SUSTAINABILITY REPORT 2021

PUBLISHED IN MAY 2022

AGRATI
World Fastener Solutions

PASSION IN SUSTAINABLE BUSINESS AND TRUST IN OUR ABILITIES

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Letter to stakeholder

Dear Stakeholders,
Agrati values and strategy reflect our ambition to address global environmental and societal challenges. In November 2021 we published the Carbon Neutrality Strategy with the ambition of reaching Carbon Neutrality by 2039, this document represents the constant effort to minimize our environmental impacts with a clear approach, goal and milestones. On the pursuit of a continuous improvement, we are working on the Responsible Supply Chain model to involve the entire supply chain in order to achieve the common goal of a continuously enhanced environmental and social sustainability.

I am delighted to share the Agrati Group Sustainability Report in its third edition aligned with the recognised GRI Standards, which will be published together with the yearly consolidated financial statements. Indeed, the purpose of this document is to explain what running a sustainable business means for us from an environmental, economic and social perspective.
We are glad to provide a document that gathers forward-looking ideas, promotes collaboration and illustrates encouraging changes. Recognizing the impact of our business activities, we decided to adopt an outward-looking view in reporting our performance, standing by our corporate values that are an expression of our sustainability strategy.

The information in this report represents a concrete response to the increased attention from all of our stakeholders regarding our sustainability strategy and our ability to comply with national and international legislation. None of what is recounted in the following pages would have been achievable without the passion of those working together, day after day, for the continuous improvement and the long-term sustainability of our productive organization.
Our team philosophy entails being equipped with an articulated framework of resources, energy, competences, ideas, vision and solutions that – if integrated – assure the vital nourishment necessary for our growth.

For the first time, we engaged KPMG to assure the report. KMPG's opinion may be found at the end of this report.

We are fully aware that sustainability is an essential value that will accompany our growth. Therefore, we are committed to minimizing externalities, reducing consumption of energy, water and other resources while reducing emissions, waste and pollution, at the same time reducing costs and improving profitability. Hence, increasing the efficiency of our operations becomes a fundamental factor in our success. At the same time, we want to protect our consumers by ensuring product safety while keeping our employees safe.
Given the importance of our employees, we continue to adopt recruiting methods focusing on universities and social media platforms to attract and retain talents and we actively promote good relations between the Group and its greatest assets.

Conscious of the potential impact of our operations on the environment throughout the supply chain, the Group continues to engage its suppliers through an effective operations management and regular audits.

Lastly, concerning our governance, we believe that a strong corporate governance translates in understanding the risks factors and communicating transparently how we manage and reduce them in order ensure a long-term sustainable competitive advantage.

We believe that through our passion in doing sustainable business and by trusting our abilities, we build a better future every day.

Cesare Agrati
The Chairman

The challenge for the future

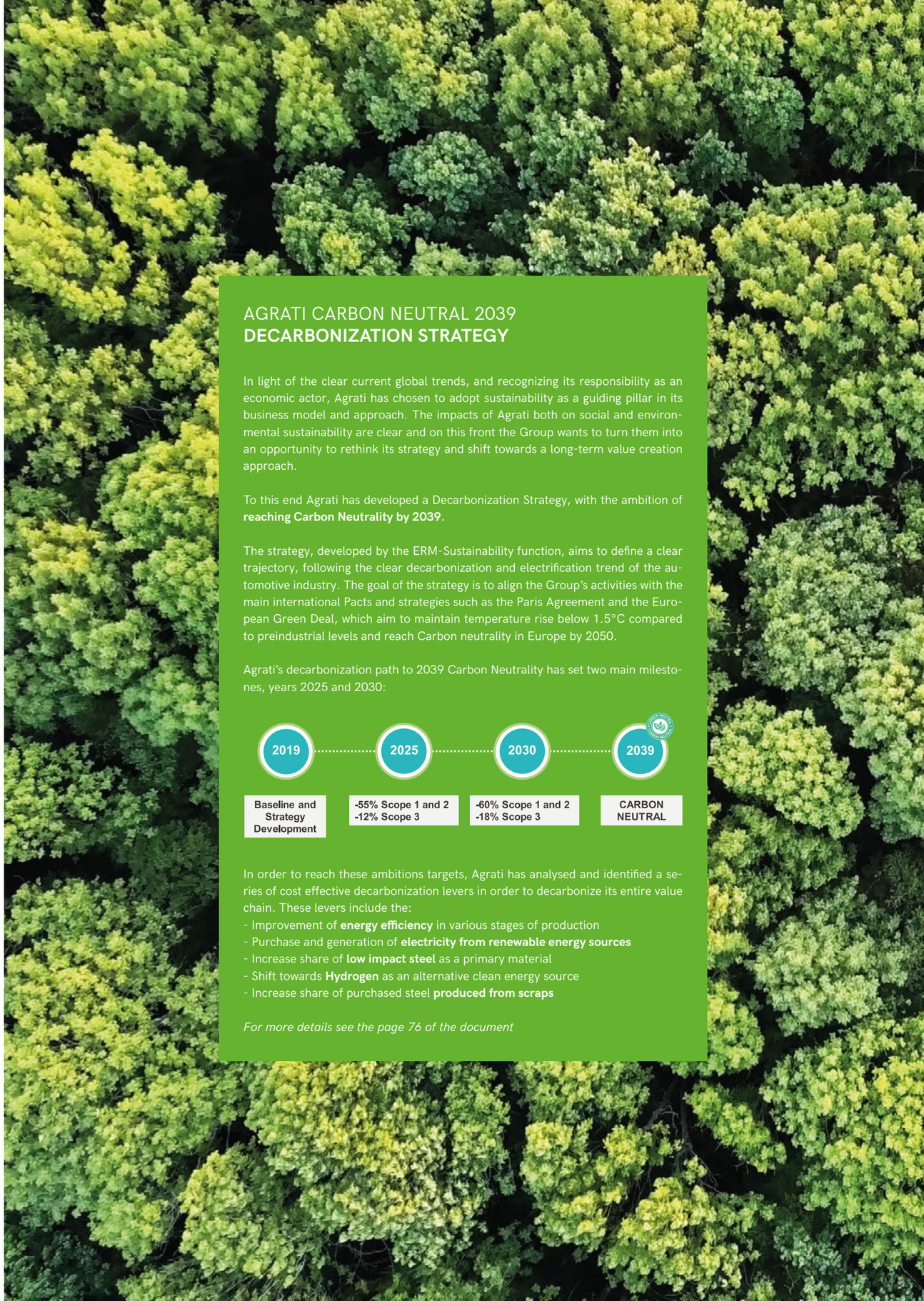
The World Economic Forum, in its annual Global Risk Report, presents the top risks and trends facing the world. In the latest publication the following risk were highlighted as the most likely and impactful: Climate action failure, Extreme weather, Biodiversity loss, Social cohesion erosion and livelihood crises. All of these global risks and trends, concerning both public and private sector entities, can be seen to have clear links to the concept of sustainability. Sustainability, commonly defined as the ability to meet the needs of the present without compromising the ability of future generations to meet their needs, is composed of three pillars: Economic, Environmental and Social. Furthermore, the current socio-economic vulnerabilities exposed by the Coronavirus pandemic has accelerated and highlighted the urgent need to rethink current business models and practices.

1st	Climate action failure	6th	Infection diseases
2nd	Extreme weather	7th	Human environmental damage
3rd	Biodiversity loss	8th	Natural resource crises
4th	Social cohesion erosion	9th	Debt crises
5th	Livelihood crises	10th	Geoeconomic confrontation

Source: World Economic Forum Global Risks Perception Survey 2021-2022

Coordinating effective international action to tackle these sustainability challenges is a fundamental aspect in determining success. The two main international actions have been the introduction of the Paris Agreement and the Sustainable Development Goals (SDGs). The Paris Agreement, established in 2015 during the COP21, aims to keep the global mean temperature rise well below 2° C from pre-industrial levels and continue action to limit the temperature rise to 1.5° C from pre-industrial levels, acknowledging that this could significantly reduce the risks and effects of climate change. The SDGs, approved as part of the 2030 Agenda for Sustainable Development by the UN General Assembly, are composed of 17 global goals to be achieved in a common effort towards sustainability.

On this end Agrati is continuously striving towards embedding sustainability principles into its business model. In its new and updated ESG-ERM Model, three of the top 10 Group risks were linked to sustainability aspects, which covered risks related to environmental pollution, responsible supplier management and ethical business conduct. On this end the main projects carried forwards by Agrati, have been the development of a **Decarbonisation Strategy to reach Carbon Neutrality by 2039** and the **implementation of Sustainable Supply Chain Model**, in order to play its role and contribute towards the sustainable development of the world.



AGRATI CARBON NEUTRAL 2039
DECARBONIZATION STRATEGY

In light of the clear current global trends, and recognizing its responsibility as an economic actor, Agrati has chosen to adopt sustainability as a guiding pillar in its business model and approach. The impacts of Agrati both on social and environmental sustainability are clear and on this front the Group wants to turn them into an opportunity to rethink its strategy and shift towards a long-term value creation approach.

To this end Agrati has developed a Decarbonization Strategy, with the ambition of **reaching Carbon Neutrality by 2039.**

The strategy, developed by the ERM-Sustainability function, aims to define a clear trajectory, following the clear decarbonization and electrification trend of the automotive industry. The goal of the strategy is to align the Group's activities with the main international Pacts and strategies such as the Paris Agreement and the European Green Deal, which aim to maintain temperature rise below 1.5°C compared to preindustrial levels and reach Carbon neutrality in Europe by 2050.

Agrati's decarbonization path to 2039 Carbon Neutrality has set two main milestones, years 2025 and 2030:

2019	2025	2030	2039
Baseline and Strategy Development	-55% Scope 1 and 2 -12% Scope 3	-60% Scope 1 and 2 -18% Scope 3	CARBON NEUTRAL

In order to reach these ambitions targets, Agrati has analysed and identified a series of cost effective decarbonization levers in order to decarbonize its entire value chain. These levers include the:
- Improvement of **energy efficiency** in various stages of production
- Purchase and generation of **electricity from renewable energy sources**
- Increase share of **low impact steel** as a primary material
- Shift towards **Hydrogen** as an alternative clean energy source
- Increase share of purchased steel **produced from scraps**

For more details see the page 76 of the document

Sustainability in Agrati 2021 Highlights

ENVIRONMENT

Carbon Neutral 2039
Decarbonization Strategy launched

-13%
CO2 emitted vs 2019

64%
Recycled input materials

Scope 3 Emissions
Calculated and included in Carbon Strategy

1.059GJ saved
through focused energy efficiency initiatives

8
Innovative Green Mobility Products

SOCIAL

-21%
Incidents per billion vs 2020

19
Hours of training per employee

9,8
Injury frequency rate

ISO 45001
Certification for all sites*
**Except FSP Verona to be certified in 2023*

1.131
Certified suppliers
(ISO 9001 / 14001 / 45001 or OHSAS 18001)

63%
of purchases from local suppliers

GOVERNANCE

ESG integrated ERM Model
Implemented

550m€
of economic value generated

500m€
of economic value distributed

Sustainability Policy
Updated

Anti-corruption Policy
Implemented

WORLD FASTENER SOLUTIONS

1

Agrati Group

1. Agrati Group

Profile and business activities

As of 2021 Agrati presents its Sustainability Report together with the Annual Report in order to be among the forerunners in the fasteners market from the Environmental, Social and Governance (ESG) point of view, in light of the new paradigms on sustainable finance and business competitiveness. The Agrati Group Corporate Social Responsibility Report (hereinafter also "Sustainability Report" or "Document") is published annually and contains non-financial information related to environmental, social and employment matters, as well as its action on human rights, anti-corruption and bribery issues. Based on the materiality principle, the Group describes the strategies linked to these issues in order to provide an exhaustive, transparent and accurate representation of the undertaken actions and the results achieved by the Group.

The reporting of non-financial information focuses on the issues emerged in the materiality analysis and therefore considered strategic and critical, not only from the Group's point of view, but also taking into account relevant stakeholders' expectations. Agrati Group cooperated and involved its main stakeholders in drafting this report, in the attempt of mapping the main social and environmental impacts that the Group's activities have on the surrounding communities.

Even though Agrati reports its socio-environmental information on a voluntary basis, the Group compiled this Sustainability Report inspired by the requirements of the Legislative Decree no. 254 of 30 December 2016, which introduced the obligation for large public interest entities to draft and publish a "Non-Financial Declaration". To this extent, a description of the 'Company's business model is provided, together with its main performance results, its management and organization, the provided products and services, the primary risks and the major policies and initiatives that are implemented with regards to social and environmental impacts.

This Sustainability Report is drafted in accordance with the GRI Sustainability Reporting Standards ("core" option), the guidelines of the Global Reporting Initiative used by companies worldwide. Agrati Group identified a set of indicators that best monitor and communicate the Company sustainability performance; a description of the mentioned disclosures can be found in the Note on Methodology section of this Document, which helps the reader to identify the material topic, the GRI disclosures and the pages of the document where they are located.

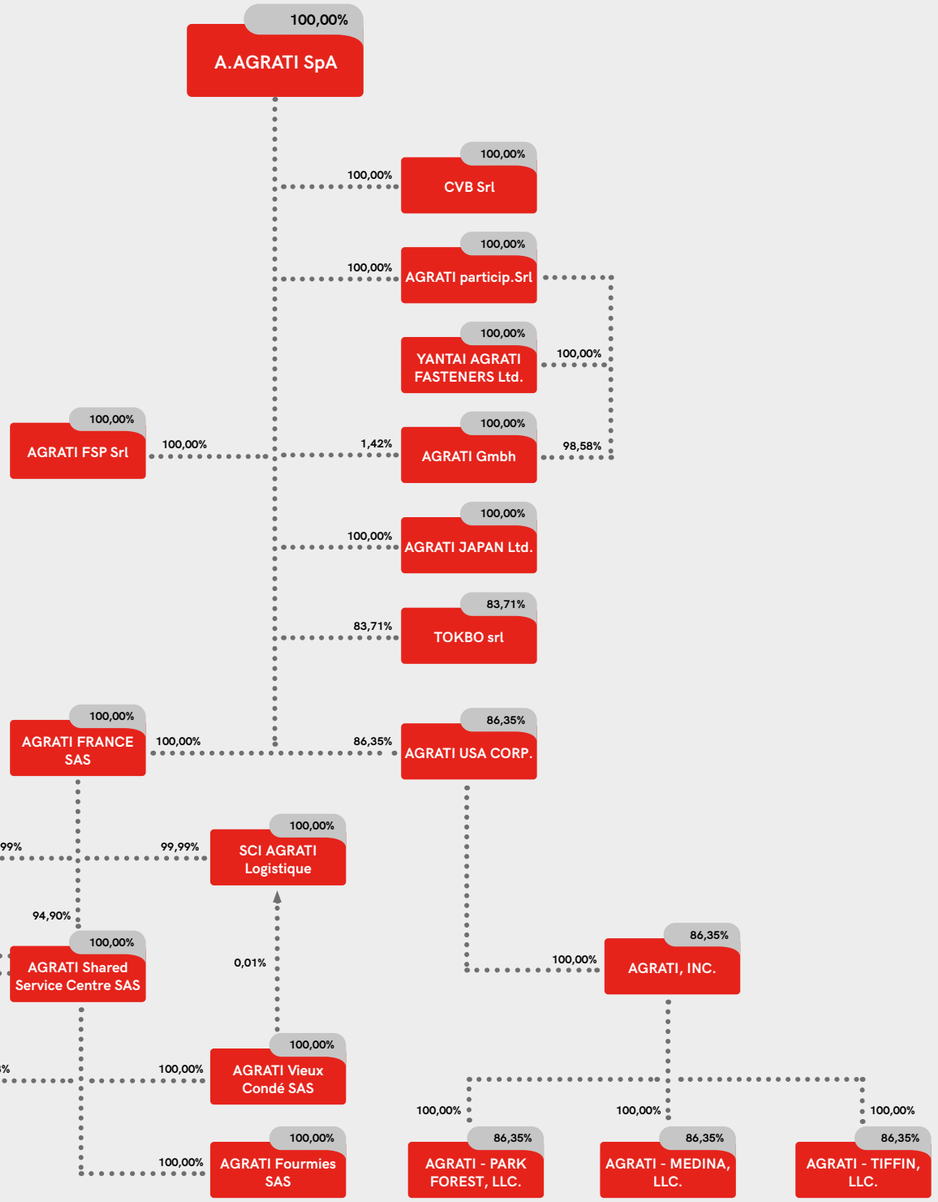
The reporting perimeter corresponds to that of the Consolidated Financial Statements and therefore includes information and complete data on all Agrati Group's companies consolidated using the full consolidation method with reference to the period from January 1, 2021 to December 31, 2021. The Report includes 2021, 2020 and 2019 figures. Explanatory notes and clarifying text are included in the document where the information was not available.

Agrati Group, headquartered in Italy in Veduggio con Colzano (Monza Brianza), operates in four regions (Italy, France, USA, China).

A.Agrati S.p.A. is the parent company of the Group and is controlled by Agrati family through Agrati Holding S.p.A. The main companies of Agrati Group are:
Agrati S.p.A., with production facilities in Veduggio con Colzano and Dolzago that holds (directly or indirectly) the 100% of:

- **CVB S.r.l.**, an Italian company dedicated to the production of special fasteners with production facilities in Tronzano Vercellese;
- **Agrati-FSP S.r.l.**, an Italian company that operates as a Full Service Provider for selected Clients and part numbers with operative premises in Verona;
- **Yantai Agrati Fasteners Ltd**, a Chinese company dedicated to the production of fasteners for the Chinese automotive market with production facilities in Yantai;
- **Agrati France SAS**, a French holding company that holds the production facilities connected to Agrati La Bridoire S.a.r.l. (with production facilities in La Bridoire and Val Guiers); ii) Agrati Vieux-Condé SAS (with production facilities in Vieux-Condé); iii) Agrati Fourmies SAS (with production facilities in Fourmies), the corporate office in Créteil connected to Agrati Shared Services Center SAS and the logistic services organized under SCI Agrati Logistique.
- **Agrati Inc.**, a US company that holds the 100% the production facilities connected to Agrati Park Forest LLC (with production facilities in Park Forest (IL) and Valparaiso (IN) and a Sales Office in Southfield (MI)), Agrati Medina LLC (with production facilities in Medina (OH)) and Agrati Tiffin LLC (with production facilities in Tiffin (OH)).

Agrati S.p.A. controls also the sales offices organized under **Agrati GmbH** and **Agrati Japan GK**, in addition in 2021 **Tokbo srl** was set from the joint venture between Agrati and e-Novia (these entities are out of scope of this Report).



During 2021, Agrati received the following recognitions:

RIVIAN BUSINESS AWARD	In August 2021 Agrati received the first business award from Rivian! Rivian is a Startup of electric vehicle maker whose inaugural Pick-up Truck, SUV and Amazon Van have captured the auto world's attention and billions of dollars in investor, with launching production in July from a converted Mitsubishi factory in Illinois.
TOYOTA QUALITY AWARD	In October 2021 Agrati received the Quality Award for Tiffin plant in Ohio from Toyota Motor North America.
LEAN Icon PRIZE	Agrati SpA received for the 2nd consecutive year the LEAN Icon award from AILM (Lean Managers Italian Association) with the "Rolling Lean Performance Measure System Project". The scope of the project was to improve our main KPI, the Overall Equipment Effectiveness. Daily transparency and discussion of problems allowed us to identify and prioritize maintenance activities on several machines.
ITALY'S BEST EMPLOYERS 2022	For the third straight year Agrati S.p.A is Italy's Best Employers, among the TOP 400 companies included in this research drafted by Corriere della Sera and Statista. Always so #proud to receive this important recognition, to continue to be an employer of choice.
TOP500+ MONZA BRIANZA	Agrati SpA ranks 12th among the TOP 500 companies of Monza Brianza: a confirmation of the great production vocation that has always characterized Agrati within the territory of Monza and Brianza.
SUSTAINABILITY AWARD 2021	Agrati received the Sustainability Award: a prestigious recognition that sees Agrati among the best 100 Italian companies in the field of sustainability. The Award and ESG results were presented by the organizers Kon Group and Credit Suisse.

Business Model: presence on the territory and main operational data

Agrati is a truly global leader in fastening systems with footprints in all key geographies. Its operations are rooted in three different continents: Asia, Europe and North America.
The Company has a global platform with production plants and sales offices close to the main automotive Original Equipment Manufacturers, counting:

12 MANUFACTURING PLANTS
- Italy: Veduggio con Colzano, Dolzago, Cornate d'Adda, Tronzano Vercellese;
- France: Vieux-Condé, La Bridoire, Fourmies;
- China: Yantai;
- USA: Park Forest, Valparaiso, Tiffin, Medina.

4 LOGISTIC CENTERS
- Italy: Verona;
- France: Vieux-Condé;
- USA: Park Forest, Medina;

4 RESEARCH AND DEVELOPMENT CENTERS
- Italy: Veduggio;
- France: La Bridoire;
- China: Yantai;
- USA: Southfield.

15 SALES AND APPLICATION OFFICES
- Italy: Veduggio, Verona;
- France: Creteil;
- USA: Southfield;
- Germany: Braunschweig, Rot am See, Heidelberg, Munchen;
- Japan: Tokyo;
- China: Guangzhou, Changchun, Shanghai, Beijing;
- Taiwan: Tainan City;
- Korea: Yongin

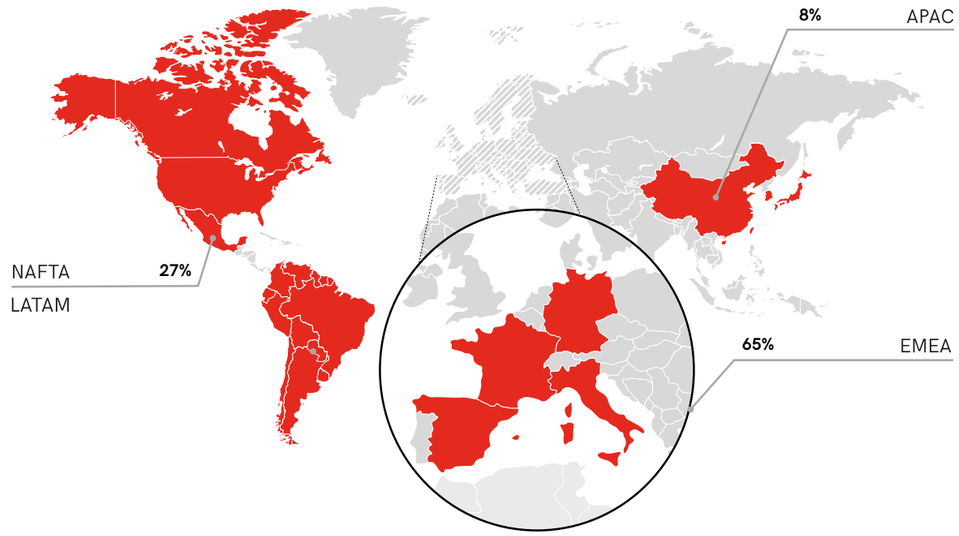
With its over 1.000 equipment, Agrati Group covers a surface of over 300.000 square meters, employing 2.192 people, distributed as follows:
- **1.505 employees in Europe;**
- **363 employees in the USA;**
- **324 employees in China.**

Globalization: countries of operations and markets served

Even though Agrati Group history dates back to 1939, the Company has been able to cope with the globalization-led processes. Today, Agrati is a worldwide leader in fastening and component solutions supplying EMEA, NAFTA, LATAM and APAC automotive markets; it is indeed a global leader with a large majority of its revenues coming from outside the Italian territory. This feature confirms the Company's global presence that focuses mainly on the most specialized markets with high growth potential.

Agrati Group's net revenues are mainly generated in the EMEA area, which accounts for 65% of the total. To follow, 27% of Group's net revenues are generated in NAFTA/LATAM area, and 8% in APAC area. The strategy of Agrati Group is focused on the automotive sector, which constituted over 92% of net revenues in 2021. The remainder mainly relates to the industrial sector, which represents 5% of the Group's total market.

Globalization has represented a precise target for the company over the last 10 years and Agrati is now able to cover the world's three leading automotive markets. The strategy implemented since 2006 has led to the creation of a production site in China exclusively focused on the local automotive market, the consolidation of Agrati's position in Europe and the acquisition of a leading fastener manufacturer in the United States.



OUR CHALLENGES

- Follow automotive market transformation (Electrification)
- Consolidate our strong positioning as technical leader on automotive market
- Digitalization of our processes
- Innovation
- Sustainability

OUR RESOURCES

FINANCIAL CAPITAL
Family shareholding
Independence
ERM-Sustainability function

HUMAN CAPITAL
2.192 employees
Agrati University
Agrati Care
Empowerment spirit

MANUFACTURING CAPITAL
Presence on 3 continents
12 manufacturing plants
4 logistic centers
> 1 000 machines and lines
300 000 sqm of covered surface

INTELLECTUAL CAPITAL
Innovation board
4 Tech centers

ENVIRONMENT CAPITAL
ISO 14001 certification for all plants
ISO 50001 certification for French plants

SOCIAL CAPITAL
Business Ethics and integrity
Code of Ethics
Risk Management

OUR BUSINESS

OUR VISION

We are committed to supply excellent products and services through cutting-edge technologies.

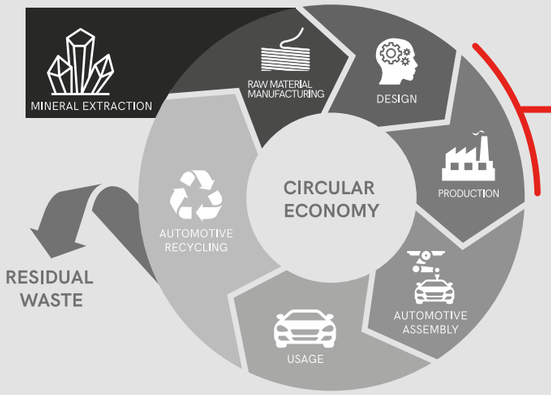
We are determined in preserving and caring for the environment.

We listen to our customers and develop a strong and cooperative relationship with them.

Total Quality is at the core of our process.

Customer satisfaction is our final goal.

We support and supply our customers globally.



1. RAW MATERIALS PREPARATION
2. FORGING
3. THREAD ROLLING
4. HEAT TREATMENT
5. SURFACE TREATMENT
6. SORTING
7. PACKAGING
8. DELIVERY

CREATING VALUE FOR OUR STAKEHOLDERS

FINANCIAL
550 M€ of economic value generated
500 M€ of economic value distributed

HUMAN
84% Employee Satisfaction
19 hours of training per employee
9,8 Injury Frequency Rate
84% of men, 16% of women

MANUFACTURING
-21% Incidents per billion compared to 2020
ISO 9001 & IATF 16949 certifications
63% of purchases from local suppliers
1.131 certified suppliers

INTELLECTUAL
8 innovative green mobility products

ENVIRONMENT
Decarbonization Strategy launched
-13% CO2 emitted vs 2019
1.059Gj saved through focused energy efficiency initiatives
317.177 TCO2e (Scope1+2+3)
64% recycled input materials

SOCIAL
Ecovadis Silver level (65/100)
Partnership with universities

OUR VALUES

RESPECT • PROACTIVITY • INNOVATION • ACCOUNTABILITY • COMMUNICATION • TEAM SPIRIT • CONTINUOUS LEARNING • SUSTAINABILITY

Agrati history

Agrati Group history begins in 1939, when a small manufacturing company made up of only 20 people was created; the entity had a very simple structure and a relatively low production volume.

It was 1939 when Carlo, Luigi and Peppino Agrati inherited an iron-working workshop from their father, a blacksmith by trade. The three brothers decided to expand the business by introducing the production of screws for woodworking and furniture.

In 1949, Agrati began developing in the field of screws and bolts, alongside the production of motorcycle saddles, under the Prestigio brand. Here, the main customers were Lambretta and Vespa.

The 1950's saw an economic boom. The nuts and bolts market became increasingly in demand in terms of the quantity and quality, requiring unified and special high-resistance screw designs.

In 1957, Fiat launched the 500 on the market, with an austere two-seat layout and a rear bench. When the first "Cinquino" came out of the Mirafiori plant, Agrati realized that was the right time to specialize.

In 1959, Agrati and Simmonds, a French company leader in the production of self-locking nuts and ring nuts, incorporated the Urama Simmonds. In order to focus entirely on bolts, especially for the automotive industry, the production of saddles was abandoned in 1962.

It was 1974. Austerity did not stop Agrati from forging Attrezzerie Adda in the same year, aimed to concentrate the knowledge and production of the equipment into a single hub, available to all Group companies.
From the late 1970's and throughout the 1980's, the thrust and intuitions of the new generation led to a doubling of the production capacity. The Company was still divided into four companies: Agrati, specialized in high-strength nuts and bolts, FEV in low resistance screws, FIVIT in self-tapping screws whilst Urama, which liquidated its French partners in 1989, confirmed its excellence in the production of nuts.

Distribution companies were then established in France, Germany, England, Spain and the United States. If the 1980s were a time of growth and restructuring, the 1990s saw the company emerging from a crisis that lasted almost four years.
The Italian political situation changed, leaving an institutional void unfavourable to the industry.
The new millennium marked the beginning of the radical transformation of the company into a Group, with the production companies incorporated into A.Agrati S.p.A. and all services gradually centralized.
The special production capacity, particularly directed towards automotive customers, increased significantly as much as quality, logistics and product development with the construction in 2002 of a new technical centre of 1.500 square meters in Veduggio.

In addition, in 2003 Agrati acquired the company CVB of Borgo d'Ale, extending its product range to the special pieces, later called AFP: Advanced Form Parts.

In 2006 the green-field of YAF (Yantai Agrati Fastener) began. The decision to open a production site in China was dictated by the need to follow customers and their needs in terms of volumes.
Today YAF is a company that counts on more than 360 employees, a fully integrated production cycle, 1 Tech Centre and a strong sales organization through 5 offices in Shanghai, Beijing, Changchun, Guangzhou and Wuhan that ensure the support of the main Chinese OEMs and TIERs1.

Since 2008 the Group has been led by Cesare Agrati, in the role of President & CEO with a governance perspective where ownership and Top Management team come together to aim for new goals.

The changes did not stop even during the crisis, with the opening in early 2009 of the new logistics centre in Trezzo D'Adda and in 2010 with the acquisition of the French division of Acument: 4 plants between the North and the South of France (Vieux Condé, Fourmies, La Bridoire, Amiens), and a commercial and application engineering office in Paris for a total of more than 800 employees.

In 2015 there was a further investment in the supply chain department with the new logistic centre in Verona (Agrati FSP) and in Val Guiers (Agrati France).

In 2016 YAF completed its third phase by increasing the production capacity (the second phase was completed in 2012).

In the same year the new R&D Tech Centre in Veduggio was inaugurated, which became ATC in 2018.

In recent years, further changes have been made to both the organization and the business model with the aim of completing the company transformation. In this context, in 2017 Agrati launched its new logo with the pay-off "Word Fastener Solutions".

In 2018, CVB expanded its plant by 6.000 square metres, while in Agrati France there was the inauguration of the new heat and surface treatment lines at Val Guiers plant.

In 2019, Agrati turned 80 years old.

A new milestone has been added with the opening of a new sales and commercial office in Japan.

Agrati Group is today a worldwide corporate leader in fasteners and components solutions with 12 production plants, 4 logistic centres, 2.192 employees.

Our mile-stones

1939
FOUNDATION

1949
SADDLES
"PRESTIGIO"

1959
URAMA SIMMONDS

1970 - 1990
PRODUCTION CAPACITY
INCREASE

1999
AUTOMOTIVE
MARKET FOCUS

2001
AGRATI GROUP FASTENING
SYSTEMS

2003
CVB ITALY

2005
YAF CHINA

2009
LOGISTIC CENTER
ITALY

2010
AGRATI FRANCE

2015
AGRATI FULL
SERVICE PROVIDER

2016
AGRATI TECH CENTER

CMG AGRATI USA

2017
AGRATI
RE-BRANDING

2018
AGRATI FRANCE
and CVB EXPANSION

2020
AGRATI JAPAN LIMITED

AGRATI KOREA
REPRESENTATIVE OFFICE

2021
NEW AGRATI VAL GUIERS SITE

TOKBO, THE INTELLIGENT
TALKING BOLT NETWORK

DECARBONIZATION STRATEGY

Mission, vision and values of Agrati

Mission

Agrati Group strongly believes in its mission of "Developing, with Customer, innovative fastening solutions".
Cooperating directly with clients increases the likelihood that the manufactured product fits with the market needs and meets customers' expectations worldwide.
Therefore, the mission of the Group is also summarised in its pay-off **"World fastener solutions":**

- **World:** Agrati Group is a technology supplier, specialized in complex fastenings, able to offer quality, high levels of service and significant technical competence primarily in Co-design activities; Agrati also created a Tech Centre, which fosters excellence in research and development in the sector.
- **Fastener:** Screws, nuts and bolts represent the history of the company and reveal why the name Agrati is recognized and respected worldwide.
- **Solutions:** Advanced fastening systems are an essential service offered by the Group in addition to screws, nuts and bolts. Agrati Group offers products, services, components as well as ideas and solutions too. Over the years, Agrati has become a valuable support for customers in the processes of planning and validating complex products, including design, functional testing and the analysis of finished elements and prototyping.

Vision

Agrati Group is committed to supply excellent products and services through cutting-edge technologies, always listening to its customers and developing a strong and cooperative relationship with them. In doing this, Agrati is determined in preserving and caring for the environment, monitoring its impacts on the society and the surrounding environment and keeping quality at the core of its processes.
Customer satisfaction is Agrati Group's final goal, with the main aim to support and supply consumers on a global scale.

Values

The Corporate Vision and Mission of Agrati Group arise from shared values that guide the Company's activities; they form the basis of the company's way of working and are proof that the people are the main and constant referent of Agrati's actions.
The main Company values are the following:

Respect: Agrati believes in the respect for colleagues, customers, suppliers, environment, rules and working principles.

Proactivity: Agrati believes the ability to anticipate the customers' needs is a key strategy to success, as it provides extended enterprise value for all parties.

Innovation: Agrati thinks innovation can be found everywhere in technology and in organizations outside the Company. To be innovative and prepared for the future, the Company solves problems and brings its customers new solutions able to provide value.

Accountability: Agrati believes that accountability means to be held responsible for what the Company does, both at an individual and collective level. Being accountable means being held responsible for time, money, all expended resources and the achievement of results.

Communication: Agrati is confident that building constructive relationships with its customers is the basis of success, as good relationships contribute to working well together.

Team Spirit: Agrati thinks that the attitude of working together, sharing information and knowledge are prerogatives to cooperate and work well as a team.

Continuous learning: Agrati believes in learning, sharing information and knowledge, giving everyone an opportunity to grow, as constant learning is vital for both the Company and its stakeholders.

Sustainability: Agrati thinks that sustainability is the success factor that steers corporate growth and the achievement of the company's economic, operational, environmental and social targets.

The mentioned values are the base of Agrati Group's activities and allow the Company to reach its goals on an economic, governance, financial, social and environmental side. Moreover, they enable the Group to be recognized by its customers and more extensively by its stakeholders.

OUR APPROACH

2

Sustainability in Agrati

2. Sustainability in Agrati

The approach to sustainability

Agrati's approach to Sustainability is centred on taking up the challenges presented by the current economic transition and focused on analysing risks and managing them through associated opportunities. As highlighted in the previous chapters the current global trends and risks are many and of varying nature.
Therefore, in order to manage them as comprehensively and effectively as possible, Agrati has identified three key areas of action: **Decarbonisation, Responsible Supply Chain** management and **Circular Economy Innovation.**

Agrati's goal is to integrate and embed sustainability transversally in all its business processes starting from risk management to product development and innovation.

The ERM & Sustainability function ensures effective management of these ambitions; it is coordinated by the Executive Vice President Andrea Costantini. The ERM & Sustainability function is responsible for the integrated management approach of ESG risks and related opportunities.

Under the ERM & Sustainability function, the Sustainability Team is in charge for proposing, coordinating and launching projects and initiatives in the area of environmental and social responsibility. It monitors the action plans of the various organizational units, also considering the external best practices and examining stakeholder information and stakeholders' requests on sustainability issues. As Agrati Group engages in a transition towards the incorporation of the ESG factors into its own business model, the Sustainability Team is gaining more and more importance in the Company structure.

Agrati's **Sustainability Team** is responsible for:
- the analysis of the material topics for the Company, based on an internal evaluation involving top management, trying to combine both the internal view and the stakeholders' expectations;
- the definition of the relevant KPIs that help monitoring and fostering the management of the Company's most relevant topics;
- the collection of the updated KPIs, performed on a yearly basis in the first quarter of the fiscal year.

The Sustainability Team drafts the Sustainability Report, involving all key departments from all locations in order to collect comprehensive and reliable data regarding the Group's Sustainability performance. The data collected is then consolidated into the Sustainability Report which represents a key tool to monitor and communicate internally and externally Agrati's sustainability performance and progress.

The mentioned team also promotes employees' engagement activities related to sustainability topics and trainings on sustainability issues. The Sustainability team, throughout 2021, implemented a series of awareness and training campaigns, aiming to promote bottom-up and inclusive approaches to innovative sustainability solutions spread throughout the whole Group.

Agrati intends to integrate innovative economic, social and environmental business practices to deliver long-term value to shareholders, customers, partners, communities, employees and the environment, always keeping in mind that these sustainability practices must be integrated with core business activities. Agrati Group's main purpose is to use its scale and expertise to enable a more responsible, balanced and sustainable future. The Company strives to become even more sustainable in the fastening systems sector.

Sustainability is one of the Agrati's values and is intended to be "the success factor that steers corporate growth and the achievement of the company's economic, operational, environmental and social targets". In fact, other corporate values such as Continuous Learning, Innovation, Respect and Responsibility, contribute to the strengthening of Environmental, Social and Governance Company efforts. These shared values distinguish Agrati Group in the market, for its unique style, and inside the company, for the palpable sense of belonging that unites all its collaborators. In addition, these values are embedded into corporate strategies such as the Research and Development initiatives, mainly aimed at promoting products, instruments, processes and behaviours that often increase technical efficiency, reduction of detrimental environmental impact, improvement of the health and safety conditions of employees and engagement of the customers and local communities. These initiatives have positive externalities also in terms of how sustainable the business activities are.

Agrati Group's approach to sustainability issues translates into concrete actions thanks to the Stakeholder Engagement's process, which identified the most relevant Stakeholders and the main engagement channels and mapped the material and most relevant topics from the Company's perspective via the Materiality Analysis procedure.

Stakeholder engagement

Thanks to the stakeholder engagement, Agrati Group interacts with its stakeholders to the overall benefit of the corporate activities and the surrounding community. The successful completion of a corporate initiative usually depends on the stakeholders' perspectives and involvement. Therefore, stakeholder engagement represents a key tool for Agrati to listen and communicate with its main counterparts, in order to understand their level of satisfaction and their point of view on the company activities. This interaction represents an opportunity for the Company to understand the areas of improvement and which topics need to be leveraged on.
The stakeholder engagement is also functional to identifying the relevant issues in the preparation of the Sustainability Report, taking in consideration the different perspectives of the people or entities negatively or positively affected by the Company's initiatives. Agrati Group's attention towards its stakeholders is stated as a key principle in the Code of Ethics under the Corporate Social Responsibility paragraph, underlying that the strategies dedicated to the Group's main counterparts are part of the sustainability purpose.

Due to the diversified interaction methods adopted by Agrati, the Group has been able to identify five different categories of relevant stakeholders, with whom the Company interacts:

Stakeholders	Stakeholders' involvement opportunities	Stakeholders' expectations towards Agrati
Customers	• Co-design activities: promotion visit and workshop • Audit performed by the customers in Agrati plants • Agrati University: training workshop on fastener technology • Agrati Tech Centre: the structure to provide customer with the most advanced R&D solutions: following customers from the early stages of defining fastening points of automotive platforms	• Satisfy customer requirements and drawings through Agrati engineered products • Close collaboration, trustful and strong relationship • Constantly looking for designing new products, technologies and process lines • Ad hoc Full Services logistic lines • Conciliate customer needs with expertise and training by learning and studying with them new solutions that support and teach them the 'language of fasteners'
Employees	• Internal job satisfaction and engagement surveys • Communication through internal channels such as intranet and totems • Engagement opportunities and employee participation at plant level	• Retention of employees • Professional development opportunities • Clear responding to request submitted by employees
Suppliers	• Supplier evaluation: Vendor Rating performance, Quality Audit, yearly targets • Group Purchasing meeting • Daily activities of Purchasing Team • Agrati University: specific courses to increase suppliers' technological level, set closer relationship and develop stronger cooperation	• Timely and proper fulfilment of contractual conditions • Revision and examination of supplier accomplished targets • If necessary, top management involvement with suppliers in specific meeting
Public Authorities	• Ordinary and extraordinary communication with supervisory authorities • Data provision, report compilation, meetings	• Call for action to address global and national challenges: climate change, energy security, human rights, skills shortage, education • Ensuring full compliance with current regulatory framework and specific regional laws
Local communities	• Every Agrati plant involves the local schools present in the area in order to engage with current students to provide information regarding Agrati's activities and in some cases provide training • Several employee initiatives, for supporting the economic, social and cultural development of local communities through selected associations	• Manage economic, social, cultural, and/or environmental impacts on local communities • Anticipate and avoid negative impacts on local communities

Therefore, Agrati is part of the following organizations:

EIFI *European Industrial Fasteners Institute*	European association of fasteners manufacturing industry is the recognized European industry association representing producers of bolts, screws, washers, nuts, rivets and other mechanical industrial fasteners *Agrati managers also hold a chair in the governance body.*
IFI *Industrial Fasteners Institute*	North American association of industrial fasteners producers is a trade association helpful to Agrati to gain collective strength and knowledge to accomplish tasks, projects, and objectives that are not practical or economi¬cally feasible for a single company. Beyond this general benefit, there are many tangible and specific benefits to be gained from IFI membership.
CLEPA	European association of automotive suppliers deliver innovative solutions for road transport. Thanks to a wide range of innovative technologies, safe, smart and sustainable mobility improves every day, for the greater benefit of consumers, in terms of cost and comfort.
ARTEMA	French association of mechatronic industries is the trade association that brings together more than 150 member companies: suppliers of components, solutions and systems in different fields.
UPIVEB	Italian association of fastener producers gathers as members all the Italian fastener manufacturers who have reached the highest production efficiency levels, and are in a position to offer advanced products, the high quality of which is officially recognized and appreciated by both the domestic and the international markets. *Agrati managers also hold a chair in the governance body.*
CONFINDUSTRIA	Confindustria is the main association representing manufacturing and service companies in Italy. The association's activities are aimed at guaranteeing the central importance of companies, the driver's of Italy's economic, social and civil development. By representing companies and their values at institutions of all levels, Confindustria contributes to social well-being and progress, and from this standpoint guarantees increasingly diversified, efficient and modern services.
ASSOLOMBARDA	Association of business located in Milan, Monza e Brianza and Lodi is the largest territorial association of the entire entrepreneurial system in Italy. The Association aims to protect and represent the enterprises' interests in dealing with the political world, with social and political organizations and with local authorities as well as with trade unions.
American Chamber of Commerce in Italy	Organization representing US business corporations is the world's largest business organization representing companies of all sizes across every sector of the economy. It advocates for pro-business policies that help businesses create jobs and grow economy.
UNSIDER	Unisider is the Italian Body Federated to UNI in charge of carrying out standardisation activities for the steel sector (steel and cast iron) and the sector dedicated to materials, equipment and structures at sea for the oil and natural gas industries. Unisider draws up technical standards in the sector that contribute to improving the efficiency and effectiveness of the Italian economic and social system and to support technological innovation, competitiveness, trade promotion, consumer protection, environmental protection and product and process quality. *Agrati managers also hold a chair in the governance body.*
ANFIA	Italian association of automotive players represents and offers services to companies in the automotive sector in order to support and strengthen their competitiveness, their growth in foreign markets and their integration within transportation systems.
ANRA	The National Association of Risk Managers and Insurance Companies Managers promotes the exchange of experience and information among its members on company risk management, business management, insurance policies, definition and management of insurance contracts and it contributes to the progress and dissemination of risk management techniques, through the organisation of training courses, professional refresher courses and any other initiative.

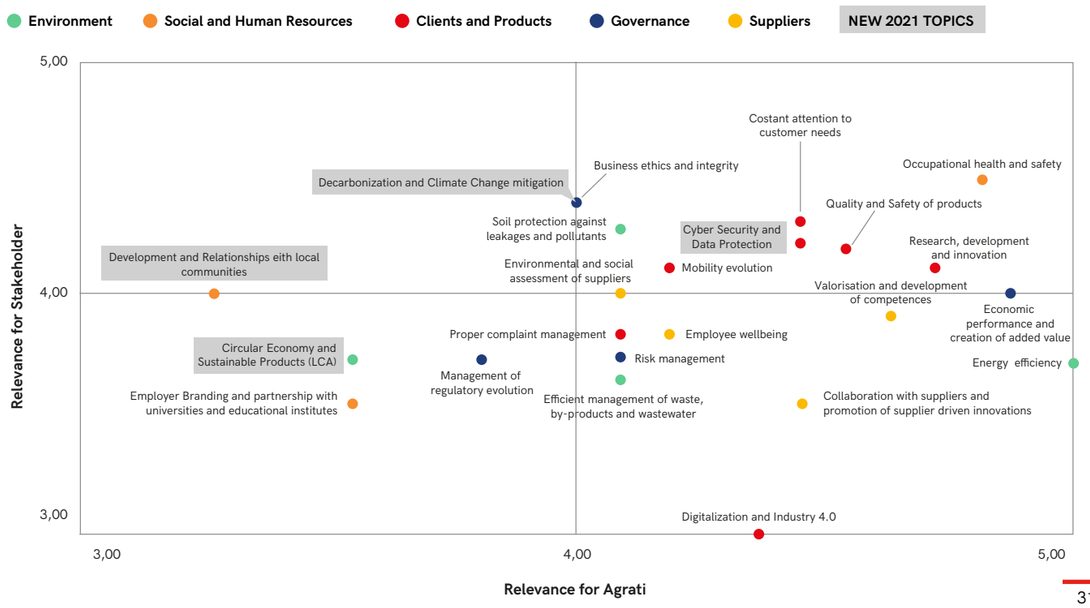
Materiality analysis

For the purpose of this Document, Agrati considers, as material or relevant, all those aspects that have a significant impact on the economic, social or environmental performances of the Company and that could substantially influence the assessments and decisions of its main stakeholders.
The contents included in this Sustainability Report are the consequence of a structured Materiality Analysis lead through a workshop and online survey, which involved the Top Management from a variety of functions and geographic locations.
During the workshop, the Top Management was asked to identify which were the most important aspects that have direct and indirect impacts on the Agrati Group's activities.
This process has allowed a comprehensive view of the Agrati Group's approach to sustainability-related topics. Moreover, this analysis has been enriched by a benchmark analysis mapping the approach to Corporate Social Responsibility taken by Agrati Group and its competitors. At the end of the analysis phase, a set of relevant issues was selected out of a larger group and was assessed by the first line of company managers. Managers ranked each topic according to the impact on their areas of interest and performed the same assessment from their stakeholders' perspective.

The Most relevant sustainability topics in 2021, resulting from the materiality analysis are:
1. Occupational health and safety
2. Economic performance and creation of added value
3. Research, development and innovation
4. Energy efficiency
5. Constant attention to customer needs

The material topics that saw the biggest increase in relevance **compared to last year are:**
- Energy efficiency
- Valorization and development of competences
- Environmental and Social assessment of suppliers
- Collaboration with suppliers and promotion of supplier driven innovation

These results demonstrate that some topics have remained as foundational and of high relevance for the Group, such as: Health & Safety, Economic performance, Innovation and attention to customer. Nonetheless, considering the fast-changing global trends it is clear that environmental and supply chain topics are accelerating in relevance and importance. Energy Efficiency, Decarbonization and responsible supply chain management are rapidly growing aspects, and subsequently they are also the main Sustainability topics on which Agrati is developing projects on. In 2021, Agrati developed its Carbon Neutral 2039 Strategy and has implemented an innovative responsible supply chain model, with the aim of addressing and managing these rising issues.



Agrati Group recorded 22 material topics divided into five macro-categories:

MATERIAL TOPIC	RELEVANT UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)
A specific focus on compliance and a strong business ethic Governance • Risk management • Management of regulatory development • Economic performance and creation of added value • Business ethics and integrity	10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Focus on the well-being and development of all Agrati employees • Occupational Health and safety • Valorisation and development of competences • Employer Branding and partnership with Universities and Educational Institutes • Employee Wellbeing • Development and Relationships with local communities	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 10 REDUCED INEQUALITIES
A high attention and care for products and relationships with clients • Constant attention to customer needs • Product quality and safety • Research, development and innovation • Proper Complaint Management • Digitalization and Industry 4.0 • Mobility Evolution • Quality and Safety products • Cyber Security and Data Protection	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES
Looking ahead to sustainable procurement • Environmental and social assessment and responsible selection of suppliers • Collaboration with supplier and promotion of supplier driven innovation	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Reducing Environmental Impact and Mitigating Climate Change • Decarbonization & Climate Change Mitigation • Energy efficiency • Efficient management of waste, by-products and wastewater • Circular Economy and Sustainable Products (LCA) • Soil protection against leakages and pollutants substances	7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND

Beyond the listed material topics, it is pivotal to underline that some of them play a crucial role for the Group, being at the core of the Corporate identity, mission and activities.

"Occupational Health and Safety" through the Materiality Analysis, Agrati Group demonstrated that this topic contributes to the sustainable growth of the Company Business. This means that not only positive results were taken into account, but also the negative results coming from accidents and non-conformities are the basis for the creation of action plans to improve the EHS Management System. Agrati understands that the goal of occupational health and safety programs is to foster a safe and healthy work environment and is aware that co-workers, family members, employers, customers, and many others who might be affected by the workplace environment could also benefit from a good health and safety management and practice. For this specific reason, all Agrati manufacturing plants are certified ISO 14001 and ISO 45001 standard from 2020, with the exception of FSP Verona which is scheduled to be certified in 2023.

"Economic performance and creation of added value" Agrati is continuously setting and monitoring economic objectives that are consistent, considering a long-term vision. The integration of these objectives with the environmental, social and governance aspects permits to obtain an holistic business strategy. Agrati has also embraced this approach in the definition of the ERM model, in which ESG risks are integrated, allowing a comprehensive and multidisciplinary mapping of the Group's risk exposure.

"Research, development and innovation" a key factor in the Company's strategic plans nowadays. Agrati undertakes several activities to develop existing or new services and products; the Company is indeed aware that research is the first stage to develop a potential product or an innovative production process.
For this reason, Agrati also assesses for improvement its significant product and service categories as far as health and safety impacts are concerned.
The launch of each new product is managed in accordance with the IATF 16949 standard, which provides the application of the Advanced Product Quality Planning (APQP) process.

"Energy efficiency" managing the consumption of energy plays a crucial role in Agrati's activities. Energy efficiency is not only a cost savings aspect but also reduces the exposure to market fluctuations and is a pivotal lever in Agrati's decarbonization efforts.
Agrati is constantly developing several initiatives to reduce consumption and increase energy efficiency.
On this front all French sites have obtained the energy management certification ISO 50001. Developing the Decarbonization Strategy a number of energy efficiency actions and investments were set; in order to reach milestones each plant, in coordination with the Sustainability Team, will report the progress.

"Constant attention to customer needs" Agrati supports its customers in all applications of fasteners technology with innovative products and solid technical solutions, for the new challenges ahead.
The Group is responsible for the direct supply of materials to customers, guiding them along a productive and streamlined organization, based on outstanding products and Business to Business services. Agrati believes that customers are the Company's greatest asset and, following the purpose of building a strong relationship with them by teaching and supporting them, it has created the University for Customers, a training focused on internal and external threading systems produced within Agrati. The program consists of a series of modular courses divided into main categories.

SUSTAINABLE CORPORATE GOVERNANCE

3

Governance

3. Governance

2021 HIGHLIGHTS

- Implementation of ESG integrated ERM Model

RELEVANT SDGs

Sustainable corporate governance

Agrati's corporate governance system has been structured in order to guarantee adherence to the guiding principles of transparency, accountability, security and sustainability at all levels of the organization, starting from the board of directors and managers.

Within the framework of the Group management team, two advisory committees have been created:

A. Project Committee. The role of the Project Committee is to discuss the implementation of a wide range of different new projects. Attendees includes CEO, Executive Vice President, Operations Director, Group CFO, HR Director, Product Development Director and Sales Director, that meets at regular intervals (at least once every 3 months).

B. Finance Committee. The role of the Finance Committee is primarily to provide financial oversight for the organization (including budgeting and financial planning, financial reporting, and the creation and monitoring of internal controls and accountability policies). Attendees are President &CEO, CEO, Executive Vice President, Group CFO, Operations Director, HR Director, Product Development Director and Sales Director, that meets at regular intervals (monthly).

In addition to this, all the companies of the Group implemented a Management Committee attended by managers of all departments that meets at regular intervals (at least once every month).

In December 2020, the new **ERM & Sustainability function** was created, coordinated by the Executive Vice President. This decision was made in order to manage sustainability issues at a strategic level and integrate it within business processes. Supporting the ERM & Sustainability function is the **Sustainability team** and the Internal Audit, is to providing a strong and competent structure to manage a new strategic pillar. The role of the function will be to manage the transition towards: decarbonization, vehicle electrification, innovation towards crucial economy models, responsible supply chain management and integrated risk management.

The Sustainability Team:

Andrea Costantini
Executive Vice-president
Project responsible

Julien Errera
Group APS Leader & HSE Manager
Responsible of HSQE data manager and production contact person

Gianluca Bella
Group Human Resources Director
Responsible for social data and policies

Francesco Arlati
Group General Counsel
Responsible for governance and anti-corruption data

Marco Zanfrini
Senior Internal Auditor
PMO assistance

Risk management

Agrati Group believes that the identification, evaluation, and prioritization of risks are pivotal for reaching success. For this reason, the Company maps all possible risks threatening its value chain whenever some risk factors (listed in this chapter) materialise and may have negative impacts on the Group's activity and its economic and financial situation. For they ever growing importance and criticality, ESG related risks are carefully and continuously monitored.
As an international business, Agrati's sustainability risks are diverse and inextricably linked to the regions in which it operates. The Group's sustainability risk assessment is based on the idea that sustainability impact management must be integral to the way in which the company manages its business, and it must be integrated throughout the entire management system.
A system of Balanced Scorecard, shared by the management at Group level, sets the goals and verifies their achievement for each function.

In order to guarantee a successful and resilient future, in a world characterized by sudden and extreme changes, in part conditioned by the development of technology, but also by new and disruptive external risks (e.g. pandemic risk and climate change risks) a continuously evolving risk management model is an essential and differentiating factor.
Therefore Agrati will have to combine three elements: strategic planning, risk management and sustainability, in a holistic vision, which if successful, will be rewarded primarily by the community, and then recognize also by customers, suppliers and employees.

In 2021 the Enterprise Risk Model (ERM) was implemented under coordination of the ERM & Sustainability function involving the management of the Group. The ERM Matrix comprehends a specific risk category "ESG & Climate change", created to take under control sustainability linked risks and evaluate the Group's ability to mitigate possible impacts in a timely manner.

In general, the **ERM goals** are:

- **Integration and synergies:** managing enterprise-wide risks in a holistic way leads to identify the "big picture", rationalizing the efforts to find interdependencies across risks and inconsistencies or synergies between activities, controls etc.;
- **Continuous update:** risks evolves continuously, through the ERM periodic updates new threats can be found minimizing unexpected problems or variances;
- **Focusing controls:** risks and mitigations evaluation leads the planning of periodical controls, internal audits and the implementation of improvements, in order to focus efforts on the areas with the highest risk and threats;
- **Defending KPI:** support board and management in establishing the risk exposure, the probability and severity of unexpected threats and performance variances that could affect firm value.

The Agrati Risk Model is structured in "Macro risks categories" and "Sub-categories" as detailed below:

	"EXTERNAL" Risks				"STRATEGIC" Risks	"INTERNAL" Risk	
Macro Risk Category	COUNTRY	REGULATORY EVOLUTION	ESG & CLIMATE CHANGE	FINANCIAL	STRATEGIC	OPERATIONS AND COMPLIANCE	
	RISK related to socio-political and economic instability in the countries in which Agrati operates	Risks connected with the evolution/ changes in regulations	Risks associated with impacts caused by natural disasters, climat change, social events	Liquidity, market and credit risks	Risks arising from changes in the operating environment or failure to implement appropriate and/or suitable decisions and poor responsiveness to changes in the competitive environment	Risks from inadequately implemented processes and skills, systems failures and personnel errors	
						CORE BUSINESS	BUSINESS SUPPORT
I Level-Sub Category						Operational risks in core process related to personnel systems and procedures	Operational risks in non-core processes related to personnel, systems and procedures

The implementation project was implemented as follow:

- **Identification of Risk Management tools and methodologies:** analysis of the external and sectoral risk framework, identification of the organisational structure and its potential risk exposure. Then the risk matrix and risk scoring methodology were structured;
- **Corporate risk profile assessment:** identification of the main risks affecting the Group's objectives through analysis of international risk reports and interviews with management and supervisory bodies;
- **Assessment of Potential risks and mitigations:** risk assessment based on probability of the risk event occurring and its possible impact in economic, operational, reputational, compliance, HS and environmental terms. Assessment of the measures put in place by Agrati (EU, US, CHI) in terms of risk mitigation;
- **Residual risks and mitigation improvements:** valuation of risk mitigation improvement in order to lower risk exposure, define priorities to reduce residual risk and integrate Internal Audit plan with ERM model in order to define assurance activities;

Below are some of the most significant macro ESG risks for the Agrati Group and the associated mitigation systems.

Environmental and Health & Safety risks

In order to reduce the Environmental and Health & Safety risks' exposure, Agrati adopted specific measures in accordance with the ISO 14001 procedures on environmental management systems and OHSAS 18001, replaced in March 2018 by ISO 45001, on health and safety in the workplace. In accordance with environmental and safety in the workplace legislation, all Agrati Group's plants have the necessary environmental and health and safety authorizations (including fire prevention certificates), as required by the respective national regulations. The respect of the law and legislation is followed by the adoption of specific measures in terms of environmental and safety performance.

Supply Chain risks

Trends in raw material or energy resources prices, possible supply difficulties and dependence on certain suppliers are categorized as Supply Chain risks. Agrati Group depends on external suppliers for the procurement of raw materials, mainly steel. For this reason the Group is exposed to supply chain risks when it comes to the selection of the suppliers and the quality of raw materials and price fluctuation. In order to monitor the risk level of raw material suppliers, the purchasing department carries out annual evaluations on all suppliers to ascertain their financial sustainability, supplier dependence, supplier saturation rate, natural risks, quality of their raw materials, technical/technological capabilities and the supply chain structure's compliance with Agrati's requirements.
Moreover, in order to ensure the presence of a plurality of partners able to carry out the processes considered critical by type or purchase volume, the Group collaborates only with entities which undergo the purchasing department evaluation and certification.

The suppliers' sustainability performances (referring on environment, social and governance) is a fundamental factor in order to achieve our goals and only the involvement of the entire value chain in developing strategies including ESG objectives can ensure a more sustainable future. On this end, in 2021, the group developed the Responsible Supply Chain Project in order to monitor supplier's preference on sustainability aspects and integrate these into the wider supplier evaluation system.

Risks related to human resources and protection of human rights

Agrati identifies risks related to human resources (HR) all risks connected to personnel management. Specifically, an inability to attract and retain sufficient high-caliber employees could become a barrier to the continued success and growth of Agrati. This risk is mitigated with a clear HR strategy, which is aligned with the business strategy and focused on attracting, developing and retaining the best people for the company.
This is underpinned by an employee framework which describes how Agrati manages its people consistently. Agrati's employees are

introduced to a talent and performance management systems to help them identify and nurture their talent. In addition, the core of this management is the Agrati University, where people get the chance to learn and with the highest training quality standards and professors and to practice directly on the equipment they will use at work.
Additional risks are the reduction of individual performance, lack of motivation and bad internal climate, which could compromise employee personal satisfaction, wellbeing and business growth.
As far as the protection of human rights, Agrati poses great attention to this topic by implementing training session on general provision of whistleblowing process and Decree 231/2001. Here, mechanisms for seeking advice about human rights are both internal and external. Both, the update of the Ethical code and 231/01 model represent useful instruments to reduce the number of discrimination related claims. The 231 Compliance Program Supervisory Board ("OdV") with the support of the Legal Department are in charge for this activity.
The OdV annually reports to the Board of Directors. The process has been strengthened with the implementation of the whistleblowing system in anonymous form and through a user-friendly system of reporting. Throughout 2020 Agrati implemented a Group level Whistleblowing procedure aimed to allow its stakeholders to report complaints regarding internal corruption behaviours carried out by both executives, managers and employees. According to the procedure (the full text is published on the intranet and on the public website as a summary), every stakeholder may submit to the Supervisory Body (an independent committee appointed by the Board of Directors) a report. The Supervisory Body will analyse the report and as consequence provide a feedback. If it is ascertained that the report is funded, the Company shall take appropriate disciplinary measures, including legal actions if necessary.
The procedure has been developed in accordance with automotive sector standards, European directives and national legislations. In order to improve the mitigation process related to Human Resources risk, the Group has decided to provide general information on the procedure during 2021 and specific training to relevant top management members.

Business risks & market transition

Business risks are related to Agrati Group's specific nature and market sector, therefore product quality, product liability and litigation related to the performance of its activities. To address these risks, Agrati's companies have taken out insurance policies. Given the fact that some of the production phases of the Group's products may be outsourced to third party operators, the Company, especially the Quality System Management, has procedures aimed to ensure that the non-conformities of the suppliers of raw materials, components and all other subcontracting activities do not affect the finished products manufactured by Agrati Group. If the company does not

take the necessary steps to incorporate risk analyses into the shop floor processes since the beginning, can end up paying the price of a product that is out of specification, contaminated or a consumer safety risk. The resolution process ends up costing the organization time, resources and money to resolve, otherwise known as the Cost of Poor Quality (COPQ). In order to create better management of their processes and procedures, Agrati Group uses the risk management program combined with technological devices, to obtain a more predictive system that can help in identify and manage hazards and risks more proactively and to avoid poor quality output.
Another topic to consider is Agrati Group's ability to ensure continuous product innovation, in relation to changing customers' behaviours and needs, market transitions (e.g. development of the electric vehicle market), technological evolution of the sector. The Group has to manage the timely implementation of development strategies and future programs to ensure long term value creation. Agrati is an innovation-driven company: it continues its effort towards product innovation, following the automotive trends that are driving the industry into the new era of mobility. In order to face the future challenges of the automotive sector, Agrati has decided to set itself ambitious goals regarding innovation, reviewing its approach and organisational model. First of all, an Innovation Team has been set up comprised of resources who, with various roles, have the objective of dealing with technological discontinuity, proposing radical solutions and modifications that can characterise the years to come.
The Agrati Tech Centre (ATC) represents one of the Key factors for the Group: an integrated team of experts involved in different fields – material engineering, moulding and mechanical processes, coatings, design, applications and experiments – with the mission to develop and promote innovative solutions.

Corruption and regulatory compliance risks

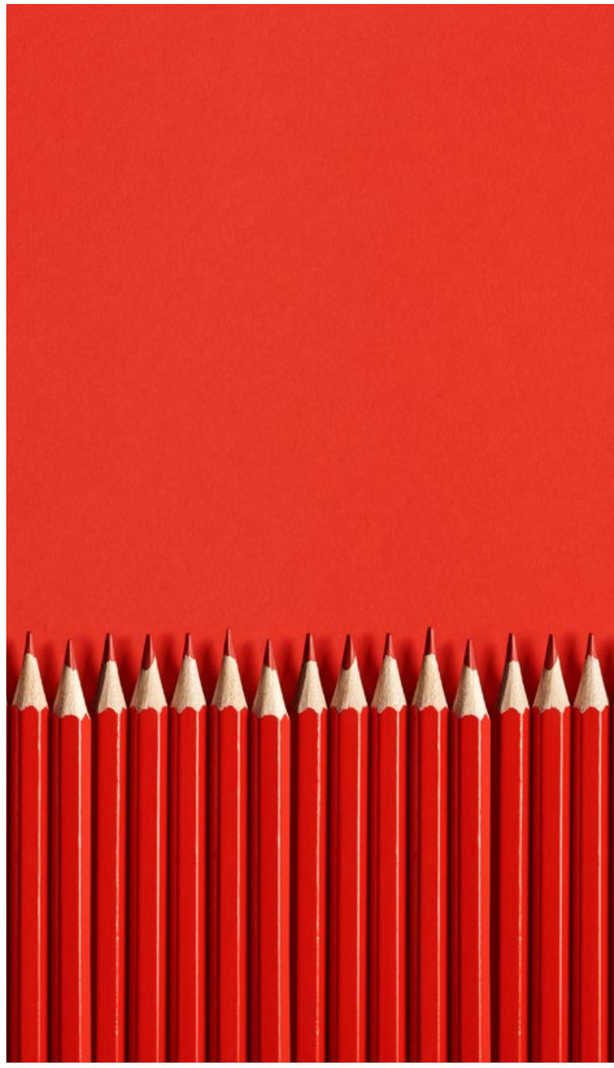
A substantive ethical breach and/or non-compliance with laws or regulations could potentially damage Agrati's reputation, fines and prosecution.
Agrati has a number of measures in place to mitigate this risk, including the adoption of the Ethical Code, the implementation of the anti-corruption Group Policy and the implementation of a specific organization and management model pursuant to Legislative Decree no. 231 of 8 June 2001 (the "Legislative Decree 231") and the organization of training programs support the respect of the Ethical Code and Anti-Bribery and Corruption and competition law procedures.
Furthermore, the potential non-conformity with the General Data Privacy Regulation ("GDPR") and, generally, the security of data constituting confidential knowledge is addressed by reducing the frequency of potential breaches of the system and by implementing new systems to ensure the safeguarding and protection of know-how and all related confidential information.
In this context, Agrati keeps monitoring the functioning of IT systems and IT security and where possible the potential impact of cyber-attacks on the Group's activities.
Especially because of the adoption of the Management, Organization and Control Model, Agrati intends to ensure compliance in the conduct of its business activities in order to safeguard its reputation and all its stakeholders.
The updated Model will help Agrati to mitigate the corruption and regulatory compliance risks because of the numerous control tools, such as formalised procedures and control activities introduced for each internal process.

In conclusion, Agrati certifications help the organization to monitor and review the risk assessment on a daily basis. This is why the Group pays attention to the renewal of its certifications. Currently, the Group is certified under ISO 9001, IATF 16949, ISO 14001, ISO 50001 and the ISO45001/OHSAS18001.
The Group also plans to acquire additional certifications for some of the Group's production sites and, specifically, to expand the coverage of the ISO 50001 certifications outside of France for energy management systems.

Strategic approach and management

Agrati Group adopted a so-called "traditional" administration and control system pursuant to articles 2380-bis et seq. of the Italian Civil Code, which includes:

- a Board of Directors composed of 6 members in the persons of Cesare Agrati (Chairman), Paolo Giovanni Pozzi, Andrea Costantini, Alessandro Cattani, Giorgio Palumbo, Carlo Marchetti, in office until the date of the Shareholders' Meeting approving the 2023 Financial Statements; and
- a Board of Statutory Auditors composed of 3 standing members and 2 alternate members in the persons of Riccardo Garbagnati (Standing Auditor and Chairman), Ilaria Verani (Standing Auditor), Diego Maroni (Standing Auditor), Carlo Larcher (Alternate Auditor) and Oliviero Perni (Alternate Auditor).



Board of Directors

A.Agrati S.p.A. is administered by a board of 6 directors.
The Board of Directors is granted all the powers necessary and appropriate for the implementation and achievement of the corporate purposes, which are not strictly reserved by law or the articles of association to the Shareholders' meeting.

The composition of the Board of Directors follows:

Position	Member	Year of birth	Seniority in office	In office since	In office until	Exec.	Non exec.	Attendance to meeting 2021
President & CEO	Rag. Cesare Annibale Agrati	19/08/1944	>10 years	30/04/2021	Approval of the Financial Statement at 31.12.2023	X		100%
Executive Vice President	Dr. Andrea Costantini	22/05/1976	>5 years	30/04/2021	Approval of the Financial Statement at 31.12.2023	X		100%
Chief Executive Officer	Ing. Paolo Giovanni Pozzi	24/07/1967	>10 years	30/04/2021	Approval of the Financial Statement at 31.12.2023	X		100%
Director	Dr. Giorgio Palumbo	04/01/1942	>10 years	30/04/2021	Approval of the Financial Statement at 31.12.2023		X	100%
Director	Ing. Alessandro Cattani	15/08/1963	>10 years	30/04/2021	Approval of the Financial Statement at 31.12.2023		X	100%
Director	Dr. Carlo Marchetti	27/12/1973	>10 years	30/04/2021	Approval of the Financial Statement at 31.12.2023		X	100%

No. 6 meetings held during the year of reference (2021)

Board of Statutory Auditors

The Board of Statutory Auditors is composed by 5 members:
3 acting auditors and 2 substitutes auditors.

Board of Statutory Auditors							
Position	**Members**	**Year of birth**	**Date of the last appointment**	**In office since**	**In office until**	**Attendance to SABoard's meetings in 2021**	**Attendance to BOD's meeting in 2021**
Chairman	Riccardo Garbagnati	31/01/1961	30/04/2019	>10 years	Approval of the Financial Statement at 31.12.2021	100%	100%
Acting auditor	Ilaria Verani	10/09/1968	30/04/2019	>10 years	Approval of the Financial Statement at 31.12.2021	100%	100%
Acting auditor	Diego Maroni	20/10/1961	30/04/2019	>10 years	Approval of the Financial Statement at 31.12.2021	100%	100%
No. 6 of meetings held during the year of reference 2021						**Board of Statutory Auditors: 3/3**	**Board of Directors: 3/3**

Supervisory Body

The Supervisory Body, in office in A.Agrati S.p.A., C.V.B. S.r.l. and Agrati-FSP S.r.l., is granted all the powers necessary and appropriate for the implementation and control of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001, and it is responsible for the management of the whistleblowing system at Group Level. It is composed of the following members:

Supervisory Body					
Position	**Members**	**Year of birth**	**Date of the last appointment**	**In office until**	**Attendence of Supervisory's Board meetings**
President	Diego Maroni	20/10/1961	08/05/2020	08/05/2023	100%
Member	Riccardo Garbagnati	31/01/1961	08/05/2020	08/05/2023	100%
Member	Carlo Monti	03/03/1959	08/05/2020	08/05/2023	100%

No. 6 of meetings held during the year of reference 2021

ETHICS POLICY SECURITY

4

Responsible business management

4. Responsible Business Management

2021 HIGHLIGHTS

- New Anti-Corruption Policy
- Updated Sustainability Policy

RELEVANT SDGs

Agrati business ethics and integrity

The purpose of Agrati Group's Code of Ethics is to guide the behaviour of those involved every day in its business towards integrity, impartiality, fairness, respect, enhancement of people and transparency. The Code of Ethics is part of the Company's strategy and organisation and represents one of the main tools to ensure compliance with the principles and values that have characterised Agrati since its constitution. It contains the values to which all employees, members of the Boards, managers and third parties must conform, and it defines a strategy of corporate responsibility towards communities, employees and collaborators, suppliers, customer, shareholders, Governments and the law in general:

- Responsibility towards **communities**: Agrati supports the development, cohesion and environmental protection of the territories in which it operates and is also committed to supporting the needs and requirements of the community.
- Responsibility towards **suppliers**: Relations with suppliers are regulated only by objective criteria and maintain stable, transparent and cooperative relationships with them;
- Responsibility towards **customers**: Agrati commits to acquire and retain customers with continuous R&D, and to provide products and solutions that satisfy customer expectations in terms of quality, service, safety and environmental impact;
- Responsibility towards **employees and collaborators**: Agrati is committed in protecting the health and safety of the working
- environment for employees and third parties; it undertakes to respect and value the exclusive contribution of each individual and to create an inclusive work environment that respects the dignity of each worker, equality, respect and continuous learning;
- Responsibility towards **shareholders**: Agrati Group is committed to protecting shareholders' investments and achieving reasonable, sustainable returns through financial ethics;
- Responsibility towards the **Governments and Public Administrations**: Agrati attaches great importance in supporting and collaborating with government bodies and public administrations, respecting the laws and regulations governing transactions with them;
- Responsibility towards the **law in general**: Agrati is committed to ensuring that all its activities are carried out in compliance with applicable national and international regulations; Agrati is also committed in protecting and making responsible use of the ideas, innovations, technologies, brands and confidential information of customers, suppliers, employees and other stakeholders.

The Ethical Code recognizes the importance of respecting the environment for the benefit of future generations, the value of diversity and the promotion of equal opportunities.

Agrati is committed to ensuring equal opportunities and no discrimination of any kind on the grounds of ethnicity, gender, language, religion, political opinion, social origin or any other condition is tolerated. Diversity is considered as a key value for the company.
For this reason, Agrati takes into account the contribution of each and recognise the strength of differences.
Furthermore, dignity of each individual is considered as the guiding principle of any activity.
Agrati observes and promotes respect for human rights in all Countries and does not tolerate any behavior in any way detrimental to human dignity.
The Group does not use child Labor, provides fair compensation and benefits in accordance with applicable law, does not use forced or compulsory Labor, recognizes and respects the right to work and freedom of association, does not tolerate any form of discrimination, complies with working time regulations, does not tolerate and does not make use of trafficking in human beings and slavery.

While executive-level positions maintain the responsibility to ensure the compliance with the Code, Agrati also implemented a Supervisory Body that is the recipient of the Whistleblowing reports and periodically conduct audit and evaluations of compliance with the Code; the Supervisory Body reports to the Board of Directors at least on annually basis.

The Organization, Management and Control Model pursuant to Legislative Decree 231/2001

The implementation of Anti-corruption and the above explained Code of Ethics are extremely relevant considering the market in which Agrati operates, the size of Agrati facilities, employee numbers and the issues related to the market of raw materials. For all these reasons, the anticorruption behaviour is a fundamental attitude of all Agrati functions, in every step of its value chain.

By the resolution of the Board of Directors, since 2010, A.Agrati S.p.A. and C.V.B. s.r.l. have strengthened their Internal Control and Risk Management system by adopting their own Organization, Management and Control Model (hereinafter referred to as the "Model"), in compliance with the provisions of the Legislative Decree 231/2001. In 2020, the companies updated the Model in the light of legal and doctrinal developments as well as the regulatory evolution of the Decree and the companies' organizational and structural changes, in addition the Model was adopted also by Agrati-FSP S.r.l. The revision of Model aimed to implement an organic complex of principles, rules, provisions, organizational schemes and related tasks and responsibilities, which are functional to the implementation and to the diligent management of a system's control and monitoring of the activities identified as sensitive for the purposes of the Legislative Decree 231/2001.

A series of activities were carried out to identify, map and assess the risks pursuant to Legislative Decree 231/2001, which can be summarised as follows: (i) analysis of the corporate context, through the examination of corporate documentation and interviews with the persons in charge of the activities, in order to map the areas of the Company's activity relevant to the offences in accordance with the Decree; (ii) analysis of potential risks with the identification of the offences which may potentially be committed during the activity; (iii) "as-is analysis" through which the existing system of preventive controls in the various risk areas was analysed; (iv) "gap analysis" through which a series of areas for integration and/or improvement in the system of controls were identified, against which the appropriate actions to be taken were defined; (v) sharing of the results and improvement actions with the managers of the activities.
On the basis of the results of these activities, the new Organisational, Management and Control Model was approved and further internal procedures were implemented, in addition to the values spread by the Code of Ethics, in order to cover main areas exposed to corruption, as the supplier approval process, the expenses report procedures, the power of attorney system, which prevents corruption risks through a defined and robust "four eyes principle".
Furthermore, with the approval of the new Code of Ethic and the analysis carried out for the new Model 231, Agrati in 2021 has approved the anti-corruption policy and a set of new Group procedures in order to better respond to the corruption risks (e.g. "Relations with Public Authority", "gifts", "sponsorships").

The Company intends to ensure compliance with the highest levels of

fairness and integrity in the conduct of business activities in order to safeguard its reputation and all its stakeholders.

Through the voluntary adoption and effective implementation of the Model, the Company intends to pursue the following purposes:

- implement and strengthen the effectiveness of its Ethical Code and improve the internal control system along the business and support processes, further raising awareness among all recipients, so that in carrying out their activities they will behave in accordance with the applicable provisions of law and the highest levels of integrity and ethics;
- reiterate that any unlawful conduct is strongly condemned by the Company, insomuch as behaviour is contrary to provisions of the law or Ethical Code and Company procedures;
- make the recipients of the Model aware that, in case of violation, they may incur the provisions of the Model related to offences punishable by penalties both significant to them and directly to the Company itself;
- prevent the risks arising from the liability of the entities that have not adopted their own Model effectively;

Agrati policies

Sustainability Policy

Agrati Sustainability Policy is the document that establishes our commitment to respect for the Environment, People, Wellbeing and Safety. In order to proactively shape the global fastening systems market and to be recognized as a Leader in the automotive sector, Agrati ensures that its business is able to produce profitability, while ensuring the health, safety and well-being of its employees, as well as protecting the environment in which it operates.

Through this policy, the Group integrates stakeholders' expectations in the Agrati's decision-making process on a daily basis. This policy aims to facilitate the integration of sustainability in the Group's strategy and processes. Agrati has set nine main commitments to anticipate environmental and social challenges, manage the risks and opportunities they entail and ensure long-term growth:

1. Carbon Neutrality
2. Responsible Sourcing
3. Circular Economy
4. Sustainable Solutions

5. Development of all Agrati employees
6. Health and Safety of all employees
7. Product quality and relationships with clients

8. A specific focus on compliance and a strong business ethic Governance
9. Long term value creation and resilience

The document is meant to actively involve diverse actors, for instance managers, employees and business partners - both individually and collectively.

Health & Safety Policy

In line with Agrati's strategy and the Group's Ethical Code, Agrati developed an Health & Safety Policy and it is committed to provide safe, healthy and environmentally friendly workplaces wherever it operates. Agrati Environmental Programs and Risk control Plans are the Group's cornerstones of a successful sustainable business.
Indeed, this policy identifies the guiding principles to which the strategies and objectives for the environmental management of Group companies must refer in order to ensure environmental protection and visible EHS Active Leadership and to reinforce EHS culture to both employees and contractors through a robust EHS Management System.
The Group's ambition is to respond to the challenges posed by the current professional contexts. All of this nurture the Group's motivation towards continuous improvement while managing to guarantee its ability to create long-term value, in a logic of compliance with rules and regulation and of control of H&S risks.
The principles underlying the Policy are inspired by sectoral best practices and expressed by specific commitments: zero accidents and environmental damage, care for people's Safety and Health and for the operative workplaces of Agrati.

Quality Policy

The Agrati Group Policy, approved by the CEO and all directors in 2020, states the purpose and strategic direction to align all organization's function and provides a framework for quality objectives.

The main objectives outlined in the policy are:
- satisfy the norms and the customer specific requirements;
- motivate staff to achieve the targets;
- achieve excellent quality and service performance;
- develop with the customer innovative solutions;
- deploy the APS global industrial system;
- analyse and reduce risks, develop opportunities.

Aligned with its vision, the group maintain as its guiding targets: "Zero defect", "Zero delay" and "Lean Thinking" in all plants. The Group committed to put in place the organization and resources to achieve its goals implementing continuous improvement. In this way Agrati will reach the satisfaction of its customers, employees and shareholders.

Agrati Group Supplier Quality Manual

Agrati manages the relationship with its suppliers through the Agrati Group Supplier Quality Manual, a document that describes the Company's standardized and global approach and sets out the basic tools and requirements to maintain a high level of quality. Agrati is determined to establish and develop close and long-lasting

partnerships with its business partners, since the products and services provided by its suppliers have a direct impact on the quality of the Company's products, solutions and services provided to the client.

The requirements included in the mentioned Manual are mandatory for the Group to reach its targets and to facilitate a common and sustainable growth shared with its suppliers, with the objective to satisfy the Company's customers.
The provisions of the Manual are applicable for materials and services like coating, machining (i.e. rolling, turning, grinding and other), semi-finished or finished products, patches, washers, heat treatments, sub-assemblies and final Process Selections.

Agrati Group asks its suppliers to submit documents such as the supplier business register license, the Quality Management System - a third party certification - if applicable, signed-off copies of Agrati's Sustainability & Corporate Social Responsibility Policy, the General Purchasing Conditions and the Non-Disclosure Agreement.

Anticorruption Policy

In September 2021 the Anticorruption Policy has been approved by the Board of Directors of A.Agrati S.p.A. and adopted by the entire Group. Agrati, through this policy, wants to confirm its committed to respecting the highest standards of integrity, honesty and fairness in all its relations inside and outside the company, adopting a "zero tolerance" policy towards any form of corruption attributable to its managers, employees and partners. All forms of corruption, whether direct or indirect, active or passive, are therefore strictly prohibited. All relationships with, or in relation to, private or public individuals must be conducted in compliance with the Policy by all employees and stakeholders.
Agrati promotes the communication of these principles of conduct by making the Policy available to all the internal recipients of the Group on its IT channel (company intranet) and to all parties, including third parties, on its company website.
The Policy indicates how to report any breach of its principles as well.

Information and data security

Earning and keeping the trust of customers is of paramount importance. Agrati considers the comprehensive protection of all data provided or made available to the Group, concerning customers as well as employees, to be an integral part of its business activities. Therefore, it treats them with an extremely high level of care and attention.
Customers trust Agrati to keep their - and its own - data safe and to offer reliable products. Agrati complies with its legal obligations to protect customer data, which can differ from country to country. Indeed, all business units have adopted the General Data Protection Regulation (GDPR) 679/2016/EU that qualifies as binding corporate rules.
The goal here is to ensure compliance with the requirements under the current legislation, with privacy regulations and with the regulations protecting both clients and workers data. That is why all collected information is kept under strict confidence and will not be sold, reused, rented, loaned, or otherwise disclosed to third parties.

The key aspects of the Agrati's security strategy are designed to adapt to industry standards and needs.
The processes and technical measures in this area are based on continuous observation of possible threat situations through internal and external security reviews, to make sure that system is always available, and all employees are profoundly aware of legislations requirements and updates.
Agrati has implemented various policies on GDPR: the "Data Breach" policy; the "Records Retention" policy; the policy on visitor's register data retention.
In addition, preventing and mitigating the risk of cyber attacks is essential for Agrati, to preserve its cyber security, avoid loss of sensitive information, time and money. The topic of cybersecurity is managed at all levels: from its implementation in the Group ERM model to specific operational guidelines which employees adopt every single day.
To manage the risk of cyber-attacks, the Group, continuously seeks to identify potential breaches and improve network and computer security. To mitigate potential vulnerabilities all employees are asked to access sensitive data only from controlled devices.
This issue has become of increasing importance during the current pandemic, as employees were working from home on different networks. Nonetheless Agrati managed the transition to homeworking without any further IT implementations given the already structured VPN and safe network system in place.

Management systems

The protection of the environment, health and safety at work represent an essential value that accompany the growth of Agrati Group's business.
These principles are recognized in the corporate EHS strategy, as well as in the policies concretely implemented in compliance with the Group's Ethical Code. The achievement of EHS objectives is pursued with "sustainability" logics, which have been described in the Ethical Code as essential cornerstones of the company's values.
Compliance with the laws and regulations applicable in the various countries where the Group operates is at the basis of the business growth. The implementation and maintenance of Management Systems in compliance with international EHS standards (ISO 14001 and ISO 45001) are a guarantee of strict application of rules and standards aimed at continuous improvement of process performance.
The cornerstones of these Management Systems are consistent with the EHS policies and objectives at the corporate level, which are reviewed and approved annually by the Group management and from which other policies and objectives derive at the local level (by country and by plant).
In addition, an accredited independent auditor (DNV), which has certified their compliance with international certification requirements for 2018, audits the EHS Management Systems annually.
The EHS Management System documents are published on the Company's intranet for a proper management of updates and for quick consultation by all employees.
Among the innovations introduced by the ISO standards (ISO 14001 for Environment and ISO 45001 for Health & Safety) there is the Risk and Opportunity Assessment, which addresses EHS specific issues within a broader context and considering all stakeholders, both internal and external to the organization. This assessment was reviewed and approved by the Group's Management at the end of the year.
The control on the precise and correct application of laws and regulations, which were also carried out during the year by specialized third-party consultants, did not reveal critical non-compliance situations relating to safety, health or environmental issues.
In support of these verifications, the activity carried out by the Supervisory Body is of particular importance. Through specific periodic audits, it also contributed to the emergence of some minor risk situations (in relation to which appropriate remedial actions were taken).
Lastly, it is worth mentioning the ongoing training process, which is a fundamental aspect of the prevention culture promoted and spread throughout the Group. EHS training covers not only the topics mandatorily defined by law, but also explains specialized and continuous improvement areas that contribute to the growth of the culture of prevention and risk management.

VALUE

5

Economic performance: creation and distribution of the economic value generated

5. Economic performance: creation and distribution of the economic value generated

2021 HIGHLIGHTS

- 550.213 thousand € of economic value generated
- 500.060 thousand € of economic value distributed

RELEVANT SDGs

Agrati is fully committed to create value and to distribute it to its stakeholders.
The calculation of value added gives the Company a better and clear understanding of its economic impacts among its fundamental stakeholder. This distribution allows the Group to determine how much and how wealth is created, and who benefited more from this distribution.

In 2021, the value added generated by Agrati's activities and distributed to its different stakeholders totalled € 500.060 thousand, equivalent to 91% of revenues, with a strong incidence of economic value distributed to suppliers and employees, equivalent to 73% and 24% respectively.
In addition, economic value is mostly distributed to local suppliers by geographical area as described in the section 7 (Suppliers).

Economic value generated, distributed and retained (€ thousand) Agrati Group

	2019	2020	2021
Economic value generated	**633.813**	**516.585**	**550.213**
Economic value distributed	**574.752**	**459.170**	**500.060**
Suppliers	415.660	341.338	367.381
Employees	135.492	109.473	121.887
Investors and lenders	21.248	6.575	10.924
Government & Public Institution	2.352	1.784	(133)
Economic value retained	**59.061**	**57.415**	**50.153**

Note: amounts referred to Consolidated Financial Statements. From the fiscal year 2017, the Group has exercised its right to voluntarily adopt the international accounting standards (hereinafter also "International Financial Reporting Standards" or "IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Commission for the preparation of the Financial Statements pursuant to Article 4 of Italian Legislative Decree No 38 of 28 February 2005, which governs the exercise of options set forth in Article 5 of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 concerning the application of the international accounting standards.

Tax transparency

Agrati acknowledges the centrality of taxes for fiscal policy and macroeconomic stability of countries, and in this respect recognizes the centrality of fiscal transparency and reporting. Clear reporting on this theme develops trust and credibility between Agrati and its external stakeholders, spreading a transparent image of the Group's fiscal structure and strategy.

Agrati operates in several countries under different jurisdictions, making even more important the adoption of a shared management approach of the tax policy, balanced and integrated with ethical, social and sustainable development, which plays a relevant role in Agrati strategy.

Agrati's Approach

Current income taxes are calculated based on the tax rate in force at the financial statements date. Current tax receivables and payables are measured at the amount expected to be recovered from or paid to the tax authorities. Management periodically evaluates the choices made in determining taxes with reference to situations in which current tax legislation lends to interpretation and, if it considers it appropriate, it accounts for provisions determined on the basis of the taxes it expects to pay to the tax authorities.
Deferred taxes are recognized: on the basis of temporary differences arising between the tax base and the carrying amount of assets and liabilities in the balance sheet and only if there are probable future taxable profits against which the deferred tax assets can be utilized. Furthermore, deferred taxes are determined on the basis of tax rates and laws that are in force or substantially in force at the financial statements date and that are expected to be in force when the deferred tax assets are realised or the deferred tax liabilities are paid.

Tax Governance and Control Framework

Agrati has a structured governance and control framework in order to ensure compliance, efficiency and transparency regarding taxation. There are clear roles and responsibilities: the CFO, who take care of all the fiscal fulfilments necessary for the regular execution of any type of transaction carried out by the company, oversees all aspects. Supporting him is the Group Accounting function and an external specialized tax firm.

Furthermore, Agrati has adopted a clear operating methodology on transfer pricing which allows to effectively monitor all aspects connected to the topic. Agrati annually drafts the **Master file** that allows a complete transparency and traceability of the entire process and facilitate any subsequent controls.

The financial statements are audited by KPMG and during audit activities the audit team carries out appropriate controls on tax within its tax office. KPMG conduct specific audit procedures on declarations and tax models.

Revenues and Taxes paid by Jurisdiction (€ thousands)

	Number of Employees	Revenues from third-party sales	Revenues from intra-group transactions	Profit/(loss) before tax	Tangible assets other than cash and cash equivalents	Corporate income tax accrued on profit/loss
Italy	951	290.216	25.328	13.461	425.312	600
France	554	102.004		(849)	81.092	319
USA	363	140.211		(9.499)	216.760	(1.882)
China	324	43.109		2.306	52.833	(578)
Total	**2.192**	**575.540**	**25.328**	**5.419**	**775.997**	**(385)**

For a description of each country's activities, see page 17.

CARE
EMPOWERMENT
SATISFACTION

6

Agrati's People

6. Agrati's people

2021 HIGHLIGHTS

- 19 hours of training per employee
- 9,8 Injury Frequency Rate
- ISO 45001 certification for all sites[1]

RELEVANT SDGs

Being an Agrati employee

AGRATI CARE

Our employee's safety is the starting point of our well-being idea, the concept that Agrati Group enlarges to all stakeholders.
Main effort aims to:

- Reduce our accident rate
- Reduce gravity of accident
- Understand and improve physical and psychological well-being of employees, extending this concept even to their families

Our Employees satisfaction is our final target. Agrati Care concept is our way to extend the welfare of our employees to keep them on board with the right level of motivation.

EMPOWERMENT

We promote entrepreneurship in our company by supporting people's ideas and creativity and providing each of them skills and competence to innovate and improve our daily and future activities.

Personnel management policies have maintained adherence to current labour legislation and the principles of the company's new Code of Ethics (Responsibility towards Employees), with the primary aim of aligning the company's human resources (skills, knowledge and abilities) to the needs of the global economic context and at the same time allowing our employees to develop and grow. The Company plans projects and staff motivation activities aimed at increasing the level of employee satisfaction and, consequently, individual and company performance.

Agrati Group applies an HR Model. This model is composed by two core parts: HR mission and HR Values, and three evolving and constantly improving components: HR Strategy, 5 HR Pillars and HR process.

[1] FSP Verona is currently transitioning to the ISO 45001 certification

The HR Strategy is aligned with the business strategy; actual strategical guidelines include: (i) protect people, (ii) attract, develop and retain talents, (iii) boost the performance, (iv) win the labour shortage, (v) age management.

The 5 HR pillars are:

- Organizational Model
- Agrati University
- Agrati Care
- Manual Of Competences
- Workforce Plan

The HR process includes: budgeting & reporting, recruitment and induction, evaluation, training, talent review, compensation and benefits, communication, payroll, labour union.
With around 2.200 employees on three continents, Agrati workforce is of special significance with respect to sustainability.
Healthy, motivated and well-trained employees are the key to succeed. Responsibility for labour practices lies with the HR Manager of each company who reports to the Group HR director.
There is functional connection with Regional COOs.

Employees' headcount by region[2] (No.)

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Europe	1.436	186	**1.622**	1.426	190	**1.616**	1.323	182	**1.505**
America	336	103	**439**	282	88	**370**	277	86	**363**
Asia	247	88	**335**	238	83	**321**	241	83	**324**
Total	**2.019**	**377**	**2.396**	**1.946**	**361**	**2.307**	**1.841**	**351**	**2.192**

Agrati is fully committed to offer its employees the ideal workplace, that is why every two years it conducts an engagement survey. The employee engagement survey is carried on a voluntary basis and anonymously through a confidential questionnaire in which employees have the opportunity to speak about their working environment, colleagues, their relationship with their direct superior and their opinion on the products' quality.
The 2020 results of the survey showed a satisfaction indicator of 84%.
These results are extremely positive for Agrati considering that the satisfaction level amongst its employees was able to increase despite the complications caused by the Coronavirus.
This result proves the Agrati's ability to maintain employee wellbeing as a priority, especially in difficult periods. As planned, the new survey is going to be carried out during 2022.

[2] The three macro-areas include the countries specified below:
Europe: including Italy and France;
America: including United States;
Asia: including China.

Occupational health and safety

The protection of the health and safety at work is a pivotal feature that meets the needs of Agrati Group to ensure a sustainable and durable business growth.
Therefore, the Company drafted several important documents, which are common to Environment and Health and Safety management, namely the EHS Corporate strategy and the Group's policies and Ethical Code.
These documents are periodically reviewed and approved by the top management: all the plants receive specific instructions on a country basis to draft policies and objectives at local level.
The final document set consists of procedures, operating instructions and forms that supports the EHS Management Systems, with the purpose of ensuring process repeatability, providing support and tools for monitoring and performing a continuous improvement.
In addition, medical and healthcare services are included in two main programs, the employee benefits plan (insurance plan managed by global broker) and collective agreement (Italy and France).

The Group complies with all regulations, standards and applicable laws on this topic, in all various countries where it operates.
The implementation and maintenance of certifications according to the schemes of the international EHS standards are key strategy to ensure the continuous performance improvement.

Agrati also ensures the monitoring of the process and the correct application of the EHS standard through the following set of:

- External audits, which can be performed on the overall system or can be specific, as the legal compliance audit;
- Internal audits, as the compliance checklist or the internal audit;
- Improvement audits, as the behavioural observation visits.

Occupational Health and Safety is one of the main priorities of Agrati Group, and this is why clear and defined targets have been set every year.

EHS GOALS 2022

Safety	Health-Wellbeing	EHS Management
• Zero Severe accidents • Injury Frequency rate: 9.5 • Injury severity rate: 0.14 • Start training on "Shared vigilance" in Italy and continue it in France	• Promote at minimum one healthy program/initiative per plant	• Prepare ISO 45001 certification for FSP Verona • Start regional corporate certification for EHS Management System • Realise ISO 50001 gap analysis for Italian sites

In 2021 the Group completed a successful transition from OHSAS 18001 and obtained the ISO 45001 certification in all its plants, with the only exception of FSP Verona which is expected to receive it by mid 2023. In terms of accidents, Agrati reached an Injury frequency rate of 9,8. Whilst the group was not able to reach all of the established safety targets for 2021, a key contributing factor was the instability caused by the Coronavirus and chips shortages (both factors reduced the working hours). Nevertheless, safety results saw an improvement compared to last year.

EMPLOYEES WELLBEING DURING COVID-19

Ensuring the wellbeing and safety of Agrati's employees during the covid-19 pandemic has been one of the key priorities of the Group. In this perspective, a series of measures were implemented, aligned with the national recommendations and best practices.

The Group's management implemented all the measures outlined in the Protocol, including: (i) the introduction of home working and staff rotation, (ii) the special sanitation of offices, bathrooms and dining areas, (iii) access control for all employees and suppliers (with body temperature control and the provision of specific PPE, including masks FFP.2 - FFP.3 and protective gloves, "green pass" check according to local laws).
In addition, permits were provided for employees at high risk of infection (over 60 years of age), non-urgent expenses and investments were suspended, and an insurance policy was taken out to cover the risk of hospitalisation.

Agrati's employees expressed their appreciation and satisfaction for the efforts made ad the measures put in place, during meetings with company trade union representatives. This was considered a big success, which highlights Agrati's capacity to prioritize and value its employees especially in time of crises like the current one.

Agrati Group is also convinced that in order to reach EHS goals, the Group has to act as a single entity, and the commitment of all the employees is essential.
The communication with Agrati's human capital is meant not only to raise awareness among all the controlled entities but also to engage with customers, suppliers, local authorities and neighbours. In fact, the connection with all stakeholders is fundamental, especially with those who are external to the Company.
These latter are provided with information available to visitors at the plant's entrance, with the information communicated in the event of a contract, by answering questionnaires and stakeholders' requests.

Therefore, the communication of the Company's policies and of the main initiatives is the key to raise awareness among the Group's human capital. The language used changes whether the beneficiaries are offices or plants' employees. All communication concerning Environment, Health and Safety and Sustainability are made available internally via the company Intranet, as well as via the plant's notice boards or "totems". Internal scheduled meetings at all levels guarantee maximum communication and involvement, participation and consultation of all employees. During the contractual phase of contractors and external stakeholders, communication on this matter is clear and guaranteed through full disclosure of EHS and Sustainability policies.

Agrati Group therefore drafts and adopts several business policies practices and commitments in order to guarantee the Occupational Health and Safety. The Environment, Health & Safety Policy defines principles and commitments of senior management in meeting legal and other requirements, the management of H&S risks and environmental impacts, the commitments towards continuous improvement, the correct communication to all interested parties.

Furthermore, this policy ensures that Agrati business is sustainable, produces profitability, but at the same time addresses the health, safety and well-being of its employees, as well as the environment in which they operate. In order to make this possible, the Group integrates its ambitions and the expectations of its stakeholders in the daily decision-making process, anticipating the environmental and social challenges and managing the risks and opportunities towards a long-term growth.

A functioning Organizational Health and Safety management system also foresees a communication channel where employees can report potential Health and Safety crimes; Agrati Group indeed has a confidential whistleblowing channel, where every report is received and analysed by the Supervisory Body, that is independent from the organization and handles the report ensuring confidentially and non-retaliation. At a corporate level, parameters defined to guarantee legislative compliance are outsourced to specialized external providers on an annual basis.
This approach ensures that the Company does not incur the risk of non-application or incorrect application of mandatory standards, or deviation from limits for certain specific measurement parameters. Agrati Group provides training on reporting mechanisms to its employees. This allows Agrati to monitor initiatives' results and define future improvement plans.
On a local level the Environment, Health and Safety managers of each Agrati plant are in charge of updating the indicators created to monitor EHS performance, and for this purpose, an EHS manual has been defined to describe each indicator. Part of these indicators flows into corporate BSCs (Balance scorecards), while others are used at Group level and flow into shared network folders for their maximum diffusion.

During 2021, as well as during 2020 and 2019, 100% of employees were covered by an occupational health and safety management system. Agrati Group also pays constant attention to the health and safety of all those people who, despite not being Group employees, operate in the company plants or office facilities providing 100% of them with occupational health and safety management system's cover.

Health and safety performance is a key measure of Agrati's duty of care. Thanks to a centralized data collection, Agrati has the possibility of assessing occupational health and safety data and make comparisons at a Group level. Generally, low injury and absentee rates are linked with positive trends in staff morale and productivity. During 2021, the total amount of hours worked was 4.228.969 for both employees and other workers.
Below are the work- related injuries rates for the last three years and the distribution by geographical area.

Employees and workers rate* of recordable work-related injuries by region

	2019	2020	2021
Europe	13,3	16,6	11,9
America	4,8	6,2	3,0
Asia	1,9	5,4	9,0
Total	**9**	**12,2**	**9,8**

** The calculation of reported accident rates takes into account accidents occurred to both employees and workers that have taken place at the workplace, including the ones with high consequences. More precisely, the accident frequency rate is calculated using the following formula: No. of recordable accidents / No. of hours worked) x 1.000.000*

In 2021, the number of recordable work-related ill health were 4,20% less than the previous year.

Number of recordable work-related ill health and fatalities as a result of work-related ill health of employees (No.)

	2019	2020	2021
Total number of recordable work-related ill health	7	5	4

In addition, a key business aspect to note regarding Health & Safety, is the inclusion of a specific H&S target within the group's MBOs. All beneficiaries of the MBOs are evaluated on a series of KPIs, one of the entity level KPI is the "injury frequency indicator".

The inclusion of such an indicator, highlights the priority placed by the Group regarding Health and Safety.

Welfare and diversity

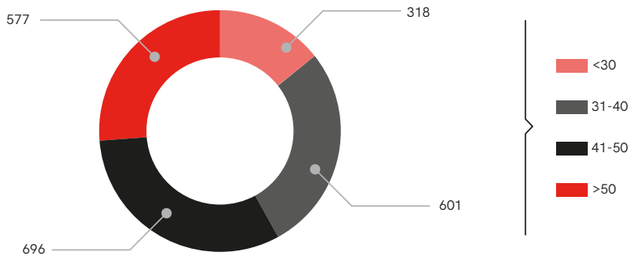
At Agrati, employees are the most important asset. That is why the Group works hard to identify individuals that share Agrati's values and openly welcome and translate them in their daily actions.
This is important because, when values resonate with employees' personal ideals, the Group is able to provide a greater sense of belonging resulting in a more engaged and supportive workforce.
The Ethical Code encloses the social values of the Group, in particular those concerning welfare, inclusion and diversity.
Considering the market in which Agrati operates, the number of employees and the Group's global presence, attention towards inclusion and diversity is a fundamental aspect.
These values, whilst already applied daily, will be further consolidated in a formalized group policy.
Furthermore, some companies of the Agrati Group promote wellbeing programs and initiatives which include medical visits, tobacco free areas, fitness activities and improved work environment conditions. One this end the group has set the target of implementing at least one wellbeing initiatives per plant throughout 2021.

The composition of Agrati's employees is spread out over several age categories: 15% of employees are under 30 years old, 28% between 31 and 40, 31% between 41 and 50, and 26% are over 50. This distribution allows for a diverse working team with a range of experiences and skills, with an average age of 43 years old. In terms of gender differences, men represent a larger proportion of the work force, accounting for 84% of all employees against a female component of 16%.
This figure remains in line with the particular characteristics of the Automotive industry and related job market. In addition, for Agrati, the concept of diversity and inclusion means also taking care of people with disabilities.
On this end 54 people with disabilities were working in the company as of December 31st, 2021.
The proof of Agrati's commitment towards its employees on the matter of employment is the percentage of staff hire with a permanent contract.
More than 89% are hired with a permanent contract. Furthermore, 88% of the workforce is covered by a collective bargaining system..

People by age and gender (No.)

	2021		
	Men	Women	Total
< 30	280	38	**318**
31-40	494	107	**601**
41-50	583	113	**696**
> 50	482	95	**577**
Total	**1.839**	**353**	**2.192**

Employees by Age



Employees by classification level and gender (No.)*

	2021		
	Men	**Women**	**Total**
Manager	203	44	**247**
White-collar workers	356	179	**535**
Blue-collar workers	1.280	130	**1.410**
Total	**1.839**	**353**	**2.192**

Employees with full-time and part-time contracts by gender (No.)

	2019			2020			2021		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Full-time	2.009	354	**2.363**	1.937	335	**2.272**	1.832	334	**2.166**
Part-time	10	23	**33**	9	26	**35**	7	19	**26**
Total	**2.019**	**377**	**2.396**	**1.946**	**361**	**2.307**	**1.839**	**353**	**2.192**

Agrati University: 'We learn by doing'

AGRATI UNIVERSITY

AGRATI UNIVERSITY

Our Knowledge. Our Excellence.
Agrati University is a learning center composed by a group of skilled trainers that teach to Agrati Employees the best way to perform a core job.
All the courses organized by the University have been defined to improve the skills and competences of Agrati employees, with the declared aim to reach excellence.
Our knowledge is a dynamic factor, continuously shared and enhanced through learning.

All Agrati's employees must attend training courses on all processes where the product life cycle is concerned. Agrati manages its internal core competences with its internal University, a learning centre composed of skilled trainers that teach Agrati Employees the best way to perform jobs.

Agrati University is composed by 3 main training areas dedicated to Employees, Customers, Schools.

- Employees: internal courses about our core competences and focused on 8 training paths. The aim is professional growth and development of Agrati People.
- Customers: technical workshop held within customers sites with aim to build a strong relationship with them and to be a business partner and not only a supplier.
- Schools: courses hold by Agrati trainers in high schools and university with aim of employer branding, talent attraction and anticipation of future employment needs.

A new training area has been recently added to the actively involve suppliers in Agrati University, to raise awareness, increase relationship and improve the overall performance of suppliers.

Agrati's knowledge becomes a dynamic factor, continuously shared and enhanced through learning. The ability to learn is essential in generating and using knowledge as the base to reach the company's goals. It provides also a large overview on support that Agrati can offer, such as TCS, R&D, Co-Design.

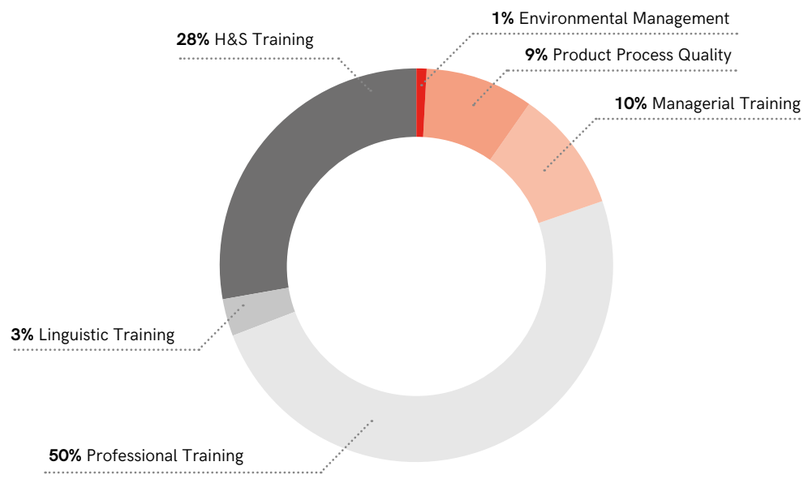
The responsibility for raising awareness and controlling human right issues (e.g. non-discrimination, freedom of association and the right to collective bargaining) rests with Corporate compliance and goes along the entire supply chain.

An important element is regular training offered to Agrati employees: in 2021, 42.783 hours of training were provided, reaching an average of 19 hours for each employee, an increase of 8 hours per employee compared to 2020. Part of the training was carried out in physical classrooms and another portion, due to the Covd-19 restrictions was organized through e-learning.
The training courses consisted of mainly Professional Training (50%) and Health & Safety training (28%). Furthermore, each local company has identified specific managerial courses addressed to their managers. These courses are mainly related to people management, leadership, negotiation or coaching programs held by internal certified coaches.

Training hours by gender and employee category (No.)

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	3.732	912	**4.645**	1.536	467	**2.001**	3.813	865	**4.678**
White Collars	9.107	2.656	**11.763**	4.538	1.323	**5.861**	11.032	3.096	**14.129**
Blue Collars	41.541	2.708	**44.249**	17.051	1.177	**18.227**	22.560	1.416	**23.976**
Total	**54.380**	**6.276**	**60.656**	**23.125**	**2.967**	**26.089**	**37.405**	**5.377**	**42.783**

Training provided by type and content (% on total hours)



The following is a project implanted by Agrati in order to increase employee engagement and involvement:

EMPLOYEE ENGAGEMENT PROJECTS

YAMBLA: the revolution of the improvement proposals

From 2019, Agrati Group has implemented specific projects to give a more active role to employees within all departments, allowing them to express their full potential and increasing their retention rate. Agrati Group aims at increasing employees' engagement, increasing the team spirit, making sure to grant the best employees' experience and professionalism and making the organization more efficient and stronger.
One of these projects is an innovative internal process, introduced some years ago and reviewed in 2019, with the aim to reinforce the continuous improvement culture, increasing the empowerment of employees, enhancing problem solving and strengthen team building spirit.
With this method, employees are asked to collaborate each other to suggest actions that can improve the internal processes of the department or shopfloor where they work.
The idea is submitted by the employee to his supervisor, who evaluate the proposal and forward it to the upper level. When the idea is approved, it starts the execution that, in some cases, can turn even into cross-function projects, feeding from the bottom the process innovation program of the Company.
This system is also composed by dedicated "improvement teams", that regularly meet together to discuss new improvement ideas and follow a specific training program that enhance the continuous improvement culture and spread it into the Company.
All employees at all levels are involved in this initiative, that began from the headquarter then has been extended to all the plants of the Group.
This method results every year in over 500 improvement proposals, that helps the Company improving its efficiency and its financial results.

Furthermore, in early 2021, a series of analyses were conducted by survey in terms of the current process for managing improvement proposals to identify potential areas for improvement.
The main areas of work that emerged were related to the tools used and transparency during the various process steps.
After a careful analysis of the various software available on the market, YAMBLA was chosen, a platform for sharing and managing ideas already used by large companies.
Once the tests were concluded, Yambla was launched in October 2021 for the whole Agrati SpA with the aim of extending the tool to the Italy Region and in the future to the rest of the Group.
In order to access Yambla each employee has his own account through which he/she can not only insert his own improvement proposals, but also follow their progress and view those of other colleagues.
It will be possible to access the platform both from the various PCs, phones and tablets of the Company and through their smartphones through the application available for IOS and Android.
Once the employee has inserted his idea, several approval steps will follow through which the proposal is evaluated and finally approved or rejected. At any time can be seen the evaluation status of the proposal and therefore follow its development.

Talent attraction and retention

Agrati Group has developed a strategy of talent attraction managing several tools: participation to specific career day held in university and high schools; membership in local association dedicated to promote the company and the work in the factory; an account LinkedIn Recruiter, which allows the Company to look for unaware talent, to capture interest, to build a talent pipeline, to capture applicants and to engage with candidates directly.
According to the Company Reports, in 2021, Agrati recorded 462.860 job impressions, 33.992 job views. This resulted in 3.373 job applications.
On LinkedIn, Agrati Group case ads have received 1,3 million impressions; the Company was able to calculate the conversion factors from the "aware" step when the ad is shown (in) to the "Considering" step which is when they decide to apply for the position. The Awareness to Engagement Conversion factor is equal to 3,2% and the Engagement to Considering Conversion factor equals 8,8%.

People hired by region (No.)

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Europe	91	14	**105**	61	9	**70**	78	20	**98**
America	92	21	**113**	44	13	**57**	100	23	**123**
Asia	12	3	**15**	1	14	**15**	36	7	**43**
Total	**195**	**38**	**233**	**106**	**36**	**142**	**214**	**50**	**264**

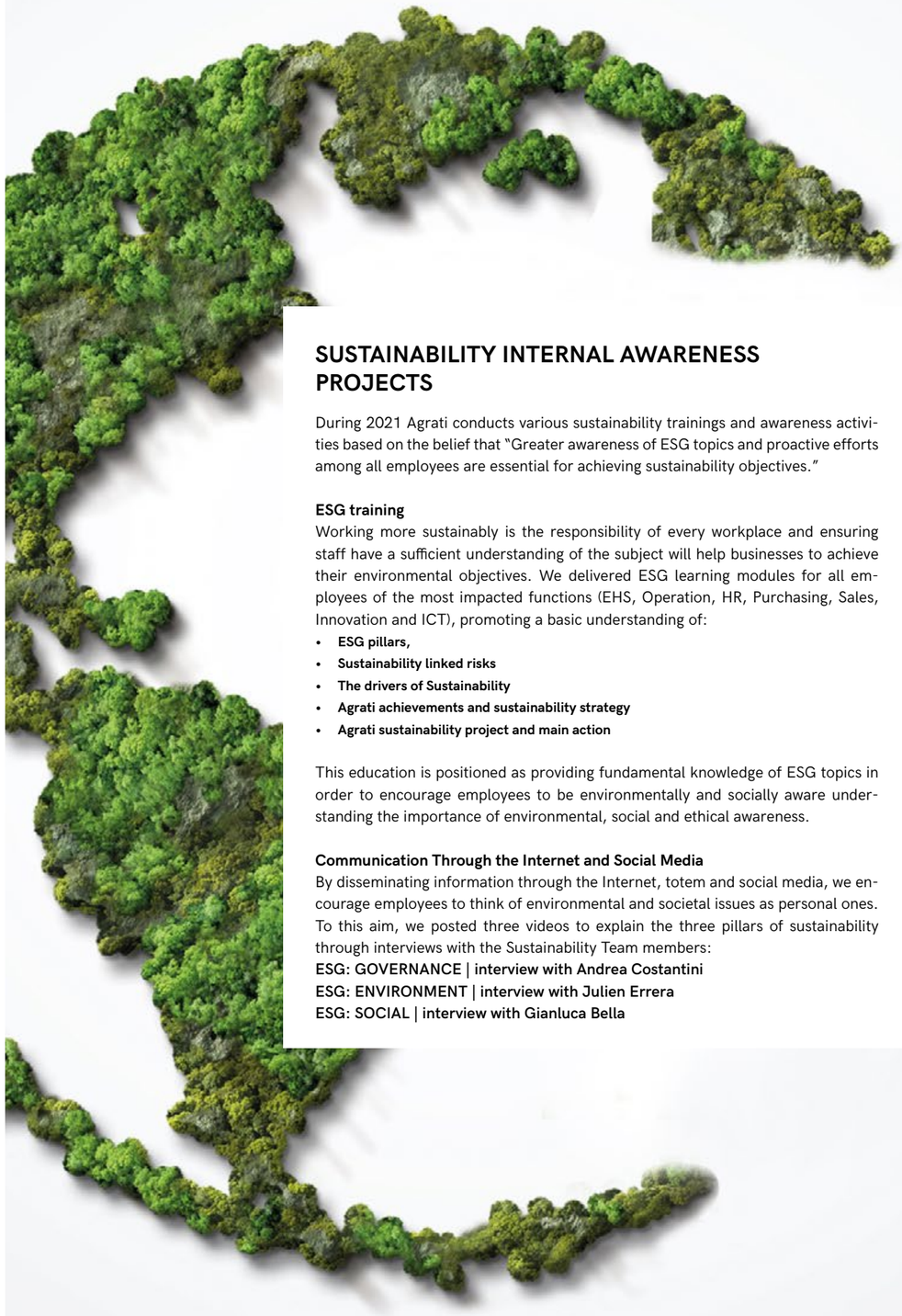
People terminated by region (No.)*

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Europe	98	14	**112**	77	6	**83**	123	24	**147**
America	108	20	**128**	101	29	**130**	102	24	**126**
Asia	48	18	**66**	25	7	**32**	33	6	**39**
Total	**254**	**52**	**306**	**203**	**42**	**245**	**258**	**54**	**312**

**The figured include "intercompany" movements.*

People hired and terminated by age in 2021 (No.)*

	2021	
	Hired	Terminated
< 30	105	70
31-40	66	84
41-50	48	61
> 50	45	97
Total	**264**	**312**



SUSTAINABILITY INTERNAL AWARENESS PROJECTS

During 2021 Agrati conducts various sustainability trainings and awareness activities based on the belief that "Greater awareness of ESG topics and proactive efforts among all employees are essential for achieving sustainability objectives."

ESG training
Working more sustainably is the responsibility of every workplace and ensuring staff have a sufficient understanding of the subject will help businesses to achieve their environmental objectives. We delivered ESG learning modules for all employees of the most impacted functions (EHS, Operation, HR, Purchasing, Sales, Innovation and ICT), promoting a basic understanding of:

- **ESG pillars,**
- **Sustainability linked risks**
- **The drivers of Sustainability**
- **Agrati achievements and sustainability strategy**
- **Agrati sustainability project and main action**

This education is positioned as providing fundamental knowledge of ESG topics in order to encourage employees to be environmentally and socially aware understanding the importance of environmental, social and ethical awareness.

Communication Through the Internet and Social Media
By disseminating information through the Internet, totem and social media, we encourage employees to think of environmental and societal issues as personal ones. To this aim, we posted three videos to explain the three pillars of sustainability through interviews with the Sustainability Team members:
ESG: GOVERNANCE | interview with Andrea Costantini
ESG: ENVIRONMENT | interview with Julien Errera
ESG: SOCIAL | interview with Gianluca Bella

GREEN FUTURE

7

Environmental sustainability

7. Environmental Sustainability

2021 HIGHLIGHTS

- 2039 Carbon Neutrality Strategy Developed
- -13% CO2 emissions from 2019[3]
- Indirect Scope 3 emissions calculated
- 1.059 GJ saved through energy efficiency initiatives

RELEVANT SDGs

TECHNOLOGY, ENERGY AND ENVIRONMENT:

Technology is a core part of our business, we keep our equipment up-to-date and we search for the latest state-of-the art available on the market in order to reach an Industry 4.0 standard in our plants.
We want to maintain a light footprint on global resources, we invest to reduce our environmental footprint and to lower our energy consumption.

The Agrati Group is constantly trying to reduce the Company's environmental footprint and to lower its energy consumption; in doing this, the development of new technologies is pivotal to reach the goals, being them a main part of the Agrati business results.
The protection of the environment as well as sustainability are essential values that help and facilitate the Company business growth. These principles are at the very base of the EHS Corporate strategy, as well as the Group's Policies and Code of Ethics; which in 2021 were consolidated in the Group Climate Strategy, which sets out a roadmap and strategy to reach Carbon Neutrality in all operations by 2039.

Compliance with the regulations and the applicable laws in the various countries where Agrati operates guarantees a conscious and aware business development; for this reason, Agrati pays attention to the implementation and maintenance of certifications compliant to the schemes of the international EHS standards (ISO 14001 and ISO 50001).

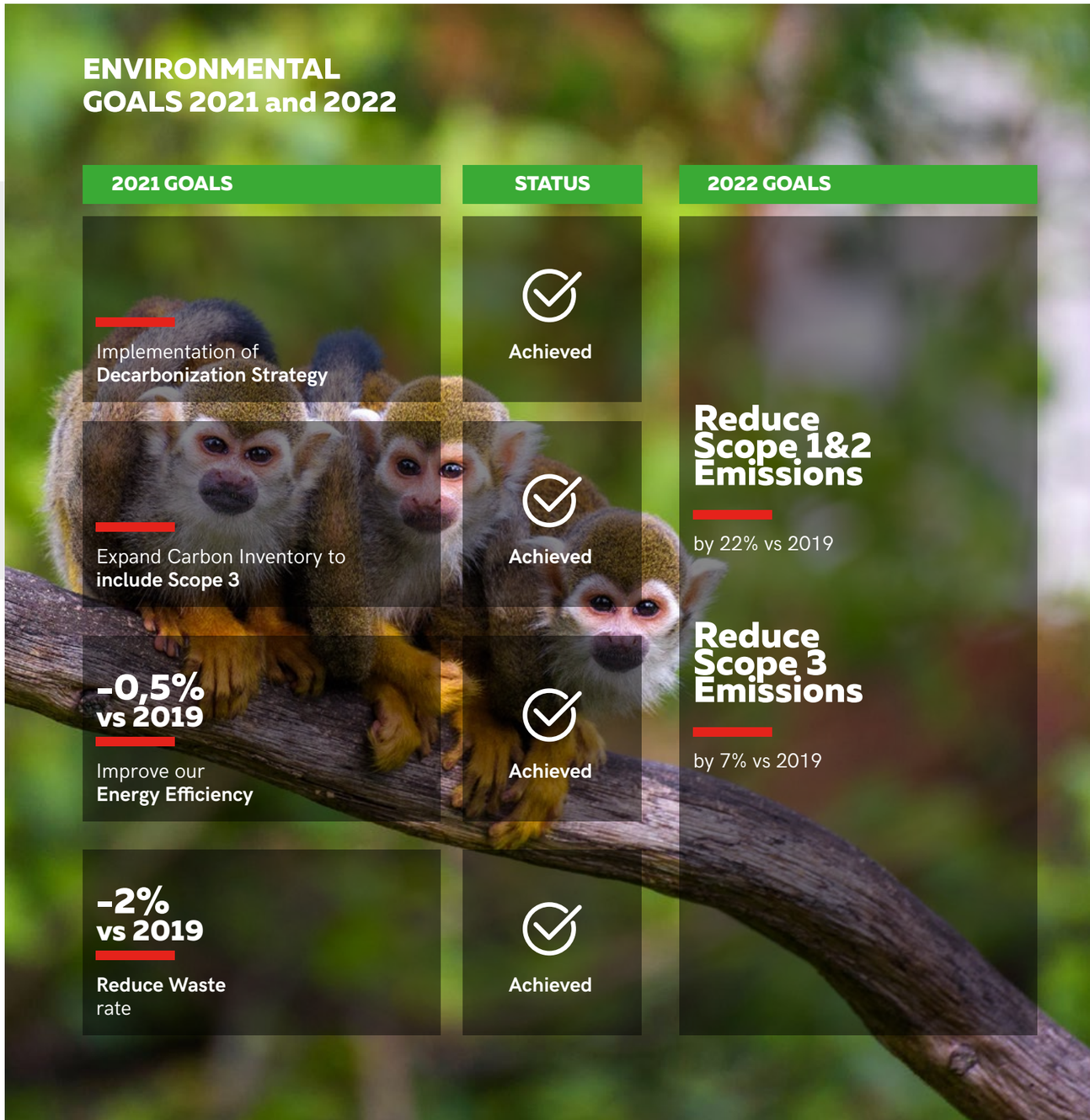
Among the EHS Group goals there is the commitment to
CARBON NEUTRALITY by 2039

[3] 2019 used as baseline of Decarbonization Strategy

Through these instruments, the Group is on the pursuit of continuous improvement of performance.

The documents and initiatives that are key to the Group Environmental Management System are represented by the Environment, Health and Safety and Sustainability Policies and the goals issued at corporate level.
These documents are annually reviewed and approved by the top management of the Agrati Group, drafting Policies and objectives at local level (Country and Plant). The Procedures, the Operating Instructions and the Forms support the EHS Management System, guaranteeing process repeatability and providing support, rigor, and tools for monitoring and continuous improvement of performances.

The importance that the environmental management holds for the Agrati Company is embodied by successful achievement of all the Environmental targets set out for 2021:

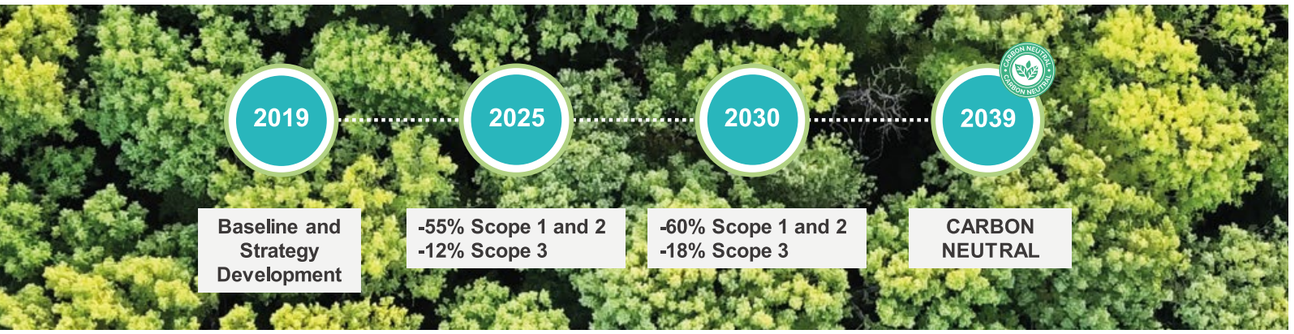


Agrati Carbon Neutral 2039 decarbonization strategy

In light of the clear current global trends, and recognizing its responsibility as an economic actor, Agrati has chosen to adopt sustainability as a guiding pillar in its business model and approach. The impacts of Agrati both on social and environmental sustainability are clear and on this front the Group wants to turn them into an opportunity to rethink its strategy and shift towards a long-term value creation approach.

To this end Agrati has developed a Decarbonization Strategy, with the ambition of **reaching Carbon Neutrality by 2039.**

The strategy, developed by the **ERM-Sustainability function**, aims to define a clear trajectory, following the clear decarbonization and electrification trend of the automotive industry. The goal of the strategy is to align the Group's activities with the main international Pacts and strategies such as the Paris Agreement and the European Green Deal, which aim to maintain temperature rise below 1.5°C compared to preindustrial levels and reach Carbon neutrality in Europe by 2050.
Agrati's decarbonization path to 2039 Carbon Neutrality has set two main milestones, years 2025 and 2030:



Scope 1 Levers

Direct CO_2 Emissions
- **Energy Efficiency:** projects and initiatives to improve energy efficiency and reduce waste
- **Low impact Steel:** increase share of low impact steel in order to avoid heat treatment and reduce gas consumption
- **Hydrogen:** as an energy source to reduce dependency on natural gas

Scope 2 Levers

CO_2 Emissions from electricity
- **Energy Efficiency:** projects and initiatives to improve energy efficiency and reduce waste
- **Renewable energy:** Purchase of electricity from renewable energy sources

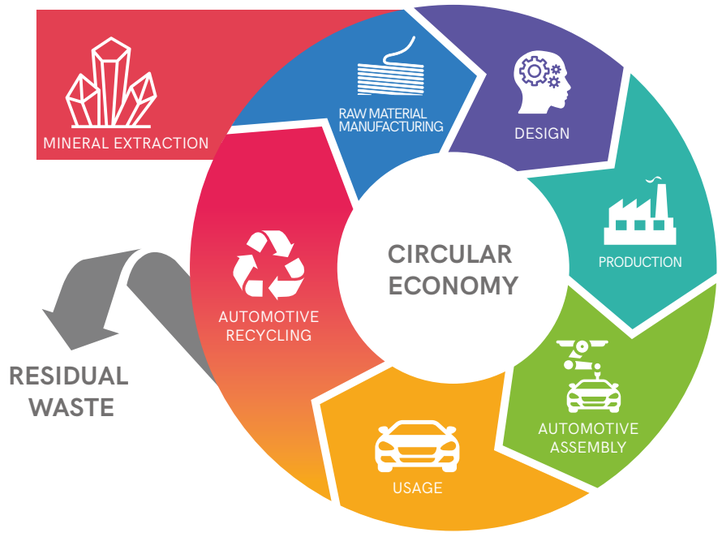
Scope 3 Levers

Indirect CO_2 Emissions from value chain
- **Low Carbon Supply Chain:** reduction of emissions through reduction targets set by steel suppliers
- **Iron Scraps:** increase share of purchased steel produced from scrap (Electric Arc Furnace process)

CARBON NEUTRAL 2039

Circular economy and circular innovation

Agrati acknowledges the importance of moving towards Circular business Models, in order to reduce the environmental and social impacts of its activities. Aligned with the New European Commission, Circular Economy Action Plan, which is understood as "a production and consumption model which involves reusing, repairing, refurbishing and recycling existing materials and products to keep materials within the economy wherever possible". The Group recognizes the importance of implementing a circular business strategy in a systemic way, reasoning and integrating all parts of the structure, from the induction of raw materials to the final disposal, trying to reduce negative impacts and develop a sustainable way of operating.



Agrati wants to face this new challenge as an opportunity to develop new sustainable processes and products and establish collaborative partnerships with both suppliers and clients.

This innovative attitude will be based on three core principles:
1. Design out waste and pollution;
2. Keep products and materials in use;
3. Regenerate natural systems.

Agrati's innovative approach, integrating new technologies in all its processes and using them to think in a holistic manner its production, has empowered the Group to develop a circular thinking.
Developing innovative fastening solutions, has enabled more efficient processes in terms of waste minimization, increasing the possibility of recycling materials and components.

Thanks to Agrati's open innovation approach, which involves external stakeholders, such as Universities, Research Centres, accelerators and start-ups, in order to develop ideas and enhance synergies and common interests, will act as a catalyst for Circular Innovation.

The circular approach will enable the Company to innovate, mitigate its impacts on the environment, keep up with wider mark trends, spread good practices along the supply chain and generate costs saving solutions.

Resource conservation

The Group Environment, Health and Safety Policy shows how Agrati is trying to avoid any Environmental damage, minimizing its impacts and striving for continuous improvement of the EHS performance, always in compliance with applicable laws.
In order to achieve these ambitious goals, the Agrati Group acts through a visible EHS Active Leadership, a robust EHS Management System in place and the continuous improvement of the EHS performance through measurable objectives and targets.
The stakeholder engagement keeps being one of the main assets of the EHS policy implementation, because it allows the Agrati Group to take into consideration the needs of all the internal and external communities.

2021- 2025 Vision

The Group's commitment towards a robust EHS Policy is reflected in the intention of transforming the policy into commitments that have to be realized through dedicated actions.
As an evidence of the fact that Agrati looks forward and does not limit its strategic view to the current fiscal year, the Group EHS vision takes into consideration the continuous improvement of the environmental performances, as:

- Definition of a low carbon strategy and targets;
- Improve energy efficiency, aiming for 0 waste of energy;
- Develop ISO 50001 Certification;
- Increase use of renewable energy;
- Reduce waste & consumption of chemicals, oils;
- Anticipate & search for "clean" solutions;
- Develop Digitalization.

Agrati is committed to reach its goals in the environmental sphere because the environmental aspect is material to the Group.
As a matter of fact, this latter reflects one of the main willingness of Agrati, that is to say the purpose to continue growing responsibly.
As already mentioned, respecting the regulations and the applicable laws on this matter and the search for continuous performance improvements are key principles of the Group's policies and objectives; for this reason, throughout the Materiality Analysis, the Company has paid significant attention to the environmental aspects, as energy management, water and waste related aspects. In addition to it, Agrati is responsible for guaranteeing that all the Group stakeholders respect its environmental values.

From vision to action

A key aspect of Agrati Group's Environmental Management System is that all the 12 Agrati manufacturing plants are ISO 14001 certified, therefore having a complete set of procedures and instructions able to manage its impacts on the surrounding environment and to draft appropriate reports, to solve complaints and to address critical issues and emergencies.
Moreover, the three Agrati manufacturing plants in France are also certified ISO 50001.

In order to reach the goals set by the Environmental Management System, Agrati Group is aware of the fact that appropriate resources, both on the human capital and on the economic side need to be defined and approved based on the annual EHS objectives at the corporate and at the local level.

Concerning the management and training of human capital, the organization charts show the hierarchy of roles and responsibilities within the Organization; specific job descriptions are drafted for determined tasks, and they are communicated to the entire Group by posting on company bulletin boards and publishing on the Intranet.
In order to be fully compliant with the regulations and the applicable laws obligations, as well as by the important and binding standards defined by Agrati Group, specific training plans on Environment, Health and Safety related matters are guaranteed to all the employees.
Indeed, training is undoubtedly one of the assets Agrati Group's culture, and therefore all the Company employees receive training on EHS Management system awareness.
In addition, other training linked to Environmental topics are delivered to people with active roles related to the environmental spheres, and roles and responsibilities related to the environment are clearly set and defined.

On the economic side, the necessary resources are defined annually in the budget for the ordinary functioning of the Organization[4] , or for structural and strategic needs[5] .
Each functional manager is authorized to validate expenses in accordance with the approved budget.

Agrati Group has in place internal and external mechanisms for seeking advice on ethical and lawful environmental management, assigning roles and responsibilities for the mentioned mechanisms to facilitate the communication and the providing of useful advice.
More in detail, specialized environmental providers have been selected by the EHS and Purchasing departments, based on competencies and skills required by the applicable laws and necessary for the Environment, Health and Safety Department.
The set of the specific EHS providers cover the following topics (the list is not exhaustive):

- laboratories for environmental analysis;
- specific analyses on field related to environmental aspects;
- information on new laws and the respective impact;
- legal assessment audits;
- training;
- PPE's suppliers;
- energy and water providers;
- waste movements - disposal suppliers.

At last, dedicated information channels are available for facilitating the flow of information and a whistleblowing system is active at Group level. The mentioned system has been set by the Group in order to manage and ascertain any unlawful conduct, and to adopt the proper measures to solve the issue and maintaining the anonymity. Therefore, Agrati Group has a confidential information channel, available to all employees and aimed at reporting potential EHS crimes.
The recipient of this report is the Supervisory Body that handles the reporting and ensures the confidentiality, and that communicates the outcomes of the reports to the reporting party.
So far, trainings on the reporting mechanisms have been provided only to employees.

[4] Meaning the expenses on cost center or projects.
[5] Meaning the Capital Expenditure (Capex).

Energy efficiency and emissions

Being the CO2 emissions from energy and power generation one of the main contributors to the emission of climate-altering substances, energy efficiency has tremendous impacts to boost economic growth and to lower the carbon footprint.
Agrati Group is committed to increase the rate of progress and to facilitate the transition towards a low carbon economy and production, and the introduction of a certified Energy Management System in line with the ISO 50001 standard is an example of the Company commitment.

Therefore, Agrati is strongly committed to reduce its impact due to the use of energy and to contain global warming. Renewable energy is integrated into the Company processes, as are the most efficient energy consumption systems; moreover, Agrati invests in reducing its environmental impact and lowering the energy consumption.
The following table describes the major initiatives undertaken by the Group in order to reduce the energy consumption; the reported data are aggregate[6].

Description of initiatives focused on the reductions in energy consumption (Gj)

	2021
Initiatives focused on the reductions in energy consumption (Gj)	**1.059**

The main projects deployed throughout 2021 aiming to reduce energy consumption within the organization were:

- Installation of new Variable Speed Drive (VSD) compressor (Agrati France - Fourmies plant);
- Free-cooling project: creation of a Heat Treatment / Surface Treatment cold centre by adapting the existing cooling systems without a compressor (Agrati France - La Bridoire plant);
- Revamping of the wire annealing furnace (A.Agrati SpA);

[6] The reported data refer to: A.Agrati S.p.A., Agrati France, Agrati Inc., CVB srl, Agrati-FSP srl and Yantai Agrati Fasteners Co.

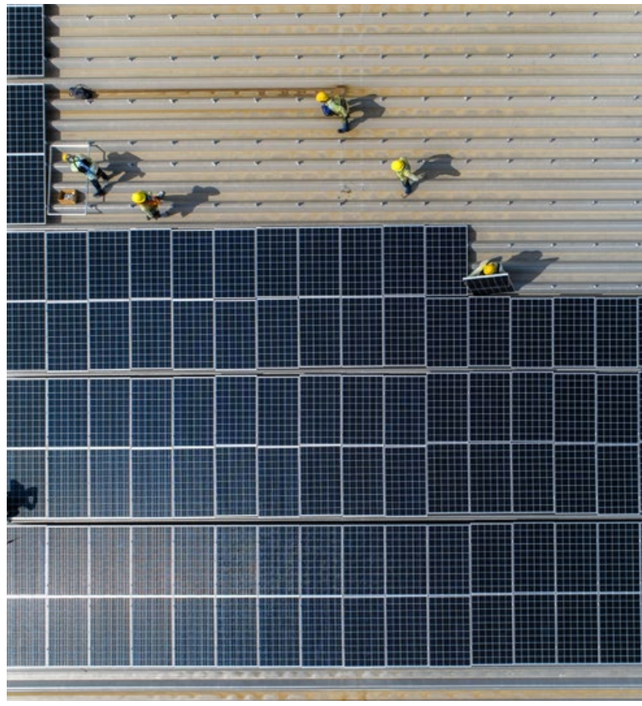
During 2021, the total Agrati Group direct and indirect energy consumption has been equal to:

Total Direct Energy Consumption (Kwh)

	2019	2020	2021
Total Direct Energy Consumption	**176.307.485**	**152.842.292**	**160.889.714**
Non Renewable Sources:			
• Fuel (Diesel)	1.996.738	1.698.183	2.062.504
• Natural Gas / Methane	174.310.747	151.144.109	158.827.210
Total Indirect Energy Consumption	**119.574.419**	**108.946.216**	**102.218.721**
Non Renewable Sources	119.329.603	108.601.947	101.887.074
Renewable Sources	244.815	344.268	331.646
Total Energy Consumption	**295.881.904**	**261.788.508**	**263.108.435**

Concerning the non-renewable sources, in the Agrati Group plants natural gas is mainly used for heat treatment, namely for the processes of quenching, tempering and annealing, but also for plants heating systems and for the washing machines. For what concerns the Italian plants, forklifts are electric driven as well as in China, while we have LNG in France and part of the US while **liquid petroleum gas** (LPG) is used as an adjustment of the internal atmosphere of quenching furnaces. For what concerns CVB, from 2019 the activation of a new plant mainly caused an increase in energy electric consumption.

Energy Intensity has remained relatively stable, with a slight increase compared to previous years. This increase can be linked back to the lower production rates caused by Covid-19, which reduced the efficiency of the machines as they weren't operating at full capacity and intermittently meaning that per unit of output produced the energy requirement was slightly higher than what it would be at full production capacity.

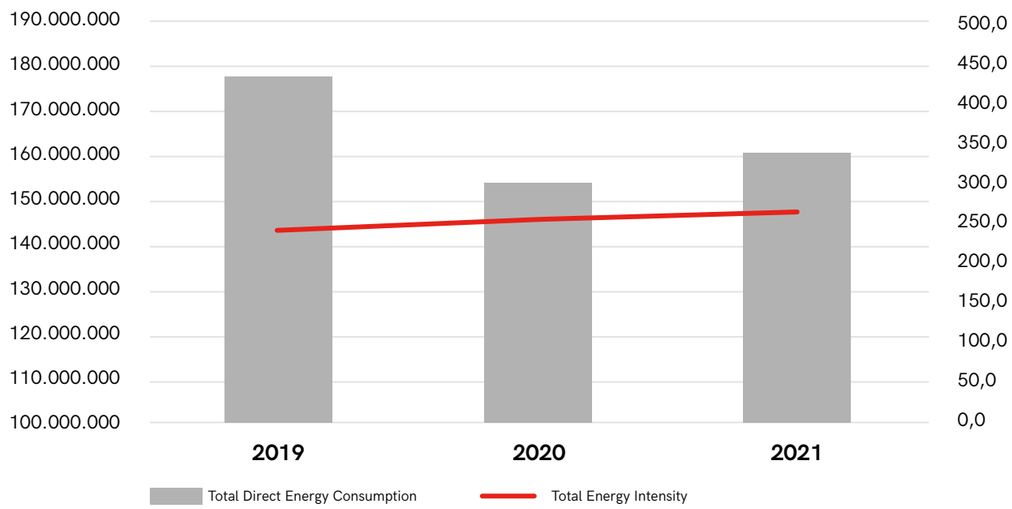


Energy intensity (Kwh/t)*

	2019	2020	2021
Energy intensity	240,5	252,4	262,3

** The organisation specific metric chosen to calculate the energy intensity indicator is the over cumulative production of each step of production process, of all workshops expressed in tons. The type of energy included in the intensity ratio are electricity, diesel, LPG and natural gas.*

Energy Consumption and Intensity



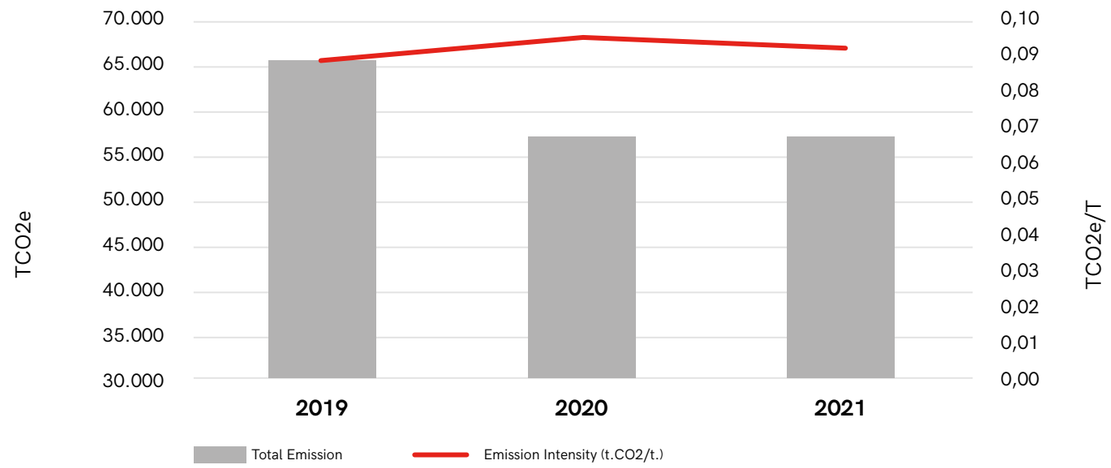
Agrati's emissions

Total direct and indirect GHG emissions t.CO2e

	2019	2020	2021
Direct emissions (scope 1)	32.522	28.195	29.579
Indirect emissions (scope 2)	33.515	29.417	27.735
TOTAL Scope 1&2 (TCO2e)	**66.037**	**57.611**	**57.315**
Emissions Intensity (t.CO2e/t.)	**0,09**	**0,10**	**0,09**

.Source: Scope 1 emission factors DEFRA, Scope 2 emission factors Terna

Scope 1 & 2 CO_2 Emissions



Compared to 2019, the Baseline of its Decarbonization Strategy, Agrati has managed to reduce its Scope 1 and 2 Emissions by 13%. Whilst also reducing its Emission Intensity (the CO2 emitted per Tonne of product produced) by 2% compared to last year.

-13% CO2 EMISSION vs 2019
(Scope 1 and 2)

During 2021 the Group expanded its carbon inventory including Scope 3 emissions deriving from upstream and downstream activities. The Group carried out a relevance analysis and identified eight key Scope 3 categories to monitor. The calculation of the Scope 3, completed the full GHG inventory of the Group and served as the 2019 Baseline for Agrati's decarbonization strategy.

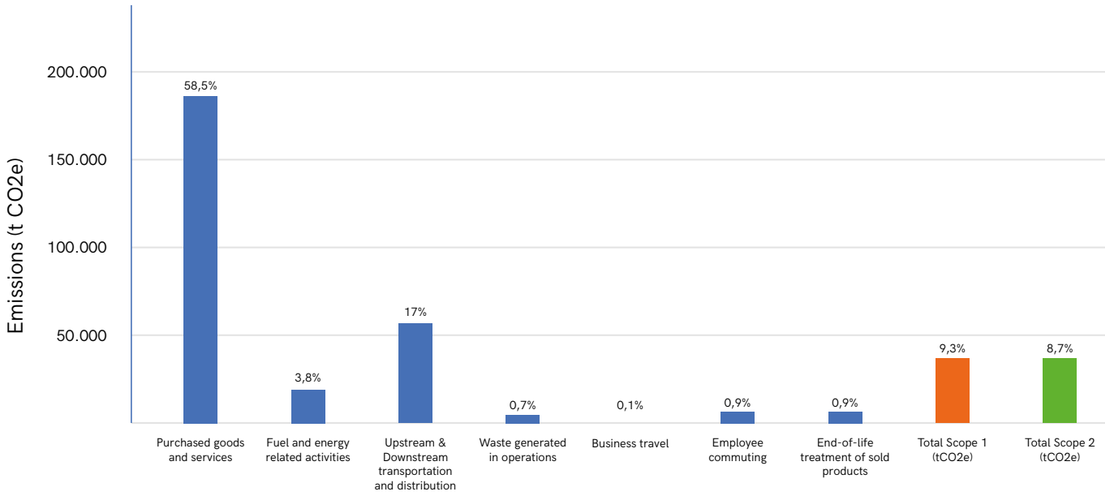
Scope 3 categories calculated are the following:

Scope 3 Category

	Emissions 2021 (tCO2e)	% on scope 3
Purchased goods and services*	185.679	71.5%
Fuel and energy related activities	11.921	4.6%
Upstream & Downstream transportation and distribution	53.990	20.8%
Waste generated in operations	2.238	0.9%
Business travel	244	0.1%
Employee commuting	2.980	1.1%
End-of-life treatment of sold products	2.810	1.1%
TOTAL Scope 3 (tCO2e)	**259.862**	

** calculated using an emission coefficient for each type of supply, the analysis was made on a significant pool of suppliers.*

Agrati CO2 Emissions (Scope 1,2 & 3)



Moreover, as a matter of fact, air pollutants have adverse effects on climate, ecosystems, air quality, habitats, agriculture, and human and animal health, and therefore international laws and regulations are more and more increasing the requirements on the control of air emissions. In the attempt to comply with the applicable laws on the subject, Agrati Group reports the main significant air emissions by weight, as shown in the following table:

Significant emissions by weight (t)

	2019	2020	2021
Nox	114,41	106,20	79,59
Sox	19,72	17,76	16,61
Volatile organic compounds (VOC)	20,71	10,13	7,53
Particulate matter (PM)	22,47	22,86	17,24

[7] The emissions are based on the analysis of external laboratory: once every year or two years, all the emissions are subject to external laboratories control.

Waste management

Agrati Group's commitment to reduce its environmental impact does not end in improving the energy efficiency and reducing the GHG and air emissions. In accordance with the idea of circular economy, the Company is convinced that an efficient waste management and disposal system is pivotal to reduce the Group carbon footprint and the impact on the environment.

Waste diverted from disposal (t)

	2019	2020	2021
Total weight of hazardous waste	**3.514**	**3.117**	**2.754**
Re-use - offsite	-	-	54
Recycling - offsite	596	732	747
Other recovery operations - offsite	2.918	2.384	1.953
Total weight of non hazardous waste	**9.662**	**9.040**	**9.795**
Re-use - offsite	-	-	414
Recycling - offsite	3.144	3.356	3.190
Other recovery operations - offsite	6.518	5.684	6.192
Total waste diverted from disposal	**13.176**	**12.157**	**12.549**

Waste directed to disposal (t)

	2019	2020	2021
Total weight of hazardous waste	**1.098**	**952**	**2.584**
Total weight of hazardous waste directed to incineration (with energy recovery) - offsite	27	17	100
Total weight of hazardous waste directed to incineration (without energy recovery) - onsite	-	-	43
Total weight of hazardous waste directed to incineration (without energy recovery) - offsite	-	-	332
Total weight of hazardous waste directed to landfilling - offsite	358	464	452
Total weight of hazardous waste directed to other recovery operations - offsite	713	471	1.656
Total weight of non hazardous waste	**2.752**	**2.369**	**8.817**
Total weight of non hazardous waste directed to incineration (with energy recovery) - offsite	-	-	9
Total weight of non hazardous waste directed to landfilling - offsite	448	18	6.711
Total weight of non hazardous waste directed to other recovery operations - offsite	2.264	2.351	2.105
Total waste directed to disposal	**3.850**	**3.321**	**11.400**

In the Agrati Group plants, waste quantities are directly influenced by production rates and by the performances of waste water treatment stations, on which the Company is investing a lot, searching for new technologies and solutions.

Soil defence

Soil defence allows the prevention of loss of the top most layer of the soil from weathering, such as erosion or reduced fertility caused by over usage, acidification and salinization of soil contamination. At a first glance, these kind of impacts on the natural environment might seem the result of a merely agricultural activity; nevertheless, every kind of industrial activity has its own kind of impact on the soil, and in order to facilitate a transition towards a greener economy, companies must put more effort in preventing soil spoil. One of the Agrati Group's main impacts on the natural surrounding environment is the use of water, which the Company tries to exploit in a sustainable way, mainly monitoring the withdrawal and discharge rates of the resource. During 2021, Agrati Group's total water withdrawn was 391 Mega Litres, while the total water discharged was 272 Mega Litres, which makes the total water consumption equal to 118 Mega Litres. The main features can be found in the following tables:

Water withdrawal by source (Mega liters)

	2019 All areas	2020 All areas	2021 All areas
Surface water	**45,83**	**31,22**	**25,77**
from freshwater	45,83	31,02	25,77
Ground water	**2,52**	**58,39**	**58,47**
from freshwater	2,52	58,39	58,47
Third-party water	**317,69**	**307,44**	**307,14**
from freshwater	306,45	299,58	291,59
from other water	11,24	7,86	15,55
Total water withdrawal	**366,04**	**397,05**	**391,39**

Regarding water stress, the overall exposure of the group is relatively low. In the Italian and American plants the water stress level is low and of no concern. In France, in general the risk remains low but in particularly dry periods the group, following recommendations of local authorities, reduced at a minimum consumption levels; nonetheless this remains extremely rare. Concerning the YAF plant, where the risk is considered higher, Agrati currently follows all guidelines and recommendations of the local authorities but is planning on developing a preventative plan in 2022 in order to anticipate and prevent risks associated with water shortages.

Water discharge by destination (Mega liters)

	2019	2020	2021
surface water	43,63	31,51	34,00
ground water	5,44	3,51	5,44
third party water	248,87	249,96	233,42
Total water discharge	**297,94**	**284,98**	**272,86**

Water discharged volumes are influenced by production levels; moreover, the presence of certain substances on discharge is influenced by the contribution of each step of the production process, as some processes are continuous, and some others are batch. Daily internal tests are led for most critical substances or parameters, and in addition external tests are performed on average every three months (please note that the frequency may vary depending on site location).

Externally developed environmental initiatives

"ENTERPRISE FOR NATURE" with WWF

On the occasion of the 51° World Earth Day, Agrati joined the program "Enterprises for Nature" launched by WWF Italy.

The objective is to increase awareness of environmental issues through training programs and activities for employees so that they can be protagonists of change the world. "Creating a world where people live in harmony with nature. Together, anything is possible".

TREEDOM COLLABORATION FOR THE WORLD ENVIRONMENT DAY 2021

Agrati collaborated with TREEDOM, celebrating in this way the World Environment Day | JUNE 5th 2021.

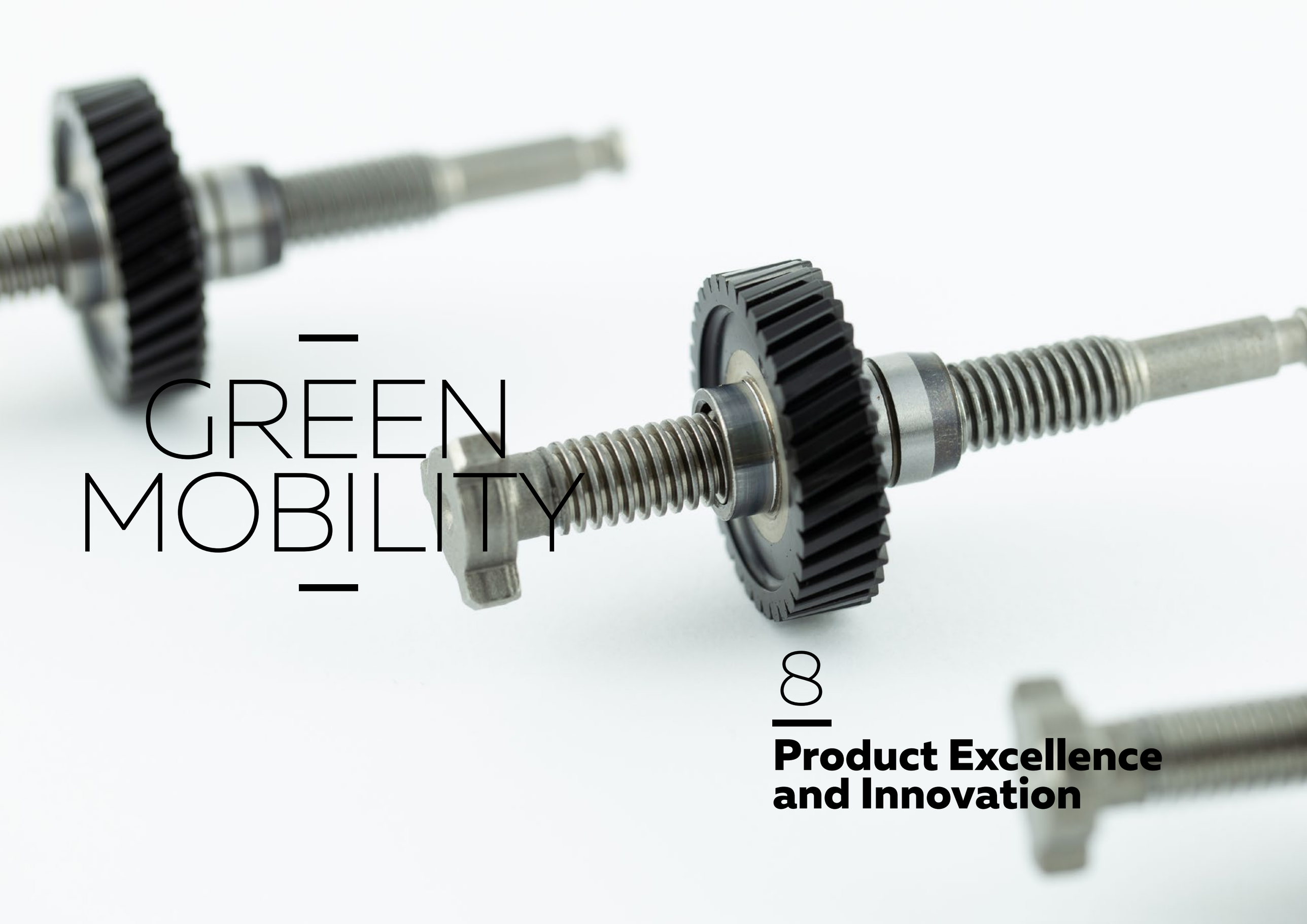
Our 30 trees for 10 Sustainable Development Goals, -3 tons of CO2 captured The trees we chose to *plant absorb from the atmosphere an amount of CO2 that would be enough to fill 22,308 basketballs!

AGRATI COLLABORATES WITH NO.W!

Thanks to the collaboration with producers of agri-food excellence:

- you save money while respecting the environment;
- contribute to reducing food waste;
- invest in the future, because reducing waste conserves resources and limits pollution for the benefit of future generations.

A collaboration that allows you to buy food products otherwise destined for disposal at discounted prices.



GREEN MOBILITY

8

Product Excellence and Innovation

8. Product Excellence and Innovation

2021 HIGHLIGHTS

- -21% Incidents per billion compared to 2020
- 8 Innovative Green Mobility Products

RELEVANT SDGs

Constant attention to customer needs

The Group has to be innovative and move fast to turn ideas into products and services that create differentiating customer experiences to keep pace with customers' evolving needs and at the same time continuing to deliver on Agrati's Customer Promise. The continuous attention to customers' needs is a key point in Agrati's philosophy. This approach brings to a close collaboration with the customers that turns into a trustful and strong relationship.

Agrati strongly believes that customers are a great asset for the company because it is thanks to them that the Group is prompted to constantly look for and design new products, new technologies and new process lines. One key indicator of the continuous attention to customers is the ability to develop new products following customers' requirements. Agrati is able to develop around 1.000 new products every year, and considering that active parts are 15.000, the innovation ratio is around 7%. This is the core activity of our technical department, that starts from the customer requirements and drawings that are transferred into engineered products.
The initiative that better explain our attention to customers in terms of products is the co-design, that is the design of complete automotive platforms and industrial development of complex parts. In one year, the number of co-design activities is very variable, depending on the wideness of the project. In 2021 there were developed 13 co-design activities, an increase compared with the 10 activities on average in the previous years.

In this way, Agrati is able to offer its clients with the best solutions in terms of product and price with the flexibility of a fully equipped logistics centre for every requirement.

Another asset that helps Agrati enrich its relationship with customers is the Agrati University. During the year, several training workshop on fastener technology are organized. Starting from the basics of fastener terminology, the course builds up to more technical modules on more advanced fastening systems. These kinds of courses and workshops, intended not only for Agrati's engineers, buyers, purchasing managers, quality and manufacturing department staff, but also for customers and suppliers, represent a great opportunity to enhance Agrati network and reputation.

One of the most important pillars of Agrati's idea of attention to customers is product quality. Our customer quality department is focused on understanding how to transfer the customers' requirements into Agrati's processes and organization. In 2021 around 70 audits have been performed by the customers in our plant, during which they had the chance to see directly and check if the quality standards that they require are applied properly or not.
Starting from 2015, the Agrati group has defined a specific approach to manage customer relationship with a dedicated team, where many functions of the organization are involved, from sales to quality. This model was applied to the customers that represents the 80% of revenues, and in 2021 we achieved the target of 65%.

The Company, starting from 2020, developed a specific initiative to strengthen its attention to customers called "Customer Strategy Roadmap".

The goal of this initiative is to have a regular and solid monitoring of the health status of the main customers of the Group. The issues on the focus of this analysis are sales development, new business acquisition, new product development, quality and service levels.

All these aspects are analyzed in details, and the results are shared with all the departments that are directly or indirectly involved with the customer (Sales & Marketing, Customer Service, Quality).

At the end, this activity can turn into a specific action plan, with a list of detailed initiatives that aim to address all customer's painpoint and improve the relation.
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Agrati is active on the main social media (Facebook and LinkedIn) within which the company publishes a large amount of content conceived for the various public segments. The Group considers its social media channels as a way to better reach its stakeholders, and more specifically its customers. The area of the Company that is responsible for the social media management is the Communications and Marketing team; this latter manages the Corporate Profile of LinkedIn,Facebook and Youtube. Agrati Group has a total of 16.617 followers, of which almost 93% is from LinkedIn, while 6% from Facebook.

The most important advantage of using social media for Agrati is to create a network of relationships, a dedicated community and certainly to guarantee a brand identity. The most suitable social network for Agrati's type of business is LinkedIn, which allows the Company to reach its reference cluster, mainly the automotive and mechanical engineering industries. According to a report of LinkedIn activities in terms of followers, impressions and job applications between January and December 2021, concerning the search "Followers by Sector", the top three Industries by followers are the Industrial Engineering Industry (16%), the Automotive Sector (12%), and the Machinery Sector (7%). Relating to the search "Followers by Functions", the top three functions by followers are Operations (17%), Engineering (14%) and Sales (12%). Concerning the seniority of followers, the 41% of them are entry level employees, 31% are senior, 13% are managers and 7% are directors.

Product's quality and security

QUALITY

Quality system, as main goals, has to:

- satisfy norms and customer specific requirements;
- achieve excellent quality and service performance;
- develop with the customer innovative fastening solutions;
- analyze and reduce risks, develop opportunities.

We are committed to put in place the organization and resources to achieve our goals and commit to continuous improvement.

Agrati is committed to put in place the organization and resources to achieve our goals and commit to continuous improvement, fully compliant with the highest ethical and quality standards. In this way we reach the satisfaction of our customers, employees and shareholders. This commitment is supported by Group Quality Manual, which outlines the operation of the company with all its internal processes. The Group works with the industry's foremost bodies, providing its expertise to define the quality and sustainability criteria that govern the industry itself: each corporate procedure requires that a Process Manager who undertakes to delegate the execution of tasks to the personnel in their department. This responsibility, however, cannot be delegated.

Nearly 10% of Agrati's products have been classified as "Safety Products" and, in addition to ensure top performance as with all other products, specific procedures were defined. Agrati's Safety Products Management Procedure defines the methods for identifying and managing security parts, critical parts or parts subject to regulation. The organization documents processes for the management of product-safety related products and manufacturing process which include definition of responsibilities, of escalation process and flow of information, including top management and customer notification. In addition to this, Agrati Group has nominated for each manufacturing plant a «Product Safety Officer» (PSB), who is responsible for setting up business risk management systems.
Employees skills are at the base of Agrati's high product quality; each manager is committed to determine the requirements of the personnel assigned to a specific task and to assess the training needs. Furthermore, staff competences and awareness are ensured through the "Agrati University" training process: employees have to complete a training course both theoretic and practical with expert personnel as mentor and dedicated machinery, in addition periodic and specific courses are implemented, such as "Safety products management" enabling the correct management and control of product safety. The application is ensured through the "Training" Group procedures and is provided to all new employees every three years to ensure that the competence level is always optimal.
"Agrati University" includes 7 training courses specifically dedicated to Quality:

- Quality Tools to achieve excellence
- Failure analysis basics
- Problem solving methods
- Customer claim
- SPC - Statistic Process Control
- Quality systems Basics
- Management of safety characteristics

In addition, other courses are organized by external teachers or entities, mainly dedicated to the quality system and its audits, and the qualification of the auditors.

All Group Policies[8] include systemic commitments and complete the strategic vision of the upper management. Precisely, it is in this policy documents that short- and medium-term goals and missions come from, as well as the principles contained in the Group's Ethical Code. In particular, the Group Quality Policy, states the purpose and sets the strategic direction of the company, to align all 'organization's function, providing a framework for quality objectives, including a commitment to meet applicable requirements in terms of quality and safety. Agrati's approach aims to satisfy several goals such as respect norms and customers specific requirements, achieve excellent quality and service performance and develop with the customer innovative fastening solutions while deploying the APS global industrial system, analysing and reducing risks and developing opportunities.

A format review of results named "Management reviews" is conducted yearly by the Group's Steering Committee according to a specific procedure. The minimum content of the review is about Audits results, Customers data (satisfaction, claims, feedback), Processes status, Review of actions, Changes that can affect Management System. Based on this data, the General Manager and the Project Pilots make conclusions on adequacy, performance and efficiency of processes and decides on guidance and resources to be implemented for next year. Contextually, Country and Plant Management can also conduct management reviews in their respective areas, while plants' management reviews are conducted by the plant management at least once a year.

In addition to the annual management review, a periodic quality committee is organized to review the quality results of the site and to take corrective or preventive measures. Simultaneously, a same approach for EHS is adopted with periodic EHS meetings at Plant Level, involving different actors, including Unions, with the purpose to share EHS indicators, accidents, actions. Finally, they provide a framework for the establishment and implementation of the objectives and targets. The Quality function together with the Operations function, especially the Continuous Improvement, subsequently collaborate to ensure the application of the improvement plans.

Processes are directly assured by centralized functions and are common to all entities of Agrati Group. Project Pilots ensure that processes produce the expected results and ensure that resources are used optimally. They consider internal, customers and legal evolutions and define the criteria for acceptance of products and services in line with the customers' requirements (external or internal). Follow-up and performance indicators, allowing evaluating efficiency of processes, are defined every year during the management review.
Agrati implemented a quality management system, covering 100% of Agrati's plants, according to ISO 9001 and IATF 16949 standards, validated by a third independent auditor (DNV).
The launch of each new product is managed by Agrati Group in

100%
Plants with IATF 16949 Quality Certification

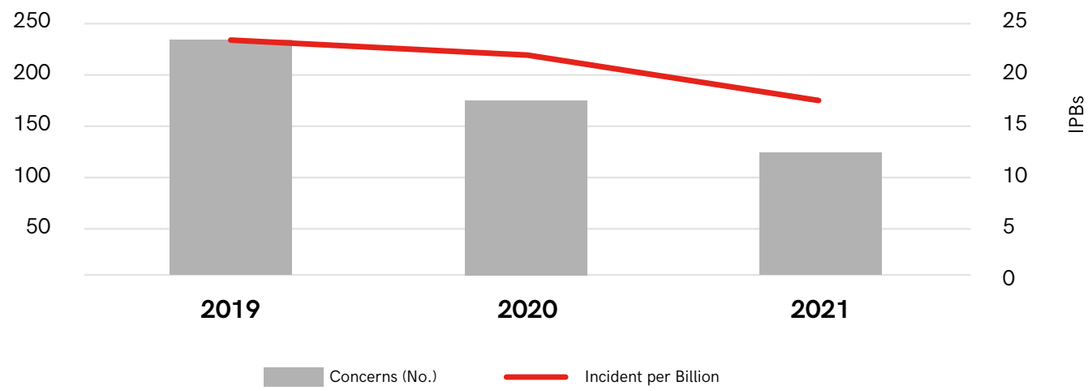
accordance with IATF 16949 standard that provides for the application of the Advanced Product Quality Planning - APQP process. Thanks to this process, 100% of Agrati products health and safety impacts are assessed for improvement.
This process evaluates the level of criticality in case of failure for each individual product feature (this level is normally defined by the product designer - the customer).
Based on this, following the design of the product and of the production process, in accordance internal procedures, the mode and effects of any potential failure are analysed through FMEA (Failure Mode and Effect Analysis) techniques. The FMEA is a multidisciplinary approach that require diferent persons and competencies to sit togeter to evaluate riske and corrective actions; also by seeking advice among different functions of the organization. Following the design of the product and of the production process, implemented in accordance with group procedures that define product and process design/development, the mode and effects of any potential failure are analysed through FMEA techniques comply with "GP.087 – FMEA".
The Control Plan is then defined for each individual product; the checks can be carried out by the production staff, by the internal quality, by laboratory staff or by external companies in charge. An escalation process is established to properly and timely react to any quality, safety and serious environmental issue. The non-conformities found are recorded by the quality staff using specific systems. Each non-conformity is analysed with a level of detail according to the severity, corrective actions are defined and implemented. A sharing system of the "lessons learnt" ensures the transmission of information to each site of the Agrati group.

[8] Quality, EHS (Environment, Health and Safety) and Sustainability

Thanks to the Agrati Group Corporate quality System, Agrati monitors the quality level received by customers through the IPB (Incidents Per Billion parts delivered) indicator. In order to create better visibility in its processes and procedures, Agrati automate the collection of proper KPIs thru company and plant Balanced Score cards that integrates systems and shop floor results. By connecting it to the risk management program, they end up with a more predictive system that can help in identify and manage hazards and risks more proactively to avoid poor quality output.
Agrati annually monitors complaints that have been forwarded to the Group for defects relating to product characteristics defined by the customer's "safety" technical specifications, at plant, company and Group level. The target for 2021 was to surpass 95% on time deliveries and have less than 32 IPB (customer complaints)

	Quantity shipped (No. in billion)	Concerns (No.)	Incident per Billion	Concerns regarding "Safety" features (No.)	Involved IPBs (safety features)
2019	9,87	232	23,51	9	0,91
2020	7,84	174	22,20	5	0,64
2021	7,52	132	17,54	5	0,66

Product Concerns and Incidents



The data revealed how the trend of the last 3 years sees a reduction in both the number of complaints (IPB) and complaints relating to security. Regarding the number of concerns received there is a significant decrease from the previous year: from a 18% decrease in 2019 to a 25% decrease in 2020. Further reducing concerns and incidents per billion, is a key success factor for Agrati which highlights its ability to maintain and improve quality standards even during the Covid-19 emergency.

This path was strengthened by Quality Improvement Plan launched in 2018 and continuously pursued as continuous improvement project. The project is based on four axes:

- Standardize, through the adoption of specific tools like Agrati Production System, Quality Standards, 5S lean manufacturing;
- Maximize effects, amplifying the improvement effect through lessons learned and paperless audit;
- Respect of the standards through a "zero tolerance" policy, applying integrated auditing systems and processes;
- Improve, through a "more than enough" approach aimed at reaching the excellence in problem solving effectiveness

The project implies the strict collaboration between operations, quality, human resources and technical departments; this wide organization demonstrate the strong effort of the Company towards the creation and the spread of a customer centric culture.
The progress of the plan is monitored monthly at the level of the individual activities and annually as a whole.

Be a global partner: complete support for the customers

Agrati is recognized as one of the leading manufacturers of fasteners solutions in different application fields. Agrati is a supplier of technology, specialised in complex fasteners, able to offer quality, high levels of service and, above all, great technical expertise that is mainly developed in the activity of Co-Design.

Agrati produces screws, bolts, nuts and Advanced Form Parts. The experience gained over the years has meant that the company became a valuable support for the design and validation of complex products, from design to execution of functional tests, passing through analysis to finished elements and prototyping.

Agrati Tech Centre & co-design

AGRATI TECH CENTER

The Agrati Tech Centre (ATC) represents one of the Key factors for the Group: an integrated team of experts involved in different fields - material engineering, moulding and mechanical processes, coatings, design, applications and experiments - with the mission to develop and promote innovative solutions, aiming to be a reliable, dynamic partner, with an elevated technical competence to ensure comprehensive and profitable support of fastening solutions.

This department employs highly specialised personnel in various technical fields including mechanical, chemical, material science and aeronautical engineers.
The Agrati Tech Centre mission is to develop and promote innovative solutions, aiming to be a reliable, dynamic partner, with an elevated technical competence to ensure comprehensive and profitable support in the field of fastening systems.

Co-Design

Co-Design is the engineering service that ATC can offer to their customers.
This kind of activity follows the customer in its every need, concerning engineering of fastening systems. The approach of Agrati's Co-Design is meant to start from the beginning of a project, laying out the basics of the joint designs together with the other functional components of the joint, and to finish with a validated and functional product. Co-Design projects involve three main phases, that will differ slightly from project to project.
Each phase is not specifically subsequent to the other but a mix of all of them can be present at any time in the project itself, depending on specific project and customer needs.

The service is composed by three main phases:

- **Design & Calculation:** Fastener design can range in various degrees of complication, starting from pure engineering calculation according to VDI2230 and passing through 2D simulations of joint behaviour, arriving to 3D thermomechanical simulations of all the members of the joint. During the design phase, specific information about the joint elements and the fasteners can be assessed via testing experiences, these data are useful to base the calculations on real tested parameters that help in the design of the joint. The design phase usually ends with a drawing definition, together with a first proposal of tightening strategy.

- **Prototyping: The designed** fastener can be produced in limited quantities in order to prepare prototypes for the end customer, make tests, validations and production line setups before serial production. The prototype can be produced in various ways depending from the required volumes, the availability of WIP parts in our facilities and the geometry of the part to be realized itself. The technologies used in the prototype production cycle are as close as possible as the ones used for serial production, but ATC can use various technologies: from bar, via turning and modification of WIP or with a full cold forging process. To achieve its goals, ATC uses a profound collaboration with trusty suppliers in the area of operation as well as its internal resources.

- **Testing and Validation:** ATC is equipped with state of the art technology in order to perform testing activities in laboratory or at the customer facilities, depending on the specific needs and the type of project. Testing is deeply connected to the specific customer needs and what has been observed during calculation. A verification of all the needed parameters is done to make sure the joint properly works during the product deployment. The main focus in joint validation mainly relate to 2 fields of expertize: tightening strategy and relaxation performance verification. The 2 areas relate respectively to what happens in the assembly facility at the customer and the joint performance in the field. ATC is capable of supporting the customer in both, giving advices and technical inputs to solve potential issues.

The ATC Team

- offers in-depth and continuously updated skills and experience combined with modern and reliable machinery and instruments;
- can fully meet the customer 's technical requests;
- develops tailor-made designed and engineered solutions;
- carries out all the possible research required in the "design by experiment" approach on the fastening systems;
- works with universities and research institutes with an open and clear approach.

Thanks to the combined and synergistic work of the team and a dedicated staff, Agrati was able to launch one of its core businesses: co-design. This multidisciplinary service involves all Agrati skills in fastener design, analysis and validation, starting from a blank page to the mass production of a fully functional component or all fixtures of a vehicle, with the product and assembly process validated by the customer.
ATC activities lead to a gradual and constant customer fidelity and is based on a work approach that involves the customer's technicians and engineers being proactive and able to anticipate the technical needs and demands each day.

ATC'S ROLE IN EHS SUSTAINABILITY

The co-design projects mainly aim to define the best and functional joint in consideration of the customer's various objectives including the right mechanical resistance, optimal weight, tailor made dimensioning, the best choice of raw materials, resistance class and surface finishing in compliance with international standards, along with REACH and RoHS regulations.
As a direct consequence, ATC actively partners with OEMs and Tiers, in achieving suitable outcomes in the assembled components, dedicated to weight reduction and CO2 emission aspects.
What's more, Agrati customers also have the opportunity to make their production process more efficient, being attentive to ergonomics, safety and productivity of assembly lines to promote worker well-being.
ATC is fully involved in the supply network concerning the development and industrialization of functional surface coating solutions: over the last 3 years ATC has managed 70 projects to research and develop products with tailor-made surface coatings aimed at achieving the desired performance, such as prevention of different types of corrosion, the control of the friction coefficient, the request for aesthetic requirements, and the efficiency of the application processes in accordance with existing regulations. Ecoplate, Highblack, Silverwheel, Agratilube, ATcote are some examples of the surface coatings developed.
Thanks to direct cooperation with the other internal departments, ATC constantly works to solve problems and to improve the molding process (finished element analysis, experimentation and investigations to increase the useful life of the molding tools), to minimize and better manage waste, to employ high-performance chemical products with the aim of improving fundamental processes such as the preparation of the raw material (from annealing to drawing) and heat treatments.

FULL SERVICE PROVIDER

FSP: Full service provider

Not only the Agrati Group manufactures products, but it is also a full service provider at global level. It's a strategic service able to identify the market for C- Parts, fasteners, metal, copper and plastic components procurement, also including engineering, development, sourcing, manufacturing, quality and building relationships with suppliers. All this ensures integrated full responsibility of the Supply Chain allowing cost savings, speed and continuity.

Engineering, development, manufacturing, procurement, quality and supply chain: these are the pillars of the model on which our Full Service Provider philosophy is based on.

FSP works in a close cooperation, strong and balanced relationship with customers, consolidating the business on fair and professional roots, looking for transparent and sustainable sources: this is a commitment and also the Company's mantra. Indeed, Agrati is responsible for the direct supply of material to the customers and they can count on the stable base of the Group' support and production plants.

FSP well-established internal purchasing division works along with the on-site Quality and Logistic Departments. This allows Agrati to give to the final customer the best solutions in terms of product and price but also the flexibility of a fully equipped logistics centre for every requirement.

Agrati FSP specializes in consignment stock as well, kanban services and customized packaging projects are designed based on the customer needs.

35
Mio €

>40
Employees

12.200sqm
Covered Surface

17.000
Pallets Storage Capacity

>20.000
Items Managed

Agrati's strength: continuous innovation

Following the latest trends in the automotive sector, Agrati Group has developed new innovative products and processes, through new technologies, new materials and new shapes, to cope with the market requests for new solutions, new business and continuous evolving needs. The two main innovation projects in 2021 was: Impact Innovation and Testing-Proto-Codesign.

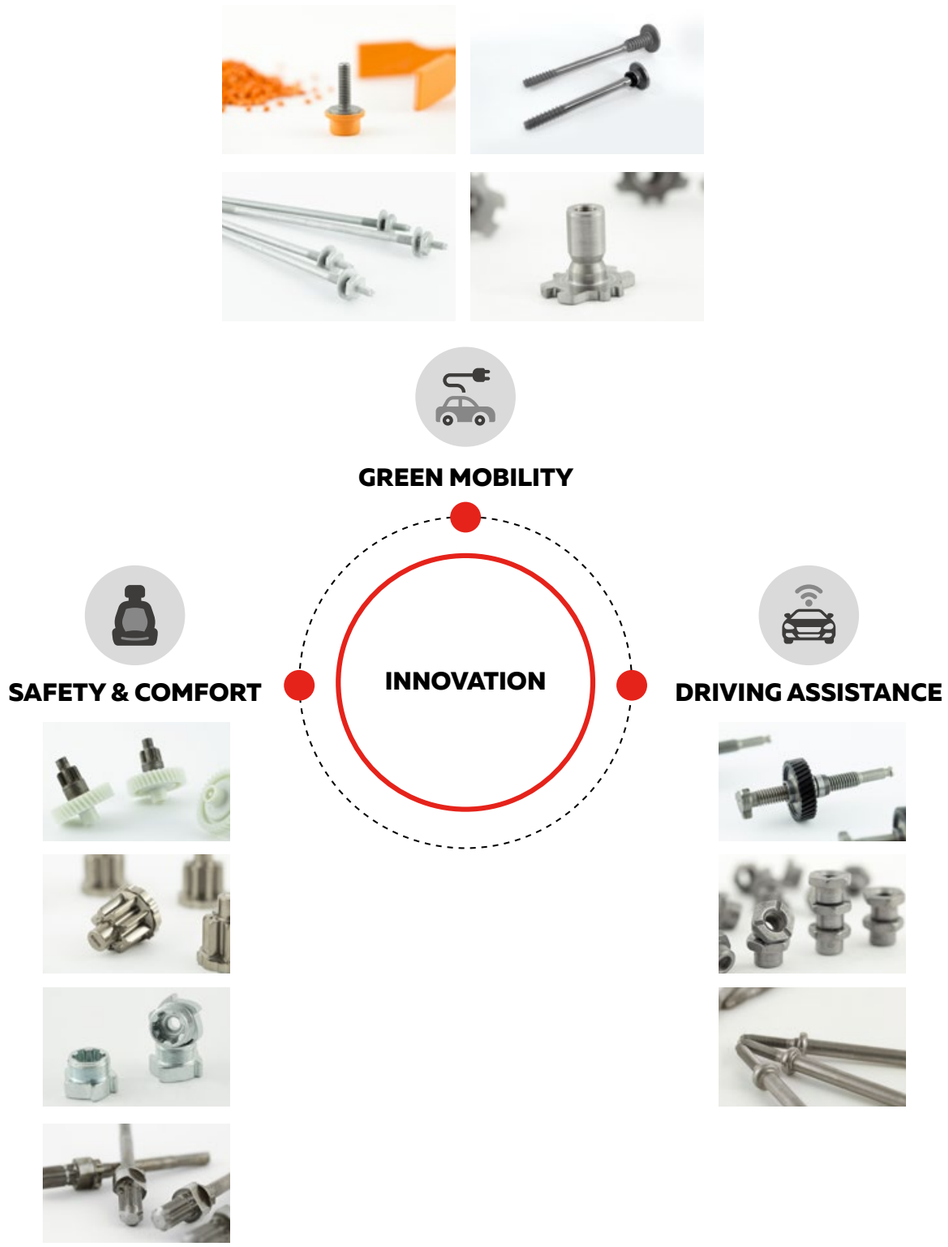
In order to face the future challenges of the automotive sector, Agrati has decided to set itself ambitious goals regarding innovation, reviewing its approach and organisational model.
First of all, an **Innovation Team** has been set up comprised of resources who, with various roles, have the objective of dealing with technological discontinuity, proposing radical solutions and modifications that can characterise the years to come. The impact of innovation team is also to architectural innovation, including both technological disruption and new business models.
To support this strategy, Agrati has also decided to open up to the outside world by adopting a so-called open innovation approach, involving other entities of various natures. This includes realities such as Universities, Research Centres, accelerators and start-ups along with also companies operating in sectors that may seem quite detached from Agrati's core business yet with which synergies and initiatives of common interest can arise. In order to involve all levels and employees, in the innovation process, more than 30 courses are internally implemented to train employees on R&D, spreading from introductory to more technical courses, such as: Edison Method - Training Edison Innovation Lab, INNOVATION Training and Advanced training on NOF coatings.

Digital transformation

In this context, the Group has recently undertaken a path towards **Industry 4.0** which allowed Agrati to enter a new context of digitisation in the processes, enabling a virtuous circle that starts from the collection of production data that is then managed and processed in cloud computing infrastructure for the structured management of big data aimed at the continuous improvement of efficiency and productivity. For Agrati, Industry 4.0 means the possibility of introducing innovation and technological advancements in the various phases of the process in order to digitise and automate the production process as much as possible. In particular, the scope of such development is to monitor the machines for production control and progress, geolocation for managing logistics in handling materials, introducing AGV (Automated Guided Vehicles) and SDV (Self-Driving Vehicles), visual checking systems auto-applied to specific operations, predictive maintenance and the application of technological solutions related to ergonomics to reduce operator fatigue. In terms of sustainability, various initiatives to improve production processes are aimed at increasing efficiency and energy savings through the reduction of the power required or through the recovery and reuse of energy consumed at certain stages.
The concept of circular economy is also one of the guidelines behind the development of innovative fastening solutions intended to increase the chances of recycling materials and components. Finally, is the continuous modernisation of plants for the management of operator safety and environmental protection.

Ensure the protection of sensitive data in innovation

In the innovation process a critical point is to ensure that sensitive data, of both Agrati and its stakeholders, are protected, and the highest possible levels of integrity, confidentiality, and restricted availability must be set. Agrati is fully committed in sensitive data protection.
Intellectual Property Management is defined by a specific group procedure and 100% of the "Innovation" staff is trained on these topics through the dedicated Agrati University "Legal pills for R&D" module. For Innovation activities, including also Co-Design projects, Agrati sign with its stakeholders non-disclosure agreements in order to protect the information exchange. In addition, regarding "innovation projects", a procedure has been implemented which requires an NDA to be signed by all Agrati employees involved; this is important in order to maintain that regime of confidentiality of information, which must remain limited exclusively to the persons concerned.



Agrati innovation activities are basically divided into three dimensions: **product, service** and **process.**

Delivering innovative products

Agrati continues its effort towards product innovation, following the automotive trends that are driving the industry into the new era of mobility. The Group spent many efforts concerning electrification, developing products with specific properties like electrical conductivity, voltage and heat resistance. Agrati continued the development of competencies in plastics and overmolding process, as weight reduction is another important element that is required to all the automotive players. The use of special materials, like aluminum, alloy steel and stainless steel, is a further stream of product development that Agrati pursued during the year.

PRODUCTS INNOVATION

NEW MATERIALS

- Advanced thermoplastic for over moulded products
- Add new properties using technical polymers
- New coatings for disruptive performance

EV BATTERIES

- Innovative cell to cell mechanical joining solutions
- Control & reliability of electrical contacts
- Embedded sensors for battery maintenance

SMART FASTENERS

- Connect the smart fasteners to the vehicle or the infrastructure through an IoT layer

PROCESS INNOVATION

DIGITAL TRANSFORMATION	PROCESS CONTROL	NEW TECHNOLOGIES	PROCESS AUTOMATION

ODA (ORDER OF ACTIVITY)

ODA (Order of Activity) are managed through a database based on MS Project on cloud and named EPPM. Inn collect all the infos linked to the Innovation Projects, that is also a repository for any infos or claims coming from the customers.
The data recorded by EPPM are used to collect and calculate process and sub-process of Innovation KPI, regularly reviewed thought Innovation Balanced Scorecard.

Environmental sustainability through product innovation

Product Innovation is an embedded process in Agrati's mission to reduce the environmental impacts. Furthermore, the shift towards vehicle electrification is transforming the demands of clients and subsequently Agrati has put in place in several innovative projects in order to keep up with this quickly evolving market.

GREEN MOBILITY

COLLAR BOLT M6
Collar bolt M6 for fixation of cooling system for battery pack. Parts that were mainly used to fix plastic components on the engine are now also used to fix ausiliary components to the battery pack like cooling pipes. These are needed to ensure the temperature do not exceed a risk value in the cells. Since the weight is also an important parameter the collar screw contributes to reach this target compared to other common solution cleanliness requirements. This special material is not common in the fastener industry, and its processing has been deeply studied by Agrati technicians.

M6 THREADED WELD BUSHING
M6 threaded weld bushing are used to fix the battery modules to the battery tray that is blaced below the pack. These are welded on the chassis throw the feature under the flange optimizing the assembly process and granting a proper fixation of the cells pack with its big mass to the car frame. This is one of the variable introduced in EV.

TIE-RODS FOR BATTERY AND E-MOTORS
Electrification trend is increasing the need for long and slim bolts: applications in battery packs and electric motors can require bolt lengths up to 500 mm.
Agrati has developed competences in the production of long bolts: new machines and edge technologies can comply with the market evolution and customers' requests.

BOLTS WITH SEALING FUNCTIONS
As part of the new requirements for fasteners used in E-Mobility applications, sealing function is one of the most critical demand.
Pre-applied patches, integrated rings, overmolded rubber elements: Agrati can provide tailored solutions to meet the specific demands.

PENTADRILL
Pentadrill screws are designed to fasten steel or alloy sheet metal joints, without having the need for a pre-punched hole. Multi-material sheet metal joints, that do not have the possibility to be welded together, can benefit from this solution too. The flow forming tip of Pentadrill screws heats up and softens the sheet metal momentarily. The forming of the hole and the rim starts in the heated material and the thread forming process follows. Thread forming phase is without the creation of chips and there is no loss of material. The main applications examples can be found in multi-materials sheet metal joints in body area and in the battery tray and battery cover areas.

MAGNETIC CORE
A canister purge valve is a solenoid valve controlled by the Power Train Control Module. The Power Train Control Module is a control unit that determines the ignition timing, fuel amounts and other parameters needed to keep the engine running.
The canister purge valve serves as part of the emission control system in a car, and it measures the flow and amount of fuel vapor in the tank that is recycled into the combustion process via the charcoal canister, or fuel vapor storage device.

AFP FUEL CONSUMPTION REDUCTION
Thermal Module Management components are used in ICE to increase their efficiency exploiting the heat exchange between the inlet and output fluids present in the engine environment. The target is the reduction of fuel consumption to make mobility greener. Agrati supplies fixation screw and sleeves combinations and shafts of the pump of the hydraulic system on which the component flow is based.

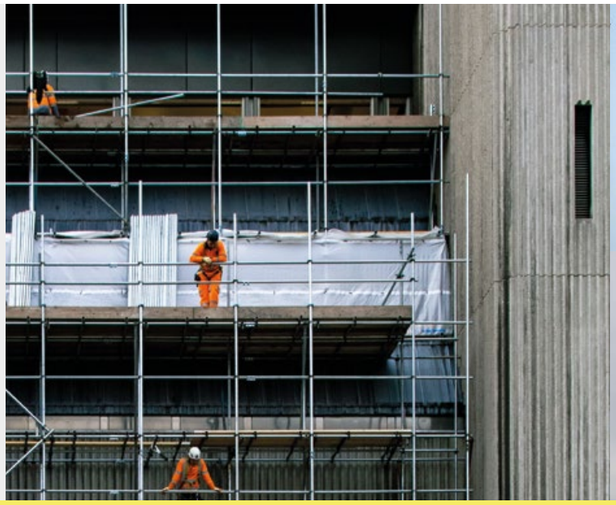
UHT BOLTS
According to the standard process route, most of Agrati fasteners core business is made from Quenched & Tempered carbon steel with a final property class up to 12.9U [ISO 898-1:2013].
One of the effect of electrification is the huge increase of the vehicle weight. Clients do not want to re-design the body-in white structural components & structural components cannot add further weight, so they are looking for solutions capable to increase the mechanical resistance of existing products up to 16.8U, this according to the new standard VDA 235-205:2020. Reportedly, bainite is more resistant to EHE than tempered martensite, another big step in the safety direction. Ultra-high strength fasteners (bainitic micro-structure) assure to the bolts an high strength and fatigue resistance allowing the fastener downsizing, reducing the joint mass. Thanks to the recently built new know-how & to some partnership supplier(s) having austempering lines, Agrati is now capable, starting from some suitable steel grades to design the Heat Treatments «recipes» for 12.9U and also 14.9 grades.

REDUCING ENVIRONMENTAL IMPACT

Metal and
Transformation
Technologies

JRC MATT: NEW STEEL SOLUTIONS

One of the target we received from customers is to deliver Long & slim fasteners with property class 10.9 equivalent, this without any heat treatment (before nor after forming). The aim was to assure an increased sustainability of the product manufacturing.
Agrati is working as a main partner into a JRC named MATT to determinate the methodology & methods to produce new quality of steels capable to deliver the requested PC performances even without any heat treatment.
This consists into the development of new steel quality (micro-alloys steel but not only), pre-threated steels, austempered steels and the related process route.



TOKBO

TOKBO is born: digital technology in the fastener industry

July 2021. TOKBO is born, from a joint venture that combines Agrati's international leadership in the production and marketing of fastening solutions with e-Novia's expertise in the creation and growth of companies operating in the field of deep tech applied to precision mechanics.

TOKBO is an Intelligent Talking Bolt Network, a system that brings IoT to the fastener industry, setting the benchmark for mechanical components that integrate digital electronics.
TOKBO develops and sells devices for the telematic and continuous monitoring over time of both temporary (such as scaffolding) and static (such as buildings, bridges and road protection systems) infrastructures, verifying their compliance and state of preservation, and proposing maintenance services for safety purposes.

It also offers the possibility to develop new maintenance paradigms, new safety standards and simplify critical maintenance operations in a logic of sustainability.
The company, controlled by Agrati, envisages an investment plan of 1.8 million euros for the establishment and start-up of the joint venture. The Board of Directors has appointed Andrea Costantini (Agrati Executive Vice President) as Chairman of the Company and Ivan Moroni as CEO. The Board draws on the expertise and experience of Paolo Pozzi (CEO Agrati), Vincenzo Russi (Co-founder and CEO e-Novia) and Ivo Boniolo (Co-founder and COO e-Novia).

Ivan Moroni, CEO of TOKBO, declares: "With TOKBO we are opening a new chapter for Agrati, entering into product digitalization, combining it with the provision of a support service, analysis and monitoring of joints. Our goal is to sensorize fixings and service all those joints where Agrati's expertise can create a real added value for the customer, solving issues such as maintenance and even more simplifying the life cycle of the structure on which TOKBO will be applied."
Matteo Villa, Technical Development Lead at TOKBO and Impact Innovation Manager at Agrati, adds a few useful "information pills" by getting a little more specific about the solution, which consists of two fundamental parts:

a) The hardware component:
structural bolts become probes for monitoring clamping force, vibration, and temperature, through
sensors embedded in purpose – developed miniaturized electronic components that are an integral
part of an "enclosure" mounted on the bolts;

- a power supply circuit for each individual sensorised bolt;
- a network for the communication and transmission of the data acquired from each individual sensor bolt to intermediate central units ("gateways") and from these to the database of the cloud platform.

b) The TOKBO digital platform: developed ad hoc to allow the control over time of the operating status of each sensor bolt through a cloud database where the acquired data are stored, and a customized dashboard for each customer to which are provided the essential information related to the fleets of sensor bolts installed on the proprietary structures.

The electronics are included in a watertight "enclosure" designed to last for years, which is mounted on the tip of the structural bolt head making it "smart".

Each individual smart bolt has an identification code that makes it uniquely recognizable in the TOKBO sensor network.
The data acquisition and processing logic is controlled by TOKBO and customized for each individual smart bolt, customer and application. Data communication can be accomplished via cable or wireless. Among the many compelling features of the complex solution, it is worth highlighting the choice to design a modular hardware solution adaptable to different sized bolts, in order to scale more easily to new and different application cases.

With the same logic of modularity, efficiency and scalability, we briefly talk about the TOKBO digital platform, which is developed in Microsoft Azure environment that permits to manage many customers in the same working environment ("multi-tenant"), each of which has dedicated resources and pays for the use it makes (according to an increasingly widespread logic of "pay-per-use").

The platform is designed to allow the digital representation of different infrastructures (bridges and buildings) and the "geolocation" of the single smart bolt.
Every single infrastructure is in fact represented as a set of several components hierarchically linked together to which can be associated smart bolts, whose "aggregate" monitoring allows the telematic control of the entire infrastructure.

The customer has an interface (dashboard) to monitor the evolution of the quantities acquired by the smart bolts over time and is alerted in case of situations considered critical.
Critical conditions are defined by TOKBO through algorithms based on customer specifications, based on data acquired by the Intelligent Talking Bolt Network.

The TOKBO platform can also interface with other customer platforms, for easier integration with existing solutions and to transform the TOKBO network into an "add-on" with high added value.

The business and technological challenges that TOKBO has begun to face are decidedly multiple and complex, and it will have to continually face them in order to sustain the evolution and maturation of the solution, which is indispensable for providing value to customers in sectors that are also distant from the automotive sector.
Ivan Moroni, in fact, says: "We are just at the beginning of a path that will see us expand the range of products offered with which we can reach over time a wide range of customers, ranging from the construction to the industrial sector where in recent months we have found a concrete interest and needs that are still unresolved."

TOKBO wants to celebrate and gratify the "collective intelligence", the passion and enthusiasm of a large group of people, Agrati colleagues and others, who have contributed to the maturation of today's state of the art solution, starting from the genesis of the concept a few years ago thanks to the commendable work of the Impact Innovation Team and a multi-functional team of Agrati, to whom we address a vigorous "thank you".

TOKBO's entrepreneurial challenge has just begun and will continue to need this "humus" which is made up of people, with their varied expertise and intelligence made available for the future of the company.
on fastener technology are organized. Starting from the basics of fastener terminology, the course builds up to more technical modules on more advanced fastening systems. These kinds of courses and workshops, intended not only for Agrati's engineers, buyers,

SUPPLY CHAIN EXCELLENCE

9
Responsible Value Chain

9. Responsible Value Chain

2021 HIGHLIGHTS

- 63% of purchases from local suppliers[9]
- 64% recycled input materials
- 1.131 Certified suppliers (ISO 9001/14001/45001 or OHSAS 18001)

RELEVANT SDGs

Agrati Group takes good care of its supply chain dynamics, as the Company has its Plants spread throughout the globe, it employs people from all over the world, it purchases raw materials and products from suppliers having their production plants far away from the Company's headquarters and supplying, on its turn, customers on different markets.

Raw materials are directly supplied by steel production suppliers. Energy and chemicals are used to prepare the raw material for the cold forging process. Oil and chemicals are used for the cold forging machines and for the subsequent quenching and tempering process. Furthermore, external suppliers are used for subcontracting, for activities like surface coating, mechanical processing, patch application as main activities.
A final selection and packaging is made at the finished goods warehouse.

Most of Agrati's suppliers are based in Europe (59%) the vast majority of them are located in Italy, Germany, France and Spain, while the rest is mainly based in North America (28%) and Asia (13%).

SUPPLY CHAIN EXCELLENCE

The Supply Chain function is focused to serve customers with the best service level reducing total logistic costs.

Supply Chain is aimed to drive superior performance through vendors management and manufacturing plant management.

Kanban is a part of Supply Chain and is a planning concept to streamline operations and improve efficiency throughout the value chain.

OPERATIONAL EXCELLENCE

Operational Excellence resumes our aim to be a benchmark in our industrial sector.

Improve efficiency, productivity, maintenance.

These are among our targets in each plant, to reach top class manufacturing worldwide.

[9] Local refers to: for Europe national suppliers, for America in the same state, and for Asia in the same province

Agrati's supplier universe currently consists of over 1.500 main spend suppliers. As previously mentioned, Agrati purchases materials/services from business partners around the globe, but most of the components are sourced within the continent of its point of demand. As Agrati is manufacturing today in 12 sites in 4 Countries on 3 continents, the supply chain shows a strategy of international development centred upon the local area.
This is proved by the high percentage of purchases received from local suppliers, equal to 63% of purchases. Here, the definition of "local" is normally used considering the perimeter of the relevant Continent. For Europe Local refer to National Suppliers, for North America Suppliers within the State and Asia Suppliers within the Province. More specifically, only suppliers based on the same continent as the relevant Agrati factory can ensure a lead-time which is compatible with the one requested from customers and can allow a fluent management in case of quality issues.

SUPPLIER MANAGEMENT DURING COVID-19

The Covid-19 emergency had a significant impact on supply chain and purchasing activities: production stops, risk of stock shortage or excess, biohazard. Agrati revised its purchasing strategy based on the following main aspects: global and long-term perspectives with each supplier, quality performance, financial sustainability, price and lead-time in deliveries, cost control.

Before and during the period of activities stops, Agrati sent out specific surveys to all main suppliers, in order to check their ability to operate and their preparedness in terms of prevention measures to protect employees. In addition, Agrati closely monitored the financial situation of supplier in order to make sure about their financial strength to face the crisis period.

Number of supplies by geographical area (n)

	2019	2020	2021
Europe	2.651	2.470	2.248
America	750	750	807
Asia	335	321	195
Total	**3.736**	**3.541**	**3.250**

Value of supplies by main categories (€) *

	2019	2020	2021
Raw material	130.093.036	94.394.335	135.126.701,69
Subcontracting	77.631.803	62.438.510	74.764.506,37
Finished/semi-finished products	59.971.270	49.909.348	71.844.827,32
MRO	34.704.959	25.937.093	32.470.489,34
Washer/competent	28.631.759	21.542.227	28.726.175,86
Total	**331.032.827**	**254.221.514**	**342.932.700,57**

** The data are influenced year by year by the trend of market prices: specifically, the price of raw material can have important variations in the time.*

Agrati always tries to keep up to date the reports on the renewable and non-renewable materials used to manufacture their products, as reported in the table below. The material that is being recycled the most is steel: in fact, the Electric Arc Furnace (EAF) uses scrap steel which is re-melted and finally chemically corrected to ensure the adequate chemical and mechanical characteristics. In general, using EAF material allows to avoid the use of the Basic Oxygen Furnace (BOF) material: this latter implies the use of natural resources like iron ore and carbon coke which are extracted from mines, and consequently allows to avoid major transportation activities, as the vast majority of iron ore and carbon coke are coming from mines located in Australia and Brazil. The percentage of steel from scrap increased in the last years: further increase is limited mainly by the customers' requirements, which sometimes are imposing BOF steel, and technical requirements, since BOF material can be easily used for more complicated parts.

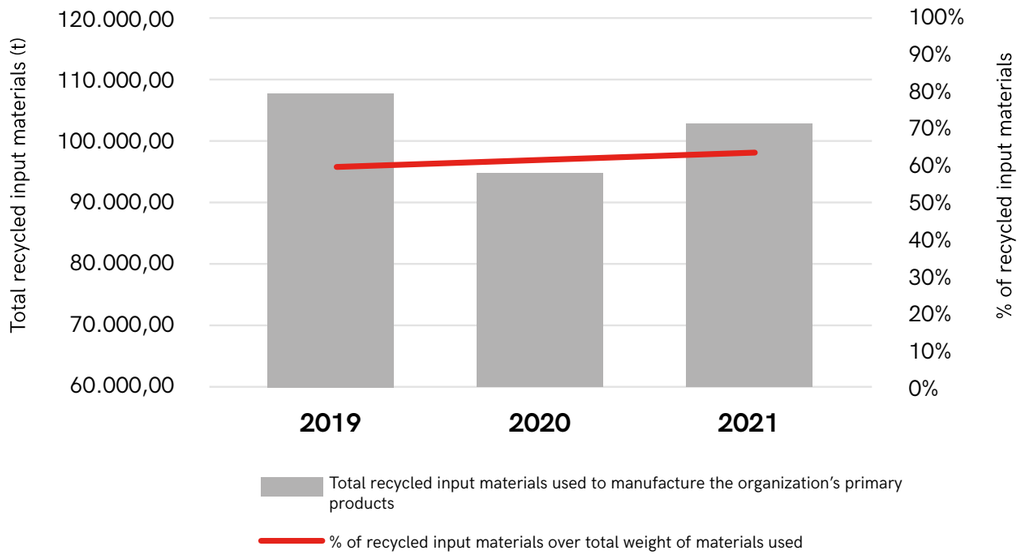
Total Weight of material used to produce core business products (t)

	2019	2020	2021
Nonrenewable materials	**173.803**	**149.711**	**156.263**
Raw Materials	150,229	131.604	138.670
Associated Process Materials E.g. Oils and Chemical Products)	6.824	5.679	5.872
Semi-manufactured goods or parts	16.488	12.275	11.621
Materials for Packaging Purposes	262	153	100
Renewable materials	**4.414**	**3.591**	**2.444**
Total weight of materials	**178.217**	**153.302**	**158.783**

Recycled materials used to produce core business products

	2019	2020	2021
Total recycled input materials used to manufacture the organization's primary products (t)	107.796,61	95.072,82	102.193,46
% of recycled input materials over total weight of materials used	**60%**	**62%**	**64%**

Recycled Input Materials



Purchases from local suppliers* (on total purchases by geographical area)

	Europe	America	Asia
Total products and services expenses spent on local suppliers	175.685.811 €	93.000.000 €	2.246.300 €
Total products and services expenses	262.065.603 €	139.193.851 €	28.645.853 €
% of products and services expenses spent on suppliers that are local	**67%**	**67%**	**8%**

** Local refers to: for Europe national suppliers, for America in the same state, and for Asia in the same province*

Supplier management policy

The Agrati Group Supplier Quality Manual sets out the requirements and targets that suppliers must follow in order to make their business partnership with Agrati a long-lasting relationship. These targets are considered on an annual basis in order to monitor the performances and, consequently, by means of the results of the Vendor Rating, suppliers are notified of their results every 6 months. The Vendor Rating criteria, specifically, are explained in the Supply Quality Manual, and is performed two times per year (June and December). The suppliers are evaluated on their ability to implement a quality assurance approach, on how they face quality problems when occurred, in order to implement a reliable qualification process on products and processes. Further mechanism of evaluation is defining quality results in terms of IPB (Incidents per Billion), aiming to develop the necessary logistic conditions to ensure on-time deliveries, to be capable of developing an effective continuous improvement approach adopting business sustainability analysis, as well. In addition, at least every 3 years all suppliers are subject to a Quality Audit, performed on the basis of a specific checklist and methodology explained in the Supplier Quality Manual.

Furthermore, relevant data on Suppliers and Purchasing activities are subject to specific revision and examination during the Group Purchasing Meeting which takes place every 6 months, with the participation of the CEO, first line Group Managers, company General Managers and Purchasing Managers. During the meeting, special emphasis is given to the examination of the Vendor Rating results, when results of suppliers are compared for each specific commodity. Main targets of Purchasing are related to Annual Saving and Bonus in order to reduce costs.
Whenever is needed, are also organized specific meetings on individual topics with top management.
To reinforce the relationship with suppliers, internal training is provided periodically on main purchasing aspects and on legal aspects, especially for buyers with low level experience, supported by the Legal function, in order to make Agrati continuously updated with regulations changes and improvements.

At the very base of Agrati's relation with its suppliers there is the need to only work with partners certified according to standards IATF 16949 or minimum ISO 9001. If the supplied parts are manufactured using special processes, suppliers must be also qualified to specific standards (CQI-9 standard for heat treatment, CQI-11 standard for plating and CQI-12 standard for zinc-lamellar coating).

Moreover, the Company strives to work with partners that are environmentally and socially conscious, and that implement an environmental, health and safety management system based on ISO 14001 and OHSAS 18001 or ISO 45001. Agrati also requests a list of third-party qualifications and the conformity to standards updated every year.
Environmental and social assessment and responsible selection of supplier is one key driver to determine the sustainable performance of the company. Accurate assessment can drive improvements not only inside the company but can also contribute to widely spread the culture and implementation of sustainable practices into the entire value chain. The new Risk Assessment based on defined sustainability targets (environmental, safety and sustainability criteria) is going to be implemented at a Group level throughout 2022 (please see "Responsible Supply chain Model").

In terms of guarantees and responsibilities, Agrati Group makes sure that its suppliers benefit from sufficient insurance coverage that might enable them to face issues linked to the civil liability; the mentioned insurance should cover bodily injury, material damage, damage caused by delivered goods including product recall, removal and replacement expenses.

Agrati believes that, given the length of its supply chain, the accountability and transparency are surely two fundamental characteristics of its relationships with suppliers. The traceability systems must at least comply with the ISO 9001 standard, and should allow the suppliers to identify non-conforming issues linked to their products, to meet the customer or the regulatory response time requirements, to make sure that adequate information is stored and retained, and that the traceability requirements are extended to externally provided products with safety and regulatory requirements. Concerning safety, the Company wants its suppliers to appoint a Product Safety Representative (PSR), who has knowledge about products manufactured for the Company, risk assessment and product safety methodologies. These appointed people provide support during engineering as well as production phases and must be part of the suppliers' management team.

Transparency is not the only key point of the Agrati Group purchasing strategy; quality is another very important feature of the relationship with the suppliers, as the mentioned relation is based on four main pillars:
1. Panel entrance and management;
2. Prevention in Product & Process;
3. Performance management in execution;
4. Continuous Improvement management.

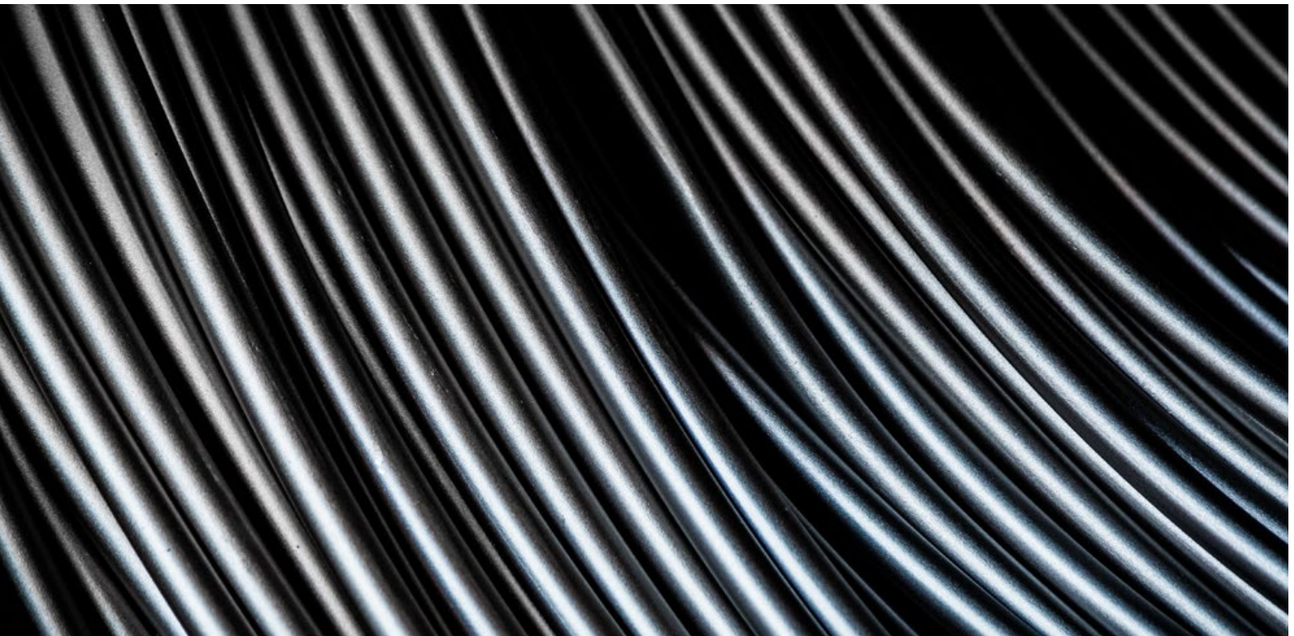
Therefore, the Supplier Quality process is made of the following steps:

The suppliers are preliminary investigated through an assessment of four key aspects, namely the supplier risk assessment, the business sustainability, the leadership and the business excellence. All the suppliers that do not have a formal risk evaluation available are considered as "high risk" suppliers; this assessment is performed by the Purchasing Department.

In general, all the parties that enter into a business relationship with the Agrati Group need to comply with the fairness in their operations. For this reason, all the suppliers are provided with the Company Code of Ethics, so that they can commit to the same values and respect, other than the Code of Ethics itself, also to labour, environmental, occupational health and safety, product and service life cycle and conflict minerals standard, and to comply to international regulation as the REACH.
Once a potential supplier fulfils the Agrati business criteria, like financial strength, industrial footprint or technical expertise, and has successfully obtained a Quality Management System certification, a Supplier business register license and a process audit on technical know-how, it can be integrated into the Panel List. After the Supplier Qualification follows the Product Qualification, according to which the suppliers are evaluated based on their Advanced Product Quality Plan (APQP) and the Process Failure Mode and Effects Analysis (P-FMEA). At this stage, the suppliers can be awarded after an evaluation of four different parameters that are assessed by three different functions:

- Risk Assessment - Sourcing Team;
- Agrati Process Audit - Supplier Quality Team;
- SPQD Plan - Project Management Team.

If during the normal process of supply a Non-Conformity (NC) is found, the Company sends out a Non Conformity Report that has to be filled in by the supplier, who must also implement a containment action plan within 24 hours after having received the Report. Suppliers must implement specific corrective actions to avoid the reoccurrence of the same issue.
The Agrati Group asks its suppliers to continuously promote quality improvement and increase global performances, based on a continuous improvement plan; moreover, suppliers have to assure annual re-qualification of the product. In addition, according to the European Regulation n. 1907/2006 (REACH), the Agrati Group requires its suppliers to complete the REACH questionnaire in accordance with the requirements, and to review it every six months.



Number of certified suppliers (n.)

	2019	2020	2021
ISO 9001	997	973	887
ISO 14001	193	198	207
ISO 45001 or OHSAS 18001	32	35	37

** Data on certifications are currently duly collected from suppliers since they concur to the Vendor Rating process: this process is currently considering only ISO9001 certification, IATF certification and ISO 14001 certification. Above data are based on suppliers subject to the Vendor Rating procedure.*

Ongoing project:
Responsible Supply Chain Model

On the pursuit of a continuous improvement and to fully adopt the principles of a responsible and sustainable supply chain, in 2021 Agrati started the project of developing a Responsible Sourcing Model.
Our objective is to guide relations between Agrati and its suppliers, structuring a Policy on Responsible Sourcing and a Supplier Code of Conduct.
This Code, to be approved and published in Q2 2022, is drawn up in line with and as a strengthening of the principles outlined in the company's Code of Ethics and internal policies and includes the guidelines to be followed by suppliers in order to ensure compliance with international regulations, standards and guidelines on CSR topics.

In Parallel, Agrati is going to adopt a **Supplier ESG Evaluation process**, which aims to map and monitor the sustainability performance and ESG risk management of its main suppliers. The Evaluation process, which consists of an assessment questionnaire covers the following aspects:

- Company Management
- Working Conditions
- Human Rights
- Health & Safety
- Business Ethics
- Environment
- Supplier Management
- Responsible Sourcing of Raw Materials

The Supplier then will receive a overall score which is compared to industry benchmarks and sectors standards in order to ensure Agati's suppliers are in line with Sustainability and ESG best practices.

The supplier sustainability evaluation procedure is going to be **fully integrated into the Supplier Evaluation Systems** used by Agrati, making **ESG aspects a foundational pillar of supplier management** and evaluation.

Appendix

Board of Directors

	Age	Gender	EX.	NON EX.
1 Rag. Cesare Annibale Agrati	77	Male	•	
2 Dr. Andrea Costantini	45	Male	•	
3 Ing. Paolo Giovanni Pozzi	54	Male	•	
4 Dr. Giorgio Palumbo	79	Male		•
5 Ing. Alessandro Cattani	58	Male		•
6 Dr. Carlo Marchetti	48	Male		•

Workforce

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees (Headcount)	2.019	377	2.396	1.946	361	2.307	1.841	351	2.192

Employees by gender and geographical area (No.)

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Europe	1.436	186	1.622	1.426	190	1.616	1.323	182	1.505
America	336	103	439	282	88	370	277	86	363
Asia	247	88	335	238	83	321	241	83	324
Total	**2.019**	**377**	**2.396**	**1.946**	**361**	**2.307**	**1.841**	**351**	**2.192**

Employees by employment contract and gender (No.)

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contract	1.751	301	2.052	1.681	288	1.969	1,666	291	1,957
Fixed-term contract	264	80	344	265	73	338	173	62	235
Total	**2.015**	**381**	**2.396**	**1.946**	**361**	**2.307**	**1,839**	**353**	**2,192**

Employees by employment contract and gender (No.)

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	2.009	354	2.363	1.937	335	2.272	1.832	334	2.166
Part time	10	23	33	9	26	35	7	19	26
Total	**2.019**	**377**	**2.396**	**1.946**	**361**	**2.307**	**1.839**	**353**	**2.192**

Turnover by gender (%)

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Hiring rate	10%	10%	**10%**	5%	10%	**6%**	11%	14%	**12%**
Termination rate	13%	14%	**13%**	10%	12%	**11%**	14%	15%	**14%**

Turnover by age (%)

	2021			
	<30	31-40	41-50	>50
Hiring rate	40%	25%	18%	17%
Termination rate	22%	27%	19%	31%

Turnover rate by geographical area (%)

	2021		
	Europe	America	Asia
Hiring rate	37%	47%	16%
Termination rate	47%	40%	13%

Hours of training by classification level and gender (h)

	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Manager	3.732	912	4.645	1.536	467	2.003	3.813	865	4.678
White-collars	9.107	2.656	11.763	4.538	1.323	5.861	11.032	3.096	14.129
Blue-collars	41.541	2.708	44.249	17.051	1.177	18.227	22.560	1.416	23.976
Total	**54.380**	**6.276**	**60.656**	**23.125**	**2.967**	**26.091**	**37.405**	**5.377**	**42.783**

The number of recordable work-related injuries of employees by region (No)

	2019	2020	2021
Total number of recordable work-related injuries			
Europe	36	38	30
America	5	4	2
Asia	2	5	8
Total	**43**	**47**	**40**
Number of fatalities			
Europe	0	1	0
America	0	0	0
Asia	0	0	0
Total	**0**	**1**	**0**
Total number of hours worked			
Europe	2.703.352	2.278.046	2.514.955
America	1.023.168	636.241	673.478
Asia	1.045.466	922.357	891.207
Total	**4.771.986**	**3.836.644**	**4.079.640**

Rate of recordable work-related injuries of employees by region (%)

	2019	2020	2021
Rate of recordable work-related injuries			
Europe	13,3	16,7	11,9
America	4,9	6,3	3,0
Asia	1,9	5,4	9,0
Total	**9,0**	**12,2**	**9,8**
Rate of fatalities as a result of work related injuries			
Europe	0	0,4	0
America	0	0,0	0
Asia	0	0,0	0
Total	**0**	**0,3**	**0**

Number of recordable work-related ill health and fatalities as a result of work-related ill health of employees by region (No,)

	2019	2020	2021
Total number of recordable work-related ill health			
Europe	3	2	4
America	4	3	0
Asia	0	0	0
Total	**7**	**5**	**4**
Total number of fatalities as a result of work-related ill health			
Europe	0	0	0
America	0	0	0
Asia	0	0	0
Total	**0**	**0**	**0**

Total number of Near Miss (No,)

	2019	2020	2021
Total number of Near Miss			
Europe	135	119	176
America	3	4	6
Asia	0	0	0
Total	**138**	**123**	**182**

Waste by category

	2019	2020	2021
06 00 00 Wastes from inorganic chemical processes	2.235,17	2.278,70	2.074,60
07 00 00 Wastes from organic chemical processes	0,01	-	4,24
08 00 00 Wastes from the manufacture, formulation, supply and use (mfsu) of coatings (paints, varnishes and vitreous enamels), adhesives, sealants and printing inks	8,77	6,95	10,79
11 00 00 Wastes from chemical surface treatment and coating of metals and other materials, non-ferrous hydro-metallurgy	2.614,66	2.373,32	2.718,77
12 00 00 Wastes from shaping and physical and mechanical surface treatment of metals and plastics	14.077,55	11.292,80	11.752,21
13 00 00 Oil wastes and wastes of liquid fuels (except edible oils, and those in chapters 05, 12 and 19)	1.509,74	1.208,96	1.406,87
15 00 00 Waste packaging, absorbents, wiping cloths, filter materials and protective clothing not otherwise specified	497,35	390,12	416,61
16 00 00 Wastes not otherwise specified in the list	160,07	221,87	233,79
17 00 00 Construction and demolition wastes (including excavated soil from contaminated sites)	114,27	105,12	343,21
18 00 00 Wastes from human or animal health care and/or related research (except kitchen and restaurant wastes not arising from immediate health care)	0,02	0,14	0,05
19 00 00 Wastes from waste management facilities, off-site waste water treatment plants and the preparation of water intended for human consumption and water for industrial use	0,30	21,18	16,18
20 00 00 Municipal wastes (household waste and similar commercial, industrial and institutional wastes) including separately collected fractions	126,04	130,84	646,79
Total	**21.343,94**	**18.029,99**	**19.624,11**

Methodological Note

Methodological Note

Reporting standard, scope and process

This Sustainability Report, which will be published annually, is drafted in accordance with the GRI Standards; concerning the application of the Standard, the Company decided to apply the core in accordance option.

The reporting perimeter of the Sustainbility Report 2021 covers the whole Agrati group with the exception of the sales offices organized under **Agrati GmbH, Agrati Japan GK and Tokbo srl** which are out of scope of this Report.

In order to facilitate the reading process and the understanding of the connection between the material topics and the related GRI Standards, on page 132 of this Document the GRI Content Index is shown, This Report describes topics considered "relevant" according to the materiality analysis — that is, they have been considered capable of reflecting the social and environmental impacts of the Group's activities or influencing the decisions of its stakeholders.

The qualitative and quantitative data contained in this Sustainability Report refers to the Agrati Group's performance from January 1, 2021, through December 31, 2021. The drafting of the 2021 Sustainability Report is an annual reporting process, subject to analysis and approval from several actors, whose main responsibilities are as follows:

- The Sustainability team is responsible for managing several activities related to sustainability issues, among which there is the drafting of the Sustainability Report, The mentioned team coordinates and involves all the main corporate functions in the data collection, analysis and consolidation phase, then checking and validating the information given by the different Functions, The Sustainability team also facilitates the collection of data necessary to perform the Materiality Analysis, the results of which are pivotal for the drafting of the Sustainability Report, The mentioned team is also responsible for the definition and the update of relevant KPIs that explain how the Company manages the most relevant topics;
- The Board of Directors approves the Sustainability Report,
- Once approved, the Report is made available for all the Group's stakeholders through its publication on the corporate website

To request information, it is possible to contact
Andrea Costantini – Executive Vice President: sustainability@agrati.com

Reporting principles

The following principles have been taken into consideration in defining and reporting the contents of the Consolidated Disclosure on Non-Financial Information:

Materiality	The Report covers aspects that reflect the main direct economic, environmental and social impacts of Agrati's activities that are more significant for the Group and the internal and external stakeholders involved in company activities,
Inclusiveness	Agrati takes into account the expectations and interests of all stakeholders who for various reasons participate in or are influenced by the Company's activities, The Sustainability Report provides a description of the Group's main stakeholders and their main expression channels used to identify stakeholders' requests and expectations,
Sustainability Context	The Sustainability Report has taken into account the social, economic and environmental context in which the Group operates and the most significant Topics for the automotive industry thanks to a constant relationship with Agrati' clients and the academic world,
Completeness	The aspects and scope of the Report allow the stakeholders to evaluate the Group's main economic, social and environmental impacts, as far as Agrati's business is concerned,
Balance	The Report covers the Group's main sustainability performances, It reflects aspects where the Group found the topic material for itself and its stakeholder, even when the performance showed that there are still opportunities for further enhancements,
Comparability	The indicators contained in the Report have been selected and presented in a manner that enables a comparison over time, therefore allowing stakeholders to analyse changes in the Group's performance, Figures for, 2018 , 2019 and 2020 have been indicated appropriately if useful for purposes of contextualization of the information,
Accuracy	To guarantee the accuracy and comparability of the reported information, the data have been directly measured, limiting the use of estimates to the extent possible,
Timeliness	Agrati's Sustainability Report is meant to be prepared annually and disclosed in the same period of the presentation of the Consolidated Financial Statement,
Reliability	All the data and information reported have been validated by the Heads of the relevant company functions and have been processed based on documents that prove their existence, completeness and accuracy,
Clarity	Agrati's Sustainability Report contains information presented in such a way as to be clear and accessible to all kind of stakeholders,

Definition of material topics

In order to grant a better comprehension of each material topic, the table below explains their main features:

MATERIAL TOPIC	DEFINITION
Product quality and safety	Ensuring that any single product meets quality and safety requirements before customers and final user disposal seeking daily improvement of production processes and quality tests
Constant attention to customer needs	Involving customers in product planning by keeping pace with their needs in order to ensure its customer satisfaction and loyalty and securing Agrati's customer promise
Economic performance and creation of added value	Setting and monitoring economic objectives that are consistent with a long-term vision and match with the integration of environmental, social and governance aspects into the business strategy
Research, development and innovation	Developing innovative and forward-looking products using the best technologies available on the market and staying updated to the newest trends by listening clients' expectations
Valorisation and development of competences	Dialogue with employees aimed at assessing and enhancing their potential and develop their skills by listening to their ambitions
Employee Wellbeing	Adopting due measures to secure employee wellbeing, being aware of the different nature of their needs and then protecting human capital as pivotal for Company's success
Digitalization and Industry 4,0	Adapting to the fast-changing environment by aligning with digitalization and the Industry 4,0 paradigm in order to improve production efficiency and quality while making the organization even more lean
Mobility Evolution	Taking into account the transition to sustainable mobility solutions embracing the opportunities offered by composite materials and energy efficiency mechanism
Decarbonization and Climate Change mitigation	Decarbonization of direct and indirect processes to reduce the carbon footprint of the Group and contribute to the mitigation of climate change by reaching Carbon Neutrality
Energy efficiency	Reducing energy consumption and emissions from pollutant substances to limit the impact on climate change by implementing targeted initiatives to limit direct and indirect consumption and promoting energy efficiency especially during production steps
Environmental and social assessment and responsible selection of suppliers	Assessing suppliers according to environmental, social and governance criteria alongside with their delivery and quality performances in order to pursue supply chain's operational continuity and ensure they fit with the Company's principles, Embedding sustainability in procurement practices by sourcing raw material, semi-finished products and services from suppliers that meet sustainability and responsibility criteria
Circular Economy and Sustainable Products (LCA)	Implement the principles of the circular economy, through product and process redesign in order to: maximize material recovery & reuse and minimize environmental impacts
Occupational Health and safety	Ensuring health and well-being of Agrati's people and a safe and healthy work environment by complying with all regulation and standards applicable on this subject matter and in all the countries where it operates
Business ethics and integrity	Adopting an internal system of guiding principles as a sound approach to ensure ethics and integrity throughout the whole business, in employees and stakeholders' conduct
Cyber Security and Data Protection	Ensuring that the collection, use and sharing of customer and employee personal information is secure and compliant, and that it reinforces trust and confidence between all parties
Employer Branding and partnership with Universities and Educational Institutes	Improving the reputation by launching specific employer branding initiatives and developing relationships with Universities and other Educational Institutes in order to attract the best talents and to improve the employee value proposition
Risk management	Regular identification, evaluation, and prioritization of risks, Mapping the root causes of every inconvenience by considering emerging risks, in order to transform each risk into a valuable opportunity and ensure the Company's success
Development and Relationships with local communities	Promote the growth of local communities and industries in the territories where the Group is present
Proper complaint management	Adopting a proper approach for managing customers' complaints in a timely manner and with the aim of fulfilling their requests always
Soil protection against leakages and pollutants	Sourcing natural resources in a responsible way and taking due actions to prevent leakages and pollution in order to avoid soil erosion, reduced fertility, acidification and salinization of soil contamination as impacts of industrial activities
Management of regulatory development	Ensuring compliance with applicable laws through regular alignment with norms, by keeping a constant dialogue with institutions and through timely adaptation to evolving provisions
Efficient management of waste, by-products and wastewater	Pursuing responsible consumption and production by embedding the principles of circularity in production procedures and by adopting an approach for waste management encompassing all the processes from inception to disposal in order to reduce the Company's environmental footprint
Collaboration with suppliers and promotion of suppliers driven innovations	Engaging with the Group's suppliers in order to mutually support in the scope of the partnership and in the development of innovative solutions as a way to deliver shared value

Material topics and related GRI Standards

Material to15 15 pics identified by Agrati	Reference GRI Standards	Impacts boundary		
		Internal impact	External impact	Boundary limitations
Risk management	102: General disclosure - Strategy (2016)	•	Suppliers	
Management of regulatory development	*	•		
Economic performance and creation of added value	201: Economic performance (2016) 207: Tax	•		
Business ethics and integrity	205: Anti-corruption (2016) 206: Anti-competitive Behaviour (2016) 307: Environmental Compliance (2016) 419: Socioeconomic compliance (2016	•	Suppliers Clients	
Occupational Health and Safety	403: Occupational Health and Safety (2018)	•	Workers and contractors	
Valorisation and development of competences	404: Training and Education (2016)	•		
Employer Branding and partnership with Universities and Educational Institutes	401: Employment (2016) 404: Training and Education (2016)	•	Community	
Employee wellbeing	403: Occupational Health and Safety (2018)	•		
Constant attention to customer needs	416: Customer Health and Safety (2016) 418: Customer Privacy (2016)	•	Clients	
Product quality and safety	416: Customer Health and Safety (2016)	•	Clients	
Research, development and innovation	301: Materials (2016) 302: Energy (2016) 305: Emissions (2016)	•	Community Clients	
Proper complaint management	416: Customer Health and Safety (2016)	•	Clients	
Relationships with local communities	204: Procurement Practices (2016)	•		
Digitalization and Industry 4,0		•	Clients	
Mobility Evolution	*	•	Community Clients	
Environmental and social assessment and responsible selection of suppliers	204: Procurement Practices (2016) 301: Materials (2016)	•	Suppliers	
Collaboration with suppliers and promotion of supplier driven innovation	204: Procurement Practices (2016) 301: Materials (2016)	•	Suppliers	
Energy efficiency	302: Energy (2016) 305: Emissions (2016)	•	Community	
Climate Change mitigation and Decarbonization	302: Energy (2016) 305: Emissions (2016)	•		
Efficient management of waste, by-products and wastewater	306: Waste (2020)	•	Community	
Circular Economy	306: Waste (2020)			
Soil protection against leakages and pollutant substances	303: Water and Effluents (2018)	•	Community	

GRI Table of contents

GRI CONTENT INDEX			
GRI ID	**Disclosure**	**Paragraph**	**Omissions and Information**
GENERAL STANDARD DISCLOSURES (2016)			
ORGANIZATIONAL PROFILE (2016)			
102-1	Name of the organisation	Profile and Business Activities	
102-2	Activities, brands, products, and services	Profile and Business Activities	
102-3	Location of headquarters	Profile and Business Activities	
102-4	Location of operations	Profile and Business Activities	
102-5	Ownership and legal form	Profile and Business Activities	
102-6	Markets served	Profile and Business Activities	
102-7	Scale of the organisation	Profile and Business Activities, Financial report	
102-8	Information on employees and other workers	Profile and Business Activities Being an Agrati Employee Appendix	
102-9	Supply chain	Profile and Business Activities Responsible Value Chain	
102-10	Significant changes to the organization and its supply chain	-	In 2021, there were no significant changes to the organization's size, structure, ownership, or supply chain
102-11	Precautionary principle or approach	Agrati's ERM-Sustainability Function Risk Management	
102-12	External initiatives	-	Agrati Group does not adopt any codes and principles that are external to the organization
102-13	Membership of associations	Stakeholder Engagement	
STRATEGY (2016)			
102-14	Statement from senior decision-maker	Letter to Stakeholder	
102-15	Key impacts, risks, and opportunities	- The Challenge for the Future - Risk Management - The approach to Sustainability - Climate strategy 2021	
ETHICS AND INTEGRITY (2016)			
102-16	Values, principles, standards, and norms of behaviour	- Vision, Mission and Value of Agrati - Agrati business ethics and integrity	
GOVERNANCE (2016)			
102-18	Governance structure	- Board of Directors - Board of Statutory Auditors - Supervisory Body - Agrati's ERM-Sustainability Function - The approach to Sustainability - Appendix	
102-22	Composition of the highest governance body and its committees	- Board of Directors - Appendix	
STAKEHOLDER ENGAGEMENT (2016)			
102-40	List of stakeholder Groups	Stakeholder Engagement	
102-41	Collective bargaining agreements	- Occupational Health and Safety - Welfare and Diversity	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	
102-43	Approach to stakeholder engagement	Stakeholder Engagement	
102-44	Key topics and concerns raised	Stakeholder Engagement	
REPORTING PRACTICE (2016)			
102-45	Entities included in the consolidated financial statements	Profile and Business Activities	
102-46	Defining report content and topic Boundaries	Reporting Standard, Scope and Process	
102-47	List of material topics	Definition of material topics	
102-48	Restatements of information	Reporting standard, scope and process	
102-49	Changes in reporting		No significant changes have been reported during the year
102-50	Reporting period	Reporting Standard, Scope and Process	
102-51	Date of most recent report		March 2021
102-52	Reporting cycle	Reporting Standard, Scope and Process	
102-53	Contact point for questions regarding the report	Reporting Standard, Scope and Process	
102-54	Claims of reporting in accordance with the GRI Standards	Reporting Standard, Scope and Process	
102-55	GRI content index	GRI Table of Contents	
102-56	External assurance	-	The 2021 Sustainbility Report has been assured by an independent third party auditor with a limited assurance

CATEGORY: ECONOMIC PERFORMANCE			
ASPECT: ECONOMIC PERFORMANCE (2016)			
103-1, 103-2, 103-3	Management approach	- Economic performance: creation of distribution of the economic value generated - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
201-1	Direct economic value generated and distributed	Economic performance: creation of distribution of the economic value generated	
ASPECT: PROCUREMENT PRACTICE (2016)			
103-1, 103-2, 103-3	Management approach	- Risk Management - Responsible Value Chain	
204-1	Proportion of spending on local suppliers	Responsible Value Chain	
ASPECT: ANTI-CORRUPTION (2016)			
103-1, 103-2, 103-3	Management approach	- Risk Management - Agrati Policies - Agrati business ethics and integrity - The Organization, Management and Control Model 231 - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
205-2	Communication and training about anti-corruption policies and procedures	-	Agrati's business integrity policies and procedures have been communicated to all personnel
205-3	Confirmed incidents of corruption and actions taken	-	In 2021, there were no corruption-related complaints reported within the Group
ASPECT: ANTI-COMPETITIVE BEHAVIOUR (2016)			
103-1, 103-2, 103-3	Management approach	- Risk Management - Agrati Policies - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	-	No legal action relating to unfair competition, antitrust and monopolistic practices were reported in 2021

CATEGORY: ENVIRONMENTAL PERFORMANCE			
ASPECT: MATERIALS (2016)			
103-1, 103-2, 103-3	Management approach	- Responsible Value Chain - Agrati Policies - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
301-2	Materials used by weight or volume	Responsible Value Chain	
302-2	Recycled input materials used	Responsible Value Chain	
ASPECT: ENERGY (2016)			
103-1, 103-2, 103-3	Management approach	- Energy Efficiency and emissions - Agrati Policies - The approach to Sustainability - Climate strategy 2021 - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
302-1	Energy consumption within the organisation	Energy Efficiency and emissions	
302-2	Energy consumption outside of the organization	Energy Efficiency and emissions	
302-3	Energy intensity	Energy Efficiency and emissions	
302-4	Reduction of energy consumption	Energy Efficiency and emissions	
ASPECT: WATER AND EFFLUENTS (2018)			
103-1, 103-2, 103-3	Management approach	- Soil defence - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
303-1	Interactions with water as a shared resource	Soil defence	
303-2	Management of water discharge related impacts	Soil defence	
303-3	Water withdrawal	Soil defence	
303-4	Water discharge	Soil defence	
303-5	Water consumption	Soil defence	
ASPECT: EMISSIONS (2016)			
103-1, 103-2, 103-3	Management approach	- The approach to Sustainability - Climate strategy 2021 - Agrati's emissions - Agrati Policies - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	

305-1	Direct (Scope 1) GHG emissions	Agrati's emissions	
305-2	Energy indirect (Scope 2) GHG emissions	Agrati's emissions	
305-4	GHG emissions intensity	Agrati's emissions	
305-6	Emissions of ozone-depleting substances (ODS)	Agrati's emissions	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Agrati's emissions	
ASPECT: WASTE (2016)			
103-1, 103-2, 103-3	Management approach	- Waste Management - Agrati Policies - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
306-2	Waste by type and disposal method	Waste Management	
306-3	Significant spills		In 2021, none of the Agrati plants reported significant spills
ASPECT: ENVIRONMENTAL COMPLIANCE (2016)			
103-1, 103-2, 103-3	Management approach	- Risk Management - Agrati Policies - Environmental Sustainability - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
307-1	Non-compliance with environmental laws and regulations	-	In 2020, Agrati did not received any pecuniary fines due to non-compliance with environmental laws and regulations
ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)			
103-1, 103-2, 103-3	Management approach	- Responsible value chain - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
CATEGORY: SOCIAL PERFORMANCE			
ASPECT: EMPLOYMENT (2016)			
103-1, 103-2, 103-3	management approach	- Risk Management - Being an Agrati employee - Welfare and diversity - Talent attraction and retention - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
401-1	New employee hires and employee turnover	- Talent attraction and retention - Appendix	

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (2018)			
103-1, 103-2, 103-3	Management approach	- Risk Management - Agrati Policies - Occupational Health and Safety - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
403-1	Occupational health and safety management system	Occupational Health and Safety	
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	
403-3	Occupational health services	Occupational Health and Safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	
403-5	Worker training on occupational health and safety	Occupational Health and Safety	
403-6	Promotion of worker health	- The challenge for the future - Occupational Health and Safety	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	- Risk Management - Agrati Policies - Occupational Health and Safety	
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety	
403-9	Work-related injuries	- Occupational Health and Safety - Appendix	
403-10	Work-related ill health	- Occupational Health and Safety - Appendix	
ASPECT: TRAINING AND EDUCATION (2016)			
103-1, 103-2, 103-3	Management approach	- Agrati University - Agrati Policies - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
404-1	Average hours of training per year per employee	Agrati University	
404-2	Programs for upgrading employee skills and transition assistance programs	Agrati University	
404-3	Percentage of employees receiving regular performance and career development reviews	Agrati University	
ASPECT: SUPPLIER SOCIAL ASSESSMENT (2016)			

103-1, 103-2, 103-3	Management approach	- Responsible value chain - Agrati Policies - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
ASPECT: CUSTOMER HEALTH AND SAFETY (2016)			
103-1, 103-2, 103-3	Management approach	- Product's quality and security - Agrati Policies - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
416-1	Assessment of the health and safety impacts of product and service categories	Product's quality and security	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product's quality and security	
ASPECT: CUSTOMER PRIVACY (2016)			
103-1, 103-2, 103-3	Management approach	- Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	In 2021 there were no substantiated complaints concerning breaches of customer privacy and losses of customer data
ASPECT: SOCIOECONOMIC COMPLIANCE (2016)			
103-1, 103-2, 103-3	Management approach	- Agrati Policies - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
419-1	Non-compliance with laws and regulations in the social and economic area	-	In 2021, there were no cases of non compliance with laws and regulations the social and economic area within the Group
MATERIAL TOPICS THAT ARE NOT COVERED BY GRI INDICATORS			
MATERIAL TOPIC: MANAGEMENT OF REGULATORY DEVELOPMENT			
103-1, 103-2, 103-3	Management approach	- Risk Management - Agrati Policies - Materiality Analysis - Definition of material topics - Material topics and related GRI Standards	
MATERIAL TOPIC: MOBILITY EVOLUTION			
103-1, 103-2, 103-3	Management approach	- Agrati Policies - Environmental Sustainability Through Product Innovation	

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Independent auditors' report on the sustainability report

To the board of directors of
A. Agrati S.p.A.

We have been engaged to perform a limited assurance engagement on the Sustainability Report 2021 (the "sustainability report") of the Agrati Group (the "group").

Director's responsibility for the sustainability report

The directors of A. Agrati S.p.A. (the "parent") are responsible for the preparation of a sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), as described in the "Methodological Note" section of the sustainability report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

They are also responsible for defining the group's objectives regarding its sustainability performance and the identification of the stakeholders and the significant aspects to report.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) 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 company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the sustainability report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability report is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does 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 we performed on the sustainability report are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1) analysing the reporting of material aspects process, specifically how these aspects are identified and prioritised for each stakeholder category and how the process outcome is validated internally;

2) comparing the financial disclosures presented in the "Economic performance: creation and distribution of the economic value generated" section of the sustainability report with those included in the group's consolidated financial statements;

3) understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the sustainability report.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of Agrati France SAS. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the sustainability report.

Furthermore, with respect to significant information, considering the group's business and characteristics:

— at parent level:

  a) we held interviews and obtained supporting documentation to check the qualitative information presented in the sustainability report;

  b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;

— we visited the production facility in Veduggio con Colzano, which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to meet its management and obtain documentary evidence, on a sample basis, supporting the correct application of the procedures and methods used to calculate the indicators.

— we held discussions through remote communication tools with the management of Vieux-Condé, which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence, on a sample basis, supporting the correct application of the procedures and methods used to calculate the selected indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report 2021 of the Agrati Group has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards, as described in the "Methodological Note" section of the sustainability report.

Other matters

The 2020 comparative figures presented in the sustainability report have not been examined.

Milan, 4 May 2022

KPMG S.p.A.

Andrea Balestri
Director of Audit

SUSTAINABILITY

REPORT 2021

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