aimed at strengthening the effectiveness of other related actions (usually corrective actions).

The improvement process considers reports derived directly from:

- internal first-party audits (process/product) and external audits carried out by customers or Certification Bodies;
- the Management Review of the Lafert Group Quality System;
- the periodic risk assessment directly derived from the analysis of all single/isolated cases and all serious or recurring non-conformities reported over a specific period, arising from customer, internal, or external supplier non-conformities.

The output of these processes, followed by a risk/opportunity assessment, may generate improvement opportunities (usually reported by the QA function), which in turn may lead to actual improvement actions. These are used to enhance the quality, reliability, capabilities, and performance of specific products/processes/technologies, as well as improve managerial aspects, and thus represent one of the primary elements of so-called Continuous Improvement.

These actions, in more complex cases, may be implemented through medium- to long-term “improvement projects”, which may involve investments and inter-functional working teams. Such improvement projects are usually managed and approved according to the procedures defined in the organization’s internal documentation.

Complaints may generally come from:

- customers directly;
- sales staff operating on the market on behalf of the Lafert Group (agents, representatives, Key Account Managers, foreign branches, etc.);
- other companies within the Lafert Group;
- individuals and/or companies that do not have direct relations with the Lafert Group but are direct or indirect users of Lafert products.

The staff receiving the complaint is responsible for verifying the completeness and accuracy of the input received before proceeding with its internal dissemination/distribution.

Once it is confirmed that the product or service being reported originates from Lafert, that the inputs are complete, and that the report has a reasonably objective basis, the person who received the report assigns a complaint number, categorizes it based on type, and forwards it to the competent function.

When the problem cannot be solved quickly by sharing data, documents, or information—and therefore requires a more complex management process—the business functions with greater expertise are involved to assess the importance, severity, and urgency of the report, as well as the timing for its resolution.

The resolution of a complaint consists of implementing the most urgent or immediate actions to confine, contain, limit, and possibly avoid the potential negative effects that could arise from not addressing the reported issue.

At the end of evaluations, investigations, and assessments, the appointed function communicates the proposed solutions considered most suitable for closing the complaint. It is essential to ensure that the information/decisions are communicated to the complainant and that the complaint resolution is properly recorded in a specific form to ensure future traceability.

Main Lafert Certifications

To ensure quality and safety for end customers, Lafert products hold a set of certifications guaranteeing compliance with national, European, and international directives. Below are the main Lafert certifications.



Certificazione CE

The CE mark, which stands for **European Conformity Mark**, guarantees to the consumer that the product complies with all the provisions of the European Community covering its entire lifecycle—from design and manufacturing to placing on the market, commissioning, and disposal.

This symbol is mandatory on many products in order to be marketed within the European Economic Area (EEA), which includes the European Union countries and the three EFTA countries (Norway, Iceland, and Liechtenstein).

All Lafert products have borne the CE mark since 1995.



Certificato di Conformità CSA - Canada

The legal framework governing the safety of machinery and electrical equipment in the workplace for products exported to the Canadian market is defined by the **Occupational Health and Safety (OHS) Act**. This code, in addition to having legal force, also contains technical requirements and specifies the applicable reference standards, known as consensus standards.

Lafert holds CSA conformity certification for its AC motors.



UL Certificate of Conformity

The UL Mark on a product demonstrates the manufacturer’s continuous compliance with the applicable safety standards.

UL is the only independent certification body authorized to issue the UL Mark. The UL Mark is the most widely recognized, respected, and accepted proof of a product’s conformity with U.S. and Canadian safety requirements.

Lafert holds UL certification for AC motors, PM synchronous motors, and Brushless Servomotors.



CCC Certification

The China Compulsory Certification (CCC) is a mandatory scheme in force since 2002. **Before being imported or marketed in China, products belonging to specific categories covered by the CCC must obtain the relevant certificate.**

The certification requirement applies to both electronic and non-electronic products. The CCC certification process includes safety tests and EMC testing. Manufacturers must have their products tested exclusively in certification laboratories located in China.

Furthermore, the certificate of conformity must be issued by a certification body designated by the Certification and Accreditation Administration of China (CNCA).

Lafert holds CCC Certification for AC motors, PM synchronous motors, and the ATEX Brushless Servomotor range.



EAC Certification

The Eurasian Economic Union (EAEU)—composed of the Russian Federation, Armenia, Belarus, Kazakhstan, and Kyrgyzstan—requires mandatory EAC certification for industrial and consumer products to access these markets.

EAC certification is therefore an essential requirement for exporting to Russia and other EAEU member states.

Additionally, the EAC certificate is mandatory for distribution in CIS countries (Azerbaijan, Ukraine, Moldova, Tajikistan, Uzbekistan, and Turkmenistan).

Compliance can be formalized as either a certificate or a declaration, issued for serial production or specific batches.

Lafert holds EAC Certification for AC motors.



UKCA Certification – UK Conformity Assessed

Since January 1, 2021, UKCA has been the required conformity assessment marking for Great Britain (England, Wales, and Scotland).

It applies to most products that previously required the CE mark.



Certification cURus - UL Underwriters Laboratories Inc.

cURus is a safety mark certified by Underwriters Laboratories.

The mark is intended for the U.S. and Canadian markets and, unlike the cULus mark, it is designed for components that form part of larger products or systems. Using a cURus-certified component simplifies the cULus certification process for the final product.

For example, a power supply may be cURus-certified, while the computer incorporating it may be cULus-certified.

Lafert holds cURus Certification for AC motors, PM synchronous motors, and the Brushless Servomotor range.



Compliance with Directive 2014/34/EU ATEX – II 3G/D for Use in Potentially Explosive Atmospheres

The European Union, in relation to risks arising from potentially explosive atmospheres, has adopted two directives addressing health and safety.

ATEX Directive 2014/34/EU was transposed into Italian law through Legislative Decree No. 85 of 19 May 2016 and applies to products placed on the market and/or put into service from 20 April 2016.

It defines the responsibilities of the main economic operators (Articles 6, 7, 8, and 9 of ATEX Directive 2014/34/EU) and the product certification procedures (Article 13 of ATEX Directive 2014/34/EU).

Lafert holds ATEX Certification for its range of Brushless Servomotors.

6.3 Responsible Marketing

Believing that ethical and responsible conduct is fundamental to the company's success, Lafert's activities are guided by a constant and ambitious pursuit of uncompromising quality.

The company is therefore committed to:

- providing truthful and comprehensive information, enabling customers to make informed decisions;
- condemning the use of any communication tool that may mislead customers regarding the quantity, quality, origin, or provenance of the products/services offered;
- certifying that its products meet market requirements in compliance with applicable laws in the countries where they are marketed, including safety requirements;
- ensuring that advertising messages directed at customers adhere to criteria of clarity and transparency, prohibiting any misleading, evasive, or improper practices.

The Marketing & Communication department supports the sales network and the planning of commercial activities, and is also responsible for the Group's marketing initiatives, such as representing the corporate identity, enhancing the brand, organizing corporate events, and defining the messages to be communicated to stakeholders.

Lafert's marketing activities are carried out through the channels described below:

- optimizing internal processes and workflow/approval procedures, as well as archiving and sharing documents;
- providing employees with a shared space to foster mutual knowledge, especially during the challenging pandemic period, which required many staff members to work remotely.

A concise monthly document, called the **Monthly Report**, is also in place and distributed to the directors of the main units. In the monthly report, each area contributes by drafting a section aimed at providing an update on the activities and ongoing projects under its responsibility. The administrative department, instead, includes economic, financial, and strategic information to ensure that all managers are informed about the performance of the companies within the Lafert Group

Web site

The website is the primary communication channel through which all stakeholders are updated on product news, corporate changes, and the social initiatives of the Lafert Group.

In the "Download area", a wide range of flyers and brochures is available, providing detailed information on products, the company, certifications, safety instructions, and energy efficiency levels for all solutions produced.

Social media

Lafert Group promotes its content on **LinkedIn**, aiming to share daily news with its employees and, more broadly, with the local community.

Trade Fairs

Lafert has always participated in numerous industry trade fairs, both in Europe and worldwide.

Videos

Lafert periodically produces institutional videos as well as product and application presentations, with the goal of showcasing the unique features of Lafert solutions, along with the Group's know-how and innovation.

Internal Communication

Employee communication is carried out mainly through a monthly Newsletter, aimed at informing all staff about initiatives, achievements, events, new partnerships, and results—thus supporting employer branding.

Among the initiatives underway or under development to support change and innovation—explaining and sharing them with employees—is the design of a Group Intranet, intended to:

- communicate the Purpose, Vision, and Mission, disseminating corporate values and strengthening the sense of belonging;
- create a shared corporate culture based on trust and participation in innovation processes;
- simplify and speed up the onboarding process for new employees;
- centralize information and make it timely, reliable, and accessible to all, while enhancing security;
- optimize internal processes and approval workflows, archive and share documents;
- provide employees with a shared space to foster mutual knowledge, particularly during the pandemic period, when many employees were required to work remotely.

7. Governance Disclosure

- 7.1 Ethics and corporate culture
- 7.2 Sustainable Procurement
- 7.3 Participation in External Initiatives and Memberships
- 7.4 Cybersecurity and Data protection



HIGHLIGHTS | Governance Disclosure

- **Group Sustainability Policy**
- **ISO 9001:2015 "Quality Management System", ISO 45001:2018 "Safety Management System", ISO 14001:2015 "Environmental Management System" Certifications**
- **Group Code of Ethics, Model 231, Supplier Code of Ethics**
- **No confirmed cases of corruption in 2024**



7.1 Ethics and corporate culture

Lafert strongly believes that defining specific procedures that govern company management aimed at creating shared value is essential to pursue the sustainable success of the company.

The Company, consistently with the traditional alignment of the Group with best practices in corporate governance, has defined a system of corporate governance rules that pays attention to external communication, in order to promote transparent, timely and complete information to stakeholders regarding the company's strategic and operational developments.

The sensitivity towards sustainable topics is also a chief priority for the Sumitomo holding company. To this end, in March 2020, the SHI Group established with the resolution of the Board of Directors the **"Group Sustainability Policy"**. The goal of this policy is to integrate sustainability into business activities, paying particular attention to the development of products and services which contribute to sustainable growth, technological and economic development, and a reduction to the minimum in the environmental impact of the production. In March 2021, a **Sustainability Committee was nominated in direct contact with the Board**, with the task of monitoring the medium- and long-term strategy of the Group.

Proving their commitment to the topics of sustainability, in 2022 Sumitomo Heavy Industries, Ltd. obtained the "Bronze Rating" from Eco Vadis in February 2024.

Being part of the Sumitomo Group, Lafert Group is heavily influenced by this sensitivity and so, it has voluntarily outlined the Sustainability Report, the Sustainability Plan, and the Mobility Plan.

In March 2024, the Board of Directors of Lafert S.p.A. nominated a Sustainability Committee too and is planning to spread more awareness in the Group about the topics of sustainability during the year by organizing specific training courses for all the working staff about themes such as transparent governance, gender equality, discrimination vs inclusivity, etc. Moreover, in order to raise collective knowledge about these topics, surveys and newsletters will periodically be sent to all stakeholders.

During 2023, Lafert implemented its **2023-2026 Sustainability Plan** with a medium- to long-term perspective (also considering all the objectives and actions contained therein), while in 2024 it obtained ISO 30415:2021 **'Diversity & Inclusion' and UNI PDR 125:2022 "Guidelines on the management system for gender equality"**.

The picture presented shows an ever-increasing sensitivity towards achieving mature and responsible management of the company, with particular regard to sustainability, ethics and transparency, environmental protection and respect for human rights.

Code of Ethics

Lafert Group is aware of the importance of its social and ethical responsibility towards individuals both inside and outside the company and is determined to ensure the utmost fairness in the conduct of its business and related corporate activities, also to protect its image and reputation.

The Code of Ethics, an integral part of MOG 231, defines the fundamental standards of ethical and responsible conduct that must be followed on a daily basis by all individuals within the company and by all those who collaborate with/for it.

This Code has been adopted by each company in the Group.

The document integrates the various policies and procedures with the company's fundamental values, creating a common basis for the decision-making process of any employee.

In order to achieve its objectives, Lafert complies with the following principles:

- **Customer satisfaction**
- **Ethics and integrity in conducting business**
- **Compliance with laws and regulations**
- **Protection of the environment and safety**
- **Respect for human rights, diversity and non-discrimination of human resources**
- **Social responsibility and commitment towards the community**
- **Confidentiality of information and protection of corporate know-how**

Lafert has also drawn up a **Supplier Code of Ethics**, which is applied globally to all suppliers, agents, contractors, subcontractors and business partners of the Lafert Group.

A special section called 'Social Responsibility' has been created on the company website, which defines all the Lafert Group's activities aimed at sustainable development. The following can be consulted in this section:

- Lafert Group Code of Ethics and Conduct
- Supplier Code of Ethics and Conduct
- Abstract of the Organisation, Management and Control Model pursuant to Legislative Decree 231/01
- Sustainability Report
- Whistleblowing Policy: guidelines for reporting misconduct and/or suspected illegal acts

All other existing policies and procedures are available internally and can be freely consulted by all employees.

The Organisation, Management and Control Model ex D.lgs. n. 231/01

In order to ensure compliance with current legislation and the principles of clarity and transparency in the conduct of its business, as well as to prevent corruption, Lafert S.p.A. has had an Organisation, Management and Control Model (hereinafter also referred to as MOG 231 or Model) in place since 2012, in line with Legislative Decree No. 231 of 8 June 2001. Management and Control Model (hereinafter also referred to as MOG 231 or Model) in line with Legislative Decree No. 231 of 8 June 2001.

The latest version of the Model, which incorporates the new organisational structure and regulatory changes, was approved by the Board of Directors on 21 December 2023.

The Company decided to proceed with the preparation of the Model in the belief that it represents a tool for improving corporate governance, as well as an opportunity to raise awareness among company personnel, through process control, of the need to prevent and/or impede the commission of offences.

The Model consists of a **General Section** and Special Sections: the General Section illustrates the essential components of the Model, with particular reference to the Supervisory Body, staff training and dissemination of the Model within and outside the company, the disciplinary system and the measures to be taken in the event of non-compliance with its provisions. The Special Sections are dedicated to the various types of criminal offences and administrative offences considered to be a potential risk for the Lafert Group. To this end, each **Special Section** contains references to the individual offences referred to in Legislative Decree No. 231/2001 and to the principles of conduct that should inspire all areas identified as being at risk of criminal offences, even potentially. Within each Special Section, sensitive processes, possible methods of committing offences, and the operating principles of control and internal inspection are identified.

Through the implementation of this Model, in full harmony with the Group's Code of Ethics and Conduct, Lafert S.p.A. aims to **promote transparent behaviour** on the part of its employees and all those who, on a daily basis and in various capacities, are called upon to work with the Company, in line with the objective of preventing the commission of offences.

In compliance with the Decree and considering the considerable size of the Group, Lafert deemed it appropriate to establish a **Supervisory Body** (SB) in the form of a collegiate body (rather than a monocratic body as previously constituted), which was appointed by the Board of Directors on 23 March 2022 and renewed on 10 June 2025, with a term of office lasting until the approval of the 2027 Financial Statements. The members of the Supervisory Body have different skills and professional backgrounds in order to ensure effective and efficient supervision of all areas at risk.

To date, the SB has not received any reports nor detected any incidents of corruption.

| Supervisory Body (SB) | |
|-----------------------|-------------|
| Alessia Oddone | Chairperson |
| Camilla Menini | Councillor |
| Elena Bonafè | Councillor |

The powers of the Supervisory Body are to be referred to specific supervisory tasks on the effective and proper functioning of the Organisational, Management and Control Model, on its consistency with the objectives and on its periodic updating. It is specified that, in order to perform its duties, the SB meets periodically at least on a quarterly basis and minutes are drawn up for the meetings, entered into an appropriate register of meetings.

Regarding the management of the “conflict of interest”, in order to mitigate the happening chance of such situations, Lafert S.p.A. dealt with this topic by establishing an anticorruption internal policy, as well as including it in the Code of Ethics of the Group, especially highlighting each employee’s personal effort to prevent the origination of situations of conflict of interest and, in case of happening or of the potential doubt of the happenstance, the duty to report immediately via the designated e-mail address or to the independent and collegial Supervisory Body (S. B.) Since 2024 Lafert S.p.A. has introduced a process of verification and mapping of potential conflicts of interest of employees, as well as any relations with representatives of the Public Administration, in order to avoid potential fraudulent or corruptive situations.

If a situation of conflict of interest were to emerge, the Management Team is tasked with internally resolving the issue and, in case of extreme relevance, the issue should be brought to the attention of the BoD, which enacts the required considerations and examinations.

Prevention and fight against corruption

For the purposes of implementing the Organization, Management, and Control Model pursuant to Legislative Decree 231/2001, Lafert initiated a self-risk assessment activity aimed at identifying sensitive areas and activities in relation to the potential commission of 231 predicate offences. The predicate offences deemed applicable to Lafert were therefore identified and associated with specific corporate areas and activities. To mitigate the risk of offences, various control measures were introduced, including procedures, operating instructions, manuals, and policies.

Over the years, Lafert S.p.A. has introduced two procedures concerning the management of corruption risk:

- 1) **Anticorruption – Relations with Public Authorities**, which defines the conduct to be adopted in dealings with Public Officials; the application of this policy covers the entire Group;
- 2) **Anticorruption – Relations with Private Parties**, which defines the conduct to be adopted in the context of relations between private entities; the application of this policy is more limited and has been extended to the entire Lafert Group starting from 2024.

⁹ Conflict of interest” means any situation in which an individual’s self-interest and/or activity interferes, or even appears to interfere, with Lafert’s interests.

These policies were communicated to all Group personnel and governing bodies, and a dedicated training session was delivered for each document, involving all employees. The anticorruption training was delivered through multiple methods: inperson sessions, online sessions, and the distribution of printed materials. All training materials (as well as the procedures themselves) were shared and made available to all employees. The anticorruption policies adopted by the Lafert Group are published in the “Social Responsibility” section of Lafert’s corporate website.

In accordance with Directive (EU) 2019/1937 and Legislative Decree 24/2023 implementing it, Lafert S.p.A. has implemented the Whistleblowing reporting system through the following activities:

- **Whistleblowing Policy:** a specific procedure and set of guidelines for reporting misconduct and/or suspected unlawful acts, defining the scope of application as well as the process for handling reports received by Lafert, aimed at ensuring the confidentiality of information, with particular reference to the identity of the individuals involved;
- **Implementation of a digital reporting channel** ensuring the confidentiality of the individuals involved and an efficient management of received reports;
- **Appointment of the Supervisory Body (Organismo di Vigilanza)** as the independent and autonomous entity responsible for handling reports.

In compliance with the European directive, the whistleblowing system has also been implemented in Lafert Elektromotorji d.o.o. through a dedicated procedure, the appointment of an independent and autonomous body responsible for managing reports and the reporting channel.

Throughout 2024, the Lafert Group did not record any confirmed cases of corruption.

Regulatory compliance

During 2024 and over the last three years, no events occurred that resulted in sanctions and/or legal proceedings related to noncompliance with environmental laws, regulations, or standards. Similarly, as of the date of preparation of this Sustainability Report, no environmental disputes are pending.

No complaints or reports from external parties or regulatory authorities have been received by the Company regarding noncompliance with social or economic laws and regulations, including anticompetitive behaviour, antitrust violations, or monopolistic practices, nor have any sanctions been imposed for violations concerning product safety regulations, industrial and intellectual property, marketing activities, or anticompetitive conduct.

Overall, the Organization did not identify any significant cases of noncompliance with laws and regulations during the reporting period.

Management systems

Lafert, as a global manufacturer of electric motors, aims to grow continuously, sustainably, and ethically, becoming the ideal partner for creating value for its stakeholders. To this end, the company has progressively structured its management system in accordance with international standards through an Integrated Environmental, Health and Safety Management System (IMS).

In particular, the Group is certified in accordance with **UNI EN ISO 9001:2015** (quality), **UNI EN ISO 14001:2015** (environment), and **UNI EN ISO 45001:2018** (health and safety).

Thanks to this integrated management system, the Company ensures that the products and services provided to its customers comply with specific requirements; moreover, it monitors and minimises the negative environmental impacts arising from its business activities and is committed to providing a safe and healthy working environment, preventing work-related injuries and illnesses.

With regard to the companies belonging to the Lafert Group, it should be noted that Lafert (Suzhou) Co. Ltd. has also obtained UNI EN ISO 9001:2015 certification.

Furthermore, since Lafert is part of the Sumitomo Group, it must necessarily take into account the compliance framework adopted by the Japanese holding company. In Japan, there are two key acts governing corporate compliance: the Companies Act and the Financial Instruments & Exchange Act (commonly referred to as JSOX, the Japanese version of the SarbanesOxley Act – SOX). In particular, the first applies solely to the parent company, whereas the second applies to all companies listed on the Japanese stock market and, consequently, to all subsidiaries, including Lafert.

The JSOX compliance framework introduces stringent rules for internal control over financial reporting in order to protect all stakeholders and enhance the accuracy and reliability of corporate information.

Control activities are carried out along two main dimensions:

- **Process Level Control (PLC)**: this focuses primarily on control activities and the monitoring of such activities at the process level (e.g., approvals, authorisations, checks, and reconciliations). Following the merger of the four Italian companies completed in 2023, J-SOX will come into force at Lafert S.p.A. in 2026; therefore, Lafert has already begun the process of implementing JSOX compliance by involving the managers of all inscope areas and preparing the documentation supporting the control activities required by the regulation.
- **Company Level Control (CLC)**: this verifies that the company properly manages internal controls relating to organisation, IT, and financial reporting. Each year, the company completes questionnaires covering governance, risk management, communication, and monitoring.

The application of accounting standards, the correctness of closing procedures, data quality, and IT system security are also reviewed.

7.2 Sustainable Procurement

The Lafert Group promotes sustainable supplier management based on collaboration, trust, and the sharing of ethical, environmental, and social values. The selection and qualification of strategic partners take place through accurate and wellplanned interdisciplinary processes aimed at ensuring longterm relationships founded on responsibility and continuous improvement.

Lafert Group's suppliers are primarily involved in the procurement of raw materials, components, and finished products.

Supplier Types

Lafert Group's suppliers are primarily involved in the procurement of **raw materials, components, and finished products**.

Supplier Selection Criteria

The search and selection of new suppliers is typically driven by the need to improve the supplier base with regard to the following primary factors:

- Reducing purchase prices
- Increasing product quality;
- Improving the level of service (deliveries, supply conditions, etc.);
- Opportunities linked to procurement flexibility;
- Reducing supply risks (business continuity, contingency plans, etc.);
- Compliance with sustainability (ESG) requirements.

Based on these needs, the search for potential new suppliers is initiated autonomously by the **Purchasing (PCS) function**, with the possible support of the functions directly involved. In particular:

1. When scouting activities identify a range of potential suppliers, the PCS function gathers as much information as possible regarding these suppliers (through registries, brochures, catalogues, phone contacts, internet searches, introductory meetings, etc.), thereby carrying out an initial screening;
2. After assessing the risks, opportunities, and strengths of each potential supplier, the PCS function—possibly with input from the relevant departments—initiates the qualification, approval, and negotiation process with the selected supplier(s), collecting all information relating to the supply as well as the necessary cost estimates.
3. Once the informational documents and the offer for the requested supply have been acquired, the Buyer may proceed with entering the supplier into the registry and issuing the purchase order for the qualification/ approval of the requested supply.

Starting from 2022, the Lafert Group formalised the Supplier Code of Ethics, and its signature by suppliers has become a mandatory condition for working with Lafert. Also in 2024, the Supplier Code of Ethics was sent to and signed by all suppliers of raw materials, processing, and components for the Group. The Group has also extended the distribution of the document to its main service and maintenance suppliers. Signing this document has become a binding criterion in the selection and evaluation of new suppliers.

The Central Purchasing Department has also defined a Vendor Rating model to classify and monitor all active suppliers in terms of competitiveness, quality, service level, financial solidity, etc. To this end, an extensive



mapping of all Group suppliers is currently under way. It should be noted that in 2024 the Company introduced into the supplier assessment and classification process an indicator evaluating the level of support a supplier can provide to Lafert in following its strategy on standards and regulations, including sustainability-related topics.

At present, the Organisation has not yet established formalised supplier selection criteria specifically related to sustainability aspects; however, there is a clear intention to integrate this dimension in the future.

Periodic Supplier Evaluation

Suppliers with whom the Lafert Group maintains business relationships are periodically subject to a comprehensive assessment.

This evaluation follows a specific methodology based on eight KPIs and is updated on a semiannual basis. As part of the quarterly risk assessments, presented in the “Risk Management” section, the impact of each identified risk on business continuity is also analysed in relation to the supply chain and the Group’s suppliers.

Supplier Payment Practices

Payments to suppliers are generally made within 60 days for service providers and within 90–120 days for raw material suppliers, in compliance with agreed terms. At present, there are no legal proceedings concerning late payments to suppliers.

7.3 Participation in External Initiatives and Memberships

Lafert is a member of several industry associations in the industrial and electronics sectors. The associations to which it belongs are listed below:



Confindustria is the main association representing manufacturing and service companies in Italy. The voluntary membership of Confindustria comprises of over 150,000 small, medium and large enterprises, for a total of 5,382,382 employees.

The association’s mission is to promote the central importance of companies, as drivers of Italy’s economic, social and civil growth. In this sense, it defines common strategies and – while respecting their spheres of autonomy and influence – it shares objectives and initiatives with the world of economy and finance, of national, European and international institutions, the Public Administration, Social Partners, culture and research, science and technology, politics, information and civil society.

Lafert is a member of Confindustria



ANIE Federazione is one of the foremost trade organisations of the Confindustria system in terms of weight, size and representativeness.

1,400 companies of the electrotechnical and electronics industry are members of ANIE. The sector employs 500,000 people with an aggregate turnover (at the end of 2021) of 76 billion Euro. The associated companies, suppliers of cutting-edge technological systems and solutions, embody Made in Italy technological excellence, stemming from significant annual investments in Research and Innovation. 30% of private expenditure in Research and Innovation invested in Italy every year originates from ANIE sectors.

Lafert is a member of ANIE



CEMEP is the European Committee of Manufacturers of Electrical Machines and Power Electronics, officially set up in November 2013. CEMEP members are the twelve European associations representing manufacturers of HV/LV electrical motors, Drives and UPS.

Federazione ANIE, through its two associations ANIE Automazione and ANIE Energia, is a member of CEMEP and has held the position of General Secretariat since 2013.

CEMEP supports the interests of the industry at European level in the technical, regulatory and legislative fields.

Lafert is a member of CEMEP

7.4 Cybersecurity and Data protection

The protection of personal data and IT security are primary objectives for Lafert S.p.A., whose commitment is reflected in a series of parallel and coordinated activities, supported also by external consultants.

The Company has long established an internal governance system for the collection and processing of personal data, developing and implementing internal procedures on security, data protection, and regular training and awareness programs for employees.

For some Group companies, given their recent acquisition, an analysis is currently underway on procedures and overall governance relating to personal data protection and cybersecurity, in order to assess their alignment with the Parent Company's Privacy Compliance Program.

Should any changes or integrations be required, these will be promptly communicated to the newly acquired companies, and their timely implementation will be monitored and ensured by Lafert.

Decisions and operations that may impact cybersecurity and/or personal data protection are carefully assessed by the relevant personnel. Oversight of compliance with and continuous updating of all corporate policies on cybersecurity and data protection is ensured through a privacy compliance program, in which roles and responsibilities for fulfilling personal data processing obligations are assigned based on the specific expertise of the designated employees.

The Company has appropriate privacy notices, a record of processing activities, and a privacy policy and cookie policy on its website, as well as internal procedures for managing key privacy requirements and IT systems that are protected and constantly updated by the responsible departments, ensuring at all times the highest standards of data security and integrity.

The decision to adopt the new ERP software represents a fundamental step in Lafert S.p.A.'s corporate growth. This system enables secure and segregated information management, ensuring full transaction traceability while retaining the existing DB2 (AS400) database platform. At the same time, the possibility of migrating to Oracle Cloud is being evaluated.

Cybersecurity is a cornerstone of the Company, which is why Lafert has implemented an advanced system for managing network data traffic, such as DarkTrace. Thanks to its Antigena AI engine, it analyzes standard traffic patterns to identify potential anomalies and autonomously responds to each suspicious event.

In 2024, the new IT Security training program was also launched—a multi-year web-based initiative designed to help users understand the risks they may encounter in their daily work activities. In addition to informational modules, the course includes practical exercises, tests, and simulations illustrating the consequences of potential incorrect responses.

To best safeguard personal data, the Company limits their collection as much as possible in compliance with the principle of data minimization, ensuring that the specific legal basis for the collection and processing of such data is clearly indicated each time, and providing all information necessary for data subjects to exercise their rights.

In B2B relationships, the integrity and confidentiality of any personal data exchanged during the performance of commercial contracts is ensured through clauses specifically designed for this context.

The Company's commitment is demonstrated by the fact that no data breaches, thefts, or losses have been recorded, nor have any complaints or notices of investigative proceedings been reported to date by the competent Authorities.

ESRS Content Index



| Disclosure requirements | | Description of the disclosure requirement | Paragraph |
|-------------------------|-------|--|---|
| ESRS 2 | BP-1 | Basis for preparation of the sustainability statement | Basis for preparation of the sustainability statement |
| ESRS 2 | BP-2 | Specific information if the undertaking uses phasing-in options | Specific information if the undertaking uses phasing-in options |
| ESRS 2 | GOV-1 | The role of the administrative, management and supervisory bodies in relation to sustainability | The administration, management and control bodies |
| ESRS 2 | GOV-2 | Information provided to the company's administrative, management and supervisory bodies and sustainability issues addressed by them | The administration, management and control bodies |
| ESRS 2 | SBM-1 | Strategy, business model and value chain | The business model; |
| ESRS 2 | SBM-2 | Interests and views of stakeholders | The value chain. |
| ESRS 2 | SBM-3 | Interaction of material impacts risks and opportunities with strategy and business model | Stakeholder management |
| ESRS 2 | IRO-1 | Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported | Strategy and sustainability |
| ESRS 2 | IRO-2 | Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement | Double materiality analysis |
| ESRS E1 | SBM-3 | Interaction of material impacts risks and opportunities with strategy and business model | Double materiality analysis |
| ESRS E1 | IRO-1 | Description of the processes to identify and assess material climate-related impacts, risks and opportunities | Strategy and sustainability |
| ESRS E1 | E1-2 | Policies related to climate change mitigation and adaptation | Double materiality analysis |
| ESRS E1 | E1-3 | Actions and resources in relation to climate change policies | Environmental responsibility |
| ESRS E1 | E1-4 | Targets related to climate change mitigation and adaptation | Lafert's commitments in the fight against climate change |
| ESRS E1 | E1-5 | Energy consumption and mix | Lafert's commitments in the fight against climate change |
| ESRS E1 | E1-6 | Gross Scopes 1, 2, 3 and Total GHG emissions | Sustainable energy management |
| ESRS 2 | SBM-3 | Interaction of material impacts risks and opportunities with strategy and business model | Emissions |
| ESRS E2 | IRO-1 | Description of the processes to identify and assess material impacts, risks and opportunities related to biodiversity and ecosystems | Strategy and sustainability |
| ESRS E4 | E4-2 | Policies related to biodiversity and ecosystems | Double materiality analysis |
| ESRS E4 | E4-3 | Actions and resources related to biodiversity and ecosystems | Biodiversity-related impacts and dependencies |
| ESRS E4 | E4-4 | Targets related to biodiversity and ecosystems | Biodiversity-related impacts and dependencies |
| ESRS E5 | IRO-1 | Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported | Biodiversity-related impacts and dependencies |
| ESRS E5 | E5-1 | Policies related to resource use and circular economy | Double materiality analysis |
| ESRS E5 | E5-2 | Actions and resources in relation to resource use and circular economy | Efficient use of resources and waste management |

| Disclosure requirements | | Description of the disclosure requirement | Paragraph |
|-------------------------|-------|--|---|
| ESRS E5 | E5-3 | Targets related to resource use and circular economy | Efficient use of resources and waste management |
| ESRS E5 | E5-5 | Resource outflows | Efficient use of resources and waste management |
| ESRS S1 | SBM-2 | Interests and views of stakeholders | Stakeholder management |
| ESRS S1 | SBM-3 | Interaction of material impacts risks and opportunities with strategy and business model | Double materiality analysis |
| ESRS S1 | S1-1 | Policies related to own workforce | Job creation and respect for workers' rights |
| ESRS S1 | S1-2 | Processes for engaging with own workers and workers' representatives about impacts | Job creation and respect for workers' rights |
| ESRS S1 | S1-3 | Processes to remediate negative impacts and channels for own workers to raise concerns | Job creation and respect for workers' rights |
| ESRS S1 | S1-4 | Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions | Job creation and respect for workers' rights |
| ESRS S1 | S1-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | Job creation and respect for workers' rights |
| ESRS S1 | S1-6 | Characteristics of the undertaking's employees | The employees; |
| ESRS S1 | S1-7 | Characteristics of non-employee workers in the undertaking's own workforce | Turnover. |
| ESRS S1 | S1-8 | Collective bargaining coverage and social dialogue | The employees |
| ESRS S1 | S1-9 | Diversity metrics | The employees |
| ESRS S1 | S1-12 | Persons with disabilities | Diversity metrics |
| ESRS S1 | S1-13 | Training and skills development metrics | Diversity, equity and inclusion |
| ESRS S1 | S1-14 | Health and safety metrics | Training and skills development |
| ESRS S1 | S1-15 | Work-life balance metrics | Accidents |
| ESRS S2 | SBM-2 | Interests and views of stakeholders | Workers' well-being and work-life balance |
| ESRS S2 | SBM-3 | Interaction of material impacts risks and opportunities with strategy and business model | Stakeholder management |
| ESRS S2 | S2-1 | Policies related to value chain workers | Double materiality analysis |
| ESRS S2 | S2-2 | Processes for engaging with value chain workers about impacts | Respect for human rights in the supply chain |
| ESRS S2 | S2-3 | Processes to remediate negative impacts and channels for value chain workers to raise concerns | Respect for human rights in the supply chain |
| ESRS S2 | S2-4 | Actions taken on material impacts on value chain workers, approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions | Respect for human rights in the supply chain |

| Disclosure requirements | | Description of the disclosure requirement | Paragraph |
|-------------------------|-------|--|--|
| ESRS S2 | S2-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | Respect for human rights in the supply chain |
| ESRS S3 | SBM-2 | Interests and views of stakeholders | Stakeholder management |
| ESRS S3 | SBM-3 | Interaction of material impacts risks and opportunities with strategy and business model | Double materiality analysis |
| ESRS S3 | S3-1 | Policies related to affected communities | Protection of the local community and area |
| ESRS S3 | S3-2 | Processes for engaging with affected communities about impacts | Protection of the local community and area |
| ESRS S3 | S3-3 | Processes to remediate negative impacts and channels for affected communities to raise concerns | Protection of the local community and area |
| ESRS S3 | S3-4 | Actions taken on material impacts on affected communities, approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions | Protection of the local community and area |
| ESRS S3 | S3-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | Protection of the local community and area |
| ESRS S4 | SBM-3 | Interaction of material impacts risks and opportunities with strategy and business model | Double materiality analysis |
| ESRS S4 | S4-1 | Policies related to consumers and end-users | Customer satisfaction and management of the relationships with customers |
| ESRS S4 | S4-2 | Processes for engaging with consumers and end-users about impacts | Customer satisfaction and management of the relationships with customers |
| ESRS S4 | S4-3 | Processes to remediate negative impacts and channels for consumers and end-users to raise concerns | Customer satisfaction and management of the relationships with customers |
| ESRS S4 | S4-4 | Actions taken on material impacts on consumers and end-users, approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions | Customer satisfaction and management of the relationships with customers |
| ESRS S4 | S4-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | Customer satisfaction and management of the relationships with customers |
| ESRS G1 | GOV-1 | The role of the administrative, management and supervisory bodies in relation to sustainability | The administration, management and control bodies |
| ESRS G1 | IRO-1 | Description of processes to identify and assess relevant impacts, risks and opportunities related to business conduct | Double materiality analysis |
| ESRS G1 | G1-1 | Business conduct policies and corporate culture | Ethics and business culture |
| ESRS G1 | G1-2 | Management of relations with suppliers | Sustainable procurement |
| ESRS G1 | G1-3 | Prevention and detection of corruption and bribery | The Organisation, Management and Control Model |
| ESRS G1 | G1-4 | Confirmed incidents of corruption or bribery | Preventing and combating corruption |
| ESRS G1 | G1-6 | Payment practices | Supplier payment practices |

Annexes



| List of material issues and related material risks | | | Stages of the value chain where impacts occur | | | Characteristics of the impacts | | |
|--|---|---|---|------------|------------|--------------------------------|-------------------------|--|
| Topic | Material Issue | Material Impacts | Upstream | Operations | Downstream | Positive/negative impact | Actual/potential impact | Potentially impacted stakeholders |
| E1 – Climate change | Fight against climate change | Generating direct and indirect CO ₂ emissions, slowing down the achievement of the Paris Agreement targets and the European Green Deal | X | X | X | Negative | Actual | <ul style="list-style-type: none"> • Environment • Local communities • Customers • Banks and insurance companies • Government agencies • Shareholders and investors • Employees |
| | | Modification and adaptation of infrastructure aimed at counteracting the effects of climate change, improving its resilience (e.g. by preventing disruptions in production due to damage to the installations) and ensuring the preservation of employment and the well-being of workers. | | X | | Positive | Actual | <ul style="list-style-type: none"> • Environment • Customers • Banks and insurance companies • Shareholders and investors • Employees |
| | | Contribution to combating climate change and reducing CO ₂ emissions in the markets served through the production and sale of energy-efficient electric motors | | X | X | Positive | Actual | <ul style="list-style-type: none"> • Environment • Banks and insurance companies • Shareholders and investors |
| | Sustainable energy management | Increased energy efficiency of production facilities and offices through the installation of photovoltaic systems | | X | | Positive | Potential | <ul style="list-style-type: none"> • Employees • Environment |
| E4 – Biodiversity and ecosystems | Biodiversity-related impacts and dependencies | Habitat degradation and loss of biodiversity due to intensive use of critical materials (e.g. rare earths, copper, aluminium, etc.) extracted from vulnerable ecosystems | | X | | Negative | Actual | <ul style="list-style-type: none"> • Environment |

| List of material issues and related material risks | | | Stages of the value chain where impacts occur | | | Characteristics of the impacts | | |
|--|---|---|---|------------|------------|--------------------------------|-------------------------|--|
| Topic | Material Issue | Material Impacts | Upstream | Operations | Downstream | Positive/negative impact | Actual/potential impact | Potentially impacted stakeholders |
| E5 – Circular economy | Efficient use of resources and waste management | Intense mining and rare earths extraction activities to obtain the raw materials needed for production, with consequent alteration of the natural conformation of the territories exploited | X | | | Negative | Actual | <ul style="list-style-type: none"> Shareholders and investors Environment Employees Suppliers |
| | | Elimination of waste and efficiency of raw materials through the recovery and reuse of production waste such as scrap metal or waste packaging | | X | | Positive | Potential | <ul style="list-style-type: none"> Customers Shareholders and investors Environment Employees Suppliers |
| | | Reducing the amount of waste generated by operations through circular economy actions and strategies that transform waste into secondary raw materials, thus reducing the amount of waste sent to landfills | | X | | Positive | Actual | <ul style="list-style-type: none"> Environment Local communities Suppliers Customers |
| S1 – Own workforce | Protection of workers | Safeguarding the employment stability of employees characterised by decent working hours, adequate wages, and a peaceful working environment through appropriate and long-term contracts | | X | | Positive | Actual | <ul style="list-style-type: none"> Shareholders and investors Employees |
| | | Protection and promotion of employees' human rights through the implementation of anti-exploitation measures, in accordance with international standards on the subject | | X | | Positive | Actual | <ul style="list-style-type: none"> Employees |
| | Workers' well-being and work-life balance | Improving employees' mental and physical well-being through welfare policies that promote, where possible, time flexibility initiatives, remote and part-time working, parental leave and benefits | | X | | Positive | Potential | <ul style="list-style-type: none"> Employees |

| List of material issues and related material risks | | | Stages of the value chain where impacts occur | | | Characteristics of the impacts | | |
|--|--|---|---|------------|------------|--------------------------------|-------------------------|--|
| Topic | Material Issue | Material Impacts | Upstream | Operations | Downstream | Positive/negative impact | Actual/potential impact | Potentially impacted stakeholders |
| S1 – Own workforce | Health and safety | Increase in occupational accidents and illnesses with negative consequences for workers and families due to the Group's poor occupational health and safety record | | X | | Negative | Potential | • Employees |
| | Training and skills development | Employee satisfaction, better prospects for professional growth and greater employment stability thanks to investments in continuous training and skill development. | | X | | Positive | Actual | • Employees |
| | Diversity, equity and inclusion | Creating an inclusive, attractive, and high-performance working environment through the creation of heterogeneous teams that include people from different social and cultural backgrounds | | X | | Positive | Actual | • Employees • Customers |
| | | Creating a safe and respectful working environment by adopting clear policies and procedures against violence and harassment | | | X | | Positive | Actual |
| S2 – Workers in the supply chain | Respect for human rights in the supply chain | Ensuring decent working conditions for all workers along the Group's value chain by working with suppliers who share the same principles and values as the Group. | X | | | Positive | Actual | • Employees • Shareholders and investors |
| | | Protecting the health and safety of workers through adequate support and monitoring the supply chain to ensure that practices to decrease occupational injuries and illnesses of all workers in the chain are in place | X | X | | Positive | Potential | • Employees • Shareholders and investors |
| S3 – Affected communities | Protection of the local community and area | Positive contribution to the growth of the region by supporting programmes and initiatives that are not only in line with Lafert Group's principles and vision, but also oriented towards the development and active involvement of local communities | | | X | Positive | Actual | • Community • Employees • Shareholders and investors |

| List of material issues and related material risks | | | Stages of the value chain where impacts occur | | | Characteristics of the impacts | | |
|--|--|--|---|------------|------------|--------------------------------|-------------------------|--|
| Topic | Material Issue | Material Impacts | Upstream | Operations | Downstream | Positive/negative impact | Actual/potential impact | Potentially impacted stakeholders |
| S4 – Consumers and end-users | Quality, safety and reliability of the product | Guaranteed product reliability through the implementation of continuous and meticulous conformity, quality and safety checks at every stage of the production cycle | | X | X | Positive | Actual | <ul style="list-style-type: none"> Customers and end-users Shareholders and investors |
| | Customer satisfaction and management of the relationships with customers | Prompt resolution of non-conformities through the implementation of specific procedures and corrective and preventive actions, resulting in an improvement not only of the service, but also of the production process. | | X | X | Positive | Actual | <ul style="list-style-type: none"> Customers and end-users Shareholders and investors |
| G1 – Business conduct | Ethics and business culture | Promotion of strong ethical and sustainability values throughout the production cycle, benefiting the environment, workers, and communities through a corporate culture that incorporates ESG principles. | | X | | Positive | Actual | <ul style="list-style-type: none"> Customers Banks and insurance companies Government agencies Shareholders and investors Employees Local communities Environment |
| | Preventing and combating corruption | Safeguarding legality and preventing unlawful acts (e.g. laundering of profits from illegal activities, bribery cases, etc.) through systems for monitoring and identifying corruption. | | X | | Positive | Actual | <ul style="list-style-type: none"> Customers Banks and insurance companies Government agencies Shareholders and investors Employees Local communities Environment |
| | Sustainable procurement | Protection of human rights and prevention of unethical behaviour by developing responsible procurement processes and working with suppliers who share the Group's principles to ensure compliance with high ESG standards. | X | | | Positive | Potential | <ul style="list-style-type: none"> Customers Banks and insurance companies Government agencies Shareholders and investors Employees Local communities Environment |

| List of material issues and related material risks | | | Stages of the value chain where impacts occur | | | Characteristics of the impacts | | |
|--|---|--|---|------------|------------|--------------------------------|-------------------------|---|
| Topic | Material Issue | Material Impacts | Upstream | Operations | Downstream | Positive/negative impact | Actual/potential impact | Potentially impacted stakeholders |
| Entity specific | Cybersecurity and data protection | Exposure to cyber attacks in industrial information systems due to the failure to adopt up-to-date software, with the risk of loss and/or theft of sensitive data. | | X | | Negative | Potential | <ul style="list-style-type: none"> • Customers • Banks and insurance companies • Shareholders and investors • Employees |
| | | Ensuring business continuity and resilience of systems in case of cyber attacks by implementing data back-up and disaster recovery systems. | | X | | | | <ul style="list-style-type: none"> • Customers • Banks and insurance companies • Shareholders and investors • Employees |
| | Technological innovation and digitalisation | Increasing productivity and reducing human error by automating industrial processes, e.g. through the use of robotics | | X | | Positive | Potential | <ul style="list-style-type: none"> • Customers • Banks and insurance companies • Shareholders and investors • Employees |
| | Economic performance | Increased financial resilience and ability to cope with market fluctuations by adopting strategies to diversify revenue sources and broaden the product portfolio | | X | | Positive | Potential | <ul style="list-style-type: none"> • Customers • Banks and insurance companies • Shareholders and investors • Employees |
| | | Possible economic instability and difficulties in achieving set growth targets due to poor financial planning and ineffective management of available resources | | X | | Negative | Potential | <ul style="list-style-type: none"> • Customers • Banks and insurance companies • Government agencies • Shareholders and investors |

| List of material issues and related material risks | | | Stages of the value chain at risk | | | Risk classification | | Effect of the risk | | | |
|--|---|---|-----------------------------------|------------|------------|------------------------|---------------------|--------------------|-----------|---------------|-------------------|
| Topic | Material issue | Material risks | Upstream | Operations | Downstream | Internal/external risk | Risk classification | Income statement | Cash Flow | Balance sheet | Access to capital |
| E1 – Climate change | Fight against climate change | Extreme weather phenomena that could jeopardise the continuity and quality of processes, causing damage, malfunctions, or interruptions in the operations of production facilities and logistics and distribution activities. | | X | | External | Operational | | | | |
| | Sustainable energy management | Instability in energy-related operating costs due to unforeseen fluctuations in the cost of energy resources, resulting in difficulties in cash flow management | | X | | External | Operational | | | | |
| E4 – Biodiversity and ecosystems | Biodiversity-related impacts and dependencies | Increased operating costs related to the purchase of rare raw materials due to the intensive exploitation of natural resources for production processes leading to a reduction in the capacity of ecosystems to regenerate | X | X | | Internal | Operational | X | X | | |
| | | Damage to the reputation and image of the Group due to negligent behaviour towards the environment. | | | | Internal | Reputational | X | X | | |
| E5 – Circular economy | Efficient use of resources and waste management | Increased cost of the final products due to increased business operating expenses resulting from price fluctuations of resources used (e.g. energy, water) and waste management obligations (e.g. waste treatment) | | X | | External | Of compliance | X | X | | |
| | | Decline in stakeholder confidence due to inadequate waste management and failure to reduce its impact | X | X | | Internal | Reputational | X | X | | |

| List of material issues and related material risks | | | Stages of the value chain at risk | | | Risk classification | | Effect of the risk | | | |
|--|--|--|-----------------------------------|------------|------------|------------------------|---------------------|--------------------|-----------|---------------|-------------------|
| Topic | Material issue | Material risks | Upstream | Operations | Downstream | Internal/external risk | Risk classification | Income statement | Cash Flow | Balance sheet | Access to capital |
| S1 – Own workforce | Protection of workers | Poor employee retention due to poor working and economic conditions, resulting in increased turnover (loss of key resources) and associated costs. | | X | | Internal | Strategic | X | X | | |
| | Workers' well-being and work-life balance | Difficulties in attracting new talent and reputational damage due to lack of implementation of welfare policies and inadequate promotion of work-life balance | | X | | Internal | Strategic | X | X | | |
| | Health and safety | Risk of sanctions and legal action due to insufficient measures in relation to health and safety regulatory requirements. | | X | | Internal | Of compliance | X | X | | |
| | Diversity, equity and inclusion | Inadequate promotion of diversity, gender equality, and inclusion across the workforce, risking reduced innovation potential and increased employee turnover. | | X | | Internal | Operational | X | X | | |
| S2 – Workers in the supply chain | Respect for human rights in the supply chain | Interruption of supply due to poor safety conditions in supplier establishments, which may be closed or whose workers may go on strike | X | | | External | Operational | X | X | | |
| S4 – Consumers and end-users | Quality, safety and reliability of the product | Non-compliance with product safety and quality regulations and standards, resulting in legal action, fines, or marketing bans. | | X | X | Internal | Strategic | X | X | X | |
| G1 – Business conduct | Preventing and combating corruption | Risk of sanctions and legal liability arising from incidents of corruption and bribery | | X | | Internal | Of compliance | X | X | X | |
| | Sustainable procurement | Behaviour of an accredited supplier not in line with Lafert Group's quality and sustainability standards and applicable regulations (e.g. CSDDD), with negative impacts on reputation. | X | | | External | Reputational | X | X | | |

| List of material issues and related material risks | | | Stages of the value chain at risk | | | Risk classification | | Effect of the risk | | | | |
|--|---|---|-----------------------------------|------------|------------|------------------------|---------------------|--------------------|-----------|---------------|-------------------|--|
| Topic | Material issue | Material risks | Upstream | Operations | Downstream | Internal/external risk | Risk classification | Income statement | Cash Flow | Balance sheet | Access to capital | |
| Entity specific | Cybersecurity and data protection | Cyber attacks that could compromise confidential company data, resulting in the expense of system recovery and loss of stakeholder confidence. | | X | | Esterno | Reputational | X | X | X | | |
| | Technological innovation and digitalisation | Lack of responsiveness to market dynamics due to the absence of advanced digital tools that allow real-time analysis of the Group's performance data, resulting in lost revenue | | X | | Internal | Operational | X | X | X | | |
| | | Loss of competitiveness and consequent loss of market share due to the lack of innovation in production processes and materials/technologies used | | X | | Internal | Strategic | X | X | X | | |
| | Risk Management | Increased operating costs resulting from possible disruption of production processes, due to incomplete and ineffective identification of the company's operational risks | | X | | Internal | Operational | X | X | X | | |
| | Economic performance | Increased operating costs and potential disruption of production due to ineffective inventory management, with negative effects on the income statement and cash flow | | | X | | Internal | Operational | X | X | X | |
| | | Delays in implementing corrective actions to address economic performance inefficiencies, due to inadequate monitoring of results, leading to adverse impacts on financial ratios | | | X | | Internal | Strategic | X | X | X | |

| List of material issues and related material opportunities | | | Stages of the value chain where opportunities occur | | | Opportunities effects | | | |
|--|---|--|---|------------|------------|-----------------------|-----------|---------------|-------------------|
| Topic | Material issue | Material opportunities | Upstream | Operations | Downstream | Income statement | Cash Flow | Balance sheet | Access to capital |
| E1 – Climate change | Fight against climate change | Expansion of the market due to increased demand for low-emission solutions (i.e. electric motors), with positive effects on revenue.. | | X | | X | X | X | |
| | | Improved reputation through the introduction of a partially or fully electric fleet for internal transport. | | X | | X | X | X | |
| | Sustainable energy management | Operations to increase the energy efficiency in production processes and offices, reducing energy consumption and related costs | | X | | X | X | X | |
| | | Use of energy from renewable sources (self-generated or purchased with GO) to power installations and offices, resulting in reduced energy dependency and a lower carbon footprint | | X | | X | X | X | |
| E5 – Circular economy | Efficient use of resources and waste management | Reduced waste and more efficient disposal through circular practices, with consequent reduction of elimination costs. | | X | | X | X | X | |
| S1 – Own workforce | Protection of workers | Employee well-being through guaranteed job security, respectable working hours, and appropriate salaries, resulting in greater talent retention and positive impacts on personnel costs. | | X | | X | X | X | |
| | Workers' well-being and work-life balance | Implementation of policies and procedures in accordance with national and international laws to prevent child and forced labour, thus avoiding legal sanctions, litigation, and economic losses related to human rights violations | | X | | X | X | X | |

| List of material issues and related material opportunities | | | Stages of the value chain where opportunities occur | | | Opportunities effects | | | | |
|--|--|---|---|------------|------------|-----------------------|-----------|---------------|-------------------|--|
| Topic | Material issue | Material opportunities | Upstream | Operations | Downstream | Income statement | Cash Flow | Balance sheet | Access to capital | |
| S1 – Own workforce | Health and safety | Increasing reputation and attracting talent through work-life balance policies and family support services | | X | | X | X | X | | |
| | Training and skills development | Reduction in the number of accidents and consequent lower exposure to penalties and litigation due to the proper implementation of health and safety systems | | X | | X | X | X | | |
| | Diversity, equity and inclusion | Strengthening the capabilities of employees by investing in their training, thus increasing productivity and the company's competitiveness. | | | X | | X | | | |
| | | Increased problem solving skills and productivity through inclusive recruitment and the creation of diverse teams that foster innovation | | | X | | X | X | X | |
| | | Improving the Group's reputation and image externally as a gender-sensitive Group, by implementing policies on the issue and ensuring equal pay | | | X | X | X | X | X | |
| S2 – Workers in the supply chain | Respect for human rights in the supply chain | Production stability and quality by working with suppliers who provide decent working conditions for their employees, guaranteeing safety, adequate working hours and wages, and a healthy work-life balance. | X | X | | X | X | X | | |
| S4 – Consumers and end-users | Quality, safety and reliability of the product | Reduction of product recall costs and operating costs resulting from the correction of non-conformities in production processes due to the maintenance of quality certifications | | X | X | X | X | X | | |
| | Customer satisfaction and management of the relationships with customers | Customer loyalty through efficient and consistent customer care services. | | | X | X | X | X | | |

| List of material issues and related material opportunities | | | Stages of the value chain where opportunities occur | | | Opportunities effects | | | |
|--|---|---|---|------------|------------|-----------------------|-----------|---------------|-------------------|
| Topic | Material issue | Material opportunities | Upstream | Operations | Downstream | Income statement | Cash Flow | Balance sheet | Access to capital |
| G1 – Business conduct | Ethics and business culture | Enhanced ability to adapt to regulatory changes by integrating sustainability into the corporate strategy and continuously monitoring the evolving regulatory landscape. | | X | | X | X | X | |
| | Preventing and combating corruption | Integrating sustainability into corporate governance and strategy, improving information and procedural flows and reducing inefficiencies that can lead to wasted time and investment | | X | | X | | | |
| | | Implementation of systems to prevent corruption incidents, including through appropriate training, thus reducing exposure to legal sanctions and liabilities and improving the Group's image. | | X | X | X | X | X | |
| | | Implementation of effective whistleblowing policies and procedures that protect the whistleblowers, resulting in increased stakeholder confidence | | X | X | X | X | X | |
| Entity specific | Technological innovation and digitalisation | Partnerships with universities, start-ups and research centres to develop advanced technological innovations, with consequent reduction of development costs. | | X | | X | X | X | |
| | Risk Management | Improving product quality and increasing production efficiency by managing and monitoring risks related to complex production processes | | X | | X | X | X | |
| | Economic performance | Access to government incentives and new investments through the production of sustainable products | | X | | | | | X |