



Consolidated
Non-Financial
Statement

2022

EUROGROUP[®]
LAMINATIONS
E-MOTION FOR THE PLANET

Consolidated Non-Financial **Statement** **2022**

D.Lgs 254/2016

www.euro-group.it



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LETTER to Stakeholder

Dear Stakeholders of EuroGroup Laminations,

In EuroGroup Laminations we want to create new opportunities in a world of changing and urgencies. We are facing today challenges, such as climate crisis, transforming them into opportunities to make steps in the right direction, starting from the energy transition.

With a global presence, with facilities present from Asia to the Americas, our production has led us to join the growth of demand for zero-impact mobility in the automotive sector. We managed to reach a consolidated turnover of 851.11 million euros in 2022 compared to 556.90 million euros in 2021.

Sustainability, in terms of economic, social and environmental is an integral part of our decision making. In the publication of this disclosure, we renew our commitment to disclose information regards Group progress on ESG performance.

For this reason, we are delighted to present our second Group Sustainability Report, also the first Consolidated Non-Financial Disclosure, for the reporting period of 2022. Through this document we want to communicate our progress in embedding themes of sustainability in our business operations and our commitment to being responsible for the well-being of the world in which we live and to give our active contribution.

Thank you very much to all of you for your support.

The Chief Executive Officer
Marco Stefano Arduini

01 | Methodological note

This document represents the Consolidated Non-Financial Statement (hereinafter also “NFS”) issued by EuroGroup Laminations S.p.A. and the companies consolidated on a line-by-line basis (hereinafter also “Group” or “EuroGroup” or “EuroGroup Laminations”) to fulfill the obligations set out in articles 3 and 4 of Legislative Decree 254/2016 (hereinafter also the “Decree”) and has the objective of describing in a transparent manner the initiatives and the main results achieved in terms of sustainability performance during the financial year 2022 (from January, 1st to December, 31st), in line with financial reporting.

The name “EuroGroup Laminations S.p.A.” has been established on November 18th 2022, replacing the previous name EuroGroup S.P.A.

The NFS covers - to the extent necessary to ensure the understanding of the business activity, its trends, performance and related impacts - the environmental, social, personnel-related issues, respect for human rights and the fight against active and passive corruption that are relevant taking into account the Group’s activities and characteristics, as illustrated in the chapter “Materiality Analysis” included in this document.

The NFS has been prepared in accordance with the Italian Legislative Decree 254/2016 and with reference to the “Global Reporting Standards” defined by the Global Reporting Initiative (GRI).

The data and information of the NFS refer to all the companies belonging to the EuroGroup Laminations S.p.A. (formerly Euro Group S.p.A.) at 31 December 2022, consolidated on a line-by-line basis (any exception is expressly indicated in the text). Environmental data and information only take into consideration EuroGroup Laminations’s production plants since offices are not considered material. The perimeter of the economic-financial data coincides with that of the Group’s 2022 Consolidated Financial Statement, IFRS principles.

Within this document, for clarity purposes, the data and information linked to the wording “EuroGroup Laminations” or “Group” or “EuroGroup” refer to all the companies of the Group. Any changes in the scope have been appropriately indicated in the document. Whereas the data and information related to a particular entity will be referred to as with the name of the specific company (e.g., “Eurotranciatura”).

The use of estimates has been reduced as much as possible and, if used, has been based on the best available methodologies and appropriately disclosed. In order to allow the comparability of data and information over time and the assessment of the performance of the Group’s business over a period of time, where possible, comparison with the 2021 reporting period is proposed. In this regard, compared to the data published in the Sustainability Report 2021 there has been a re-statement within this NFS to better represent the Group’s performance trend.

There should be noted that an estimate was carried out to calculate energy, training hours, amount of waste and water.

The Group has the legal requirement to include in NFS, starting from the publication after 1st of January 2022, the notice related to the so called “EU Taxonomy” in relation to the eco-sustainable activities conducted by the Group, as regards to which the reader can refer to the paragraph “EU Taxonomy”. In accordance with Art.10 of the EU 2021/2178 Delegated Regulation dated 6th of July 2021, such notice for 2022 fiscal year is related to the portion, in relation to the total, of the revenue and operating costs of the Group which fall into the eligible and aligned categories of the Taxonomy with reference to the objectives of mitigation and adaptation to Climate Change, as intended in the annex data of the EU 2021/2139 Delegated Regulation dated 4th of June 2021, as well as some qualitative information. In this regard, the assurance activity performed by the Independent Auditors Deloitte & Touche S.p.A. does not cover information related to Taxonomy.

Deloitte & Touche S.p.A. issues an external assurance (“limited assurance engagement” according to the criteria indicated by the ISAE 3000 Revised principle) on this document. The audit was carried out according to the procedures indicated in the “Report of the Independent Auditing Firm”, included in this document.

The Board of Directors of EuroGroup Laminations S.p.A. approved the current NFS on 31st of March 2023. The Consolidated Non-Financial Statement is published annually. If any further information is required, please visit the website: <https://euro-group.it/download/>.

02 | The Group

EuroGroup Laminations is a world leader in the design, production and distribution of the motor core (stators and rotors) for electric motors and generators. The stator refers to the stationary mechanical component of the motor that generates magnetic field, into which the rotor (the rotating component) is inserted, enabling the rotation of the motor's axle. The Group also produces products used in various applications including, among others, industrial applications, home automation, HVAC equipment, wind energy, logistics and pumps. The Group is also vertically integrated in the design and production of blanking dies and die-casting moulds used in the production of its own products which are also sold to third parties.

Over the last few decades, the Group moved from an Italian-based manufacturer to a European and, since 2016, global leader in the production of the electric motor and generators. The Group's state-of-the-art production facilities are strategically located around the world to ensure proximity to major customers and its unique and secured technology enables it to manufacture high quality electric motor core.

The Group, within the global context, benefits from powerful positive trends including (i) increased global focus on sustainability and zero-carbon objectives, (ii) energy transition leading to increasing use of renewables, (iii) supportive regulatory framework for the adoption of EVs paired with consumers' increasing acceptance of these vehicles, (iv) energy efficiency requirements for the Industrial segments as well as a shift from hydraulic and pneumatic to electric actuators.

Therefore, the Group is well positioned to lead the global energy transition thanks to its products, key components in the application of technologies for the transition.

2.1 Vision, Mission and Values

EuroGroup Laminations promotes stakeholders' adherence to its values and mission, in compliance with all applicable regulations, standards, and its Code of Ethics.

OUR VALUES

Only by sharing common values with our employees and our customers, we can strengthen and motivate our continuous business improvement. Our customers choose us due to our capacity to innovate with efficiency, reliability, transparency, and quality. Our values were set over 50 years ago by our founders: they have guided our success and will continue to be the foundations upon which we will build *EuroGroup Laminations* for the next years. We base our activity on reciprocal correctness, respect, honesty and transparency in all our business relationships.

OUR VISION

"Efficient stator and rotor solution for green energy transition"

EuroGroup Laminations vision is to preserve the well-being of our global family and the planet by:

- **PROMOTING** open, fair, and ethical conduct;
- **PURSUING** sustainable development with a global focus;
- **GROWING** with initiative and determination;
- **EMBRACING** passion for our business;
- **WORKING** with independence and results-focused;
- **VALUING** our people;
- **BUILDING** excellence in manufacturing and technology.

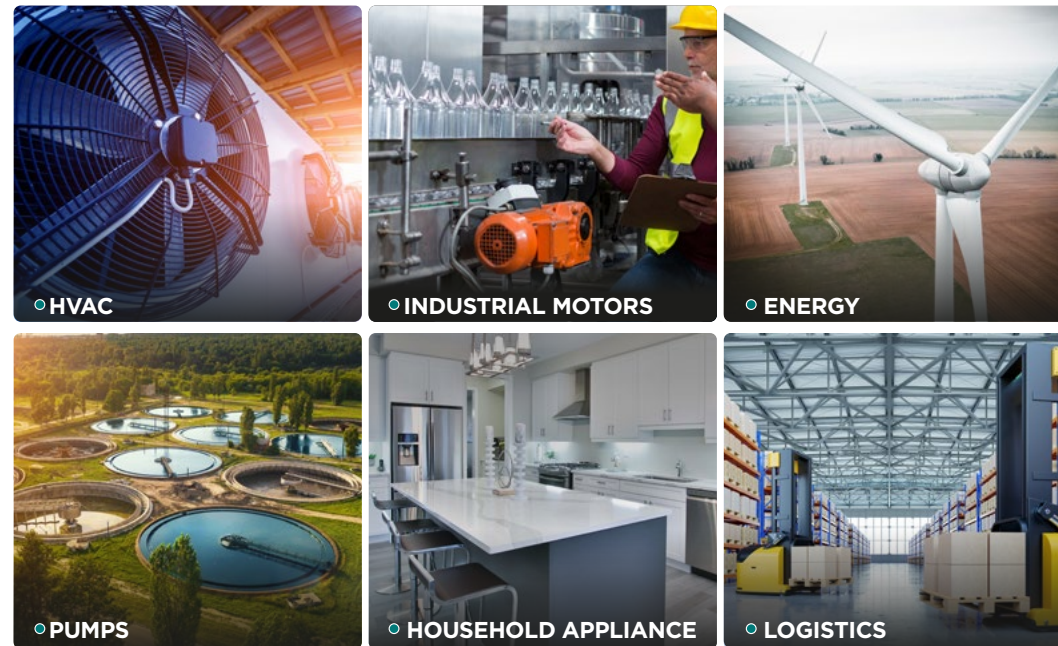
EuroGroup Laminations provides to its clients innovative products of the highest quality that contribute to a sustainable future. As a family company and a company of families, our Vision is founded on the idea of creating a better world for our children. Our employees are conscious of their daily commitments towards both our clients and towards building a sustainable future. Our engineers understand that only by developing our products and services with the highest standards, we can achieve our vision.

OUR MISSION

"EuroGroup Laminations e-motion for the planet"

Our mission is to provide solutions, products, and services that exceed our clients' expectations and to be a global leader of the electric motor core market. Our employees, collaborators, representatives, suppliers and commercial counterparties all contribute to the achievement of this mission. We strive to achieve this by conducting our business in an ethical and transparent manner and investing in the development of sustainable technologies for the green transition.

2.2 Our Company Profile



Founded in Baranzate, near Milan, Italy in 1967 the business started as an entrepreneurship of three cousins with three local workers under the operations of Eurotranciaturo S.p.A. Over the years, following organic growth, the business expanded first on the European market and then on the world ones, until it became a leader in the reference segments.

EuroGroup Laminations S.p.A. is listed on the EuroNext Market in Milan. The company was listed on 10th of February 2023.

Nowadays, *EuroGroup Laminations* represents one of the most dynamic and innovative global suppliers developing high-tech components for rotating electrical machines. With a global staff of around 3,000 people, production facilities present in Italy and internationally (Mexico, United States, China and Tunisia), a consolidated turnover of € 851.11 million in 2022. *EuroGroup Laminations's* core values of reciprocal correctness and transparency have driven the development of multinational partnerships and alliances, to guarantee the continuous growth and technological innovation in our business operations.

EuroGroup Laminations is organized in two operating and reportable segments:

- **EV & AUTOMOTIVE:** the Business Unit is introduced in recent years, operates mainly in the electric automotive sector and in general utilities regarding automotive. Group's main product portfolio consists of: stator and rotor laminations, stator and rotor packs, die-cast rotors, rotors with shaft, stators and rotors produced with slinky technology, components for electric motors.
- **INDUSTRIAL:** is the historical Business Unit of the Group and produces components mainly for the following product lines: home, logistic, energy, pumps HVAC, tools and diversified industrial.

EuroGroup Laminations process the electrical steel processed mainly by: steel slitting, blanking, assembly and additional processes.

2.3 Governing bodies

EuroGroup Laminations S.p.A. is a joint-stock company managed by a Board of Directors which is the executive body of the Company and is responsible for managing the Company in accordance with applicable laws, constitutional documents, and shareholder resolutions. The Board supervises the general course of business and is responsible for the continuity of the Company and the business connected with it.

On November 18, 2022, the Board of Directors of the Company in force, in compliance with the recommendations on corporate governance contained in the Corporate Governance Code, resolved to establish:

- The **CONTROL, RISKS AND SUSTAINABILITY COMMITTEE**, which in assisting the Board has the function, inter alia, of: (i) assessing the correct use of accounting principles; (ii) assessing the suitability of periodic financial and non-financial information to correctly represent the company's business model, strategies, the impact of its activities and the performance achieved; (iii) expressing opinions on specific aspects inherent to the identification of the main corporate risks and supporting the decisions of the Board of Directors related to management of risks; (iv) reviewing periodic reports prepared by the internal audit function; (v) reporting to the board of directors, at least at the time of the approval of the annual and half-yearly

financial report, on the activities carried out as well as on the adequacy of the internal control and risk management system. Moreover, the Control, Risks and Sustainability Committee supports the Board of Directors in sustainability assessments and decisions;

- The **APPOINTMENTS AND REMUNERATION COMMITTEE** that performs all the tasks, both with regard to appointment and remuneration of directors. The establishment of this Committee ensures the broadest information and transparency on the compensation due to the Chief Executive Officer and senior management, as well as the respective determination methods;

- The **RELATED PARTY TRANSACTIONS COMMITTEE**.

The Company's share capital, amounting to €6,111,940 and represented by 6,111,940 shares without nominal value, is held, according to the entries in the shareholders' register and other information available to the Company, by Euro Management Services S.p.A., which holds 70% of the issued share capital, Delorean Partecipazioni S.p.A., which holds 26.374% of the issued share capital, Tikehau Investment Management S.A.S., in the name and on behalf of the T2 Energy Transition Fund, in its capacity as relevant management company, which holds 1.989% of the issued share capital and T2 Eltif Energy Transition Fund, which holds 1.637% of the issued share capital.

2.4 Global Presence

The Group's global production footprint is strategically located close to key customers. *EuroGroup Laminations* operates in five countries with 12 production plants of which seven are located in Italy, and five in Mexico, the United States, China and Tunisia. In 2022, the Russian plant's activities, which accounted for 1.4% of the Group's revenues for the year ended December 31, 2021, have been suspended due to the sanctions imposed against Russia in the context of the conflict between Russia and Ukraine. This unique global reach, with strategically located plants covering an aggregate surface area of 215,000 m2 enables the Group to remain close to key clients and to follow new projects and opportunities.

2.5 Our business model

EuroGroup Laminations has a virtuous and innovative business model:

1. Size

- Global leadership in stators and rotors manufacturing;
- Largest invested asset base in the sector, which is extremely difficult to replicate;
- Economies of scale in procurement.

2. Global reach

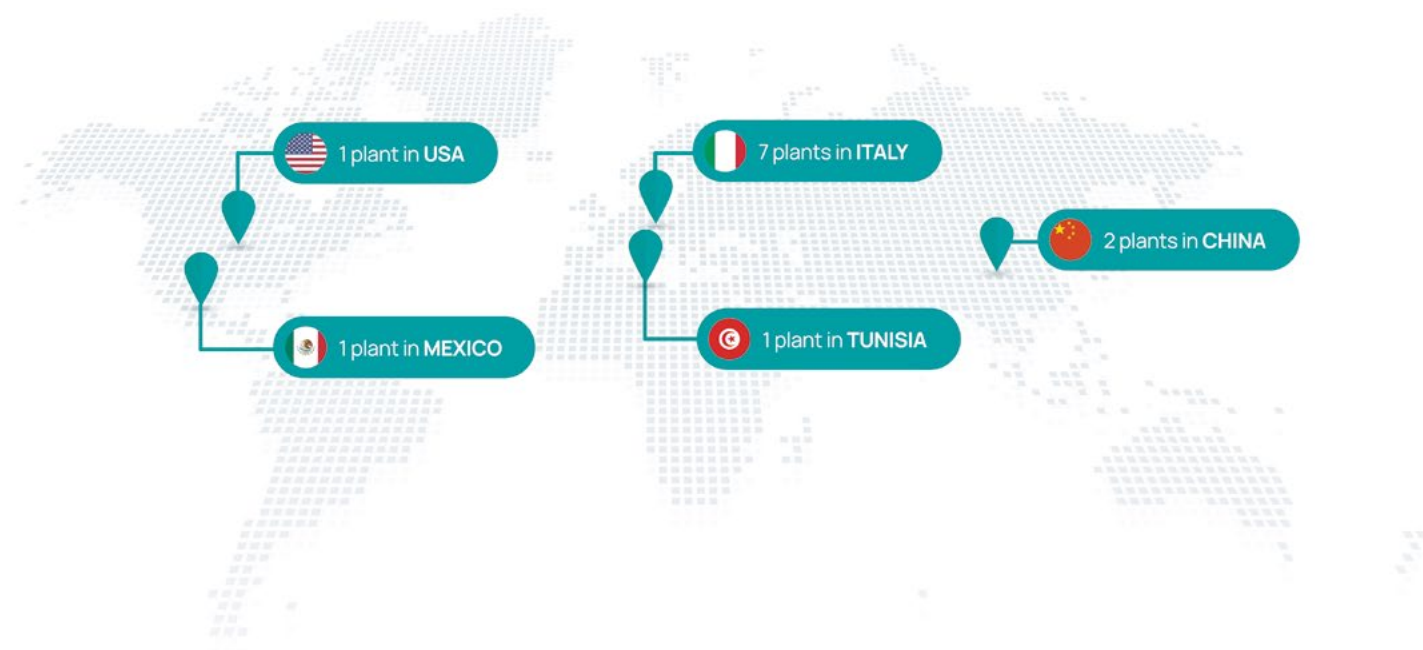
- 12 plants across 4 continents;
- Opportunity to serve global customers in multiple geographies;
- Sharing of best practices.

3. Technological capabilities

- Strong know-how in the production of innovative dies;
- Comprehensive portfolio of assembling technologies and added value operations allowing to offer tailor-made solutions to customers.

4. Reputation

- Lasting commercial relationships with top customers;
- Supplier of choice for complex and innovative products involving co-design phases;
- Best in class reputation increasingly allows to directly serve EV OEMs.



2.6 Risk management

Assessing the risk factors that can influence the business is an essential condition for directing strategies and operating in a sustainable way in the long term. Through the correct implementation of the Internal control and risk management system and the establishment of the Control, Risks and Sustainability Committee, the Group intends to identify, monitor and manage the main risks of the organization deriving from the type of business, from the activities carried out within the organization and along the value chain, in the industry and following sustainability trends.

SAFETY RISKS AT WORK

As regards to the occupational health and safety, the risks of accidents and occupational diseases are mainly caused by moving loads, handling carcinogenic, corrosive and flammable liquid and gaseous substances, and exposure to noise and mechanical vibrations. Therefore, the Group is committed to minimize or eliminate, so far as is reasonably practicable, the risks causes from the workplace environment, based upon the prevailing safety and health knowledge of the industry sector and of any specific hazards. The Group has made investments designed to adapt its facilities and make its operations compliant with the various environmental, occupational health and safety regulations.

Accordingly, some Group companies have defined a management system for health, safety and environment that track workplace accidents and pays special attention to supply chain management certified with the related ISO and, therefore, have set their own Environmental, Health, and Safety Policy. Those policies have been implemented through management procedures and shared with all employees, suppliers, and all external firms.

RISKS ON HUMAN RIGHTS

The issue of respect for human rights can be traced both to the employees of the organization and to the external workers of the Group's value chain. As far as employees are concerned, the main areas of risk concern the health and safety of employees (see previous paragraph) and issues of diversity and inclusion and well-being. Diversity is regulated through the adoption of ethics, anti-corruption and human rights policies, the principles of the Group Code of Ethics and the Sustainability Handbook. The company undertakes to distribute and publicize the policy statement throughout the whole Group.

ENVIRONMENTAL RISKS

EuroGroup Laminations' s production and industrial activities could have both environmental and a reputational impact. For this reason, the Group adopts a certified environmental management system supporting the Group's environmental risk management. The Group manufacturing sites obtained ISO 14001 certification in 2020 in the Eurotranciatura S.p.A, Eurotranciatura Mexico S.A. de C.V and Euro Misi Laminations Jiaying Co. Ltd. production facilities.

IT RISKS

As the Group relies on a variety of information technology systems that are at risk of cyberattacks and cybersecurity breaches, which may compromise business continuity and destroy or steal data and information, the Company adopts procedures to correctly manages IT process management and actually frequently updates its systems to support its operations and growth and to remain compliant with applicable laws, rules, and regulations.

GOVERNANCE RISK

To safeguard the business ethics and limit corruption and money laundering risks as much as possible, EuroGroup Laminations implemented rules and procedures governing its decision-making, control and business activity monitoring processes. In particular, the Group adopted the Organization and Management Model pursuant to Italian Legislative Decree No. 231/2001 to ensure fairness and transparency in the management of company activities and to prevent the commission of crimes in the interest or to the advantage of the Company. The Group carries out a risk analysis, ensures the independence of the members of the Board of Directors and adopts policies covering ethics, corruption and human rights policies.

03 | EuroGroup Laminations Sustainability Path

Sustainability is core to *EuroGroup Laminations* business, it drives its capacity to innovate with efficiency, reliability, integrity, and quality. *EuroGroup Laminations* delivers innovative products of the highest quality, as a contribution to sustainability and environmental well-being to create a better world for future generations. *EuroGroup Laminations* is giving disclosure of the performance in the Environmental, Social and Governance (ESG) areas for the whole Group, as a response to the expectations and needs of its stakeholders, according to the limitation of scope highlighted in the “Methodological Note” of this document. The aim is to create a path to integrate sustainability issues into the corporate strategy, through which the Group aims at creating value for its stakeholders that can be sustained over time.

As a demonstration of this goal, Eurotranciatuura S.p.A. was awarded a gold medal in March 2022 by the EcoVadis sustainability rating, an attestation of the quality of the sustainability management system within the company.

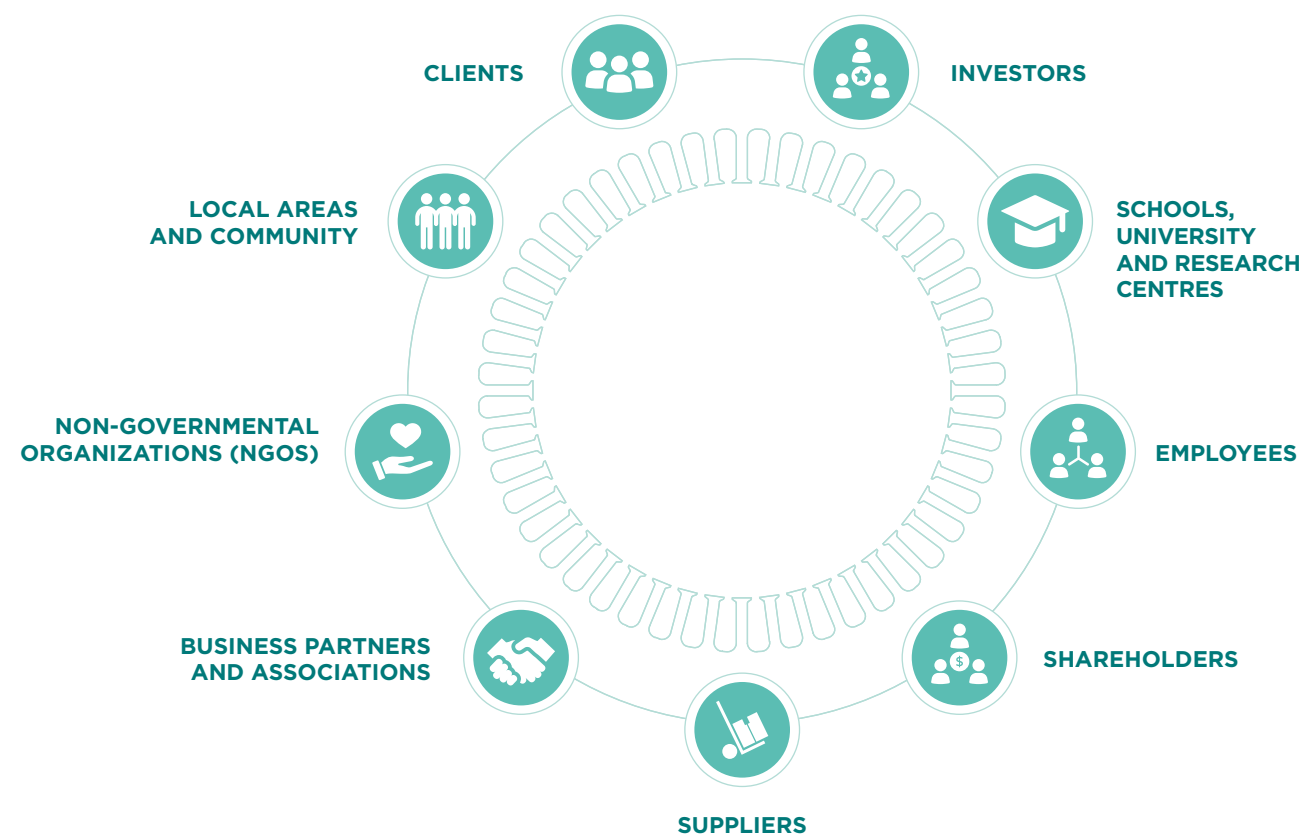
3.1 Key stakeholders

EuroGroup Laminations believes that doing business sustainably creates more value for all its stakeholders, namely all parties that directly affect or are affected by its business activities. For *EuroGroup Laminations* it is critical to connect and communicate with its stakeholders, with the purpose of identifying and prioritizing their concerns. Therefore, the Group pushes towards the creation of an active and constant dialogue with all its stakeholders, aiming at promoting stable and long-lasting relationships, based on values of transparency, trust and consensus in decisions. This is based on the belief that a constant dialogue with all stakeholders ensures a continuous feedback mechanism that enables the Group to control the impacts of the company activities on the environment and society.

Moreover, stakeholder engagement provides opportunities to further align *EuroGroup Laminations* business practices with societal needs and expectations, helping to drive long-term sustainability.

For consolidating a mutually beneficial dialogue *EuroGroup Laminations* promotes two key activities: the identification of key stakeholders with whom to promote regular engagement initiatives and the definition of the most appropriate methods for involvement.

During 2022, an evaluation has been carried out by the top management and the following stakeholder categories were identified to be relevant for *EuroGroup Laminations*:



3.2 Materiality Analysis

EuroGroup Laminations considers the materiality analysis as a critical process to identify the sustainability-related priorities and to define accordingly the topics that should be a matter of disclosure.

In terms of sustainability reporting, the topics deemed as material (or relevant) are those that reflect significant impact on the economy, the environment and people, including those on human rights, as part of the Group's activities and its business relationships. The analysis was performed for the first time in the year 2021, and it has been updated in 2022. Thanks to a new benchmarking analysis, which considered the Group's peers and sector's best practices, a new list of topics has been identified and for each issue the Group has highlighted the most significant impacts.

To understand the importance of the issues in the Group's perspective, a stakeholder engagement process was carried out. An online questionnaire was filled in by 435 EuroGroup Laminations stakeholders, of which 88% was represented by Employees of the Group, 7% by Clients, and lastly 5% by Suppliers.

The stakeholder vote resulted in a prioritized list of topics concerning the economic, social, environmental, and governance areas of EuroGroup Laminations. Lastly, the top management of the Group was also involved, and based on the stakeholder and top management voting,

the following topics were identified as material. The topics are divided into four different areas: Governance, Economic, Environment, and Social and, for each material topics, related generated impacts were identified, as pointed out in the table:

| Area | Topic | Impact |
|-----------------|--|--|
| Governance | Business ethics & Corporate culture | Compliance with laws and regulations |
| | Supply chain management | Establishment of a sustainable supply chain |
| Economic | Transformation & Innovation management | Value created by investment in R&D |
| | Economic performance | Direct economic value creation and related distribution to stakeholders |
| | Investor Relations | Developing fair, transparent, and constructive relationships with investors |
| | Product Stewardship & Customer satisfaction | Realization of safe and high-quality products Customer satisfaction |
| Environment | Climate Change Management & Emissions | Energy consumption (within the organization) and related GHG emissions (Scope 1/2) Ozone layer depletion (ODS) from pollutant emissions |
| | Waste, Water & Materials management and Circular Economy | Non-sustainable sourcing of raw materials |
| | | Impact on the environment due to improper waste disposal |
| | | Adoption of reuse, regeneration and recycling practices |
| | | Water withdrawals and consumption |
| Social | Talent acquisition, Employee development and well-being | Development of employee skills through training activities |
| | | Attractiveness and retention of staff |
| | Occupational Health & Safety | Promotion of the well-being of employees |
| | | Workplace injuries |
| | Human rights, Equal opportunity, diversity and inclusion | Ethical and inclusive work environment |
| | Community support & development | Involvement and support of local communities |

In the following chapters, each area of commitment identified by EuroGroup Laminations has been correlated to the correspondent Sustainable Development Goal (SDG) defined by the United Nations, in order to prove the Group's active contribution to the achievement of the UN Agenda.

3.3 Eu Taxonomy

The European Taxonomy is an essential component of the European Commission's action plan to redirect capital flows toward a more sustainable economy and an important step toward the EU's environmental goals and green transition.

EU Regulation 852/2020 and its delegated regulation require companies publishing NFD (according to NFRD Directive and related Legislative Decree 254/2016 that transposes it into Italian law) to report the percentage of turnover, capital expenditure (Capex) and operating expenditure (Opex) eligible and aligned with two environmental objectives of climate change mitigation and climate change adaptation published to date.

EuroGroup Laminations carried out an analysis to identify which Group's activities can contribute to environmental objectives by comparing its activities and investments with the activities defined by the relevant technical documentation. These analyses were based on the interpretation and understanding of the requirements of the applicable Regulations, including the Q&As officially published by the European Commission in December 2021, February 2022, and December 2022.

Therefore, from the analysis conducted, it was found that EuroGroup activities and products cannot, as of today, be directly considered "*Taxonomy eligible*", since "component manufacturing could be eligible only if such products/activities are explicitly included in the description of the eligible activities". Indeed, EuroGroup produces a key component (engine) for the production of electrical vehicles, however, this component is not explicitly described within the Taxonomy activities. For this reason, the activities of EuroGroup relating to the production of electric motors, which represents around 31% of the Group's revenues, would appear, with respect to the information currently available, to be ineligible for the activities "3.3 Manufacturing of low-carbon technologies for transport". However, the Group will continue its analysis and will carry out further investigations to verify whether the production of these components can be considered eligible in the coming years.

As of today, as per objective climate change mitigation and climate change adaptation, described in Annex I and Annex II of the Taxonomy Regulation, the percentage of the Group incomes, Capex and Opex, for the reported period 2022, stated as *eligible* and *aligned* is 0%.

04 | Governance

4.1 Business ethics & Corporate culture

EuroGroup Laminations is committed to maintaining and enhancing its corporate governance with regards to ethics, integrity and accountability. To safeguard the value creation process for its customers, employees, partners, suppliers and shareholders, the Group is committed to implementing rules and procedures governing its decision-making, control and business activity monitoring processes. The governing bodies and tools of the Group aim to spread ethics and integrity as a corporate culture among all employees.

The holding Board of Directors appointed a Control, Risks and Sustainability Committee, made up of a majority of independent directors. The Committee makes proposals to and performs advisory functions for the Board of Directors to promote the integration of ESG issues in the governance of the EuroGroup Laminations S.p.A. and the controlled companies' respective corporate strategies.

To achieve these objectives, the main tools used by the Group include: (i) the Organization and Management Model pursuant to Italian Legislative Decree No. 231/2001, adopted to ensure fairness and transparency in the management of company activities and to prevent the commission of crimes in the interest or to the advantage of the Company; (ii) a risk analysis and management system and implementation of procedures and measures to prevent/reduce the impact or occurrence of risks, embedded in operations; (iii) a high standard of corporate governance by maintaining the independence of the members of the Board of Directors; (iv) the adoption of ethics, corruption and human rights policies; and (v) reporting aligned with best practice.

COMPLIANCE & TRANSPARENCY

The *EuroGroup Laminations* S.p.A. Code of Ethics applies to *EuroGroup Laminations* and its subsidiaries and reflects the Group's highest commitments to ethical behavior, as well as the core company values that are applied to all employees, collaborators, and external workers. The Code of Ethics is available online and applies to all *EuroGroup Laminations* companies.

These values are applied and communicated through training programs and are contained in specific contractual clauses requiring everyone that engages with the Group to observe the Code provisions. In 2020, the Group has updated its Code of Ethics adding new sections addressing Diversity, Cybersecurity, and Environmental and Health and Safety issues.

The Code of Ethics, together with the Sustainability Handbook, represents a framework that shall be used to operate with integrity and in full compliance with the highest ethical, professional, and legal standards, through which the Group promotes law's awareness and moral principles as a vital part of its business conduct. To guarantee an adequate and efficient enforcement of these business ethics policies, *EuroGroup Laminations* has established structured mechanisms of strict procedures aimed at administering possible investigations and sanctions for policy violations' events. Each company of *EuroGroup Laminations* is therefore bounded to the fundamental values when managing internal and external relations with third parties. Both documents are reviewed regularly with any formal change in legislative requirements, including international treaties on human rights, corruption, and sustainability.

In 2022, there were 2 cases of non-compliance with laws and regulations, in particular



¹ Per maggiori dettagli, consultare la pagina: <https://euro-group.it/download>.

a dispute with the Internal Revenue Service (Agenzia Delle Entrate) for 2016, with a fine, still being defined of around 180,000 Euro, and another case with a fine over 10.000 euro that was paid for instances of non-compliance that occurred in previous reporting periods, referred to a violation of D.Lgs 758/94 art. 21 for hygiene and accidents in the workplace by Eurotranciatura S.p.A..

The main principles that show EuroGroup Laminations approach to Business Ethics are listed below.

Anti-corruption & bribery issues

EuroGroup Laminations bases the entire relationships with investors, collaborators, customers, and business partners, on transparency and accuracy. EuroGroup has a strict anti-bribery and corruption policy and ensure that the third parties involved are aware of and respect the anti-corruption policies of the Group and its subsidiaries or equivalent provisions.

The Group has established several whistle-blowing channels, reserved and managed by the Supervisory Board through which each person may at any time communicate with the SB, in the knowledge that this communication channel guarantees the confidentiality of the identity of the reporter and the communication transmitted. Eurotranciatura USA has established additional procedures to guarantee compliance and address anti-corruption & bribery issues, such as internal controls and risk assessment. For example, the Board of Directors and senior management monitor internal control including expected standards of conduct. Management reinforces expectations at the various levels of the organization; the control environment comprises the integrity and ethical values of the organization, the parameters enabling the board of directors to carry out its governance oversight responsibilities, the organizational structure and assignment of authority and responsibility. The Management of Eurotranciatura USA has determined that the risk associated with

Anticorruption & bribery issues is low due to the fact that Eurotranciatura USA does not currently do businesses with governmental institutions and more than 80% of the company revenues come from public traded companies in the USA.

In 2022, there were no cases of corruption in EuroGroup in any of the Group companies.

Receipt of Gifts

No employee or any member of his or her immediate family should accept from a supplier, customer, or other person doing business with *EuroGroup Laminations*, payments of money under any circumstance, or special considerations, such as discounts or gifts of materials, equipment, services, facilities or anything else of value.

Confidentiality

Internal information or data, that is owned by *EuroGroup Laminations* and its subsidiaries that have not been shared to the public, must be kept confidential. For example, Eurotranciatura USA has assessed the level of exposure to customer personal data to be limited and protect all employee's information through a technology infrastructure solution. Any such breach of confidentiality would be deemed as gross misconduct except as otherwise provided or as permitted by any current legislation and could lead to your dismissal. The obligation remains in force after the termination of the employment relationship.

Data Protection and Access to Information

To guarantee data protection and easy access to information, all mechanisms and policies related to information security, are regularly audited. *EuroGroup Laminations* complies with all statutory requirements of the GDPR (General Data Protection Regulation). The Group carries out internal controls to monitor the effective implementation of actions and guarantees that all personal data are registered in a way that ensures the accuracy and confidentiality of such information.

In 2022, no substantiated complaints concerning breaches of customer privacy and losses of customer data were registered by the Group.

Computer, email, and Internet use

All staff must engage with the *EuroGroup Laminations* Internet & Email Policy available from IT Department. Employees who have access to *EuroGroup Laminations* computers, must not abuse this by using these facilities for purposes outside the scope of business activities.

4.2 Supply chain management

EuroGroup Laminations's globalization strategy is based on the principle of *local-to-local supply chain*, its global production footprint is strategically located close to key customers to guarantee the highest efficiency and quality in manufacturing processes and delivery. In order to achieve the highest product quality and customer satisfaction levels, while increasing production volumes, *EuroGroup Laminations* requires the design and implementation of robust supply chain management aimed at the optimization of all the processes related to planning, programming, and warehouse. *EuroGroup Laminations*, starting from the demand planning phase, selects its suppliers on the basis of quality, competitive pricing, digitally manufactured products, time-to-market (TTM) periods, and delivery. Although *EuroGroup Laminations* has not yet implemented a specific sustainable supply chain policy for the screening and selection of suppliers, the assessment of specific social and environmental criteria is taken into account indirectly in the quality assessment in accordance with ISO 14001 and 45001 certifications. In recent years, a gradual implementation of sustainability improvements has been implemented across the *EuroGroup Laminations* value chain. The Group conducts a fair and impartial assessment of the offers it receives from its suppliers. Employees shall adhere to the procedures for the selection and awarding of contracts to suppliers that are established by the Group.

05 | Economic factors



5.1 Transformation & Innovation Management

INNOVATION: EVERY NEW CHALLENGE IS A NEW GOAL

The global *electric motors and generators* market is going to grow at an accelerating rate during the next 10 years, with a widespread demand for products and solutions that are energy efficient, high quality, priced competitively, digitally manufactured, and have short time-to-market (TTM) designs. In this context, *EuroGroup Laminations's* competitive advantage is driven by its culture of innovation, which has characterized *EuroGroup Laminations* since its foundation, and continues to guide all its business processes for developing and supplying products in compliance with the technological and quality required by the market.

The markets served by *EuroGroup Laminations* are characterized by highly demanding specifications for the motor core, including, among others, such better insulation, lower noise, mechanical stress reduction and motor core losses reduction. In particular, EV OEMs have heightened requirements for electric motor core performance and properties, given continuing efforts to improve new motor efficiency. Therefore, while the production process for stators and rotors is based on electric steel processing, each stage of manufacturing is highly complex. The Group has a highly specialized research and development team that is mainly dedicated to the development of the Group's products, including in response to customer requests and needs (especially for customized products) and making production processes more efficient. Research and development focuses on stud-

ying, designing and implementing new technical and technological solutions to produce high-efficiency stators and rotors and design innovative stacking and blanking systems for thinner sheet metal. This function is critical to ensure the quality and reliability of the Group's products as well as to identify technical solutions suitable to meet future changes in customer needs. Having the R&D function in house enables the Group to have continuous process, efficiency and product performance improvements, as well as to maintain the same standards globally, further increasing barriers to entry.

The Group's customers are increasingly requesting to develop products through a co-development process whereby the Group designs the products and the tools to be used in the manufacturing process together with customers' R&D functions. During this process the Group's R&D function works alongside the customer's internal R&D function providing them with the Group's process and product know-how to increase the innovation and improve the design of the product.

The Group support its customers and operations through R&D laboratories with proprietary simulation tools that ensure better sheets insulation, mechanical stress reduction, lower noise, lower motor core losses and supply chain optimization. The Group also has 12 integrated production and R&D centres. Due to its efforts in R&D the Group has won several awards over the years including, among others, the Global Best Innovation Award from Bosch in 2016, as well as Best Supplier Awards from Grundfos, Regal, Bosch and Brose. In 2022, the R&D function has 33 employees. Research programs are integrated at a Group level and coordinated centrally, contributing to the creation of a portfolio of projects that management believes is well balanced between developing new products and optimizing existing products. The Group also works in

collaboration with research centres and universities.

The main areas of research consist of:

1. for the EV & Automotive segment, developing: (i) in&out processes; (ii) the GlueRail bonding technology; (iii) modelling and simulation, aimed at improving magnetic efficiency, heat transfer, vibration and noise, protected by copyrights; (vi) modular designs, intended to fulfill various customer and engineering requirements; and (v) machines not containing rare earths elements;
2. for the Industrial segment, developing: (i) product technologies focused on, inter alia, savings on materials, the generation of new motors, and big data analytics; and (ii) process technologies focused, inter alia, on new bonding techniques, rotor die casting, rotor and stator welding, process automation, and big data analytics.

Over the 2023- 2024 period, the Group plans to (i) invest each year approximately 1.5% of its revenues in R&D strategies to create more efficient processes and solutions, and to (ii) have dedicated employees working in collaboration with research centres and universities.

EuroGroup Laminations is a leading global supplier of key components for electric motors and generators, with a vertical manufacturing capacity across its value chain. For example, *EuroGroup Laminations* is capable of offering its customers with all potential assembly solutions for lamellar packs (press pack, gluing, laser welding, TIG and MIG welding, thermal self-bonding, in-die gluing) and most of the processes to accompany the cutting and die-casting of the rotors accessories for engine assembly (heat treatment, shaft insertion, mechanical machining, balancing, painting, co-molding, magnet insertion, etc.). With its advanced digital manufacturing capabilities of its processes, plants and products ("Industry 4.0"), *EuroGroup Laminations* is able to efficiently assisting its customers during the development and assembling of their products, recommending the most appropriate technologies to their requirements.

AUTOMATIZATION OF PRODUCTION PROCESS

EuroGroup Laminations is constantly working towards the development of innovative solutions for its customers. A recent innovation project aimed at increasing the automatization of specific production processes, to the point that the innovative machinery developed by Eurotranciatura is able to produce rotors and stators without manual labor. As a result, employees have reduced their workload on repetitive and risk-prone activities, now focusing on supervising the production process as efficiency as well as verifying the quality of the products.

EUROGROUP LAMINATIONS: PROTAGONISTS OF THE 4TH INDUSTRIAL REVOLUTION

The development and articulation of *EuroGroup Laminations's* Information Systems and digitalization plan follow 4 main guidelines.

Use of data, computing power, and connectivity

All the presses of *Eurotranciatura S.p.A.*, *Eurotranciatura USA*, *Eurotranciatura Mexico*, *Eurotranciatura Tunisie* and *Euro-Misi* in China have been connected through devices for real-time acquisition of the main production data, to create a MES (Manufacturing Execution System), an automated production management and control system capable of maximizing collaboration between operator, machines, and tools, a project that involved qualified external suppliers and the most advanced technologies. Cloud computing is the backbone architecture that *EuroGroup Laminations* has used for the implementation of the international business plan management system, budgeting and reporting, Group consolidated financial statements, and CPM (Corporate Performance Management).

Analytics

The Microsoft technologies of SQL Server Reporting Services (SSRS), Data Ware House, and Business Intelligence are used by *Euro-*

Group Laminations to collect large volumes of integrated and extended data over time-related to the functioning of the critical and support processes of the companies of the Group to systematically manage the performance indicators of effectiveness and efficiency (KPIs) and extract value through the analysis of the causes of deviations from the targets. A similar system, again based on Microsoft technologies, was developed to digitalize the maintenance management process in production.

Human-machine interaction (touch interface)

The optimization of man-machine interfaces is one of the guiding principles that have always inspired the use of the most advanced production automation systems present in *EuroGroup Laminations* plants. Interactive touch terminals with advanced graphic interfaces are present on many machining centres and production measuring and control machines/systems, especially for the automotive sector.

Use of robotics and 3D printers, the transition from digital to real, and optimization of energy use (smart energy)

Industrial robotics through the development and use of advanced software systems is used specifically in *EuroGroup Laminations* plants in different departments such as packaging and co-molding for the handling, welding, and assembly of semi-finished and finished products in more innovative products lines. 3D printing has been used for several years for the construction and testing of prototypes and spare parts and allows for a significant reduction in time to market. A highly innovative project concerns the dynamic 2D / 3D simulation of each phase of the production processes for the optimization of the factory layout and the ergonomics of the working areas, the handling of semi-finished and finished prod-

ucts. The objectives of the project consist in the optimization of times and logistic flows of materials, operators and in the reduction of investments and costs connected to new production islands through virtual simulation and comparison of different alternatives before starting with real production.

The ISO 14001 environmental quality certification of the *Eurotranciaturo* plants in Italy contributes, among other things, to the optimization of the energy consumption of the work centres also through networked IOT devices for real-time detection of electricity consumption.

GREEN MOBILITY: ELECTRIC VEHICLES (EV), THE LANDMARK BREAKTHROUGH

In recent years energy efficiency market and regulatory requirements have created the need for new electric motors capable of supporting power steering, air conditioning, ABS, cooling water circulation, acceleration and brake control among other functions.

In the past, the automotive market primarily required electric steel with greater thickness (approximately 1 mm) and lower value, now it's demanding higher quality, efficiency, and frequency steel and with lower thicknesses. The standard for traction today is between 0,20 - 0,35 mm to push down to the technological frontiers of the steel thicknesses 0,15-0,10 typical of racing applications. Within the broader E-Traction motors market, the Group's EV & Automotive market segment of focus is the full electric vehicle, a market segment for which global production is expected to grow significantly in the next years. That market is served by the EV Traction product line which represented approximately 31% of total. *EuroGroup Laminations* is amongst the first leading global suppliers of key components for electric motors and generators to enter the competitive EV market, which has guided *EuroGroup Laminations's* technological developments and innovations in recent years.

5.2 Economic Performance

THE VALUE GENERATED AND DISTRIBUTED

The Statement of Economic Value is a reclassification of the Consolidated Income Statement and represents the wealth generated and redistributed by *EuroGroup Laminations* to all its Stakeholders. In particular, this statement presents the financial performance of operations, the wealth distributed to parties deemed to be Stakeholders for the Group, or the ability of the organization to create value for them. IFRS principles have been applied in the perimeter of the economic-financial data.

In 2022, *EuroGroup Laminations S.p.A.* registered a total economic value generated of € 857.7 million.



Direct economic value generated – GRI 201-1

| Thousands | 2021 | 2022 |
|--|------------------|------------------|
| Revenues | 556,904 € | 851,112 € |
| Other income | 2,211 € | 5,270 € |
| Financial income | 849 € | 2,561 € |
| Income from equity investments ² | - € | - € |
| Exchange rate differences | 1,081 € | -1,213 € |
| (A) Total Direct economic value generated | 561,045 € | 857,730 € |

Economic value distributed – GRI 201-1

| Thousands | 2021 | 2022 |
|---|------------------|------------------|
| Operating costs | 414,722 € | 642,968 € |
| (Costs of raw materials; services; third-party assets; change in inventories; internal construction and different management charges) | 85,705 € | 105,990 € |
| Payments to collaborators (payment to employees) | 7,676 € | 14,117 € |
| Payments to providers of capital (financial charges) | 8,982 € | 19,840 € |
| (B) Total Economic value distributed | 517,085 € | 782,915 € |

(C) Retained value – GRI 201-1

The value retained by *EuroGroup* in 2022, given by the difference between the value generated and the value distributed, amounts to € 74.8 millions (€ 43.3 millions in 2021).

| Thousands | | 2021 | 2022 |
|------------------------------|--|-----------------|-----------------|
| Profit/Loss of the Group | | 20,691 € | 43,778 € |
| Depreciations/leas | Tangible and intangible assets depreciation | 23,269 € | 26,091 € |
| Devaluations | loans devaluation; inventories devaluation and other devaluation | - € | 4,946 € |
| Provisions | Other provisions for risks and miscellaneous | - € | € |
| (C) Valore trattenuto | | 43,960 € | 74,815 € |

5.3 Investor Relations

Over the years, *EuroGroup Laminations* has established a close and constant relationship with its investors who actively contribute to its development.

Tikehau Investment Management is an asset management and investment group, listed on the Paris Stock Exchange, which starting from September 2022 became part of the shareholding structure of *EuroGroup Laminations S.p.A.*, formerly *Euro Group S.p.A.*, through a dedicated share capital increase, in order to support its growth path. As at 31 December 2022, the fund held 30% of the capital of the parent company, a percentage which subsequently decreased following the listing on the Stock Exchange. This has been the first Tikehau transaction in Italy carried out through the “T2 Energy Transition Fund”, dedicated to investments towards companies that are deeply involved in the energy transition. Thanks to Tikehau and the new investors involved in the Group listing, *EuroGroup Laminations* will further strengthen its leadership in the specific segment of stators and rotors for traction motors for electric vehicles. The Group also thanks to the new investments, will strengthen its presence in Europe, North America and China thanks to a continuous and ambitious development plan, which confirms its strong focus on innovation technologies, energy transition processes and its environmental sustainability policies. Since the investment, *EuroGroup* revenues has doubled with the EV segment representing about 31% of the total revenues in 2022.

The front-line position and commitment of *EuroGroup Laminations* in the electric vehicles and green mobility, was certainly a key factor that attracted Tikehau and its investors.

“Through our T2 Energy Transition Fund we are supporting companies both that contribute to the energy transition and conciliate financial and non-financial performance. EuroGroup is an excellent example of this philosophy as the company is a clear player in the transition towards low carbon mobility while deploying relevant sustainability initiatives in-house. Our aim as responsible investors is to support the company's growth while enhancing the development of a sound sustainability roadmap. At EuroGroup it materialises, for example, with the assessment of the first Group's carbon footprint back in 2020 and the identification of relevant initiatives to limit the carbon impact of the company.”

Nathalia Millan – Head of ESG for Private Equity TKO

Furthermore, *EuroGroup Laminations* was listed on February 10, 2023 in the EuroNext Milan segment of Borsa Italiana. This listing will lead the company to the definition of a structured, transparent and ethical program of involvement and dialogue with investors.

5.4 Product stewardship & customer satisfaction

EuroGroup Laminations is committed to guarantee the highest product quality and customer satisfaction levels.

Some companies of the Group have adopted certain management systems to guarantee the quality and the safety of their products, which are certified under ISO 9001 and IATF 16949, which establishes the requirements for a Quality Management System (QMS), specific for the automotive industry.

These systems undergo a voluntary periodical audit by independent third parties, to ensure full compliance with international standards. Below it is reported a summary of the relevant certifications obtained by the companies:

| | ISO 9001 | IATF 16949 |
|---|----------|------------|
| Eurotranciatura S.p.A. | x | x |
| Corrada S.p.A. | x | |
| SAF S.p.A. | x | x |
| Eurotranciatura México S.A. de C.V. | x | x |
| Eurotranciatura USA L.L.C. | x | |
| Euro Misi Laminations Jiaxing Co. Ltd. | | x |

With reference to *Eurotranciatura S.p.A.*, the company has established a structured internal and external quality monitoring process, which also involves customers and suppliers. Product quality and safety is monitored at all the Group's plants, by using specific indicators. These KPIs are set annually by the Quality Plan, which also establishes yearly quality objectives. In addition, *Eurotranciatura S.p.A.* has implemented a Quality Policy to define a reference framework that serves as a guide in the achievement of the quality objectives listed in the table below.

| Focus on customers | Better quality levels for products and services |
|---|--|
| Becoming “TIER 1 supplier” in the automotive sector | - Minimizing the costs of non-quality |
| Becoming “preferred supplier” of EuroGroup Laminations customers | - Improving the level of service - Improving production processes - Optimizing logistics and the supply - Optimizing logistics and the supply of raw materials and products |

The Lean Manufacturing Approach (MUDA) is the method chosen by *Eurotranciatura S.p.A.* to achieve these results. It is performed by multifunctional groups (Engineering, Production, Quality, and Logistics) which systematically analyze the root-causes of process output variations whenever they occur to reduce the defect rate and any form of potential waste. This applies equally to the commercial products and services.

In identifying its strategic guidelines, *Eurotranciaturo S.p.A.* also identifies several factors and relative requirements that are considered to be necessary to ensure good overall quality standards:

| Factors | Requirements |
|-----------------|---|
| Data Analysis | <ul style="list-style-type: none">- Ensure the correct collection and analysis of data using an integrated management system in all stages of the production process. |
| Supplies | <ul style="list-style-type: none">- Comply with the quality requirements agreed with the customer for the product;- Ensure the purchase of packaging material and raw material (sheet metal) of sufficient quality and quantity;- Develop new suppliers by improving performance (quality and delivery time) and at the same time reducing the cost of purchasing products. |
| Communication | <ul style="list-style-type: none">- Being able to communicate the requirements customers defined and validated during the planning phase. |
| Organization | <ul style="list-style-type: none">- Ensure continuity of production and expected quality through proper execution and management of scheduled maintenance;- Encourage research and development of new technologies and production methods to improve the performance of production processes. |
| Facilities | <ul style="list-style-type: none">- Have at disposal the most modern equipment and systems for process improvement. |
| Technology | <ul style="list-style-type: none">- Have available new and modern machines and moulds to meet the requirements of delivery, quality, and production. |
| Human resources | <ul style="list-style-type: none">- Have within the Group qualified personnel to meet the skills and experience required by the market;- Ensure within the organization the development of new technologies and the improvement of production processes and methods providing the correct training to people. |
| Good transport | <ul style="list-style-type: none">- Ensure the preservation of products, raw materials, and the safety of transport between the different warehouses, production sites, and customer plants. |

During the stages of development and technical approval, each product is subject to rigorous tests, performed in different operating conditions. These are tests designed to evaluate the product quality, efficiency, and endurance. This process follows a rigorous sequence that includes R&D tests and dynamic test cycles. These steps are needed to ensure that the products meet the relevant safety requirements and to look for any discrepancies with the quality standards identified during the design phase.

Customer satisfaction is one of the key factors considered when evaluating the success of *Eurotranciaturo S.p.A.* products and services. Customer expectations are increasingly demanding in terms of product quality, information confidentiality, transparency, and timing of delivery. In particular, for customers in the automotive sector there is a growing need to comply with customers' expectations and regulatory requirements. For this reason, *Eurotranciaturo S.p.A.* conducts periodical external and independent audits to ensure that these Customer Specific Requirements (CSR) and supply specifications for all products and services are satisfied.

Any potential complaints received on the customer portal, that are related to customer satisfaction are duly reported and monitored by *Eurotranciaturo S.p.A.* using a Customer Scorecard. These scorecards are based on the received communications and are tracked on the customers portal. This system allows *Eurotranciaturo S.p.A.* to trace and monitor the degree of satisfaction of each customer in order to guarantee a transparent and ad-hoc treatment of each case from complaint registration to resolution.

Starting in 2021, on a monthly basis, the Steering committee meet to: evaluate the most critical customer complaints received, plan the adequate resources and corrective actions needed, and inform the business functions concerned.

After a detailed technical assessment and agreement with a costumer, a Supplier Quality Engineer (SQE) is temporarily employed to evaluate and improve the specific production processes quality issues. The SQE, is becoming a permanent position meant to help *Eurotranciaturo S.p.A.* suppliers in achieving sustainable growth. This function also verifies suppliers' quality standards and compliance to the existing business codes and ethics.

Among the Group, in order to guarantee and enhance customer satisfaction, companies try to prevent any widespread malfunction of any end-product that may lead to consumer dissatisfaction, recalls and lawsuits. In 2022, EuroGroup did not register product recalls regarding health and safety.

06 | Environmental commitment



The Environmental Management System is applied to all processes and activities carried out by EuroGroup Laminations. Additionally, the plants of the following companies, Eurotranciatura S.p.A, Eurotranciatura Mexico S.A. de C.V, and Euro Misi Laminations Jiaxing Co. Ltd. are certified ISO 14001 as shown in the table below. These systems undergo a voluntary periodical audit by independent third parties, to ensure full compliance with international standards.

| Società | ISO 14001 |
|--|-----------|
| Eurotranciatura S.p.A. | x |
| Eurotranciatura México S.A. de C.V. | x |
| Euro Misi Laminations Jiaxing Co. Ltd. | x |

EUROGROUP LAMINATIONS SUSTAINABILITY HANDBOOK

The EuroGroup Laminations Sustainability Handbook is an official document containing guidelines and instructions that define common rules to manage those sustainability topics. All employees are encouraged to behave according to its recommendations. These guidelines are based on small actions that every employee can do, contributing to reaching higher sustainability targets for EuroGroup Laminations. Inside the Handbook the main guidelines are listed, divided according to their environmental impact:

- Energy and Water conservation and savings;
- Recycling and Waste Reduction in operations and purchasing;
- Transportation;
- Smoking and Other Substances at Work.

6.1 Climate Change Management & Emissions

ENERGY MANAGEMENT AND ENERGY TRANSITION

EuroGroup Laminations's goal is to produce in compliance with the highest environmental standards for its main sectors such as the automotive, industrial, energy, and home appliances markets. *EuroGroup Laminations* is committed to a gradual reduction of its energy intensity and working towards an increased transition to renewable energy in the upcoming years. The Group keeps track of its annual energy consumption using an internal reporting system, where the total energy consumption in terms of total CO₂ emissions are monitored. Among the existing energy efficiency initiatives, *Eurotranciatura Italia and USA* are gradually replacing old illumination systems with LED lighting with the aim of implementing that in all its facilities. These efforts are the starting point to develop more structured and all-encompassing energy efficiency initiatives in the upcoming years.

NEW PRODUCTION FACILITIES AND INSTALLATIONS CAPACITY

Between 2020 and 2021, with the goal of continuous expansion of its production plants, Eurotranciatura has purchased 90,000 square meters on which it will build about 23,000 square meters of warehouses. Moreover, it purchased near Baranzate two warehouses for a total of 2,800 square meters, and Euroslot has purchased a warehouse in Melzo (already previously occupied by the company) of about 3,200 square meters. Euroslot warehouse and other plants already took important steps towards the process of self-produced electricity and have invested in photovoltaic installations to generate self-generated electricity.

Energy Consumption- GRI 302-1

| Source of energy | Unit of measurement | 2021 | | 2022 | |
|--|---------------------|-------------------|----------------|-------------------|----------------|
| | | Consumption | GJ | Consumption | GJ |
| Natural Gas | m ³ | 11,716,821 | 465,332 | 10,736,701 | 426,929 |
| LPG (Liquified Petroleum Gas) | l | 162,895 | 4,257 | 140,898 | 3,682 |
| Diesel (for heating or productive process) | l | 9,170 | 350 | 131,400 | 5,026 |
| Diesel (for company's owned vehicles or in long-term leasing/rent) | l | 931,549 | 35,571 | 921,706 | 35,195 |
| Gasoline (for company's owned vehicles or in long-term leasing/rent) | l | 33,526 | 1,152 | 345,677 | 11,841 |
| Total fuel consumption | | 506,667 | | 467,257 | |
| Electricity self-produced | kWh | 995,470 | 3,584 | 1,064,339 | 3,832 |
| of which, from renewable | kWh | 995,470 | 3,378 | 1,064,339 | 3,832 |
| Electricity sold | kWh | 29,903 | 108 | 47,804 | 172 |
| of which, from renewable energy sources | kWh | 29,903 | 107 | 47,804 | 172 |
| Electricity purchased from national grid | kWh | 47,562,553 | 171,225 | 50,676,638 | 182,436 |
| of which, from renewable energy sources (certified) | kWh | - | - | - | - |
| Total Electricity | kWh | 48,528,120 | 174,701 | 51,693,173 | 186,095 |
| Total energy consumed | GJ | | 681,368 | | 653,453 |
| Of which from renewable | GJ | | 3,485 | | 4,003 |

Energy intensity- GRI 302-3

Energy intensity provides a measure of the operational efficiency of the company by comparing the total energy consumption of the organization to the production volume for the year (represented by the total consumption of steel by the plants). Steel consumption is considered a good proxy of *EuroGroup Laminations* production activity during the year.

| Energy intensity | Unit of measure | 2021 | 2022 |
|---|----------------------|-------------|-------------|
| Consumption overall of steel | metric ton | 403,910 | 408,958 |
| Energy consumed within the organization | GJ | 681,368 | 653,353 |
| Energy intensity | GJ/metric ton | 1.69 | 1.60 |

CLIMATE CHANGE AND CARBON EMISSIONS

EuroGroup Laminations recognizes that the fight against climate change is one of the key challenges companies are facing today. As a leading global supplier of key components for electric motors and generators, the Group understands the potential impacts and risks of climate change posed to the automotive, industrial, energy, and home appliances markets, where products are utilized. Therefore, *EuroGroup Laminations* is willing to take the necessary actions to reduce and mitigate the impacts that climate change can have across its value chain, communities, and territories where it operates. In this context, *EuroGroup Laminations* is in the process of defining specific objectives to reduce emissions of greenhouse gases (GHG), focusing on the growth of renewable energy consumption and developing innovative products that enable clean energy solutions.

EuroGroup Laminations is designing its greenhouse gases emission reduction targets in the near future, in compliance with international standards and value chain partners' requirements. Following the 'United Nations Framework Convention on Climate Change', 'Kyoto Protocol', Paris Agreements, and the GHG protocol, the Group discloses its data related to the 2 possible scopes of GHG emissions:

- **SCOPE 1:** direct GHG emissions occur from sites that are owned or controlled by the company and are released into the atmosphere.
- **SCOPE 2:** Indirect GHG emissions account for emissions caused by purchased or acquired electricity used by the company. In compliance with the GHG Protocol and GRI Standards, the estimation of Scope 2 emissions should be based on two different approaches: "Location-based" and "Market-based". The first approach takes into account the energy conversion factor of the country where energy was purchased. Therefore comparing the performance a national average emission factor and national energy mix for the production of electricity. On the other hand, the "Market-based" approach is based on its contractual instruments defined with the electricity supplier.

EuroGroup Laminations data on Scope 1 and Scope 2 emissions is reported in the following table. namely energy indirect GHG emissions account for indirect emissions are those that are caused by assets that are not owned by the company.

Direct (Scope 1) GHG emissions and Energy indirect (Scope 2) GHG emissions - GRI 305-1 & 305-2

| GHG Emissions - tCO2eq | | 2021 | 2022 |
|------------------------|---|---------------|---------------|
| Scope 1 | Direct emissions from combustion | 26,368 | 24,324 |
| | Emissions from refrigerant gas leaks ³ | 40 | 6 |
| | Total Scope 1 | 26,408 | 24,330 |
| Scope 2 | Location Based | 17,130 | 18,682 |
| | Market Based | 20,886 | 22,429 |
| Totale | Scope I and Scope II (Location-Based) | 43,537 | 43,011 |
| | Scope I and Scope II (Market-Based) | 47,294 | 46,759 |

³ Data on emissions from refrigerant gas leaks refer only to the company Eurotranciaturo USA.

For Scope 2, emissions are expressed in tonCO2eq although some of the sources used report emission factors expressed in metric tonCO₂. These sources (AIB and TERNA) do not report the emission factors of other gases other than CO₂ (methane and nitrous oxide) as they are considered negligible.

The Group also monitors its emission intensity, defined as the ratio calculated by dividing the absolute GHG emissions by the organization-specific metric. Steel consumption is considered a good proxy of *EuroGroup Laminations* production activity during the year.

In addition, *EuroGroup Laminations* emits from its activities other emissions, particularly from stamping activities and methane consumption, which in Italy are systematically evaluated as required by law through mostly annual monitoring. For the year 2022, these emissions refer to NOx emissions, assessed to be about 720 kg, CO emissions, assessed to be about 1709 kg, O2 emissions, assessed to be about 447 kg, dust (PM) emissions assessed to be about 1925 kg, and oil mists, assessed to be about 417 kg.

GHG Emission Intensity - GRI 305-4

| Intensity of emissions | Unit of measure | 2021 | 2022 |
|--|--------------------------|-------------|-------------|
| Consumption overall of steel | metric ton | 403,910 | 408,958 |
| Emissions (Scope 1 + Scope 2 Location Based) | tCO2eq | 43,537 | 43,011 |
| Emissions intensity | tCO2eq/metric ton | 0.11 | 0.11 |
| Emissions (Scope 1 + Scope 2 Market Based) | tCO2eq | 47,294 | 46,759 |
| Emissions intensity | tCO2eq/metric ton | 0.12 | 0.11 |

6.2 Waste, Water & Materials Management and Circular Economy

WASTE AND MATERIALS MANAGEMENT

EuroGroup Laminations improves its waste management by optimizing the use of source materials in its production processes and implementing responsible disposal practices. The biggest part of waste produced by the Group is recycled through the selling steel scraps. This should be seen as a concrete implementation of a circular economy model.

With focus to *Eurotranciatura S.p.A.*, to increase awareness among its employees on the responsible management of waste, it has adopted an internal policy and a periodical communication program for all employees, which includes a list of recommended behaviors to adopt to reduce waste production. This policy is applicable to both office and production site.

Waste Management-Recycled waste – GRI 306-4

| Recovery operation [metric ton] | 2021 | | | | 2022 | | | |
|------------------------------------|----------------|---------------|----------------|-------------|----------------|---------------|----------------|-------------|
| | Onsite | Offsite | Total | % | Onsite | Offsite | Total | % |
| Hazardous waste | | | | | | | | |
| Reuse | - | 9.7 | 10 | 0% | - | 1 | 1 | 0% |
| Recycle | 527.1 | 21,334.0 | 21,861 | 12% | 425 | 19,328 | 19,753 | 10.1% |
| Other | - | 0.1 | 0.1 | 0% | - | 0.2 | 0.2 | 0% |
| Totale rifiuti pericolosi | 527 | 21,344 | 21,871 | 100% | 425 | 19,329 | 19,754 | 100% |
| Non-hazardous waste | | | | | | | | |
| Reuse | - | - | 0 | 0% | - | - | - | 0% |
| Recycle | 102,994.8 | 47,687.0 | 150,682 | 86% | 118,360 | 56,931 | 175,291 | 90% |
| Other | 2,540.0 | - | 2,540 | 1% | - | 301 | 301 | 0% |
| Total non-hazardous waste | 105,535 | 47,687 | 153,222 | 100% | 118,360 | 57,232 | 175,592 | 100% |
| Total | 106,062 | 69,031 | 175,093 | 100% | 118,785 | 76,561 | 195,346 | 100% |

Waste Management-Waste sent to disposal waste – GRI 306-5

| Disposal [metric ton] | 2021 | | | | 2022 | | | |
|----------------------------------|------------|------------|------------|-------------|------------|------------|------------|-------------|
| | Onsite | Offsite | Total | % | Onsite | Offsite | Total | % |
| Hazardous waste | | | | | | | | |
| Disposal | 569 | - | 569 | 83% | 363 | - | 363 | 61% |
| Total hazardous waste | 569 | - | 569 | 83% | 363 | - | 363 | 61% |
| Non-hazardous waste | | | | | | | | |
| Disposal | 1 | 113 | 114 | 17% | 95 | 140 | 235 | 39% |
| Total non-hazardous waste | 1 | 113 | 114 | 17% | 95 | 140 | 235 | 39% |
| Total | 570 | 113 | 683 | 100% | 458 | 140 | 598 | 100% |

Most of the Group customers require materials management certifications linked to the Reach, Rohs, and Conflict Mineral regulations and other standards to prove the company's commitment to responsible and ethical purchasing practices as well as responsible material management. All residual metallic materials are collected and sold, and for this reason, their correct management and disposal also represents an important economic opportunity.

WATER MANAGEMENT

For the first year, EuroGroup Laminations monitored water withdrawal within its plants. In fact, these data refer to the water used in the systems mainly for sanitary purposes and, for production purposes, to dilute some solutions and prevent the steel from rusting.

Water withdrawal by source – Water withdrawal – GRI 303-3⁴

| Withdrawal source (megaliters) | 2021 | | 2022 | |
|---|--------------|-------------------------------------|--------------|-------------------------------------|
| | All areas | of which areas with water stress | All areas | of which areas with water stress |
| Third party water | 1,155 | 23 | 1,139 | 20 |
| Fresh water (≤ 1000 mg/L total Dissolved Solids) | 1,155 | 23 | 1,139 | 20 |
| Other water (> 1000 mg/L total Dissolved Solids) | - | - | - | - |
| Third party water (total) by withdrawal source | | 23 | | 20 |
| Surface Water | | 12 | | 6 |
| Groundwater | | 10 | | 14 |
| Sea water (total) | | - | | - |
| Produced water | | - | | - |
| Groundwater | 91 | - | 86 | - |
| Fresh water (≤ 1000 mg/L total Dissolved Solids) | 91 | - | 86 | - |
| Other water (> 1000 mg/L total Dissolved Solids) | - | - | - | - |
| Surface water | - | - | - | - |
| Sea water | - | - | - | - |
| Produced water | - | - | - | - |
| Total water withdrawal | 1,245 | 23 | 1,225 | 20 |

⁴ Data regarding the withdrawal of water do not consider the production site in Tunisia due to a lack of monitoring system.

07 | Social commitment



The heart and the strength of *EuroGroup Laminations* is its people. The Group values their well-being, their continuous professional development, and constantly strives for building a safe, stimulating, and inclusive work environment for them. For this reason, over the years *EuroGroup Laminations* has implemented several policies and procedures that all employees are bound to respect, to build and maintain a safe environment for its people.

In everyday activities, the Group promotes and practices its shared values of guaranteeing respect for diversity, protecting freedom of association, and ensuring fair working conditions. *EuroGroup Laminations* people operate in full awareness of their responsibilities towards society, following working practices that respect human rights and protect the environment. Shared values and responsibility towards society are constantly strengthened through *ad-hoc* training programs and the promotion of Code of Ethics principles.

7.2 Talent acquisition, employee development and well-being

EMPLOYEE ACQUISITION, DEVELOPMENT, AND RETENTION

EuroGroup Laminations values the professional development of all its employees as an important instrument to improve the overall business performance and enhance employee retention. *Eurotranciatura S.p.A.* has developed Euro Academy, an employee training program created in 2018. From 2018 Euro Academy has:

- **ORGANIZED** training and refreshment courses, with qualified external teaching on different activities related to different business functions also on issues such as managing environmental emergency and fire prevention;
- **DEVELOPED** a project with an external supplier for the implementation of the new human resources ERP “HR Infinity”, which will bring new tools and facilities.

Around 18% of *EuroGroup Laminations* training programs are focused on health and safety issues, including specialized training on unloading, loading, handling, and management of dangerous goods, first aid, fire emergency, forklift driving, among others. Training programs are also offered to new hires, including information on the Code of Ethics to which the Group is expected to be complied.

EuroGroup Laminations is constantly working towards the improvement of training programs and monitors a set of key performance indicators (KPIs) related to hours of training, upon which it sets targets for the future improvements both in quality and frequency of training programs offered.

Furthermore, around 702 hours of training were provided in 2022 with reference to privacy and data protection issues.

EMPLOYEE DEVELOPMENT INITIATIVE

Something to highlight in terms of employee development is an initiative implemented by *Eurotranciatura Mexico*. Since 2017, a Technological Baccalaureate program has been running under the Dual Training Modality with an Educational Model of integration of productive work, academic training and technological innovation, thanks to the collaboration between *Eurotranciatura Mexico* and the teachers and managers of the Centro de Bachillerato Tecnológico Industrial y de Servicios located in the Municipality of Corregidora. In 2021, the first MBA program started with a first generation of 12 graduates. These programs aim at transforming employees from a humanistic and scientific perspective, through permanent education and learning that promotes their personal development and interaction in their work, social and cultural reality.

Number and rate of new hire – GRI 401-1

| Number of employee hired | 2021 | | | | | 2022 | | | | |
|--------------------------|------------|------------|-----------|------------|------------|------------|------------|-----------|------------|------------|
| | <30 | 30-50 | >50 | Total | % | <30 | 30-50 | >50 | Total | % |
| Male | 133 | 154 | 24 | 311 | 20% | 377 | 265 | 24 | 666 | 38% |
| Female | 39 | 45 | 3 | 87 | 18% | 171 | 125 | 7 | 303 | 55% |
| Total | 172 | 199 | 27 | 398 | 20% | 548 | 390 | 31 | 969 | 42% |
| Percentage | 37% | 19% | 5% | 20% | | 92% | 33% | 6% | 42% | |

Number and rate of turnover – GRI 401-1

| Number of employees who left the company | 2021 | | | | | 2022 | | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | <30 | 30-50 | >50 | Total | % | <30 | 30-50 | >50 | Total | % |
| Male | 250 | 194 | 36 | 480 | 31% | 243 | 198 | 43 | 484 | 28% |
| Female | 130 | 87 | 24 | 241 | 50% | 112 | 91 | 10 | 213 | 38% |
| Total | 380 | 281 | 60 | 721 | 35% | 355 | 289 | 53 | 697 | 30% |
| Percentage | 81% | 26% | 12% | 35% | | 60% | 24% | 10% | 30% | |

Training hours by type of training – GRI 404-1

| Number of training hours | 2021 | | 2022 | |
|--------------------------|---------------|-------------|---------------|-------------|
| | N. Hours | % | N. Hours | % |
| Health and safety | 8,606 | 18% | 16,294 | 27% |
| Code of Ethics | 1,383 | 3% | 1,589 | 3% |
| Skill management | 11,304 | 24% | 16,057 | 26% |
| Other | 25,875 | 55% | 27,428 | 45% |
| Total | 47,168 | 100% | 61,367 | 100% |

Training Hours per gender and employee category - GRI 404-1

| Number of training hours | 2021 | | | 2022 | | |
|--------------------------|---------------|-----------------|----------------|---------------|-----------------|----------------|
| | N, Hours Male | N, Hours Female | N, Hours Total | N, Hours Male | N, Hours Female | N, Hours Total |
| Top management | 501 | 28 | 529 | 586 | 51 | 637 |
| Middle management | 1,149 | 1,048 | 2,197 | 1,094 | 1,083 | 2,177 |
| White collars | 6,129 | 2,992 | 9,121 | 9,235 | 4,156 | 13,390 |
| Blue collars | 28,073 | 7,249 | 35,322 | 32,942 | 12,221 | 45,163 |
| Total | 35,851 | 11,316 | 47,168 | 43,857 | 17,511 | 61,367 |

EMPLOYEE ENGAGEMENT AND SATISFACTION

EuroGroup Laminations continuously seeks to improve its employee engagement and satisfaction, by offering a stimulating working environment to engage in.

Specific activities have been developed within the various companies to respond to the needs of the territory and local regulations. In terms of basic benefits, the Group makes no distinctions between Temporary, Unlimited, Part-Time contracts.

It is on the basis of this commitment that *Eurotranciatura S.p.A.* promotes a welfare platform that can be used by all employees for all kind of purposes, from leisure to sports or travel. The services and products available on the platform cover a wide range of needs, from pensions and healthcare, refunds for school costs, to language courses, gym subscription as well as spas or cultural centres.

Employee health benefits such as life insurance and health care assistance are guaranteed by collective bargaining agreements, additional forms of private insurance options are also available to expatriate employees.

In addition, following the trade union agreement concluded recently, in accordance with the regulations laid down by the CCNL of category, employees are expected to receive a performance premium based on the objectives achieved. The identification of objectives is aimed at promoting a mindset based on proactiveness and engagement of all personnel. The determination of the premium is agreed collectively and every year each worker is able to decide how much of the premium share can be converted into assets, goods or services. Furthermore, the Group focuses on initiatives to develop their workers abilities; besides training *Eurotranciatura USA* collaborated with a local College whereby the company paid full tuition for a select couple of employees to take classes and get a degree, with the aim to improve their skill set. More initiatives to boost the employee's morale can be seen in *Euro Misi's* yearly Activity Calendar. This outlines activities such as sports events, women's day, English sitcom competition and team building events to help engage employees and boost their satisfaction.

7.3 Occupational health and safety

EuroGroup Laminations considers the health and safety (HSE) of people to be one of its main priorities and is committed to the continuous improvement of its environmental and health & safety management systems in line with the highest technical standards and certifications.

The Group is focusing on the reduction of injuries, occupational diseases and other accidental events through the implementation of suitable preventive measures and checking of the adequacy and effectiveness supported by the internal policies and management systems. *EuroGroup Laminations* constantly identifies and updates internal procedures and requirements applicable to health and safety aspects.

Each entity's top Management, through this HSE management system, has the primary goal and responsibility to define and inform its staff and all parties involved about the goal of implementing and maintaining the above-mentioned safety standards. In particular, *Eurotranciatura S.p.A.* has implemented, and continuously improved its Occupational Health and Safety (HSE) Management System through the certification ISO 45001, applicable to the specific requirements of all its production facilities. This system undergoes a voluntary periodical audit by independent third parties, to ensure full compliance with international standards.

The commitment of *EuroGroup Laminations* is to identify all the legal requirements or in any case signed by the company applicable to each environmental and health and safety aspect, providing adequate management and economic resources to maintain full compliance with the legal requirements and the signed rules over time, provide safe and healthy working conditions, eliminating dangers and/or reducing the risks related to carrying out one's activities. The commitment of *EuroGroup Laminations* it is also aimed at the constant consultation and participation of workers. Furthermore, EuroGroup Laminations assumes the responsibility of informing, educating and training its staff and the employees of external companies present on the site, regarding the consequences for the health and safety and for the environmental impact caused by any deviations from what is expected by the rules and procedures defined.

Furthermore, *EuroGroup Laminations* invests in training activities including how to manage environmental and health and safety issues. Special technical training is provided to employees operating in the lines of production and for new hires participating in induction programs. In 2022, hours of training on health and safety provided across all sites were 16,294. In addition, *Eurotranciatura USA* mandates at least 4 hours of training regarding the health and safety of workers around plant machines, prior to the first day of work on site.

To monitor the progress of health and safety management processes, an annual report with the HSE key performance indicators, including the 'near miss incidents', is generated. On an annual basis the Board of Directors performs a comprehensive management review, of *EuroGroup Laminations's* HSE performance, identifies areas for improvements, and develops corrective operational plans for each relevant site. Moreover, *Eurotranciatura S.p.A.* performs annual HSE risk assessments for each relevant site and production processes.

The most common type of minor incident consists of wounds, cuts, contusion and crushing.

Employees - Work-related injuries GRI - 403-9

| Number of incidents | 2021 | 2022 |
|--|-----------|-----------|
| Total number of recordable work-related injuries | 46 | 30 |
| of which number of high consequence work-related injuries (excluding fatalities) | 4 | - |
| of which number of fatalities as a result of work-related injuries | - | - |
| of which recordable injuries (excluding fatalities and high consequences) | 42 | 30 |

With regard to work-related injuries of external employees, there were 31 injuries, without serious consequences or deaths, at the *Eurotranciatura S.p.A.*, *Eurotranciatura USA* and *Eurotranciatura Mexico* sites. The type of injuries reported mainly include: 10 wounds, 11 contusions, 3 strain injuries (muscle injuries, hernias, etc.) and 7 minor other injuries.

7.4 Human rights, Equal opportunity, diversity and inclusion

CORPORATE CULTURE AND HUMAN RIGHT

EuroGroup Laminations expresses its responsibility to ensure an equal and sustainable workplace, following the International labor and human rights standards. As a contribution to the respect of human rights, *EuroGroup Laminations* has directed its commitment within the Sustainability Handbook towards the areas listed below:

1. Child labor

EuroGroup Laminations does not expose children or young workers to any situations inside or outside of the workplace that is hazardous to their physical and mental health and development. *EuroGroup Laminations* declares to not engage in or ask child support in its activities and throughout the supply chain.

2. Freedom of Association and Right to Collective Bargaining

EuroGroup Laminations promotes an atmosphere in which there is maximum freedom, among employees, to participate and organize trade unions. The Group does not interfere in any way with the establishment, functioning, or administration of workers' organizations or collective bargaining.

3. Discrimination

People are at the center of its activities and represent an important resource for the Group's business. *EuroGroup Laminations* commits to offer equal opportunities, at every stage of relationships, avoiding any kind of discrimination and to promote a culture in which people recognize the value that a diverse and inclusive workforce brings. In this regard, the Group monitors any cases of discrimination that have occurred in each of the companies and the related measures taken. In 2022, one case of discrimination occurred in Eurotranciatura México S.A. de CV in relation to labour inequality. The case was closed during the year after the appropriate remediation plans were put in place (equal opportunity talk, skills validation).

4. Valuing Diversity

EuroGroup Laminations values diversity and seeks to provide all staff with the opportunity for employment, career, and personal development based on ability, qualifications, and suitability for the work as well as their potential to grow. The Group believes that people from different backgrounds can bring fresh ideas and approaches that make the way work is carried out more effective and efficient. *EuroGroup Laminations* will not tolerate direct or indirect discrimination against any person on grounds of age, disability, gender/gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion or belief, sex, or sexual orientation whether in the field of recruitment, terms and conditions of employment, career progression, training, transfer or dismissal. It is also the responsibility of all staff in their daily actions to promote openness and to ensure that no form of discrimination takes place.

5. Dignity at Work

EuroGroup Laminations believes that the working environment should at all times be supportive of the dignity and respect of individuals. If a complaint of harassment is brought to the attention of management, it will be investigated promptly, and appropriate action will be taken.

DIVERSITY AND INCLUSION

In 2022 the total workforce was 2,720 people⁵, including 412 external workers. Employees are mainly composed of male blue-collar (77%) while the female personnel is relevant in the blue-collar (23%) and white-collar (27%) categories, including in accounting, treasury, and industrial portfolio-level management roles, the total female employees is composed by 554 women.

EuroGroup Laminations's commitment is to value diversity and provide all employees with equal opportunities for professional and personal development, based on their abilities, qualifications, and suitability for the company. *Each entity within EuroGroup Laminations* is working towards developing and hiring more female talent in top management and white-collar positions.

EMPLOYEE DIALOGUE

In 2022 60% of employees of *EuroGroup Laminations* was covered by Collective Bargaining Agreements. All employees are protected with a grievances system for both internal employees and external workers for reporting any actions that opposed the shared values expressed in the Code of Ethics.

Total number of employees by contract type and gender - GRI 2-7

| Type of employment contract | 2021 as of December 31 st | | | 2022 as of December 31 st | | |
|-----------------------------|---|------------|--------------|---|------------|--------------|
| | Male | Female | Total | Male | Female | Total |
| Temporary | 69 | 2 | 71 | 64 | 12 | 76 |
| Permanent | 1,483 | 483 | 1,966 | 1,690 | 542 | 2,232 |
| Total | 1,552 | 485 | 2,037 | 1,754 | 554 | 2,308 |

Total number of employees by employment type and gender - GRI 2-7

| Full-time / Part-time | 2021 as of December 31 st | | | 2022 as of December 31 st | | |
|-----------------------|---|------------|--------------|---|------------|--------------|
| | Uomini | Donne | Totale | Uomini | Donne | Totale |
| Full-time | 1,525 | 456 | 1,981 | 1,721 | 521 | 2,242 |
| Part-time | 27 | 29 | 56 | 33 | 33 | 66 |
| Total | 1,552 | 485 | 2,037 | 1,754 | 554 | 2,308 |

In addition, employees with non-guaranteed hourly contracts amount to around 34 for 2022.

⁵ Workforce and people refer to both Group direct employees and external workers such as apprentices, interns, etc.

Total number of workers who are not employees and whose work is controlled by the organization – GRI 2-8

| External workers | 2021 as of December 31 st | 2022 as of December 31 st |
|---|---|---|
| Agency workers | 319 | 365 |
| Apprentices | - | - |
| Contractors, self-employed persons, sub-contractors | 26 | 35 |
| Home-workers | - | - |
| Interns | 12 | 12 |
| Others (specify) | - | - |
| Total | 357 | 412 |

Percentage of employees by employment category, by gender – GRI 405-1

| Percentage | 2021 as of December 31 st | | | 2022 as of December 31 st | | |
|-------------------|---|------------|-------------|---|------------|-------------|
| | Male | Female | Total | Male | Female | Total |
| Top management | 92% | 8% | 100% | 89% | 11% | 100% |
| Middle management | 71% | 29% | 100% | 80% | 20% | 100% |
| White collar | 72% | 28% | 100% | 73% | 27% | 100% |
| Blue collar | 78% | 22% | 100% | 77% | 23% | 100% |
| Total | 76% | 24% | 100% | 76% | 24% | 100% |

Percentage of employees by employment category, by age range – GRI 405-1

| Percentage | 2021 as of December 31 st | | | | 2022 as of December 31 st | | | |
|-------------------|---|----------------|--------------|-------------|---|----------------|--------------|-------------|
| | <30 years | 30-50 years | >50 years | Total | <30 years | 30-50 years | >50 years | Total |
| Top management | 0% | 48% | 52% | 100% | 0% | 43% | 57% | 100% |
| Middle management | 0% | 72% | 28% | 100% | 2% | 70% | 28% | 100% |
| White collar | 32% | 54% | 15% | 100% | 33% | 49% | 18% | 100% |
| Blue collar | 22% | 52% | 27% | 100% | 24% | 53% | 24% | 100% |
| Total | 23% | 53% | 24% | 100% | 26% | 52% | 23% | 100% |

The Board of Directors of Euro Group S.p.A. consists of ten members, including eight men (80%) and two women (20 percent), eight directors over the age of 50 (80 percent) and two between the ages of 30 and 50 (20 percent).

Employees belonging to vulnerable groups within EuroGroup – GRI 405-1

| Number of employees | 2021 as of December 31 st | | | 2022 as of December 31 st | | |
|---------------------|---|----------|-----------|---|----------|-----------|
| | Male | Female | Total | Male | Female | Total |
| Top management | - | - | - | - | - | - |
| Middle management | 1 | 2 | 3 | 1 | 2 | 3 |
| White collar | 1 | 1 | 2 | 1 | 1 | 2 |
| Blue-collar | 3 | 4 | 7 | 4 | 6 | 10 |
| Total | 5 | 7 | 12 | 6 | 9 | 15 |

Employees with disabilities within EuroGroup – GRI 405-1

| Number of employees | 2021 as of December 31 st | | | 2022 as of December 31 st | | |
|---------------------|---|----------|-----------|---|----------|-----------|
| | Male | Female | Total | Male | Female | Total |
| Top management | - | - | - | - | - | - |
| Middle management | 1 | - | 1 | 1 | - | 1 |
| White collar | 5 | 4 | 9 | 5 | 4 | 9 |
| Blue-collar | 34 | 3 | 37 | 35 | 5 | 40 |
| Total | 40 | 7 | 47 | 41 | 9 | 50 |

7.5 Community support & development

EuroGroup Laminations prides itself in investing in new initiatives that serve to integrate the company in its local community. An example of this principle is seen in *Eurotranciatura's* program to include hearing-impaired workers in its entity in Baranzate, Italy. From 2004, *Eurotranciatura* S.p.A. has continuously worked on the program to ensure its success, by implementing interpreters during trainings and classes for employees to take to learn Sign language. To ensure the safety of hearing-impaired workers, some measures were adopted, like the use of visible orange shirts or the use of luminous signals. Another example of how EuroGroup Laminations engages with its local community, is *Eurotranciatura USA's* program to employ prisoners for social reintegration programs. *Eurotranciatura USA* saw an opportunity post-Covid-19 to hire more workers with less experience, thoroughly training its new hires (with at least 4 hours before starting). This collaboration was fruitful in reshaping these prisoners' attitude and to allow them to save some money and keep a job once they completed their sentence. Although these three programs have had the most significant impact on the relative local communities, other initiatives by *Eurotranciatura USA* are worth mentioning: sponsored activities in local high school, sponsored the "Fish Fry", donated engines to Tennessee College.



08 | Taxonomy tables

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

| | | | | Substantial contribution criteria | | | | | | DNSH criteria | | | | | | | | | | | | |
|--|-------------|-----------------------|----------------------------|-----------------------------------|-------------------------------|--------------------------------|----------------------|---------------|----------------------------------|---------------|--------------------------------|--------------------------------|---------------------------------|-----------------------|----------------|----------------------------------|-------------------------|---|---|--------------------------------------|---------------------------------------|---|
| Economic activities (1) | Code(s) (2) | Absolute turnover (3) | Proportion of turnover (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) | Minimum safeguards (17) | Taxonomy-aligned proportion of turnover, year 2022 (18) | Taxonomy-aligned proportion of turnover, year 2021 (19) | Category (enabling activity or) (20) | Category (transitional activity) (21) | |
| | | Euro | % | % | % | % | % | % | % | | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Percentage | Percentage | E | T |
| A. TAXONOMY ELIGIBLE ACTIVITIES | | | | % | | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | | | | |
| N/A | | 0 | 0% | | | | | | | | | | | | | | | | | | | |
| Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | | | | | | | | | | | | | | | | | | | | | |
| A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | | | | |
| N/A | | 0 | 0% | | | | | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | | | | | | | | | | | | | | | | | | | | | |
| Total (A.1+A.2) | | 0 | 0% | | | | | | | | | | | | | | | | | | | |
| B. TAXONOMY-NON-ELIGIBLE ACTIVITIES | | | | | | | | | | | | | | | | | | | | | | |
| Turnover of Taxonomy-non-eligible activities (B) | | 851,112 | 100% | | | | | | | | | | | | | | | | | | | |
| Total (A + B) | | 851,112 | 100% | | | | | | | | | | | | | | | | | | | |



Proportion of Capex from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

| | | | | Substantial contribution criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | | | | | | |
|---|-------------|--------------------|-------------------------|-----------------------------------|-------------------------------|--------------------------------|----------------------|---------------|----------------------------------|---|--------------------------------|--------------------------------|---------------------------------|-----------------------|----------------|----------------------------------|-------------------------|--|--|-----------------------------------|---------------------------------------|
| Economic activities (1) | Code(s) (2) | Absolute CapEx (3) | Proportion of CapEx (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) | Minimum safeguards (17) | Taxonomy-aligned proportion of CapEx, year 2022 (18) | Taxonomy-aligned proportion of CapEx, year 2021 (19) | Category (enabling activity) (20) | Category (transitional activity) (21) |
| | | Euro | % | % | % | % | % | % | % | | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Percentage | Percentage | E | T |
| A. TAXONOMY ELIGIBLE ACTIVITIES | | | | % | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | | | |
| N/A | | 0 | 0% | | | | | | | | | | | | | | | | | | |
| Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | | | | | | | | | | | | | | | | | | | | |
| A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | | | |
| N/A | | 0 | 0% | | | | | | | | | | | | | | | | | | |
| CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 0 | 0% | | | | | | | | | | | | | | | | | | |
| Total (A.1+A.2) | | | | | | | | | | | | | | | | | | | | | |
| B. TAXONOMY-NON-ELIGIBLE ACTIVITIES | | 0 | 0% | | | | | | | | | | | | | | | | | | |
| CAPEX of Taxonomy-non-eligible activities (B) | | | | | | | | | | | | | | | | | | | | | |
| Total (A + B) | | 83,598 | 100% | | | | | | | | | | | | | | | | | | |
| A. TAXONOMY-ELIGIBLE ACTIVITIES | | 83,598 | 100% | | | | | | | | | | | | | | | | | | |



Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2022

| | | | | Substantial contribution criteria | | | | | | DNSH criteria ('Does Not Significantly Harm') | | | | | | | | | | | | | |
|--|-------------|-------------------|------------------------|-----------------------------------|-------------------------------|--------------------------------|----------------------|---------------|----------------------------------|---|--------------------------------|--------------------------------|---------------------------------|-----------------------|----------------|----------------------------------|-------------------------|--|--|-----------------------------------|---------------------------------------|---|--|
| Economic activities (1) | Code(s) (2) | Absolute OpEx (3) | Proportion of Opex (4) | Climate change mitigation (5) | Climate change adaptation (6) | Water and marine resources (7) | Circular economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | | Climate change mitigation (11) | Climate change adaptation (12) | Water and marine resources (13) | Circular economy (14) | Pollution (15) | Biodiversity and ecosystems (16) | Minimum safeguards (17) | Taxonomy-aligned proportion of OpEx, year N (18) | Taxonomy-aligned proportion of OpEx, year N-1 (19) | Category (enabling activity) (20) | Category (transitional activity) (21) | | |
| | | Euro | % | % | % | % | % | % | % | | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Percentage | Percentage | E | T | | |
| A. TAXONOMY ELIGIBLE ACTIVITIES | | | | % | | | | | | | | | | | | | | | | | | | |
| A.1 Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | | | | | |
| N/A | | 0 | 0% | | | | | | | | | | | | | | | | | | | | |
| OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1) | | | | | | | | | | | | | | | | | | | | | | | |
| A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | | | | | |
| N/A | | 0 | 0% | | | | | | | | | | | | | | | | | | | | |
| OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | | | | | | | | | | | | | | | | | | | | | | |
| Total (A.1+A.2) | | 0 | 0% | | | | | | | | | | | | | | | | | | | A | |
| B. TAXONOMY-NON-ELIGIBLE ACTIVITIES | | 0 | 0% | | | | | | | | | | | | | | | | | | | | |
| OPEX of Taxonomy-non-eligible activities (B) | | 12,767 | 100% | | | | | | | | | | | | | | | | | | | | |
| Total (A + B) | | 83,598 | 100% | | | | | | | | | | | | | | | | | | | | |

09 | GRI Content Index

| Statement of use | EuroGroup Laminations has reported the information cited in this GRI content index for the period 1st January 2022-31 December 2022, with reference to the GRI Standards | | |
|--|--|-----------------------|-----------|
| GRI 1 used | GRI 1: Foundation 2021 | | |
| GRI Standards | Disclosure | Page number and notes | Omissions |
| GRI 2: GENERAL DISCLOSURES (2021) | | | |
| The organization and its reporting practice | | | |
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| 2-3 | Reporting period, frequency and contact point | 4-5 | |
| 2-4 | Re-statements of information | 4-5 | |
| 2-5 | External assurance | 50-53 | |
| Activities and workers | | | |
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| Strategy, policies, and practices | | | |
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| 2-23 | Strategy | 17-19 | |
| 2-27 | Policy commitments | 18 | |
| Stakeholder engagement | | | |
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| Transformation & Innovation management | | | |
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| 3-3 | Management of material topics | 14-15; 20-22 | |
| Product Stewardship & Customer satisfaction | | | |
| GRI 3: Material topics (2021) | | | |
| 3-3 | Management of material topics | 14-15; 25-27 | |

| Statement of use | EuroGroup Laminations has reported the information cited in this GRI content index for the period 1st January 2022-31 December 2022, with reference to the GRI Standards | | |
|---|--|-----------------------|-----------|
| GRI 1 used | GRI 1: Foundation 2021 | | |
| GRI Standards | Disclosure | Page number and notes | Omissions |
| GRI 416: Customer Health and Safety (2016) | | | |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 27 | |
| Climate Change Management & Emissions | | | |
| GRI 3: Material topics (2021) | | | |
| 3-3 | Management of material topics | 14-15; 28-31 | |
| GRI 302: Energy (2016) | | | |
| 302-1 | Energy consumption within the organization | 29 | |
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| GRI 305: Emissions (2016) | | | |
| 305-1 | Direct (Scope 1) GHG Emissions | 31 | |
| 305-2 | Indirect (Scope 2) GHG Emissions | 31 | |
| 305-4 | GHG emissions intensity | 31 | |
| Waste, Water & Materials management and Circular Economy | | | |
| GRI 306: Waste (2020) | | | |
| 306-4 | Waste diverted from disposal | 32 | |
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| GRI 303: Water and Effluent (2018) | | | |
| 303-3 | Water withdrawal | 33 | |
| Talent acquisition, employee development and well-being | | | |
| GRI 3: Material topics (2021) | | | |
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| GRI 401: Employment (2016) | | | |
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| GRI 404: Training and education (2016) | | | |
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| Occupational Health & Safety | | | |
| GRI 3: Material topics (2021) | | | |
| 3-3 | Management of material topics | 14-15; 36-37 | |
| GRI 403: Occupational Health & Safety (2018) | | | |
| 403-9 | Work-related injuries | 37 | |
| Human rights, Equal opportunity, diversity and inclusion | | | |
| GRI 3: Material topics (2021) | | | |
| 3-3 | Management of material topics | 14-15; 38-39 | |
| GRI 405: Diversity and Equal Opportunity (2016) | | | |
| 405-1 | Diversity of governance bodies and employees | 40-41 | |
| GRI 406: Non-discrimination (2016) | | | |
| 406-1 | Incidents of discrimination and corrective actions taken | 38 | |
| Community support & development | | | |
| GRI 3: Material topics (2021) | | | |
| 3-3 | Management of material topics | 14-15; 41 | |



Independent Auditor Report



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INDEPENDENT AUDITOR’S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of
EuroGroup Laminations S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter “Decree”) and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of EuroGroup Laminations S.p.A. and its subsidiaries (hereinafter the “Group”) as of December 31, 2022 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 31, 2023 (hereinafter “NFS”).

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph “EU Taxonomy”.

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the “Global Reporting Initiative Sustainability Reporting Standards” established by GRI - Global Reporting Initiative (“GRI Standards”), with reference to the selection of GRI Standards, which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group’s activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group’s activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

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Auditor’s Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards, with reference to the selection of GRI Standards. We conducted our work in accordance with the criteria established in the “*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*” (hereinafter “ISAE 3000 Revised”), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group’s activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard.
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Group;
4. understanding of the following matters:
 - business management model of the Group’s activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

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Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report.

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of EuroGroup Laminations S.p.A. and with the employees of Eurotranciatura S.p.A. and Eurotranciatura USA L.L.C. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the plant in Baranzate of the company Eurotranciatura S.p.A. and for the plant in Paris (Tennessee) of the company Eurotranciatura USA L.L.C, which we selected based on their activities, their contribution to the performance indicators at the consolidated level, we carried out remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards, with reference to the selection of GRI Standards.

Our conclusion on the NFS of the Group does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "EU Taxonomy".

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Other matters

With reference to the year ended December 31, 2021, the Group prepared a Sustainability Report, whose data were used for comparative purposes within the NFS. Deloitte & Touche S.p.A. voluntarily examined the Sustainability Report with a limited assurance engagement in accordance with ISAE 3000 Revised and expressed an unmodified conclusion.

DELOITTE & TOUCHE S.p.A.

Signed by
Lorenzo Rossi
Partner

Milan, Italy
April 14, 2023

This report has been translated into the English language solely for the convenience of international readers.