

# SUSTAINABILITY REPORT 2023



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## Letter to Stakeholders



2023 has recorded a massive growth in operating result compared to 2022, despite a slight decline in revenues. This has determined a significant improvement in marginality. However, starting from the second half of the year, order intake has suffered a drastic slowdown causing a reduction in turnover which has continued and has become more evident in 2024.

The general softening of markets, the reduction in delivery times compared to the difficult years of Covid and the excess of inventory accumulated by customers to cope with such long delivery times, have contributed to order intake drop. On top of that, the geopolitical turbulences in Europe and in Middle East certainly have not helped to reverse this weakening trend.

Actions taken in 2023 to re-establish the fundamentals of operational excellence, with initial priority the on-time deliveries, must continue and accomplish in 2024, also addressing the reduction of delivery times, which has increasingly become a competitive factor. In parallel, improvement actions in the factories on productivity, “wastes” reduction and inventory control must continue in order to achieve better results in 2024.

Quality and Customization, the two pillars that have always been Lafert’s DNA, must be protected, preserved and guaranteed with a constant daily commitment, conviction and determination.

Safety must become the third pillar of Lafert and the activity of the ESH department, strengthened in 2023 shall bring that cultural change needed at all Company levels to make safety part of our DNA.

Among the innovation guidelines in which the Group is most committed, a special mention deserves the Sustainability matter, at all levels and in all its components. The Company follows an industrial development model that integrates the principles of sustainability, transparency and quality, through concrete commitments and adopting specific management and organizational arrangements aimed at creating shared value for all stakeholders, for the community and the territory, respecting the environment.

In this sense, within the Sustainability Plan of Lafert Group, a relevant focus has taken over the circular economy project, able to combine sustainable and inclusive development on one hand, and the processes of innovation at the service of the communities and the territory on the other.

“Lafert Circular Evolution” is the project that has studied which mechanisms of circular economy can be concretely applicable to the production and distribution chain of the Company’s business, analyzing specifically seven thematic areas: procurement, design, production, logistics, sales and marketing, collection and recovery of end-of-life materials.

To confirm the Company’s commitment in this direction, for the third consecutive year the Group’s Sustainability Report was drawn up on a voluntary basis focused on the financial year 2023, continuing to monitor the specific actions and KPIs defined in the Sustainability Plan.



Moreover, the preliminary activities aimed to be compliance to the new European Directive on Corporate Sustainability Reporting Directive (CSRD) were launched during the year. In this sense, for each of the areas of intervention defined by the CSRD, a gap analysis was carried out throughout the Group to identify the existing and implemented topics in Lafert and what needs to be developed to be compliance with the new CSRD Directive and the ESRS Reporting Standard in the year 2026 on the reporting data of 2025.

Cesare Savini  
CEO Lafert Group

## Methodological Note

This document represents the third Sustainability Report of Lafert Group (hereinafter “Lafert” or “the Group”). The document contains information concerning economic, environmental and social issues, useful to understanding the activities carried out by Lafert, as well as its performance, its results and the impact of its activities.

The Sustainability Report has been drawn up by reporting a selection of the “GRI Sustainability Reporting Standards” published by the Global Reporting Initiative (GRI Standards 2021), as indicated in the GRI Content Index of this document, according to the “with Referenced to” reporting option.

Note that Lafert does not fall within the scope of It. Legislative Decree no. 254 30 December 2016 which, implementing Directive 2014/95/EU, has provided for the obligation to draft a Non-Financial Statement (“ESG”) for public interest entities that exceed certain quantitative thresholds.

### **This Sustainability Report has therefore been drawn up on a voluntary basis and is not a Non-Financial Statement.**

The general principles applied for the preparation of the Sustainability Report are those established by the GRI Standards: relevance, inclusiveness, sustainability context, completeness, balance between positive and negative aspects, comparability, accuracy, timeliness, reliability, clarity.

The selected performance indicators are those provided by the adopted reporting standards representative of specific sustainability sectors analysed and consistent with the activity performed by Lafert and the impacts thereof. The selection of these indicators was carried out based on an analysis of their relevance, as described in paragraph “Materiality analysis”. The various sections of the Sustainability Report provide the quantitative information, for which estimates have been used.

The reporting scope of qualitative and quantitative data and information refers to the performance of Lafert S.p.A., Lafert Elektromotorji D.o.o., Lafert (Suzhou) Co. Ltd., Lafert North America Inc., Lafert Moteurs S.A.S., Lafert GmbH, Lafert Motores Electricos S.L.U., Lafert Electric Motors Ltd. as at December 31<sup>st</sup>, 2023.

Any perimeter restrictions that have become necessary in reporting qualitative and quantitative KPIs shall be appropriately reported in specific notes within the document.

The Sustainability Report is drawn up annually. In order to allow data to be compared over time and the performance of Lafert’s activities to be assessed, the data relating to the previous two financial years are set out for comparative purposes.

The process for drawing up the sustainability information involved the managers of the various Lafert’s departments.

The Sustainability Report was approved by the Board of Directors of Lafert S.p.A. on July 25<sup>th</sup>, 2024 and was not subject to a review by an independent auditor.

The Sustainability Report is published on the Company’s corporate website at the section “Social responsibility”.

To request more information in this regard you can write to: [lafert.sustainability@shi-g.com](mailto:lafert.sustainability@shi-g.com)



# 1. Identity and strategy

- 1.1 Lafert Group
- 1.2 The sites
- 1.3 The trademarks
- 1.4 History
- 1.5 Vision and Mission
- 1.6 Industry regulations
- 1.7 Strategy and sustainability
- 1.8 The business model
- 1.9 Materiality analysis



## HIGHLIGHTS | Identity and strategy

- Lafert Group is Europe's leading designer and manufacturer of electric motors and customised drives, particularly in the fields of industrial automation and energy efficiency. The company's core business is represented by asynchronous motors, permanent magnet synchronous motors, servomotors and motor-drive packages, offering maximum energy efficiency in the most diverse application sectors.
- Lafert Group consists of eleven operating locations in Europe, North America and Asia, including six production and sales facilities, and five sales offices.
- In 2023, Lafert was strengthened as a Group through a merger agreement: all the Italian companies (Lafert Servo Motors S.p.A., ICME S.p.A. and Lafert Servo Drives S.r.l.) were merged under Lafert S.p.A., thus simplifying internal relations.
- As evidence of the Group's commitment to sustainable development and strategic growth in favour of ESG (Environmental, Social and Governance) issues in its business activities, in 2023 Lafert continued monitoring the targets defined in the Sustainability Plan 2023-2026





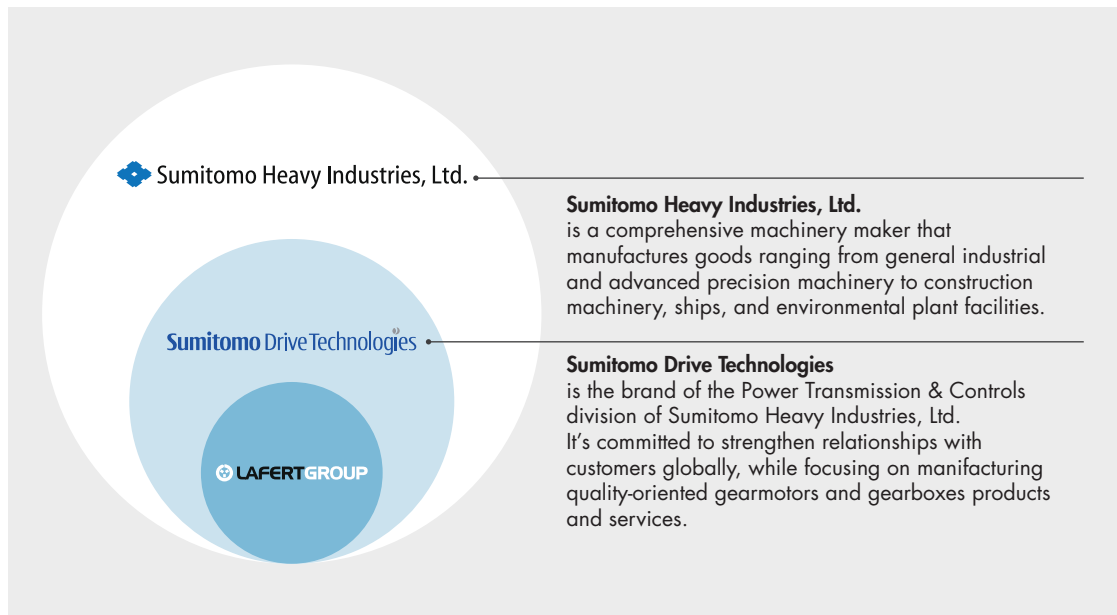
## 1.1 Lafert Group

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

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

Sumitomo Heavy Industries, Ltd. is one of the 33 companies of the Sumitomo Group, founded by Masatomo Sumitomo about 400 years ago in Japan, and has been developing innovative solutions by applying vanguard technologies since its beginning. The company operates in a vast array of business areas using technologies of the latest generation, which contribute to the production of machinery and facilities. Moreover, during the last years, the company has focused its research and development on precision technology, mechatronics, and devices for precision control and for key components such as equipment for the production of LCD and semiconductors, and also digital home appliances.

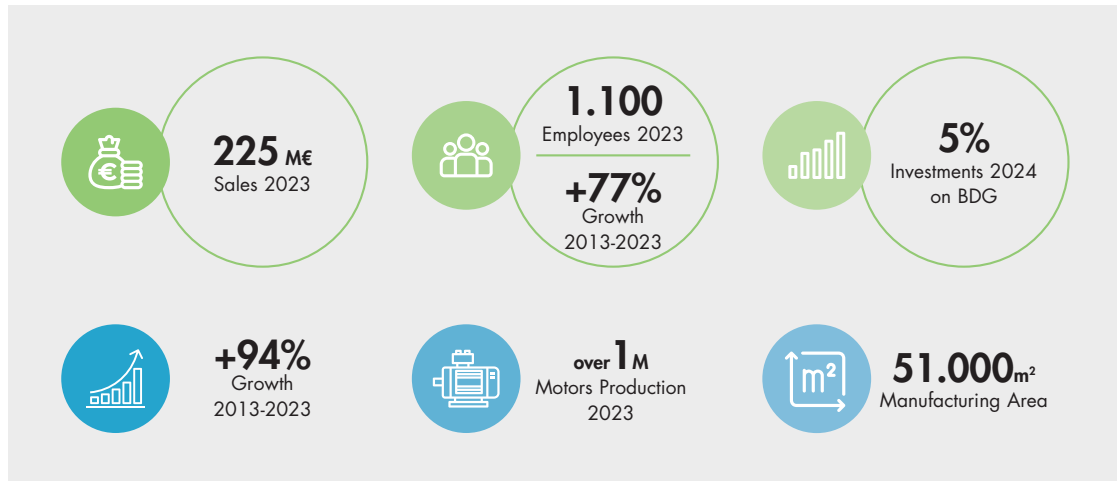
Thanks also to this partnership, Lafert Group has established itself as a world leader in the branch of Super Premium efficiency motors through the expansion strategy of the Sumitomo Drive Technologies brand, also a leader in the products of the sector Power Transmission & Control – PTC.



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



During the year 2023, the Lafert Group achieved revenues of 225 million euros with a total staff of approximately 1.100 employees at 31<sup>st</sup> December 2023.



## 1.2 The sites

The entrepreneurial force is embedded in the companies which make up the Group. Each company of the Group has its own autonomous organization and specialized production, and yet they are always connected by the possibility to combine their skills for further research and development, in a synergy which allows to create the best innovative technology. Lafert is an international group, leader in Europe, with 60 years of experience and solid partnerships with international players, world leaders in their sectors. The Group carries out its business in its 11 branches in Europe, North America and Asia, including 6 production and sales units, and 5 branches that only deal with sales and marketing, plus the associated company in Singapore, set up for trading purposes only.

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

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



## Lafert S.p.A.

 San Donà di Piave, Venezia - Italy

 201.837 thousand Euro

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

The production site is strongly expanding. As a matter of fact, in 2022 the deal of acquisition was signed for a vast area (the previous Pflauser productive site) in Via J. F. Kennedy, right in front of the historical site of Lafert S.p.A. The acquisition of this area started the shaping of the project which will see Lafert as the new strategic hub for the development of integrated products for the PTC division in EMEIA. The surface of the subjected area is 67.783 m<sup>2</sup>, of which a maximum of 33.891 m<sup>2</sup> is buildable.

In 2022, a merger agreement between the four companies was signed, and starting from 1<sup>st</sup> January 2023 they were all merged into Lafert S.p.A.

With this merger, Lafert S.p.A. incorporated Lafert Servo Motors S.p.A., Lafert Servo Drives and ICME S.p.A. while maintaining its company name.

In 2023, the company generated revenues of 201.837 thousand euros, observing a decrease of about 3.2% compared to last year.

## Lafert Elektromotorji D.o.o.

 Nova Gorica - Slovenia

 4.005 thousand Euro

Lafert Elektromotorji D.o.o., of which Lafert S.p.A. owns 100% of the capital, is based in Nova Gorica and has become over the years a centre of excellence in the production of windings for the Italian production facilities.

In 2023, the subsidiary generated revenues from sales of 4.005 thousand euros, observing an increase of about 8,2% compared to last year.

## Lafert Moteurs S.A.S.

 St.Quentin Fallavier - France

 3.900 thousand Euro

Lafert Moteurs S.A.S., which is based in St. Quentin Fallavier, and is wholly owned by Lafert S.p.A., markets the products of Lafert Group on the French market.

In 2023, the subsidiary generated revenues from sales and services of 3.900 thousand euros, observing an decrease of about 2,9% compared to last year.

## Lafert Electric Motors Ltd.

 Crewe Cheshire - United Kingdom

 3.834 thousand Euro

Lafert Electric Motors Ltd., based in Crewe Cheshire and wholly owned by Lafert S.p.A., markets the products of Lafert Group in Great Britain and Ireland.

In 2023, the subsidiary generated revenues from sales of 3.834 thousand euros, observing an increase of about 3,0% compared to last year.

## Lafert GmbH

 Böblingen - Germany

 588 thousand Euro

Lafert GmbH, whose capital is 100% owned by Lafert S.p.A, is based in Böblingen and operates as commercial agent for some companies of Lafert Group in Germany. In 2023, the subsidiary generated revenues from sales of 588 thousand euros, observing an increase of about 3,5% compared to last year.

## Lafert Motores Electricos S.L.U.

 Zaragoza - Spain

 4.578 thousand Euro

Lafert Motores Electricos S.L.U., located in Zaragoza, is 100% owned by Lafert S.p.A. and markets Lafert products in Spain as well as, marginally, related products by non-competitor manufacturers.

In 2023, it generated revenues from sales and services of 4.578 thousand euros, observing an increase of 2,9% compared to last year.

## Lafert (Suzhou) Co. Ltd.

 Suzhou - China

 16.449 thousand Euro

Lafert Suzhou Co. Ltd. manufactures and sells brushless servomotors in China. The company has its head office in Suzhou and it is wholly owned by Lafert S.p.A. In 2023, the subsidiary generated revenues from sales and services of 16.449 thousand euros, observing an increase of about 8,4% compared to last year. Thanks to this production site, Lafert Group is able to meet the growing demand for motors in the Asian market, by long-standing customers as well as by fast-growing local companies. The direct presence of this company offers a reduction in delivery times and transport costs, while keeping the quality assurance of Lafert-branded motors.

## Lafert North America Inc.

 Mississauga - Canada

 27.327 thousand Euro

The Canadian company Lafert North America Inc. with head office in Mississauga is the long-standing distributor of Lafert Group in Canada and the United States and has cooperated with the company for more than 20 years. The company is 100% owned by Lafert S.p.A. In 2023, the company generated revenues from sales and services of 27.327 thousand euros, observing a decrease of about -32,7% compared to last year.

## Lafert Singapore Ltd.

 Singapore

Lafert Singapore Ltd., of which Lafert S.p.A. holds 30% of the share capital, is based in Singapore and markets Lafert Group's products in Southeast Asia as well as, marginally, related products of other noncompetitor manufacturers.



## 1.3 The trademarks

The Group owns two registered trademarks in Italy: **Lafert** and **ICME**.

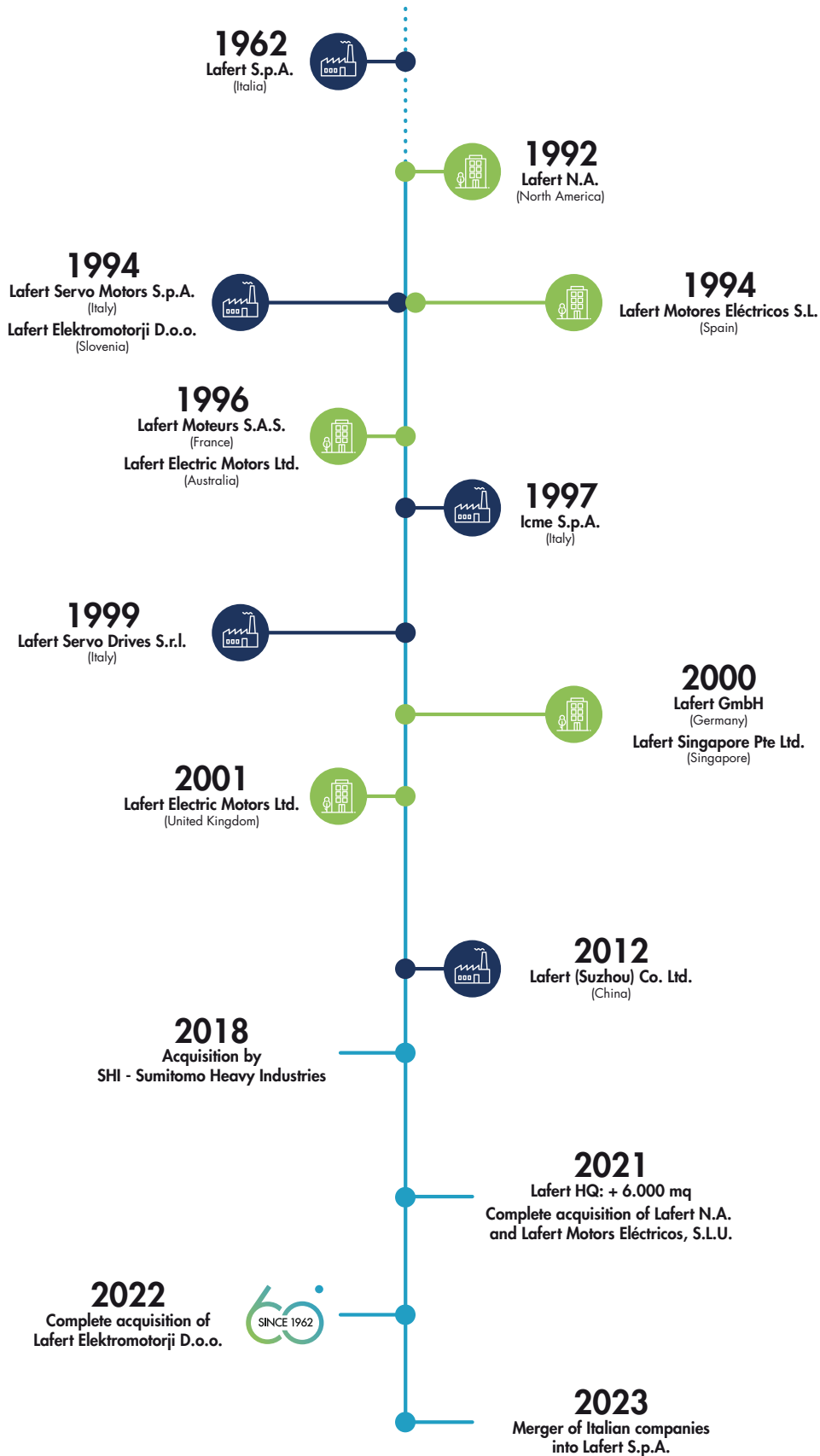


Lafert also markets **Smartris**-branded products, which has been registered by Sumitomo Heavy Industries, Ltd. in Japan.



As a rule, Lafert has always worked to associate its brand with the main company values in order to spread them between different audiences: the institutional campaigns promoted throughout the years focused especially on its most distinctive traits, on core business and the company's commitment both in its choices of colour palette, graphical subjects and slogans or promotional texts. For example, the current institutional campaign concentrates on the innate evolution of Lafert which led us today to a slightly different segment of the market, transforming from components suppliers to packages and integrated solutions suppliers.

## 1.4 History





1962...

### A long history of tireless curiosity

The history of Lafert S.p.A. cannot be seen apart from the proverbial features of its native land, the Veneto region in north-east Italy. A region of hands and brains that is recognized as the virtues of concreteness and tenacity, with the added value of innovative ideas. **Lafert S.p.A. was founded in 1962** in San Donà di Piave, near Venice. Right from the start, the company dealt with the production of asynchronous electric motors, devoting all its efforts to assuring the quality of Lafert's products on the Italian market. The headquarters of Lafert Group are still in San Donà di Piave, where the technical team kick off the customisation process; this is the feature of the company's historical approach to its market. The main milestones of Lafert Group in 60 years of activity are set out below.



1980-1990

### The first steps on the international market

At the end of the 1980s, Lafert S.p.A. took its first steps on the international market with its intrinsic propensity for customization. In those years we were introduced to different the demands and regulations from the global markets, often more rigorous than in Italy. In the early 1990s, the North American market already reserved particular attention to energy savings, and required some of the highest efficiency standards in the world. **Lafert North America Inc. was founded in 1992** to meet these needs thanks to a fruitful joint venture in Canada.



1990-1995

### Always facing new challenges

In the 1990s, we faced the **first industrial automation projects for the European market** and expanded our production. To ensure the highest levels of customisation, we identified an in-house need that would profoundly change our history: internally producing all the motor components and acquiring proficiency in servo motors sector. In 1994, we founded Lafert Servo Motors S.p.A., located a few km from San Donà di Piave, and Lafert Elektromotorji D.o.o. in Slovenia, to respond to this expansion of the business.



## 1995-2000

### International business development

In the second half of the 1990s, our expansion continued, as we increased the production and the distribution capacity with the establishment of some operative units in Spain, France and Australia. In 1997, Lafert Group acquired ICME S.p.A, a manufacturer of small and medium-power motors.

The following year, Lafert joined the Group AEG Fabrica de Motores, based in Barcelona.




## 2000-2010

### Always one step ahead

In the first decade of the 2000s, Lafert S.p.A. expanded its strength by entering in new markets and applying its products to unique application areas. This step made it possible to study important innovations and develop a strong understanding of specific application that still put Lafert at top of the market today.

In particular, thanks to the expertise in asynchronous motors and servo motors, Lafert S.p.A. was one of the first companies to apply the **permanent magnet technology**. Since then, the Group has been a leader in energy-saving market segments, by producing super-efficient, compact-sized motors with better performances than the limits of the regulations in force.



## 2010-2015

### Technological evolution in Lafert's DNA

In the second decade of the 2000's, the company focused on the needs of the market, and developed a highly innovative approach to create **solutions with built-in electronics**, giving rise to the first integration of a permanent magnet synchronous motor and its drive. This innovative technology allowed Lafert S.p.A. to enter new business areas, such as renewable energies and material handling. In 2012, the market coverage extended also in the Asian market through the setting up Lafert Suzhou Co. Ltd. where the presence of Lafert S.p.A with its know-how and the quality of its motors was expand.





2015-2020

### Lafert 4.0

The great expansion and brand recognition led in 2018 to Lafert Group joining the **international Sumitomo Group**. Thanks to this integration, Lafert Group nowadays is able to face challenges that require the ability to address new global needs, developing synergies and integration projects with other global leading companies. The first results led to the development of new business sectors with specific solutions for AGVs and airport baggage handling, developing integrated packages for industrial automation.

Lafert is now an international Group whose quality can be spread worldwide through co-engineering processes and wholly in-house and controlled production.



2020...

### Synergy and innovation as groundwork for our future

The entrance into the Sumitomo Group, specifically in the Power Transmission and Control (PTC) division, allows us to create fundamental synergies between the other companies of the Group, develop new integrated products and enter new markets. To support our expansion, we inaugurated a **new site in San Donà di Piave**, totally automated with maximum energy efficiency, proving our history in grounding our work in evolution and market orientation. We also acquired a **new industrial area next to our headquarters** where we will build another piece of our future made of innovation, expansion, and sustainability.

In 2022, we crossed the line of our **sixtieth anniversary** and, with this occasion, we strengthened ourselves as a Group: we simplified the internal relationships by unifying all the Italian societies under the one common leadership of Lafert S.p.A.

## 1.5 Vision and Mission

### Vision

**Bring innovation anywhere, leveraging the maximum technological know-how.**

**Innovation means doing something new every day, something that will improve the world.**



Facing new challenges every day, but with a clear vision on how to constantly improve the production capabilities, energy efficiency, product customization and performance, all while reducing our environmental impact.

**This is the Vision of Lafert Group.**

It is a great responsibility that Lafert assume for the world and future generations, an awareness that allows the Group to understand the future, to think big, and to anticipate future global needs to achieve a more efficient and sustainable world.

### Mission

**Create innovative motors that are increasingly efficient and optimize performance with advanced integrated solutions.**

**Engineer customizations for different applications and changing market needs**



Evolution is in Lafert's DNA. Through company choices, in-house skills and market demands, the Group has always been committed to technological innovation that matures over time.

Evolution is the ability to optimize integrated industrial processes at the highest technological level, natural inclination towards custom solutions and ambition to improve, look forward, and imagine a future full of new opportunities.

## 1.6 Industry regulations

In the electric motors sector, the main regulations relate to energy efficiency level of the products introduced into the market. In Europe, the new **EU Regulation 2019/1781 on Ecodesign** directly concerns companies that purchase, sell and use motors and drives. The widest objective of the regulation, obviously, is to allow the EU to achieve the goals set for energy efficiency and CO2 emissions, in order to limit the average global temperature increase.

EU Regulation 2019/1781 will be implemented in two stages, as of July 1<sup>st</sup>, 2021. The second stage, with a wider scope and increases motor requirements, will start two years later, on July 1<sup>st</sup>, 2023.

In order to meet the new requirements set by the EcoDesign regulation, Lafert has launched on the market a new range of IE2 three-phase motors, including brake motors, from 0.12 to 0.55 kW, well in advance to the first scheduled step – July 1<sup>st</sup>, 2021.

Furthermore, in order to meet the needs of customers strongly focused on energy efficiency, Lafert is able to offer the same range of three-phase motors from 0.12 to 0.55 kW also with IE3 efficiency level, thus forestalling further increases in minimum efficiency levels and assuring a significant competitive advantage to the EU market and its customers.

## 1.7 Strategy and sustainability

Considering that about 70% of the energy used by the industry goes to the electric motors that power the machinery, it is clear that an accurate choice of the electric motors to be purchased is critical to reduce energy consumption levels and moving towards a zero-impact future.

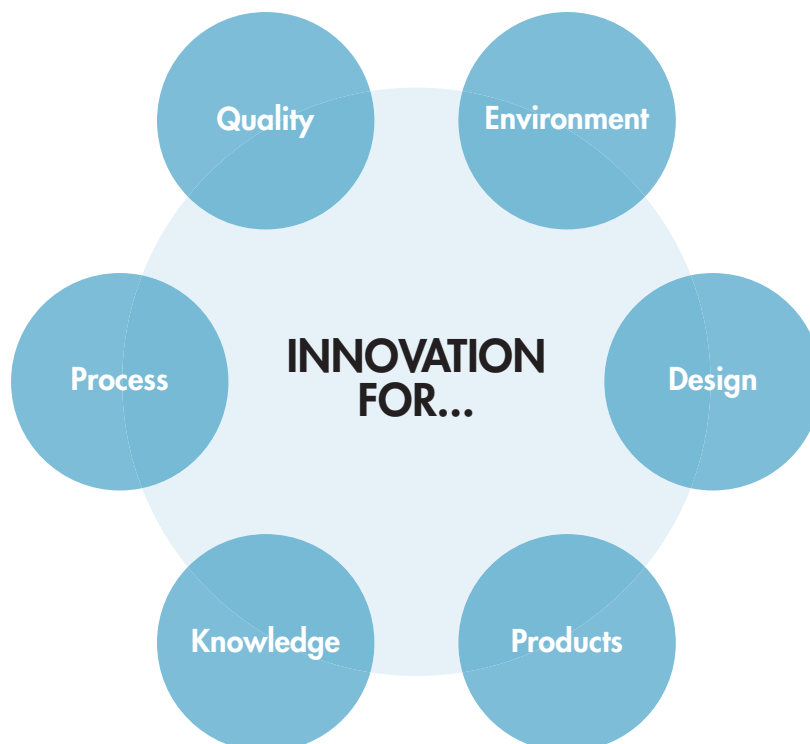
Proving the impact of electric motors, **the 45% of global electrical consumption is indeed due to these motors**, which are essentially indispensable for the operation of the machines on which our economies and societies are based.

### Lafert and sustainability

At Lafert, **innovation** is the core around which ideas, projects, products, development processes all rotate. Innovation is fed by research, which promotes the inception of ideas and the sharing of knowledge, supporting the various market segments.

Innovation also leads to sustainable and inclusive development, where it is at the service of people, companies, communities and regions, while respecting environmental sustainability.

**Building upon innovation, Lafert has plotted a pathway towards sustainability that aims specifically at pursuing the following corporate objectives - driver**, also underlying its policies and management systems that regulate the processes and operations of the Company, consistently with sustainable development:





## INNOVATION FOR...

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

## Sustainable development goals

Lafert has always pursued an industrial development model that adheres to principles of sustainability, transparency and quality, making tangible commitments and adopting specific management and organisational structures, with the aim of creating shared value for all its stakeholders, for people, for the community and the region, while respecting the environment.



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

The current context and the megatrends underway require from companies a commitment to pursue economic objectives that are able to generate positive impacts also in environmental and social terms.

The implementation of a sustainable development policy by companies, as an element of the Group's core business, is indeed a lever for achieving the SDGs, jointly with specific projects and initiatives.

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

## SDG Action Manager

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

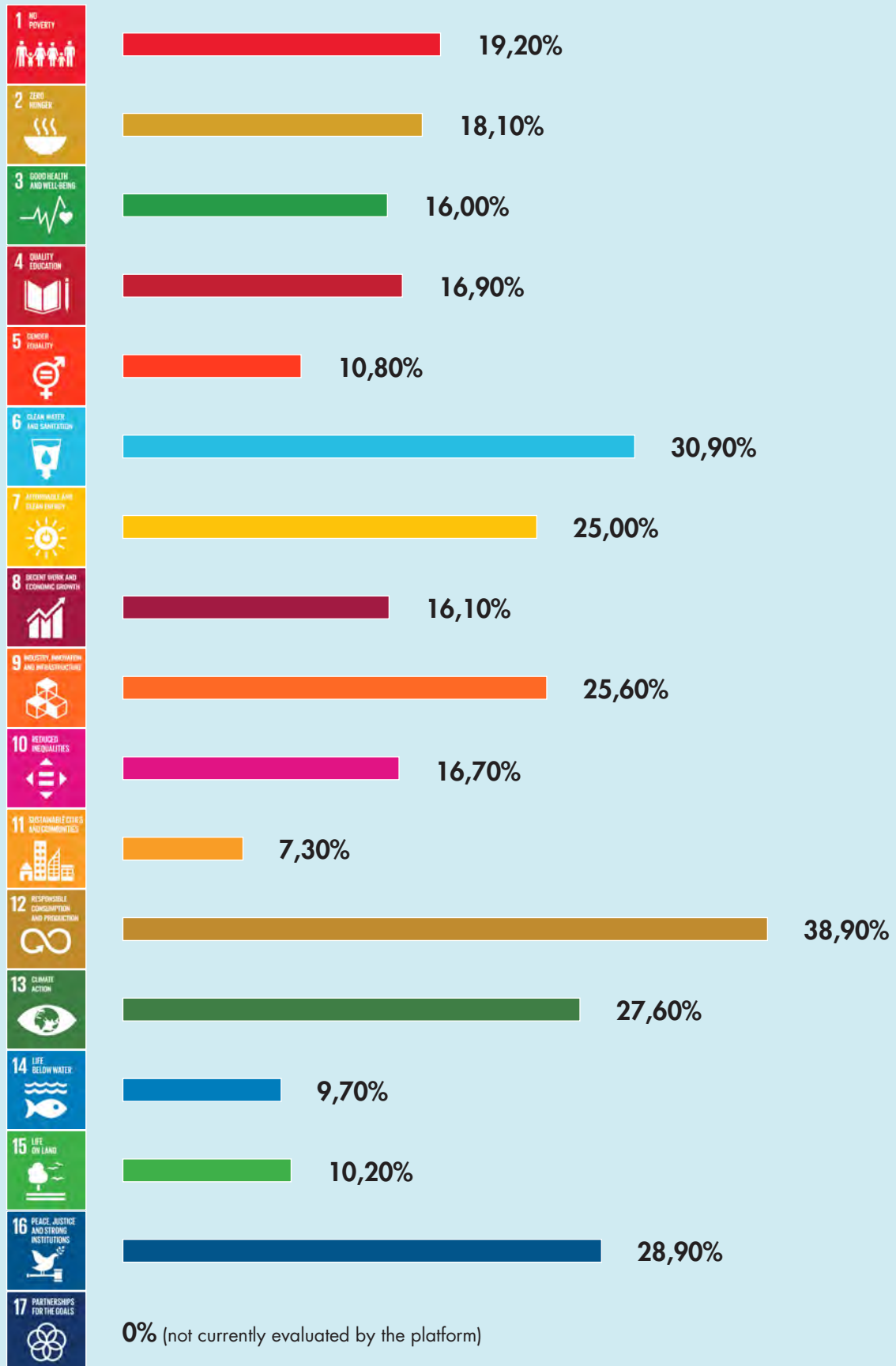


SDG Action Manager is a tool that measures how much a company is contributing to the achievement of the individual goal with respect to its potential.

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

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

### Lafert's contribution to SDGs



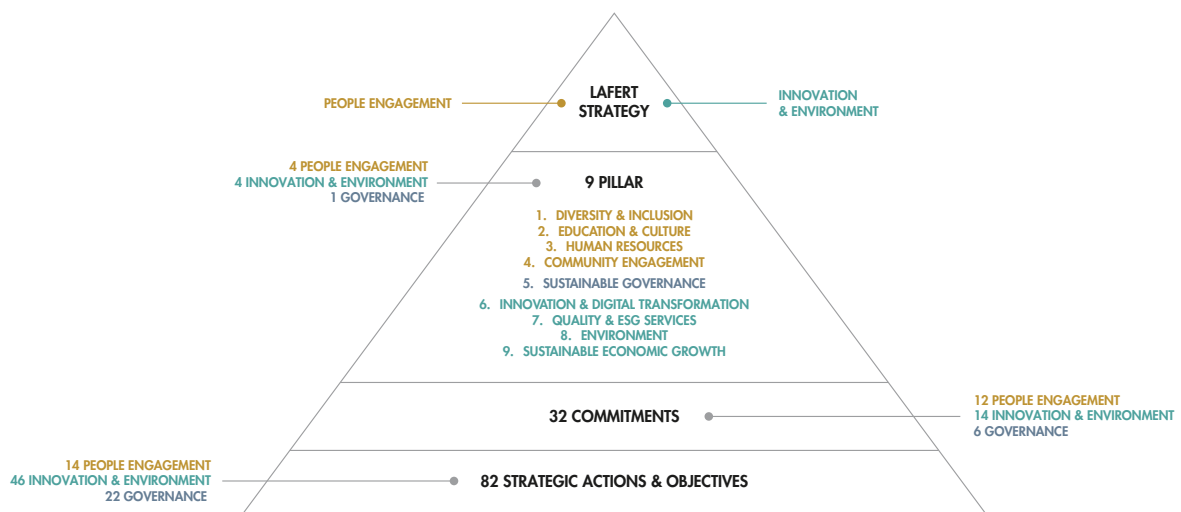
## Lafert Group Sustainability Plan

Innovation has always been the beating heart of Lafert, around which all ideas, projects, products, and development processes revolve. Innovation is fuelled by research, which nurtures the development of ideas and the sharing of knowledge, supporting the different market branches. However, when innovation is at the service of people, businesses, communities, and territories, and respects environmental sustainability, it also generates **sustainable and inclusive development**.

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






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





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

	<b>DIVERSITY &amp; INCLUSION</b>	<b>EDUCATION &amp; CULTURE</b>
<b>OBJECTIVES</b>	<b>Enhancing diversity and ensuring inclusion</b>	<b>Promote education and vocational training for the growth of people and the territory</b>
	Manage the diversity and equal opportunities	Develop the culture of internal resources through organizational initiatives and training
	Ensure the gender balance in career paths and recruitment	Develop the training on themes as ethics and transparency
	Exploiting merit and ensuring equal pay and career opportunities	
<b>MATERIAL TOPICS</b>	<ul style="list-style-type: none"> <li>Respect for human rights and protection of workers</li> </ul>	<ul style="list-style-type: none"> <li>Training and development of skills</li> </ul>
	  	   
	<b>HUMAN RESOURCES</b>	<b>COMMUNITY ENGAGEMENT</b>
<b>OBJECTIVES</b>	<b>Promote the well-being and development of employees' growth</b>	<b>Promote the development of the territory and the employees' growth</b>
	Improving the living conditions work and the business climate	Strengthen the dialogue with the institutions local and national level
	Strengthen the management of health and safety at work	Developing partnerships with schools, universities, non-profit organizations and local authorities
	Develop the corporate welfare system	Encourage initiatives of territorial regeneration
Improving the internal communication with employees		
<b>MATERIAL TOPICS</b>	<ul style="list-style-type: none"> <li>Respect for human rights and protection of workers</li> <li>Health and safety at work</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue and the engagement of stakeholders</li> <li>Support to the local community and territory</li> </ul>
	  	   

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

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



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

## 1.8 The business model

### The features of electric motors

Electric motors are used to perform a number of different functions and therefore must, as the need may be, perform different types of movement: in some cases fast, in others precise, or continuously and at constant speed, or with speed changes, etc. **In general, the task of an electric motor is to provide torque at a given speed.**

Furthermore, a motor may be required to perform several demanding activities, hence, in order to sustain them, the system must have appropriate size and electric power.

A first, fundamental distinction between electric motor types concerns the motor's size:

- **small-sized motors** are used in the compressors of air conditioners and refrigerators, in the cooling fans of electronic equipment and in countless commonly used devices;
- **medium-sized motors** are found in conditioning systems (HVAC), in lifts, in metros. They are also widespread in industry to operate pumps, conveyor belts, fans and mechanical movements of all kinds, in machines and in industrial automation systems;
- **the largest electric motors** are used on trains, funiculars, ship propulsion systems and heavy equipment used in mines and paper mills.

There is a further difference between synchronous and asynchronous motors.

- The **synchronous motor** is a type of alternating current electric motor in which the stator, generally three-phase, generates a rotating magnetic field. It cannot be started up directly from the mains and therefore requires a device for the purpose, such as an electronic converter (drive). For high powers it is the wound rotor type, while for powers up to a few tens of kW the rotor is the permanent magnet type. The latter type, thanks to the increasingly widespread use of electronic converters (drives), to its high efficiency and compact size, is used in a high number of applications ranging from computer HDs, as servomotors (as a suitable position transducer) in industrial automation and in robotics, but also more and more generally in variable speed applications such as pumps, fans, compressors, conveyor belts, including with sensor-less control.
- In the **synchronous reluctance motor**, unlike the previous type, the rotor is not the wound type or with permanent magnets but consists of ferromagnetic material in which 'barriers' are obtained in air and the torque originates from the tendency towards alignment between the rotating magnetic field of the stator and the rotor iron. Therefore, it does not require permanent magnets but with volume being equal, the torque is lower.
- The **asynchronous motor** is the most used and widespread type of motor and covers an extremely wide range of applications (industrial and residential) and power (from few W to MW), owing to its sturdiness and ability to be started up directly from the mains. It is made in the single-phase as well as three-phase version. The rotor is typically made with an aluminium cage (or copper as required), but it can also be of the wound type for high power ratings. The name asynchronous derives from the fact that the rotation speed of the rotor is slightly lower than that of the rotating magnetic field generated by the stator, by an amount called slip, which increases with the load. Applications are at fixed and variable speed (by using a drive) for lifting systems such as lifts or hoists, transport systems such as conveyor belts, ventilation, and air conditioning systems (air handling units), vacuum pumps, wind generators, without forgetting perhaps the most common use such as pumps and compressors.

## Electric motors and energy efficiency

The efficiency of electric motors may vary from the point of view of energy savings and this aspect significantly affects the purchase by industrial companies.

Choosing the optimal motor rating is an extremely significant aspect to consider: an oversized motor with respect to the task will consume an excessive amount of energy and deliver only a fraction of the available power, while a motor with insufficient power will waste energy due to overheating. This means that choosing the proper motor rating allows companies to save energy and money, while limiting their environmental impact. The efficiency of a motor is measured based on a scale published by IEC, the International Electrotechnical Commission. Nowadays, category IE1 and IE2 motors are considered obsolete.

**Some among the most recent motors reach the IE4 standard, which indicates energy dispersion is approximately 15% lower than IE3 motors, while the latest IE5 motors with 'ultra-premium' efficiency offer the highest efficiency level among all motors currently on the market.**

<b>IE1</b>	<b>IE2</b>	<b>IE3</b>	<b>IE4</b>	<b>IE5</b>
Standard Efficiency	High Efficiency	Premium Efficiency	Super-Premium Efficiency	Ultra-Premium Efficiency

## Energy efficiency and the role of drives

In addition to the installation of a state-of-the-art permanent magnet motor, further energy efficiency may be obtained through the combination of a high efficiency motor with a variable speed drive.

A variable speed drive indeed allows an electric motor to be controlled in such a way as to optimise its operation. This is achieved by regulating the speed and torque of the motor based on the system's load requirements.

By using a suitable drive, the electric motor revolves exactly at the speed required by the underlying load, with significant power savings, thus increasing efficiency.

**By combining a variable speed drive with the motor of a pump, fan or compressor, the energy consumption is typically reduced by 25%.**

Despite that, according to the estimates, only 23% of industrial motors installed worldwide are currently coupled to a drive. This percentage is expected to increase to 26% in the next five years, but further significant savings might be obtained if the implementation rate were higher.

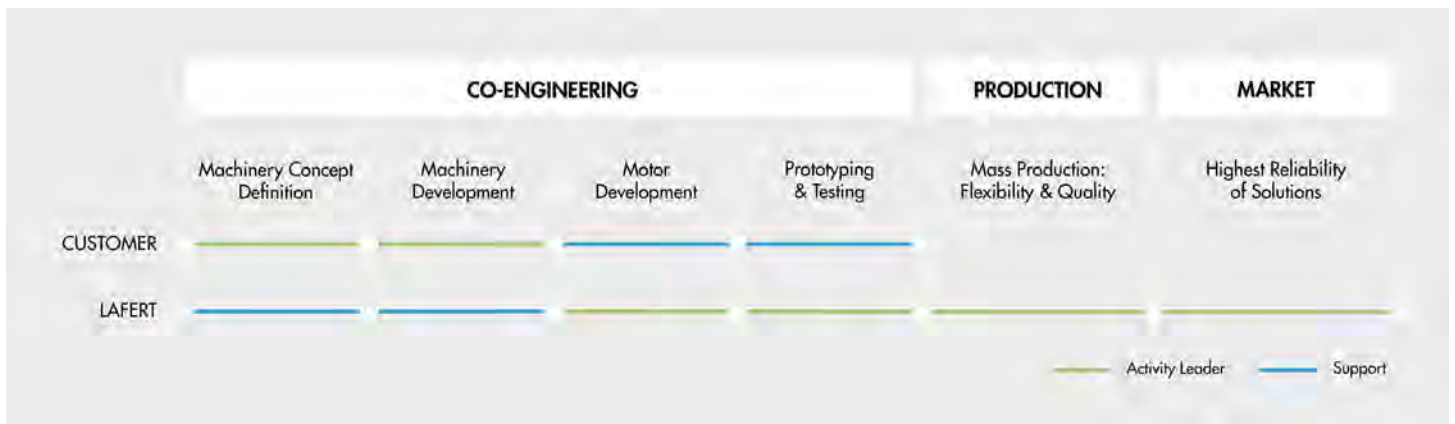
## The business model and the value chain

Leader in market segments focused on Energy Efficiency, Lafert produces super-efficient, compact-sized motors, with far higher performances than the limits of the current regulations, and it is always ready to study new technologies and exceed new standards.

Thanks to the control ability, compact size and precision in rapid short and segmented movements, Lafert’s motors are perfectly suited to all Industrial Automation systems.

**Lafert’s core business is asynchronous, synchronous motors, servomotors and drives, wholly customised when required, which are innovative and developed to provide Lafert quality to the sectors of Energy Efficiency and Industrial Automation. With 60 years of experience and partnerships with international players, Lafert stands for innovation that evolves, does not stop and continues looking ahead towards “endless integrated solutions”, combining a motor, a gear and a frequency converter in one single package.**

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



## Co-Engineering

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

## Production

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

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



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

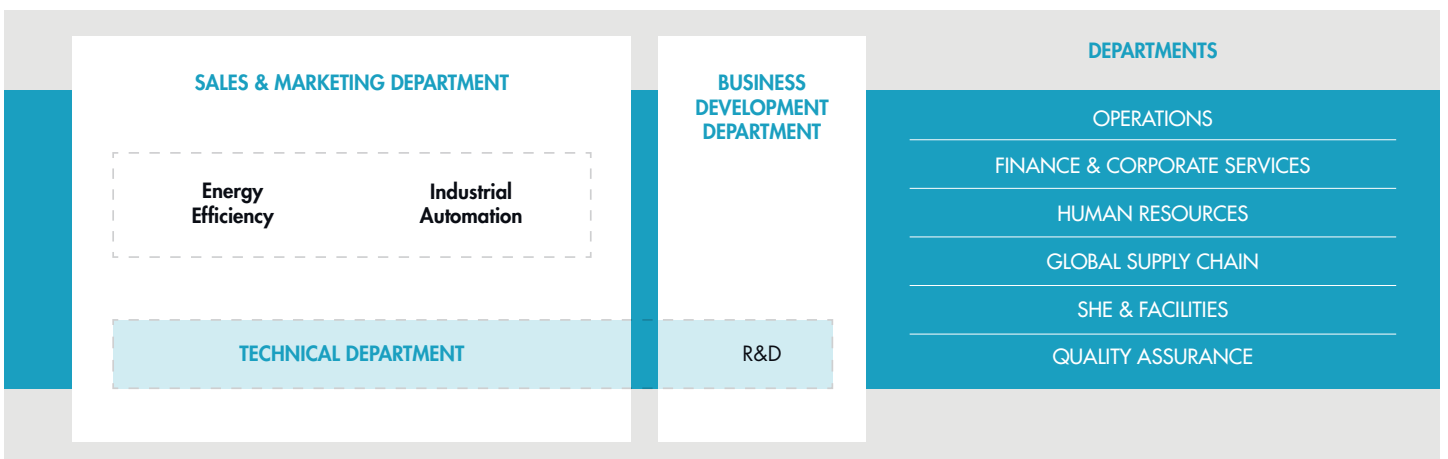
### Distribution

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

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

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

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

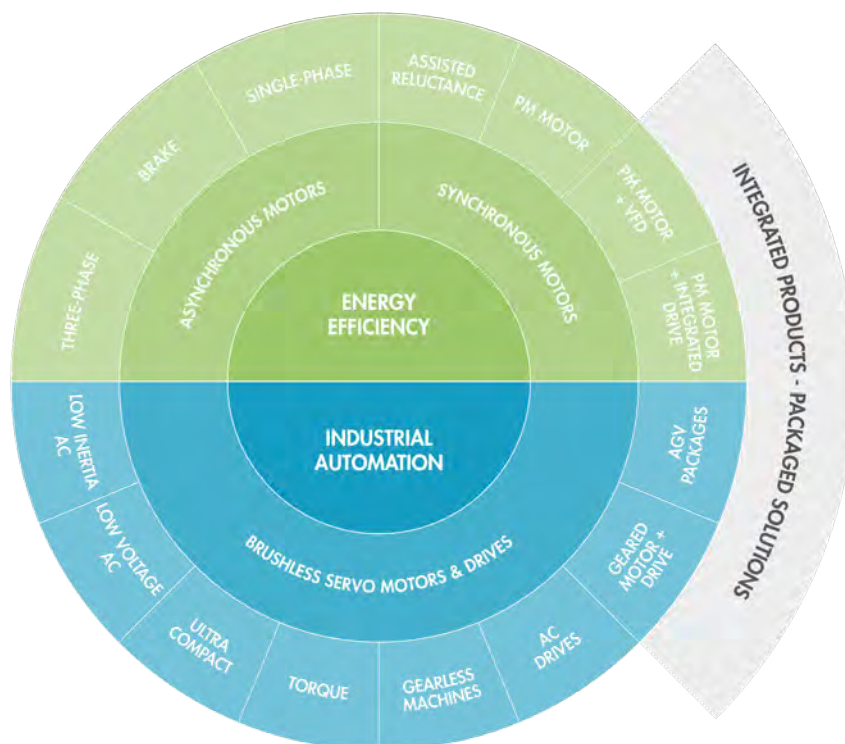


## The product lines

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

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

**Among the very first to develop high efficiency motors thanks to the use of the permanent magnet technology, assuring the highest energy performance.**



Brushless servomotors assure high performance in speed, precision and control. Owing to the features and functions, applications for the brushless motor are countless, in the sector of robotics, mechanics and electronics. At the same time, use of these motors is widespread especially in the industrial field, in so-called automatic machines, which require precise and rapid movements. Lafert provides customised, extremely efficient solutions and complete packages with dedicated drives.

The main product lines are as follows:

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



## 1. PM Synchronous Motors - IE4/IE5

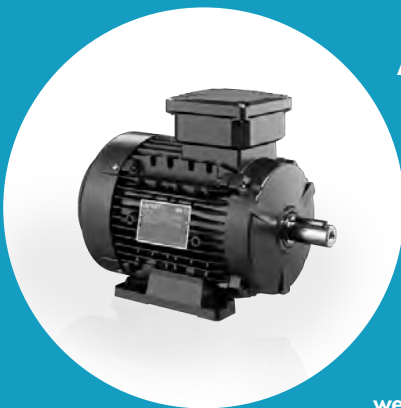
**High Performance (HP) is a generation of PM (Permanent Magnet) Synchronous Motors, achieving IE5 Super Premium Efficiency level, that offer improved electrical efficiency and a very compact design.**

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

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

This range of motors includes the following series:

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



### A) PM stand-alone motor -IE4/IE5

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

**With higher efficiencies than standard AC induction motors, the HP range also enhances the power/weight ratio, thereby allowing for significant size and weight reductions down to 50%.**

Thanks to the torque and the high efficiency, available through the complete speed range, the HPS series is targeted to both quadratic torque applications, typically in HVAC, as well as to constant torque applications like material handling, air compressors and vacuum pumps. These applications require high performances in continuous operation under variable speed, reducing the operating cost and weight/size of the system.

The motor range is based upon Surface Mounted Permanent Magnet (SMPM) design. PM motors typically use rare earth elements such as Samarium and Neodymium in the construction of the magnet elements. Furthermore, in order to address market challenges and multiple application needs, **Lafert has introduced for specific projects a cost effective Interior Permanent Magnet (IPM) design and Surface Mounted Permanent Magnet (SMPM) design and introduced different magnet elements more readily available, without applying rare earth magnets.**



## B) PM motor and drive package – IE5

HP Combi is two-in-one, an innovative marriage between a permanent magnet synchronous motor and a variable frequency drive. The Combi package combines the IE5 Ultra Premium Efficiency of our permanent magnet synchronous motors with our variable frequency drive (VFD), achieving the highest energy efficiency standards.

**The maximum speed control thanks to the VFD, the system optimisation assured by a single supplier and our extremely high efficiency permanent magnet motor enable energy savings and a reduction in energy supply costs of up to 50%.**

The main advantages of HP Combi are:

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

The variety of configurations cover a wide range of industrial and commercial applications. In fact, HP Combi is designed for both variable torque applications, typically in HVAC, and for constant torque applications such as material handling, air compressors and vacuum pumps.



## C) PM motor with integrated drive – IE5

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

**The original shape of the product combines the superior efficiency of each individual component with variable speed control and maximum compactness, achieving better performance than asynchronous motors in larger sizes.**

The main advantages of HP Integral are:

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



## D) Integrated Direct Drive motor

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

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

The number of fan RPMs is controlled by a drive built into the motor.

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

## 2. Asynchronous Motors - IE2/IE3



Asynchronous Motors have a significant impact on the total energy operation cost for industrial, institutional and commercial buildings. Today, the major factor influencing the motor industry is energy efficiency, driven by both increasingly demanding legislation and industry's greater awareness of green issue responsibilities.

The range includes the following motors:

- The series **Premium Efficiency IE3** assures conformity to minimum efficiency requirements (MEPS) set by the various EU countries, and to the mandatory NEMA/EISA requirements in the USA and Canada.
- The **High Efficiency IE2** series assures a reliable and robust product, that fully complies with the requirements of the IE2 efficiency class, mandatory in Europe for all motors from 0.12 to 0.55 kW, and in other countries around the world.
- **Two Speed Motors** make it possible to adjust the power consumed based on the needs of the application and thus provide significant energy savings and consequent reduction in CO<sub>2</sub> emissions, since they can be used at low speed, reducing the power input.

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

### 3. Brake Motors

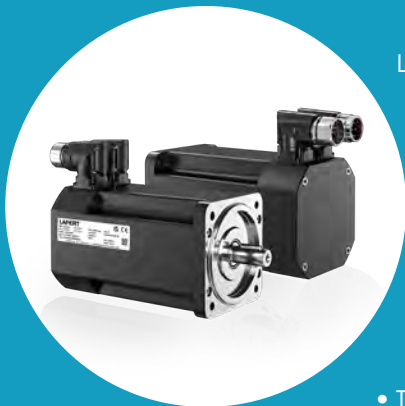


Lafert's Brake Motors are engineered according to the customer's specification. Total control over all aspects of production permits multiple design options including flanges, shafts, brakes plus optimum resistance to external agents and offshore environments for paints, seals, and magnet surfaces.

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

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

### 4. Brushless Servo Motors



Lafert's know-how in manufacturing permanent magnet motors is combined with the company's on-going drive for excellence and its ability to offer non-standard solutions, all of which is invested in this product range. On-going research and development, often in conjunction with customers, continues to bestow superior performance in terms of speed, accuracy and control to satisfy application needs. The range of Brushless Servo Motors is one of the most complete available on the market with wide range of nominal torques from 0.18 to 390 Nm and includes:

- The range of Direct Drive Motors covers a range of torques from 10 to 500 Nm.
- The entire range is available with ATEX Certification - Zone 2 and 22, for use in potentially explosive areas.

**The Ultra Compact range is the very latest addition, developed to achieve high dynamic performance in minimum dimensions.**

**Available in 5 ratings, the power, precision, compactness and availability to co-design with the customer allow to create high performing machines. An ideal solution for all applications that require dynamic performance and maximum power density.**

This type of motors is used mainly for **Textile Machines, Machines for Plastic and Rubber, Packaging / Labelling Machines, Printing Machines, Robotics.**

## 5. Integrated Solution for AGVs



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

## 6. Gearless Machines for Lifts



Lafert's LIFT range has established the company internationally as one of leading manufacturer. The motor's innovative design, with its protected encoder and no external cabling, offers compactness and low weight, ideal for home lift systems or new concept M.R.L..

Its novel inner rotor and fractional slot gearless technology are of products of Lafert's in-house design and manufacturing expertise. It provides the highest levels of performance and energy efficiency plus enhanced response to satisfy today's needs and trends in the elevator market: higher speed to greater heights.

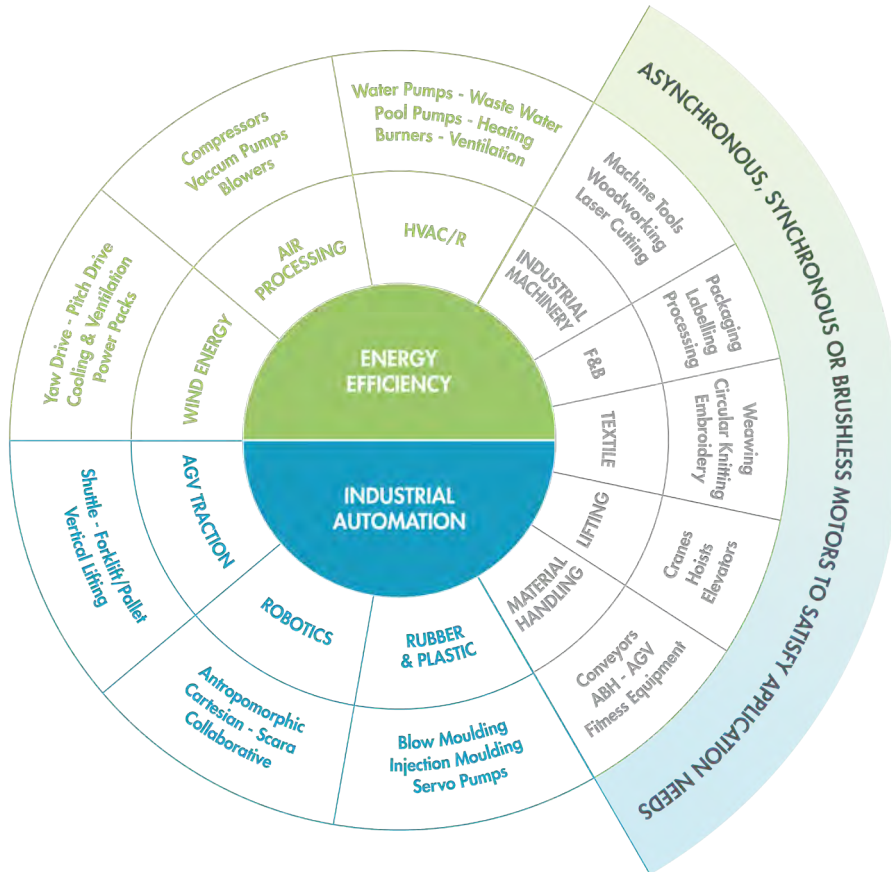
## 7. Servo Drives



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

## The distinctive features of Lafert’s business model

Strongly focused on the market, we have acquired unbeatable know-how in various applications, including very special ones. Lafert’s motors and servomotors are wholly customisable to assure the best performance to any environmental condition and industrial system.



The main distinctive features are as follows:



### Continuous growth

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



### Integration with Sumitomo

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



### Business Development

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



## 1.9 Materiality analysis

Stakeholders are those subjects (individuals or groups) that are vested with diverse interests in a company and with whom a company interacts in its operations. The engagement of stakeholders not only makes it possible to understand their needs, expectations and assessments, but also allows the company to better define its strategies and business objectives, assessing change, risks and opportunities.

**Lafert's relations with its stakeholders are carried out through differentiated tools and channels for dialogue according to the various categories of stakeholders, consistently with their level of interdependence and influence on the organisation.**

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

## Material topics

The relevant aspects to balance on the Sustainability Report in adherence to the GRI Standards 2021 (GRI 3 – material topics) are those reflective of the significant economic, environmental, and social impact of the organization. The first step in non-financial reporting consists in identifying through the so-called “materiality analysis” the topics of sustainability which are most significant for the Organization.

Such topics are defined as “material” inasmuch they are associated with the most significant impacts (either positive or negative, real or potential, short- or long-termed) that the business is or might be able to generate on the economy, environment and people, including the impacts on human rights as well.

Following the approach of the European Union, as defined by the Communication from the European Commission published in June 2019 and containing the guidelines on the climate change notice in which in the NFR / Non-Financial Reporting Directive 95/2014, the material topics are the sustainability matters which may generate significant impacts on the development, performance, and value of a company. At the same time, a material topic is defined by the relationship between the matters and topics of social and environmental aspects upon which a company might have a relevant impact through its activity. The two “trajectories” of materiality are interlinked with each other.

In the course of 2023, no significant events occurred that would have led to a revision of the materiality analysis. For this reason, the Group’s corporate management has considered the same ESG themes and impacts defined in the 2022 financial year as “materials”.

The ESG material topics for Lafert Group were identified through a so-structured investigation:

- analysis of the existing company documentation;
- analysis of public documents, articles, statistics and observatory results based on the type of international standards and frameworks adopted for sustainability reports;
- analysis of the characteristics of the industry affiliation, in order to identify the key topics on which competitors and comparable manufacturers also tend to focus.

Concerning this last point, considering the absence of the GRI Sector Standard for the industry affiliation of Lafert, a preliminary benchmark analysis was conducted through the examination of the websites and public documents of companies rated as “best-in-class” or “comparable” on the subject of non-financial reporting. Such analysis took into account the following elements:

- the presence of non-financial documentation/reports;
- the type of published documentation (ex: Sustainability Report, Non-Financial Declaration, Integrated Report, Social Report, etc.);
- the used report standards and related levels of application;
- the presence of a materiality matrix or a list of material topics;
- the type of topics defined as material for such companies.

This analysis allowed the identification of sustainability topics leading to 4 different macro-areas: Governance, economic and service Responsibility, Social Responsibility, and Environmental Responsibility.

The identified impacts were clustered according to their relative affinity level, in order to obtain a more limited list of 27 ESG topics.

Particularly, the evaluation of the level of “relevance” of the ESG impacts connected to each topic accounted for the following elements:

- **scale:** entity (in the positive or negative sense, depending on the case) of the impact directly or indirectly generated by the business activities;

- **range**: spread of the impact expressed in geographical terms (ex: local level, national level, etc.), considering the number of stakeholders involved, etc.;
- **character of remediability**: measure by which it is possible either to mitigate or remedy the impact once it already took place (to be taken into account only for the negative impacts);
- **probability**: probability by which said impact might take place in the short, medium or long term (to be taken into account only for potential impacts).

To identify the topics and the truly “material” ESG impacts for the Lafert Group, a so-called “**materiality threshold**” was defined, considering for each macro field, 50% of the topics that obtained the highest priority threshold.

At the end of the process, the obtained results underwent discussion and validation by the managing board.

The following chart highlights, for each identified material topic, the reasons for the relevance of the topic (impacts generated on the economy, environment, and people), the related KPIs which were reported, and the monitoring processes which were adopted.

Material issues	Impacts and relevance of the theme	KPI/GRI Standards	Commitments, policies and monitoring tools
<b>Governance</b>			
<b>Ethics and integrity in business conduct</b>	<ul style="list-style-type: none"> <li>• Possibility of positively or negatively affecting the management of financial resources for the benefit of society and the economic ecosystem in which it operates.</li> <li>• Possibility of positively or negatively affecting the maintenance of relations with the main stakeholders with whom the Organization interacts.</li> </ul>	GRI 2-27 GRI 205-1 GRI 205-2 GRI 205-3 GRI 206-1 GRI 207-1	<ul style="list-style-type: none"> <li>• Code of Ethics and Conduct</li> <li>• Organization, Management and Control Model ex D.lgs. n. 231/01</li> <li>• Sustainability Plan</li> </ul>
<b>Transparent governance and sustainability risks management</b>	<ul style="list-style-type: none"> <li>• Possibility of having a positive or negative impact on the protection of legality and the prevention of illegal behaviour.</li> </ul>	GRI 2-27 GRI 205-1 GRI 205-2 GRI 205-3 GRI 206-1 GRI 207-1	<ul style="list-style-type: none"> <li>• Code of Ethics and Conduct</li> <li>• Organization, Management and Control Model ex D.lgs. n. 231/01</li> <li>• Risk management system (ERM)</li> </ul>
<b>Involvement and dialogue with stakeholders</b>	<ul style="list-style-type: none"> <li>• Possibility of positively or negatively affecting the social and economic conditions of the territory and local communities.</li> <li>• Possibility of positively or negatively affecting involvement and participation in social inclusion activities.</li> <li>• Possibility of positively or negatively affecting the management of financial resources for the benefit of society and the economic ecosystem in which the organization operates.</li> </ul>	GRI 2-26 GRI 2-29 GRI 413-1	<ul style="list-style-type: none"> <li>• Stakeholder engagement</li> </ul>

Material issues	Impacts and relevance of the theme	KPI/GRI Standards	Commitments, policies and monitoring tools
<b>Economic Capital</b>			
<b>Creation and distribution of generated wealth</b>	<ul style="list-style-type: none"> <li>• Possibility of positively or negatively affecting the management of financial resources for the benefit of the company and the economic ecosystem in which it operates (eg: reference sector, geographical district, etc.).</li> <li>• Possibility of positively or negatively affecting the maintenance of relations with the main stakeholders with whom the Organization interacts.</li> <li>• Possibility of positively or negatively affecting the ability to retain human resources, attract new ones and ensure employment stability.</li> </ul>	GRI 201-1 GRI 203-1	<ul style="list-style-type: none"> <li>• Group Industrial Plan</li> <li>• Stakeholder Engagement</li> <li>• Take measures to ensure business continuity, financial stability and profitability</li> </ul>
<b>Economic strength and resilience</b>	<ul style="list-style-type: none"> <li>• Possibility of positively or negatively affecting the management of financial resources for the benefit of the company and the economic ecosystem in which it operates (eg: reference sector, geographical district, etc.).</li> <li>• Possibility of positively or negatively affecting the maintenance of relations with the main stakeholders with whom the Organization interacts.</li> <li>• Potential to have a positive or negative impact on attractiveness to investors and capital providers.</li> </ul>	GRI 201-1 GRI 203-1	<ul style="list-style-type: none"> <li>• Group Industrial Plan</li> </ul>
<b>Productive Capital</b>			
<b>Product quality, safety and reliability</b>	<ul style="list-style-type: none"> <li>• Possibility of positively or negatively affecting the well-being of customers, in terms of the absence of toxic materials/substances in the products offered by the company.</li> </ul>	GRI 416-1 GRI 416-2 GRI 417-1	<ul style="list-style-type: none"> <li>• Quality Management System ISO 9001</li> <li>• Product certifications</li> </ul>
<b>Technological innovation and digitisation</b>	<ul style="list-style-type: none"> <li>• Possibility of positively or negatively affecting the management of financial resources for the benefit of society and the economic ecosystem in which it operates.</li> <li>• Possibility of positively or negatively affecting the availability in the markets of products and services able to meet the needs of customers.</li> </ul>	GRI 203-1	<ul style="list-style-type: none"> <li>• Quality Management System ISO 9001</li> </ul>

Material issues	Impacts and relevance of the theme	KPI/GRI Standards	Commitments, policies and monitoring tools
<b>Human Capital</b>			
<b>Respect for human rights and protection of workers</b>	<ul style="list-style-type: none"> <li>• Possibility of having a positive or negative impact on the protection of the fundamental rights of the members of the company's staff and of all the collaborators with whom the Company deals.</li> </ul>	GRI 401-1 GRI 406-1	<ul style="list-style-type: none"> <li>• Code of Ethics and Conduct</li> <li>• Suppliers' Code of Ethics</li> <li>• Whistleblowing System</li> <li>• Monitoring of incidents of discrimination</li> <li>• Gender Equality certification UNI/Pdr 125:2022</li> <li>• Human Resources Management – Diversity and Inclusion ISO 30415</li> </ul>
<b>Occupational health and safety</b>	<ul style="list-style-type: none"> <li>• Possibility of positively or negatively affecting the guarantee of safety and health of staff by reducing accident rates within the Company and the levels of related work stress accused by company staff.</li> </ul>	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-8 GRI 403-9 GRI 403-10	<ul style="list-style-type: none"> <li>• Commitment of accident monitoring, also through the risk assessment document (RAD) update</li> <li>• Quality Management System ISO 9001</li> <li>• Health and Safety Management System ISO 45001</li> </ul>
<b>Training and development of skills</b>	<ul style="list-style-type: none"> <li>• Possibility to positively or negatively affect the opportunities of each employee to undertake a career path and to fully realize their potential.</li> <li>• Possibility of positively or negatively affecting the availability of pathways aimed at strengthening and developing professional skills and competences.</li> <li>• Possibility of positively or negatively affecting the ability to retain human resources, attract new ones and ensure employment stability.</li> </ul>	GRI 404-1 GRI 404-2	<ul style="list-style-type: none"> <li>• Commitment to training</li> <li>• Gender Equality certification UNI/Pdr 125:2022</li> <li>• Human Resources Management – Diversity and Inclusion ISO 30415 (Diversity and inclusion training)</li> </ul>
<b>Relational Capital</b>			
<b>Responsible management of the supply chain</b>	<ul style="list-style-type: none"> <li>• Possibility of positively or negatively affecting the management of environmental and social impacts along the entire supply chain (e.g.: greenhouse gas emissions, energy and water consumption, responsible selection of materials, health and safety of workers, protection of human rights, appropriate remuneration policies, etc.).</li> <li>• Possibility of positively or negatively affecting the availability of products/services with sustainability characteristics.</li> <li>• Possibility to influence positively or negatively the quality of work and respect for human rights along the supply chain.</li> </ul>	GRI 2-6 GRI 204-1 GRI 308-1 GRI 414-1	<ul style="list-style-type: none"> <li>• Suppliers' Code of Ethics</li> </ul>

Material issues	Impacts and relevance of the theme	KPI/GRI Standards	Commitments, policies and monitoring tools
<b>Relational Capital</b>			
<b>Satisfaction and customer relationship management</b>	<ul style="list-style-type: none"> <li>• Possibility to positively or negatively affect the realization and satisfaction of customer needs in terms of product offer and quality of services.</li> </ul>	GRI 416-1 GRI 416-2 GRI 417-1 GRI 418-1	<ul style="list-style-type: none"> <li>• Periodic survey plan</li> <li>• CRM</li> </ul>
<b>Support to the local community and territory</b>	<ul style="list-style-type: none"> <li>• Possibility of positively or negatively affecting the social and economic conditions of the territory and local communities.</li> <li>• Possibility of positively or negatively affecting involvement and participation in social inclusion activities.</li> <li>• Possibility of positively or negatively affecting the management of financial resources for the benefit of society and the economic ecosystem in which the organization operates.</li> </ul>	GRI 201-1 GRI 413-1	<ul style="list-style-type: none"> <li>• Donations and initiatives to support the territory</li> </ul>
<b>Environmental Capital</b>			
<b>Fighting climate change</b>	<ul style="list-style-type: none"> <li>• Possibility of positively or negatively affecting the protection of ecosystems and safeguarding biodiversity.</li> <li>• Possibility of having a positive or negative impact on the protection of local communities and territory with respect to exposure to extreme weather events (eg: floods, floods, hurricanes, desertification, etc.).</li> </ul>	GRI 305-1 GRI 305-2	<ul style="list-style-type: none"> <li>• ISO 14001</li> <li>• Annual comparison and verification of emission reduction results</li> </ul>
<b>Energy efficiency and sustainable products</b>	<ul style="list-style-type: none"> <li>• Possibility to positively or negatively affect energy costs through energy efficiency actions and projects.</li> <li>• Possibility of having a positive or negative impact on the protection of local communities and territory with respect to exposure to extreme weather events (eg: floods, floods, hurricanes, desertification, etc.).</li> </ul>	GRI 302-1	<ul style="list-style-type: none"> <li>• Environmental Management System Certification ISO 14001</li> <li>• Sustainable Packaging</li> </ul>
<b>Waste Management</b>	<ul style="list-style-type: none"> <li>• Possibility of positively or negatively affecting the protection of the environment and safeguarding natural resources.</li> <li>• Possibility of positively or negatively affecting the health and well-being of local communities through proper and responsible waste management.</li> <li>• Possibility of positively or negatively affecting the sensitivity and awareness of staff and consumers on proper waste management and disposal, reuse and recycling practices.</li> </ul>	GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5	<ul style="list-style-type: none"> <li>• Sustainable Packaging</li> </ul>



# 2. Governance

- 2.1 Responsible company management
- 2.2 The governance
- 2.3 The organisational structure
- 2.4 The Organisation, Management and Control Model  
ex D.lgs. n. 231/01
- 2.5 Code of Ethics
- 2.6 The Management Systems
- 2.7 Risk management
- 2.8 External initiatives and Memberships
- 2.9 Cybersecurity and Data protection
- 2.10 Regulatory Compliance





## HIGHLIGHTS | Governance

- Lafert strongly believes that the definition of specific procedures aimed at regulating the management of the Group by creating added value is fundamental to pursue the responsible and sustainable success of the Company.
- Added to this, the influence by the Sumitomo Group, which is highly sensitive to sustainable issues, has led Lafert to create, on a voluntary basis, the Sustainability Report, the Sustainability Plan and the Home-Work Travel Plan.
- In March 2023, Lafert set up a Sustainability Committee and intends to raise awareness of sustainability themes within the Group through periodic newsletters and specific training courses, dealing with issues such as transparent governance, gender equality, discrimination, and inclusion, etc.
- During 2023 Lafert undertook several projects for the acquisition of new certifications and the extension of existing certifications in the various Italian plants.
- In 2023, the latest version of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001 was approved, which integrates the new post-merger organisational structure by extending the scope to the Noventa di Piave, Bologna and Fusignano plants and the regulatory changes that occurred.
- The specific Suppliers' Code of Ethics has also been created and already signed starting from 2023.
- In 2023, Lafert SpA implemented the whistleblowing system: an internal digital reporting system which guarantees high standards of safety and protection, allowing violations to be reported easily and anonymously.

## 2.1 Responsible company management

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

The Company, consistently with the traditional alignment of the Group with best practices in corporate governance, has defined a system of corporate governance rules that pays attention to external communication, in order to promote transparent, timely and complete information to stakeholders regarding the company's strategic and operational developments. The sensitivity towards sustainable topics is also a chief priority for the Sumitomo holding company. To this end, in March 2020, the SHI Group established with the resolution of the Board of Directors the "Group Sustainability Policy". The goal of this policy is to integrate sustainability into business activities, paying particular attention to the development of products and services which contribute to sustainable growth, technological and economic development, and a reduction to the minimum in the environmental impact of the production. In March 2021, a Sustainability Committee was nominated in direct contact with the Board, with the task of monitoring the medium- and long-term strategy of the Group. **Proving their commitment to the topics of sustainability, in 2022 Sumitomo Heavy Industries, Ltd. obtained the "Bronze Rating" from Eco Vadis in February 2024.** Being part of the Sumitomo Group, Lafert Group is heavily influenced by this sensitivity and so, it has voluntarily outlined the **Sustainability Report**, the **Sustainability Plan**, and the **Mobility Plan**.

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

During the year 2023, aside from outlining the second Sustainability Report 2022 and the Sustainability Plan 2023-2026 with a medium-long-term perspective (considering all the goals and actions herewith contained), Lafert also decided to achieve some certifications, such as the **Legality Rating** or the **ISO 37001:2018 "Anti-Bribery Management System"**, the **ISO 30415:2021 "Diversity&Inclusion"** and the adherence to the procedure **UNI PDR 125:2022 "Guidelines on the management system for gender equality"**, where the adherence to the latter will require a considerable and remarkable effort. In addition to the ex-novo achievement of certifications such as the aforementioned ones, Lafert Group will periodically update and extend to the Group perimeter the already obtained certifications, such as ISO 9001:2015 "Quality Management System", ISO 45001:2018 "Safety Management System", ISO 14001:2015 "Environmental Management System". The picture offered shows an ever-growing sensitivity to the achievement of a mature and responsible company management, with particular regard towards the topics of sustainability, ethics, transparency, environmental protection and respect of human rights. In the event that Lafert were to cause negative impacts of any kind, the company would implement a series of activities aimed at analysing the causes and impacts detected, the level of severity that has occurred, the consequences caused and possible alternative or ameliorative solutions that would make it possible to avoid such a situation in the future. Generally speaking, with reference to negative impacts caused by a product, a process or internal activities, Lafert, even though in recent years it has not found that it has caused any negative impacts, sets itself the primary objective of resolving the situation or the damage caused in the best possible way, analysing in depth the causes that led to the occurrence of such an event and making substantial changes or improvements in internal products/processes so that such episodes can be avoided in the future.

## 2.2 The governance

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

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

On April 26<sup>th</sup>, 2021, KPMG S.p.A. was appointed to carry out the **statutory audit** of the accounts. This mandate is valid until the approval of the financial statements as at December 31<sup>st</sup>, 2023.

In 2024 the position was renewed for the period 2024-2026.

The **"Supervisory Body"** (S.B.) has a control function. It had been already present in Lafert in monocratic form but, given the considerable size reached by the Group over the years, the Company Management has taken the decision to make it a collegiate-type body, whose appointment took place on March 23<sup>rd</sup>, 2022.

In 2024 the Board of Directors established the following Committees:

1. Sustainability Committee called to carry out an analysis of activities aimed at concretizing the Company's commitment to sustainable development for example in relation to issues of climate transition and technological innovation or local development.
2. Privacy Committee called to define the main implementation projects of the legislation to protect the privacy of personal data.
3. Anti-Bribery Committee that monitors the application of the existing anti-corruption system and evaluate possible updates thereof.
4. IMS (Integrated Management System) committee called to share and define the objectives, risks and KPIs for each business area for the purpose of an integrated system management and vision.

The chairmen of the Committees report the most important issues to the Board of Directors. The members of each Committee have different skills and professionalism in order to enhance the areas of membership within the Committee.

### The Board of Directors

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

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

The current members of the Board of Directors were nominated on 21<sup>st</sup> April 2023 to remain in charge for the next three years. At the end of 2023, Councillor Shoko Takita resigned with effect from January 1<sup>st</sup>, 2024.

Board of Directors	
Shaun Dean	Chairman
Cesare Savini	Chief Executive Officer (CEO)
Florian Butzmann	Director
Akira Yamamoto	Director
Shoko Takita	Director
Joris Felicitas F. Blommaerts	Director

Board of Directors – Diversity (gender – age groups)					
Women		Men		Total	
N. 1	17%	N. 5	83%	N. 6	100%
Younger than 30		Between 30 and 50		Older than 50	
N. 0	0%	N. 2	33%	N. 4	67%

The Board of Directors is vested with the widest powers for the ordinary and extraordinary management of the Company and all the powers necessary for implementing and achieving the corporate purposes that are not strictly reserved to the Shareholders' Meeting by law or by the Statute.

The Board of Directors has the following powers, among others<sup>1</sup>:

- power of company representation vis-a-vis several parties;
- power to make expenditures, investments and general expenses, and to stipulate the related contracts;
- power to enter contracts for purchase and sale and to modify their terms and conditions;
- power to withdraw cash from bank accounts;
- power to negotiate with banks, credit institutions and financial institutions;
- power to comply with the applicable regulatory fulfilments;
- power to perform activities concerning personnel management and organisation.

The Board of Directors meets periodically, on average every quarter, to discuss the economic and financial trend of the Group and the commercial strategies for the pertaining business. Moreover, the very same is informed, trained and approves the new projects which Lafert undertakes regarding sustainable development.

During the actualization of the new projects, the managers and members of the Board of Directors are preliminarily involved regarding the instance of approval in order to accept possible observations and/or suggestions. The existing dialogue between the management and the members of the Board of Directors is considered an essential and constant element of Lafert Group. Focusing on the topics of sustainability, the BoD is informed since the beginning of the projects started concerning these aspects; the members are involved and educated on the related topics, concluding the process by the approval of such projects.

The BoD delegates its executive function of the management of the Group regarding the topics of economy, environment and governance to the so-called **Lafert Group Management Team**, a body made up of five directors (with reference to the following areas: Finance & Corporate Services, Sales, Operations, Business Development, and Human Resources) and one CEO.

<sup>1</sup> For greater detail, refer to the company registration certificate.

The Management Team meets periodically with the members of the BoD regarding the progress, results, and current state of the company activities. Moreover, on a trimestral basis (or more frequently when needed), a formal meeting is held to discuss the relevant topics in regards to the Group administration and results.

The BoD independently evaluates the matters brought to their attention by delegating the achievement of the validated corrective actions to the Management Team, which will act firsthand.

During the examined time period, the Board of Directors was not informed of any particular criticalities.

### The Board of Statutory Auditors

**The Board of Statutory Auditors oversees compliance with the law and the Statute, compliance with the principles of fair management and in particular the adequacy of the organisational, administrative and accounting structure adopted by the company and its effective functioning.**

The Board of Statutory Auditors consists of 5 members appointed by the Shareholders’ Meeting: a chairman, two 2 standing and two 2 alternate auditors.

The current Board of Statutory Auditors was appointed on April 26<sup>th</sup>, 2021 and shall remain in office until approval of the 2023 Financial Statements. The Shareholders’ Meeting of 29 April 2024 renewed the mandate for the three-year period 2024 - 2026.

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

## 2.3 The organisational structure

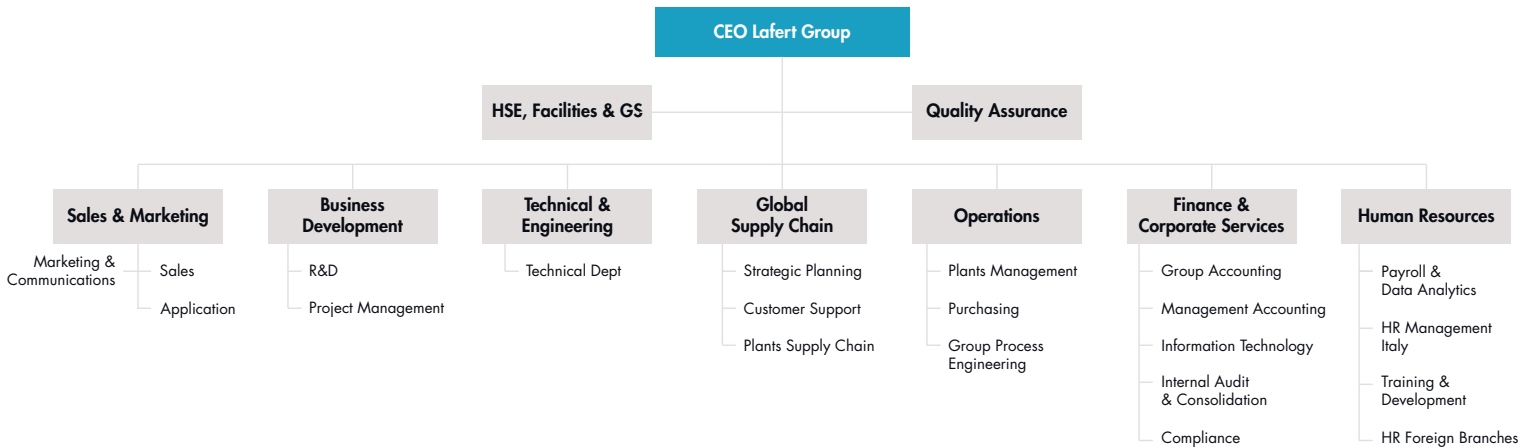
The organisational structure expresses the system of roles, powers, delegations, decision-making processes and company procedures, providing a clear identification of each person’s tasks and responsibilities with respect to company activities.

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

To incorporate the tasks into its policies, so as to develop a responsible business conduct, Lafert structured an organization chart which displays all the positions, roles, and responsibilities. Moreover, the company relies on a file named “Authorization Chart” which displays all the internal procedures of approval. Each year, a budget is outlined which defines the strategic goals to achieve and their referring supervisor.

Following this event, the organizational structure of Lafert S.p.A. was revised, identifying variations in tasks, roles, and responsibilities.

Here follows the updated company organizational chart of Lafert S.p.A. which came into force in July 2024 (last available update at the date of writing of this document).



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

In order to ensure, in performing its activities, compliance with the applicable regulations and with the principles of clarity and transparency, as well as in order to prevent instances of bribery, Lafert S.p.A. has drawn up an **Organisation, Management and Control Model (hereinafter also “the Model”)** in accordance with It. Legislative Decree 8 June 2001, no. 231.

**In 2012, Lafert deemed it essential to adopt said Model in order to ensure ethically shared behaviour and to pursue compliance with the principles of legitimacy, fairness and transparency in conducting its business.**

However, this Model, is limited to the cases of environmental crime and security crimes. During the year 2022, therefore, the Company Management has considered necessary its revision, aimed at extending the perimeter of the crimes considered having regard to the organizational and operational characteristics of Lafert S.p.A.

By resolution of the Board of Directors of 21 December 2023, the latest version of the Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001 was approved, which integrates the new post-merger organizational structure by expanding the perimeter to the plants of Noventa di Piave, Bologna and Fusignano and the new regulations.

The Company decided to prepare the Model in the belief that it represents a tool for improving corporate governance, as well as an opportunity to raise the awareness of company personnel, through process control, on the need to prevent or avert crimes.

### **The Model consists of a General Part and Special Parts.**

The **General Part** sets out the essential components of the Model, with reference to the Supervisory Body, personnel training and dissemination of the Model within and outside of the company, the disciplinary system and the measures to be adopted in the event of non-compliance with its requirements.

The **Special Parts** are dedicated to the various types of crime and administrative offence considered a possible risk for Lafert Group. To this end, each Special Part contains reference to the individual crimes listed by It. Legislative Decree no. 231/2001 and to the principles of conduct that should inspire all areas identified as being at risk of crimes, even potentially. Each Special Part identifies the sensitive processes, possible ways in which offences may be committed, as well as the operational principles for control and internal audit.

Therefore, by implementing this Model in full harmony with the Code of Ethics and Group Conduct, Lafert S.p.A. aims at promoting transparent behaviours by employees and all those who deal with the Company every day and in various roles, consistently with the objective of preventing any crimes from being committed.

Based on the provisions of It. Legislative Decree no. 231/2001, the Company may be exempted from the liability arising from crimes committed by persons who hold representative, administrative, management roles or having financial and functional autonomy if it can prove to have:

- adopted and effectively implemented, through the Board of Directors, a suitable Organisation, Management and Control Model ex D.lgs. n. 231/01 to prevent the crimes in question;



- entrusted an internal Supervisory body (composed by members external to Lafert), vested with autonomous powers of initiative and control and with requirements of impartiality, independence, autonomy and integrity, the task of overseeing the functioning and compliance with the Model as well as updating it.

In compliance with the Decree and having regard to the considerable size of the Group, as mentioned above, Lafert considered it appropriate to have a Supervisory Body (S.B.) of a collegial form (and no longer monocratic as before) which was appointed by the Board of Directors on 23<sup>rd</sup> March 2022, deliberating the duration of the office until the approval of the 2024 Financial Statements. The members of the Supervisory Body have different skills and professionalism in order to ensure a concrete and effective supervision of all risk areas.

To date, the SB has not received any reports, nor has it observed instances of bribery.

Below is a summary scheme of the Supervisory Body composition:

Supervisory Body (S.B.)	
Alessia Oddone	Chairman
Camilla Menini	Councillor
Elena Bonafè	Councillor

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

Regarding the management of the “conflict of interest”<sup>2</sup>, in order to mitigate the happening chance of such situations, Lafert S.p.A. dealt with this topic by establishing an anticorruption internal policy, as well as including it in the Code of Ethics of the Group, especially highlighting each employee’s personal effort to prevent the origination of situations of conflict of interest and, in case of happening or of the potential doubt of the happenstance, the duty to report immediately via the designated e-mail address or to the independent and collegial Supervisory Body (S. B.). Since 2024 Lafert S.p.A. has introduced a process of verification and mapping of potential conflicts of interest of employees, as well as any relations with representatives of the Public Administration, in order to avoid potential fraudulent or corruptive situations.

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

For the purpose of the realization of the Model of Organization, Management and Control pursuant to Legislative Decree no. 231/2001, Lafert has started a self-activity risk assessment aimed at identifying sensitive areas and activities in relation to the commission of potential crimes 231. It was then defined what were the assumed offences deemed applicable to Lafert and with which particular areas and business activities they were associated. To mitigate the crime risk control devices have been introduced, such as procedures, operating instructions, manuals, policies.

<sup>2</sup> “Conflict of interest” means any situation in which an individual’s self-interest and/or activity interferes, or even appears to interfere, with Lafert’s interests.

Hereinafter all the crimes identified as “potential” correlated to the risk of corruption which Lafert might incur are reported, followed by an example of conduct:

- 1) **Crimes against Public Administration;**
- 2) **Computer crimes;**
- 3) **Offences of falsehood in coins, public credit cards, stamps and instruments of recognition;**
- 4) **Offences against the industry;**
- 5) **Corporate offences;**
- 6) **Offences relating to health and safety at work;**
- 7) **Offences relating to receiving and laundering;**
- 8) **Offences relating to non-cash payment instruments;**
- 9) **Offences relating to copyright;**
- 10) **Offences of induction;**
- 11) **Environmental offences;**
- 12) **Offences relating to the employment of foreign staff;**
- 13) **Tax offences;**
- 14) **Offences of smuggling.**

The risks related to corruption are reported through the whistleblowing channel that guarantees confidentiality regarding the identity of the persons involved in the Supervisory Body.

In the last two years, Lafert S.p.A. introduced two procedures inherent to the treatment of the risk of corruption:

- 1) the first, “Antibribery – rapports with the Public Administration” defines the conduct to follow in case of rapports with Public Officers and the adherence to this policy concerns the entire Group;
- 2) the second one, “Antibribery – rapports with Private Entities” defines the conduct to follow in case of rapport with private entities and the adherence to this policy currently concerns the entire Group since 2024.

The procedures were established respectively in 2021 and 2022, with subsequent communication to the entire personnel of the Group and the governing bodies, and the entire staff were trained on the two policies. The training session on the anticorruption policies was developed in different modes: in presence, online, and by handing out informative papers. The training materials (as well as the very procedures) were shared with and made available to the entire staff. The existing anti-corruption policies adopted by Lafert Group are defined within the “Social Responsibility” section of Lafert’s corporate site.

Following the update of the Organization, Management and Control Model and the policies that make up Lafert’s anti-corruption system, new training sessions have been scheduled for the year 2024, both for the employees of Lafert S.p.A. and for the employees of the other companies of the Group.

## The whistleblowing reporting system

In compliance with Directive (EU) 2019/1937 and D.Lg. 24/2023 of implementation, Lafert S.p.A. has implemented the Whistleblowing reporting system through the following activities:

1. Preparation of a special procedure, Whistleblowing Policy: guidelines for reports of misconduct and/or suspected unlawful acts defining the scope and the process of handling alerts received by Lafert to ensure confidentiality of information, with particular reference to the identity of the parties involved;
2. Provision of a digital channel for reporting offences that ensures the confidentiality of the parties involved and efficient management of reports received;
3. Appointment of the Supervisory Body as an independent and autonomous body to deal with alerts.

In compliance with the European directive, the whistleblowing system has also been implemented in Lafert Elektromotorji d.o.o., through a special procedure, appointment of the independent and autonomous entity for the management of the signals and the channel.

During 2023, the Lafert Group did not detect any proven cases of corruption.

## 2.5 Code of Ethics

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

**The Code of Ethics, an integral part of the Model, defines the essential standards of ethical and responsible conduct to be adhered to every day by all company employees and associates. Said Code has also been adopted by each company of the Group.**

The document collates the various policies and procedures with the company's core values, creating a common basis for each employee's decision-making process.

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

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

**During the year 2022, Lafert started the implementation of the Suppliers' Code of Ethics. It is applied globally to all suppliers, agents, contractors, subcontractors and business partners of Lafert Group.**

A special section called "Social Responsibility" has been created on the company's website where all the activities of the Lafert Group aimed at sustainable development are defined. In the section are available:

- Code of Ethics and Conduct of the Lafert Group
- Code of Ethics and Supplier Conduct
- Abstract of the Organization, Management and Control Model ex. D.Lgs. 231/01
- Sustainability Report
- Whistleblowing Policy: Guidelines for reporting misconduct and/or suspected wrongdoing.

All the other existing policies and procedures are internally available and open for consultation for all employees.

The principles on which Lafert's Code of Ethics is based are also set out in the Suppliers' Code of Ethics in a more analytical and exhaustive manner, with the aim of ensuring they are aligned with the Group's values. Indeed, Lafert requires each of its suppliers to read and to adhere to the Suppliers' Code of Ethics: any breach of the Code might undermine the commercial relationship between Lafert and the supplier, up to termination of the contract.

In 2023, the Code of Ethics has been shared with all the company's suppliers, who undersigned it as a confirmation of their effort to operate in adherence to its general principles as outlined in the document.

## 2.6 The Management Systems

**As a global manufacturer of electric motors, Lafert seeks to grow in a continuous, sustainable and ethical manner, in order to be the go-to partner and create value for its stakeholders. With this aim, the company over time has put in place its management system in compliance with international standards through an Integrated Environmental, Health and Safety Management System (IMS).**

Specifically, on quality, environment and health and safety issues, the Group has implemented a quality system and a system for managing the environmental risk and health and safety issues that are certified according to standards **UNI EN ISO 9001:2015** (quality), **UNI EN ISO 14001:2015** (environment) and **UNI EN ISO 45001:2018** (health and safety) respectively.

Thanks to this integrated management system, the Company ensures that the products and the services provided to customers comply with specific requirements, monitors and reduces to the minimum the adverse effects on the environment due to its business activities and is committed to providing a safe and healthy workplace, preventing injury and occupational diseases.

Also considering the companies that belong to Lafert Group, as Lafert (Suzhou) Co. Ltd., has also obtained the **UNI EN ISO 9001:2015** certification.

Since Lafert has been a part of Sumitomo Group, it must comply to which is applied by the Japanese holding company in terms of regulation systems. Indeed, In Japan there are two important acts regarding corporate compliance: the **Companies Act** and the **Financial Instruments & Exchange Act** (commonly called **J-SOX**, the Japanese version of the Sarbanes-Oxley Act (SOX)). In particular, the first one is only applied to the parent company, whereas the second one affects all companies listed on the stock exchange in Japan is therefore also applicable to all subsidiaries, including Lafert.

The J-SOX compliance law introduces strict rules for internal control of financial information in order to protect all stakeholders and to improve the accuracy and the reliability of corporate information.

The control is carried out in a two-fold manner:

- at Process level (**Process level control - PLC**): it mostly focuses on the activities of monitoring and control of such activities on a process level (ex. approvals, authorizations, verifications, and reconcilements). Subsequent to the merger of the four Italian societies, which took place on 1<sup>st</sup> January 2023, in Lafert it will come into force from the year 2025. For this reason, since 2023 Lafert has started a process of implementation of compliance J-SOX involving the managers of all areas in the perimeter and has prepared the documentation to support the control activity required by the legislation: Risk Control Matrix; Flow-chart. As a result of the risk-assessment activity, the processes in scope were identified: sales, purchases, cost accounting, inventory, IT general control and financial reporting.
- at Company level (**Company level control - CLC**): it is assessed whether the company has implemented and has managed control activities in an appropriate manner with respect to general organisational aspects, to the IT dimension and to financial reporting. Therefore Lafert replies annually to general questionnaires with request for information related to governance and monitoring, risk assessment and risk response, information and communication, and other monitoring activities. To these fields are added the part of financial reporting, in terms of implementation and revision of accounting rules, control of the accuracy and completeness of closing procedures, inspection of estimated items and summary of closure, inspection of the accuracy and completeness of data sheets and, finally, an audit of the accounting system on the part relating to the IT strategy and policy and its IT security systems.

## 2.7 Risk management

Following the takeover by Sumitomo, **Lafert has adopted a system for identifying and managing risk by compiling a Risk Matrix table on a quarterly basis, in order to measure the impact of each identified risk on business continuity, reducing the likelihood of its occurrence or limiting its adverse effects.**

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

The document, once prepared, is subsequently internally reviewed by the Management Team for the subsequent sending to Sumitomo, which, if needed, provide its feedback.

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

- **Operational risks:** this concerns any risk produced within the company that depends on the strategies, procedures, supply chain that could adversely affect the company's operations and performance;
- **Business risks:** this concerns any risk produced from outside the company that depends on macroeconomic situations (e.g. fluctuations on stock markets, pandemics, market trends, political instability), which could adversely affect the company's operations and performance.

The Management Team is in fact delegated by the Board of Directors on the executive function of the Group and meets monthly to discuss the management, governance, and economic and financial performance of the Organisation, analysing the issues which surfaced during the month and those emerging according to the market trend, and trying to offer solutions and actions of enhancement/prevention depending on the potential issues.

The Management Team then periodically communicates with the BoD to analyse the results of the Group performance and other aspects related to the organization and its management.

During 2023, the company decided to extend the matrix by including the risk assessment related to the business management system. In the matrix, each risk will be graded by a score (Risk Priority Number – RPN) in order to identify the tolerance level of the risk and the eventual necessity of intervention from the executive body of the company (Lafert Group Management Team).

## 2.8 External initiatives and Memberships

Lafert is a member of several trade associations, in the industrial as well as electronic sector. The associations it is a member of are listed below:



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

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

**Lafert is a member of Confindustria**



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

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

**Lafert is a member of ANIE**



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

Federazione ANIE, through its two associations ANIE Automazione and ANIE Energia, is a member of CEMEP and has held the position of General Secretariat since 2013. CEMEP supports the interests of the industry at European level in the technical, regulatory and legislative fields.

**Lafert is a member of CEMEP**



**IRIS LAB is a Research Organisation where the companies involved in the project actively cooperate with several established University Consortiums which operate in the mechatronics and industrial electronics sector** and are active in the field of high-dynamic performance drives, high-efficiency equipment for electric energy static conversion, advanced sensor technology, and the application of AI systems for advanced diagnostics and Industry 5.0.

The net of established collaboration active in the advanced research projects comprehends Universities, Italian and international Research Bodies, and the most important European Doctorate School in the field of Power Electronics, Electrical Machines and Drives.

These collaborations, together with the training of the involved young university researchers and highly qualified staff, contribute to the development of vanguard technology projects and the growth of generations of specialized and expert researchers.

**Lafert cooperates with IRIS LAB**



## 2.9 Cybersecurity and Data protection

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

**In particular, the Company has long established an in-house governance on the collection and processing of personal data, preparing and implementing internal procedures on security, data protection and periodic personnel training and information activities.**

The Company's decisions and operations that may have impacts on Cybersecurity or on personal data protection are carefully weighed by the personnel in charge. Vigilance on compliance and continuously updating any corporate policy on cybersecurity and personal data protection is made possible thanks to a [privacy compliance programme](#), in which the roles and responsibilities relating to the fulfilment of obligations in matters of personal data processing are assigned according to the specific skills of the employees in charge.

The Company has also adequate information notices on privacy, processing register, privacy policy and cookie policy on its website, internal procedures for the management of the main privacy obligations as well as protected IT systems constantly updated by the responsible departments, in order to be able to assure, always, the highest standards of data security and integrity.

The choice to adopt the new ERP software was a steppingstone for the company's growth of Lafert S.p.A. This allows to manage the information in a safe and sequestered way, tracking all the transactions while keeping to the existing database platform in DB2 (AS400). At the same time, the possibility of a cloud shift towards Oracle is being evaluated.

Cybersecurity is a pillar of the Company, and for this reason, Lafert S.p.A. armed itself with an advanced system for data traffic management in the network such as DarkTrace, which, thanks to its AI engine Antigena, verifies the standard traffic trend in order to intercept eventual anomalies and automatically answer according to every single suspect event.

In 2024, the new training course on Cybersecurity will be implemented. It consists of a multiyear web-based program which aids the users in the comprehension of the risks that may arise during the daily work function. Besides the informative pills, the course consists also of practical tests and simulations of the consequences of a possible incorrect answer.

To safeguard the Company means also protecting the know-how, which is to say the process of engineering and manufacturing the final product by means of PDM-PLM software. This project has already been started and is currently in the stage of development and implementation on the PDM side.

In order to better safeguard personal data, the Company limits collection as much as possible, in compliance with the principle of data minimisation, making sure to specify, from time to time, the specific legal basis legitimising the collection and processing of said data, providing any useful information that might be required to exercise the rights of the data subjects.

In B2B dealings, the integrity and confidentiality of any personal data exchanged during the execution of commercial contracts is guaranteed by clauses specifically designed for the purpose.

For some Group's companies, owing to the recent takeover, an analysis of the procedures and general governance on personal data protection and cybersecurity is underway, in order to evaluate their consistency with the Company's own Privacy Compliance Programme. If any amendments or integrations are required, they shall be promptly indicated to the companies recently taken over, and thorough compliance therewith shall be monitored and assured by the Company.

**The Company's commitment is proved by the fact that no data leaks, theft or loss has been recorded, nor have there been to date any reports or notices of investigation proceedings being initiated by the competent Authorities.**

## 2.10 Regulatory Compliance

**During 2023, as in the previous three years, there were no events that gave rise to sanctions and/ or litigation for non-compliance with laws, standards, regulations on the environmental matters.**

Likewise, at the date of preparation of this Sustainability Report, there are no pending environmental disputes.

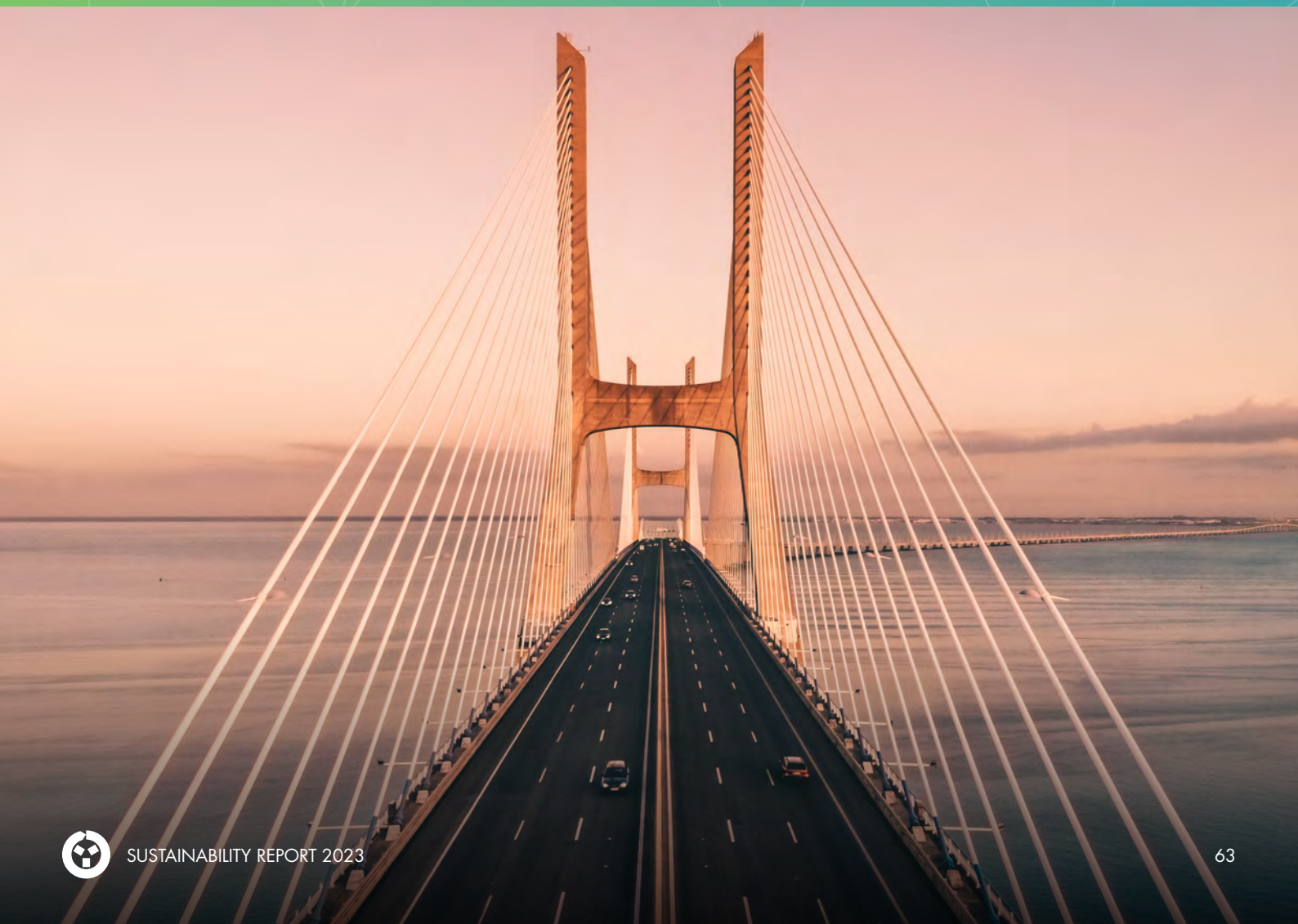
As of today, no complaint nor report from outside or regulatory bodies has been received by the Company for failing to comply with the social and economic laws and regulations, among which anti-competitive behaviour, antitrust and monopolistic practices; nor have any penalties been imposed for breaches on product safety regulations, on industrial and intellectual property, marketing activities, or for anti-competitive conduct.

Moreover, Lafert established internally a multidisciplinary committee called **Team Chemicals**, coordinated by the Health Safety & Environment (HSE) and the Quality Assurance (QA) offices, which deals with the analysis of the incoming chemical products in the business site and the production process. This Team analyses both the aspects linked with the use of chemical products by the employees, those linked with the surrounding environment, and finally those linked with the product, by the adherence to the Reach Regulation and RoHS Directive.

Overall, the Organisation did not report any relevant case of non-conformity to the laws and regulations in the timeframe of reference.

# 3. Infrastructural capital

- 3.1 Production facilities
- 3.2 The production process
- 3.3 Innovation and digitalisation
- 3.4 Research, development and patents



## HIGHLIGHTS | Infrastructural capital

- Lafert Group consists of six production units: four in Italy, one in Slovenia and one in China, with an extension of over 50.000 m<sup>2</sup>. To these is added the acquisition of the over 67.000 m<sup>2</sup> area in front of the headquarters in San Donà di Piave which will be progressively built for a maximum of 33.891 m<sup>2</sup>.
- In 2023, more than 1 M motors were produced.
- For its dimension, the Group performance is inevitably related to an accurate management of the production process, to a correct implementation of all phases of the production cycle and to a planned management of the tools and resources available, in particular the maintenance of the machinery fleet.
- Innovation and digitalization are the basis of the constant improvement of both the company's production capacity and its positioning in the market in terms of offered competitive advantage.
- The R&D Department follows and anticipates the main market trends by designing and testing new and increasingly innovative solutions, especially in synergy with the other companies of the Sumitomo Group. Over the last few years, it has activated several collaborations with Universities, Consortia and other Research Institutes.
- As of December 31, 2023, the Lafert Group can count on one valid patent, two utility models and one design patent.

## 3.1 Production facilities

The production activity takes place in 6 innovative production facilities.

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

San Donà Di Piave, Venice - Italy



Extremely efficient synchronous and asynchronous, three-phase, single-phase and self-braking electric motors are manufactured at the facility of **Lafert S.p.A.**, the Group's historical production site, for the most diverse uses and applications.

**In recent years it has significant expanded thanks to a new production plant designed with automated lines and integrated systems according to Industry 4.0 principles. In 2021, installation of a 370 kw photovoltaic system began.**

**Leak tests are regularly conducted on the compressed air system** in order to limit leaks and carry out preventative maintenance. The compressor unit is managed with specific monitoring and recently underwent energy optimisation procedures.

All electric consumption is recorded and broken down by category (production services, general and auxiliary services) as well as other consumption (e.g. water) in order to take action in the event of abnormalities and to enable its monitoring.



**27.000 m<sup>2</sup>**  
Total area



**594**  
Employees



**Activities:**  
Asynchronous Motors,  
PM Synchronous Motors



**1.913**  
motors/day  
**446K**  
motors/year





## Lafert S.p.A. - HPF Building

San Donà Di Piave, Venice - Italy

This new production site, inaugurated in 2022 and located in San Donà di Piave near the historic headquarters, was built to face a customer's specific request pertaining to a line of products with low varieties and high volumes.

Considering the type of business, regarding the production plants and their management, the company decided to aim at the highest achievable levels of technology and automation, implementing also the complete traceability of the product, starting first from the raw material until the finished motor, fully exploiting the potentials of the Industry 4.0.

The site includes an additional productive area, currently not in use, with the possibility of dedicating it to new productions for future projects.



**6.000 m<sup>2</sup>**  
Total area



**Activities:**  
HPF Motors



**403**  
motors/day

**94K**  
motors/year





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

Noventa di Piave, Venice - Italy

Highly customised, cutting-edge and highly efficient brushless servomotors are produced at this facility, intended for industrial automation.

**The strength of this production facility is the combination of asynchronous technology with the features of servomotors, achieving ever more innovative product transformations.**

The entire production process of all brushless motor components takes place at this plant, allowing to achieve a high degree of flexibility, as well as products with a high level of reliability and quality.

**Leak tests are regularly conducted on the compressed air system** in order to limit leaks and carry out preventative maintenance. The compressor unit is managed with specific monitoring and recently underwent energy optimisation procedures.

All consumption is recorded in order to take action in the event of abnormalities and to enable its monitoring.



**5.500 m<sup>2</sup>**  
Total area



**219**  
Employees



**Activities:**  
Brushless Servo Motors,  
Gearless Machines



**891**  
motors/day  
**208K**  
motors/year

## Lafert S.p.A. - Bologna Plant

Bologna - Italy



The production of specific components for industrial automation takes place at this facility, specifically, drives to control brushless servomotors.

Lafert Servo Drives S.r.l. also develops customised solutions based on specific customer's needs, while supporting energy savings and environmental sustainability.

All consumption is recorded in order to take action in the event of abnormalities and to enable its monitoring.



**800 m<sup>2</sup>**  
Total area



**12**  
Employees



**Activities:**  
Servo Drives - Design and Assembly



**20**  
drives/day  
**4.539**  
drives/year

## Lafert S.p.A. - Fusignano Plant

Fusignano, Ravenna - Italy



This production site is dedicated to the development of small and medium sized asynchronous motors where quality, strenght and speed of delivery are the essential features.

**Strongly geared towards the customer and highly focused on customisation, the production of this site is specialised for niche applications.**

The in-house engineering department supports customers in the design thanks to the know-how acquired in specific sectors and becomes a project partner.

All consumption is recorded in order to take action in the event of abnormalities and to enable its monitoring.



**4.200 m<sup>2</sup>**  
Total area



**65**  
Employees



**Activities:**  
Asynchronous Motors - design and assembly



**959**  
motors/day  
**221K**  
motors/year



## Lafert (Suzhou) Co. Ltd.

Suzhou - China

Inaugurated in 2012, this facility is wholly devoted to the production of brushless servomotors and gearless motors for lifts, catering for the Asian market.

Thanks to this production facility located in China, Lafert Group is able to address the growing demand for motors on the Asian market, by long-standing customers as well as by fast-growing local companies.

The direct presence ensures a marked decrease in delivery time frames and transport costs, while continuing to assure the quality of Lafert-branded motors.

During 2023, the Company planned to move to a new production site for strategic reasons and business growth. This transfer will take place between the end of 2024 and the first quarter of 2025. All consumption is recorded in order to take action in the event of abnormalities.



**5.500 m<sup>2</sup>**  
Total area



**84**  
Employees



**Activities:**  
Brushless Servo Motors,  
Gearless Machines



**262**  
motors/day  
**61K**  
motors/year



## Lafert Elektromotorji D.o.o.

Nova Gorica - Slovenia

Lafert Elektromotorji D.o.o. production facility, is located at the Italian-Slovenian border and has become over the years a centre of excellence in the production of windings for the Italian production facilities. Professionalism and timeliness in dealing with the requests of production facilities have turned it into a cornerstone of Lafert Group's growth.

**This production facility supports the constant growth in production capacity and promotes the implementation of ever more compact-sized and efficient designs.**

All consumption is recorded in order to take action in the event of abnormalities and to enable its monitoring.



**2.000 m<sup>2</sup>**  
Total area



**76**  
Employees



**Activities:**  
Windings for  
Asynchronous Motors



**907**  
windings/day  
**211K**  
windings/year

## 3.2 The production process

The performance of an industrial Group of Lafert dimension is inevitably correlated with an accurate management of the production process. The correct implementation of all the stages of the production process requires a careful and planned management of the available tools and resources: the machinery, equipment, materials, paints, and other necessary resources for the manufacturing of the final product are key components of the creation process of the company's wealth. A meticulous planning of the logistics, the management of orders and incoming materials is also of primary relevance, as well as the management of the production waste, the scrap recovery and the analysis of the energy consumption constitute additional elements of significant impact both under the perspective of cost efficiency and of the parameters of Lafert sustainability.

Such characteristics and peculiarities of the production process of the Group are the foundation of the upstream creation of the wealth generated by the company and distributed between its stakeholders. Hereinafter are highlighted in detail said characteristics of the production process of Lafert Group.

### Machinery park management

In order to rely on a high-quality and efficient machinery park, almost all the critical machinery installed in the production area is subjected to preventive analysis and maintenance.

On the other hand, the maintenance of the older machinery is primarily done by the internal squads, which "manually" register the type of intervention required; during the interventions, the responsible operator, aside from intervening as necessary, reports the critical components to order the necessary spare parts so as to guarantee a swift repair in case of malfunctioning.

For what concerns the new machinery, especially the specific and customized systems, multiyear periodically programmed maintenance mandates are signed to guarantee the correct and efficient functioning.

The new MES (Manufacturing Execution System) currently at the installation stage, while serving for the data collection of the production, will also implement the module for maintenance management: this enables the scheduling of the maintenance interventions by opening a "ticket" directly from the production in case of breakage and, at the same time, allows to manage the programmed maintenance thanks to "alerts" specifically dedicated to their deadlines. All the interventions are then digitally registered alongside the list of the replaced or maintained parts.

### Order management and material planning

The motor orders are inserted and elaborated through two main processes: the direct input by the Customer Support, respecting the load availability of the lines as supplied by the Production Planning, or by the Production Planning themselves, through the execution of the MPS (Master Production Schedule) to input the orders which cover the warehouse stock, or the forecast supplied by the costumers.

The first category is input by ERP and then imported into Cyberplan, a program which manages the analysis of the demands and scheduling of the orders; the second category is input by Cyberplan and subsequently imported into the ERP system.

Independently from the input channel of the orders, the material demands are exploded by the Cyberplan MRP system (Material Requirement Planning), which, basing the calculations on the set stock, the minimum/multiple batches of reorder, storage, and the forecast goals, elaborates the purchase/production offers which are then analysed and released by the Production Planning.

At least once a year, if not after specific inputs such as, for example, product phase-out, the consumption trends are analysed and, consequently, the numbers of stock and minimum batches are updated in order to reduce the risk of obsolescence to the minimum.

## Logistic deals

To guarantee shorter times of delivery and a better service level, logistic deals are signed with some customers to ensure the stock of critical components, provided the customer's commitment to guarantee an established rotation of the warehouse.

In these deals, there are always clauses of obsolescence present, so the customer, facing a "phase out", must guarantee, depending on the type of product, a forewarning which may vary from 3, to 6, to 12 months.

## Inbound and Outbound Logistics

The management of Lafert's logistics is divided into three main macro-categories: intrabranh logistics, inbound logistics and outbound logistics.

- The **intrabranh logistics** involves all the transportation of materials between the different plants of the Group (ex: from San Donà to Noventa, or from San Donà towards Slovenia and the other way around) and it is managed both by the company's own means of transport and by specific local carriers. Considering the constant flux of materials between the different sites of the Group, the optimization of the transports is easily achievable and only in exceptional cases the transports are not fully loaded.
- The **inbound logistics** involves suppliers from different geographic areas and far from each other, so it is managed with the support of the big players in the field of transportation, which are able to optimize with groupage the small shipments thanks to their thick web, and also with the support of local carriers; in the second instance, the transports are optimized by identifying a group of suppliers in a common geographic area and the transports are scheduled, usually on regular basis, both to deliver the materials to the subcontractors and to collect the machined components.
- The **outbound logistics** concerns the commercially agreed restitution with each customer. For the customers with restitution DAP (Delivery At Place), Lafert commits to directly managing the transport: in this case, the company relies, according to the serviced geographic area, on suppliers that guarantee the most coverage alongside the best service, both in terms of punctuality and in terms of costs. The logistics department, aligned with the production and verifying the dates requested by the customer, schedules the collection of the goods, incorporating and optimizing the arrival destinations. In the case of EXW restitution (EX Works), once the material is stocked in the warehouse, the customer is notified of the goods ready for delivery and schedules the collection with the chosen trusted carrier; some customers can also count on a dedicated portal to book the collection directly. For overseas shipments, the containers are booked from time to time, calculating to optimize the transport by loading a 40-foot container. Since 1<sup>st</sup> January 2003, after the merger and considering the different plants share several customers, some actions were initiated to explore possible synergies in the logistics area in order to reduce the number of carriers and optimize the management.

## Data collection and analysis of electric consumption

Digital counters were installed on all the main electric lines, divided by driving force and light force, in order to detect the electric energy consumption of the different productive areas.

The consumption, expressed in kW/h, is monthly detected and manually registered in order to keep track of it, so as to verify eventual significant deviations from the consumption average or to consider possible bettering actions.

The next step will be to connect the counters to the net, in order to detect automatically the data and improve the usability thanks to the remote reading.

## Painting area

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

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

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

## Tools storage system

Considering the significant consumption of small tools, especially in the machining departments, an automatic set of drawers was installed as a pilot project for the management of special tools of higher value.

Once they scan their badge, the operators can request the retrieval of the desired tool; the system, after initialising the request, will make available and identify by a led light a drawer and its related subcompartment from where the operators may retrieve the tool.

This will allow us to monitor punctually the retrieval of each tool, giving the possibility to analyse eventual anomalies in consumption, and reduce waste.

## Manufacturing waste management and scrap recovery

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

The scraps of the stamping process are collected through magnetic bands, one for each machine, and transported outside in a big tank from which the scraps are daily retrieved and processed by specialized companies. The used stamping moulds are designed with the ultimate goal to reduce the scrap: the produced waste, then, is minimal.



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

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

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

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

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



## 3.3 Innovation and digitalisation

### The R&D team and the innovation creation process

Lafert Group faces new challenges daily with a clear vision of continuously improving the market's production capacity: energy saving and product customisation are the two cornerstones to increasing performance and reducing environmental impact.

**The innovation in Lafert Group is developed through the R&D structure, a part of the "Business Development" area, which currently includes a team of two electrical engineers and one mechatronic engineer. The goal of the R&D structure is to study and develop solutions that can ensure the medium-long term competitiveness of Lafert's products, following and possibly anticipating the main market trends. In particular, the R&D department deals with the analysis, electromagnetic design and testing phase of asynchronous and synchronous electrical motors.**

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

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

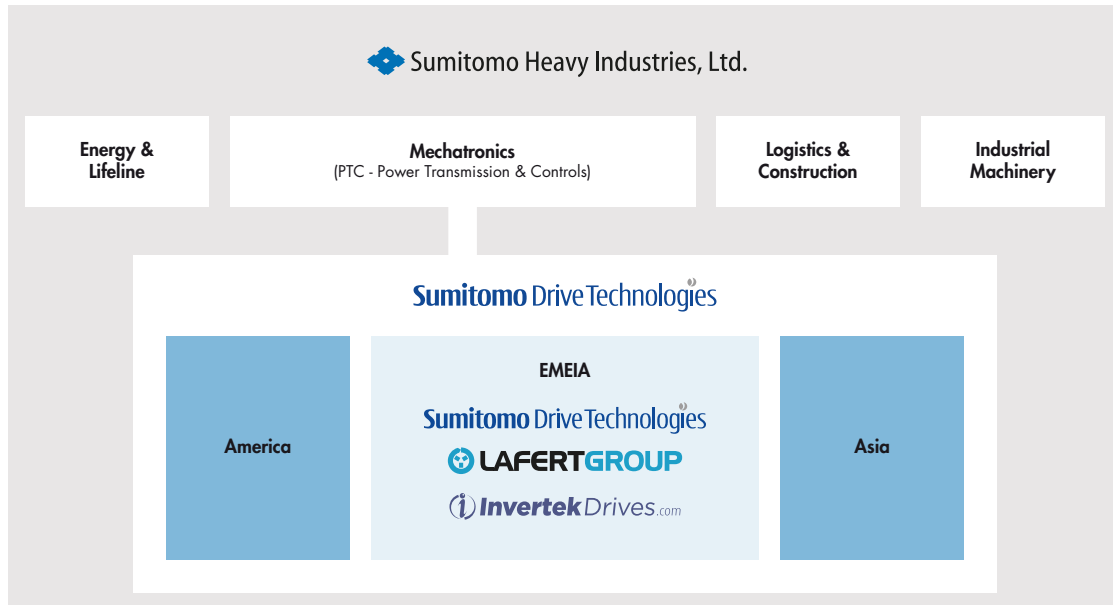
Lafert is also a member of the Research and Innovation consortium called IrisLab. Said consortium will be acknowledged as a technological platform for the launch of projects based on innovative and high-efficiency technologies.

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

## Integrated innovation: Lafert and Sumitomo

Lafert Group develops highly innovative, customised and high-quality products through its technical departments in the country and the R&D department.

Despite the diversity in product types, Lafert Group appears perfectly cohesive and single-minded in pursuing objectives with the Japanese parent company Sumitomo Heavy Industries, Ltd. (in particular, PTC Power Transmission & Controls division); this result is possible thanks to constantly liaising with it daily.



More efficient and optimised motors and drives nowadays represent cutting-edge integrated solutions for some important industrial sectors. The combination of these two elements is the ideal platform embodying Lafert Group’s DNA and its in-house skills, thanks to which the Group has been able to tap into many new ideas and tackle challenges aimed at developing technologically innovative products in synergistic action with the other companies, to integrate Lafert Group’s skills with those, albeit different, of the companies in the Sumitomo Group. Lafert Group’s diversification policy is the spark from which innovative products can be born that anticipate the future.

Indeed, right since the Sumitomo Group took it over in 2018, Lafert Group has embarked on a process of further development of its technological areas and investments, some of which are already available while others will be available within the next three years, to support this ambitious project, which can be summed up in **four lines of development**:

1. **New innovative solutions and products that anticipate future market needs;**
2. **Continuous improvement of offerings and catalogue of products with ever-new customisations and features;**
3. **Research and development activities aimed at identifying new technologies conducive to future applications that might pave the way to new business opportunities;**
4. **Developing technologies in the electrification and digitalisation area, the purpose of which is an increasingly more sustainable and resilient future, where the focus is on man and the environment, even in the relationship with machines.**

Lafert's innovation and continuously evolving solutions are made possible by the ability to streamline integrated industrial processes at the highest technological and safety level, with a particular focus on reducing the environmental impacts of production to the minimum.

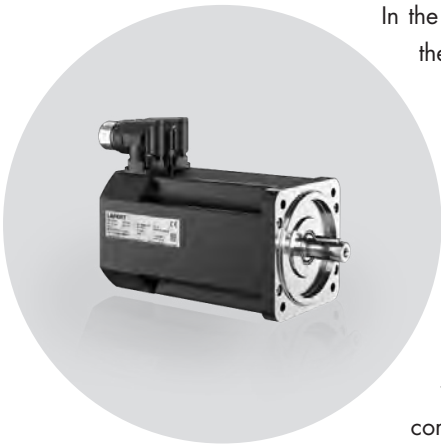
For Lafert Group, developing new, highly innovative and technological products means equipping companies with tools that reduce their environmental impact.

## The innovative projects of Lafert S.p.A.

Lafert's innovative projects are focused on the development of the leading market trends, which can be summed up as:

- energy savings;
- electrification;
- digitalisation;
- optimisation of weights, dimensions and materials use (compact and integrated solutions);
- product safety.

## Development of integrated gear motors and servo gear motors IE5

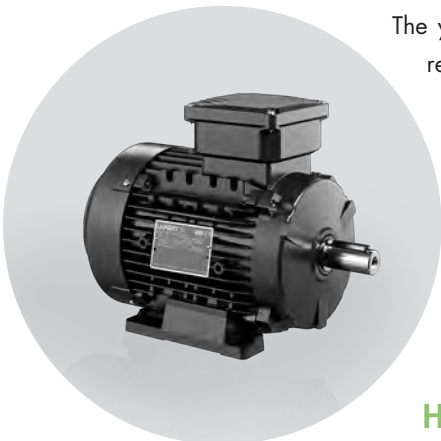


In the synergistic strengthening process with Sumitomo, collaboration is underway for the definition of a new range of integrated geared motors equipped with motors with efficiency class IE5+ (ie with a higher yield than expected by the highest efficiency class defined today). The aim is to increase efficiency given the increasing sensitivity of the market on the energy saving aspect.

### HPI motors with integrated drive

The update of the HPI 2.0 range with integrated drive (sizes 71, 90 and 112) for variable speed applications with higher performance and features has been completed.

## Development of ferrite-assisted synchronous reluctance motors



The year 2019 marked the start of the development of ferrite-assisted synchronous reluctance motors (F.A.S.R.), a technology that makes it possible to achieve high efficiency (IE4 - IE5) without using rare-earth-based magnets.

**The main advantages of this type of motor are the cost (the significant price fluctuations of Neodymium-based magnets are avoided) and environmental sustainability, given the lower impact that the production of rare-earth-based magnets has on the environment nowadays.**

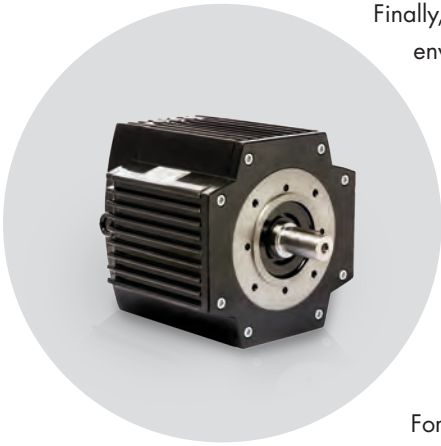
**However, the torque density of these motors (Nm/kg) is lower than that of motors with rare-earth-based magnets.**

In these motors, it is possible to place the magnets inside the rotor plate instead of on the surface. Therefore, it is possible to reach high rotation speeds (e.g. 9000rpm), which produce significant power densities (kW/kg).

A 132 rating was developed in 2019-2020 for a variable speed screw compressor for HVAC applications. In 2021, prototypes were also made in other ratings (frame sizes 71 and 90), optimising, in particular, **the noise level**, including variable speed pumps and fans as a possible sector of application (quadratic torque applications), where this type of motor shows, among other things, a less pronounced decline in efficiency as the speed decreases compared to a conventional SPM synchronous motor.

During 2023, the technology of synchronous reluctance-assisted motors with ferrite magnets (F.A.S.R.), continues to be developed also in synergy with Sumitomo and Invertek.

### Projects for large fans for industrial and agricultural applications



Finally, in 2021 the product range for large fans for industrial and agricultural environments was reviewed. The second generation IFM (Integrated Fan Motor) is a product composed of permanent magnet motor equipped with specific drive and is designed to avoid air stratification.

The hot air produced by the heating systems inevitably rises upwards stratifying below the ceilings and then slowly dispersing outwards, making absolutely ineffective and uneconomic the high costs incurred by companies to heat the rooms. Energy and monetary waste is all the more significant the higher the structure examined and the lack of insulation of its cover.

For every linear meter in height corresponds to an increase of one degree centigrade of temperature then, in a shed of 7 meters high, the difference between ceiling and ground is at least 7 degrees!

During 2023, the IFM (Integrated Fan Motor) product range, with Direct Drive engines, for large fans for industrial and agricultural environments is being updated and expanded. A new product called NDE, with integrated drive in the rear of the high efficiency HPS motor, is also being developed for specific applications in the ventilation world.

### Project for the safety of test engineers

**At the Bologna plant it has been concluded the realisation of new test benches destined to increase test engineers' safety, thereby increasing the quality of Lafert's products.**

These benches are equipped with intrinsic safety devices, reducing the likelihood of human contact with energised parts of drives and preventing the possibility of contact with moving motor parts.

Finally, controlled access areas are in place to prevent unskilled and unauthorised personnel from entering areas where electromechanical work is being carried out.

## 3.4 Research, development and patents

Lafert Group, as evidenced by some important projects described in the previous paragraphs, conducts research and development activities in synergy with its customers.

The strategy is to start from precise market demands, based on which projects are initiated, to create products that address these demands. Thanks to this strategy, Lafert can achieve significant savings in resources and higher efficiencies in identifying and addressing market trends and its customers' demands.

**The Group's R&D expenditure has been increasing significantly recently, from just over one million euros in 2020 to nearly 2 million euros in 2022 and to nearly 2,9 million euros in 2023. Through these projects, the Group has also secured two patents, two utility models and one design patent.**

### Patents and Utility Models

Valid patents and utility models at the end of 2022 were as follows:

- the patent, developed in recent years in three countries, i.e. Italy, China and USA, for **"rotor of permanent magnet electrical motor"**: concerns the IPM rotor (Interior Permanent Magnet) with ferrite magnets, developed for application on hydraulic pumps, in particular, it concerns the type of skew adopted, to optimise the noise level and at the same time the process in this type of rotor, specifically the rotor has a continuous skew of the external shape, but the linear internal structure still allows magnets with standard parallelepiped shape to be housed. It was filed in Italy in 2014 and then extended to China and USA. It has a validity of 10 years.

About utility models, the patents filed are as follows:

- **"Stator component for concentrated winding permanent magnet synchronous"**: it concerns the insulation solution between the coils of the winding of a permanent magnet motor with a concentrated winding, with the insertion of a plastic stick, suitably shaped, between the coils. It filed in China in 2015. It lasts ten years.
- **"Thermoplastic end-cap and concentrated winding permanent magnet synchronous motors"**: it concerns the insulation solution of the winding heads from the pack of laminations in a permanent magnet motor with concentrated slot, by using a plastic component, suitably shaped, also for proper routing of the coil connections, to be placed at the ends of the lamination pack. It filed in China in 2015. It lasts ten years.

The Group also holds a **Design patent** called **"Electric motor"**. This concerns the peculiar features of Lafert's servomotor aesthetics, such as the shape of the case. It was filed in China in 2015.



# 4. Relational capital

- 4.1 Customer relations
- 4.2 Customers' priorities
- 4.3 Quality, safety and reliability of the products
- 4.4 Responsible marketing
- 4.5 Suppliers: supply chain management
- 4.6 Relations with the local area



## HIGHLIGHTS | Relational capital

- The success of Lafert Group is linked to the strong appreciation of the products by the market, influenced by the high quality and variety of the products offered, the high efficiency of the motors and the strong customization of the proposed solutions, perfectly adaptable to infinite fields of applications.
- The Group adopts a co-engineering approach with the customer, developing a very strong relationship and mutual trust that favors fruitful and long-lasting collaborations.
- The quality, safety and reliability of Lafert motors are guaranteed by the ISO 9001:2015 Certification – “Quality Management System” which covers all management processes, from design to shipment through the very important testing phase.
- All motors produced are subjected to test and control at all stages of the production cycle, and to final testing before delivery to the customer.
- For its products, Lafert has both safety and efficiency certifications to guarantee compliance with national, European and global directives.





## 4.1 Customer relations

Lafert Group’s success is significantly linked to appreciation of its products by the market, which is influenced by the high quality of the products offered, allowing the Group to achieve margins in line with or higher than those of competitors.

Flexibility and reliability assure customers’ confidence and **strong visibility in the international competitive arena**. From robotics to renewable energies, material handling to air processing, or even the most diverse industrial machineries, the fields of use for our products are endless. For this reason, Lafert is the ideal partner to supply high-performance solutions for all kind of applications.

**Thanks to the co-engineering approach, the Group builds very close relationships and high mutual appreciation with its customers, which fosters profitable and above all, long-lasting relations.**

The integration of Lafert Group into Sumitomo has multiplied the opportunities for collaboration with global partners and gives the Group the opportunity to intensify its international presence.

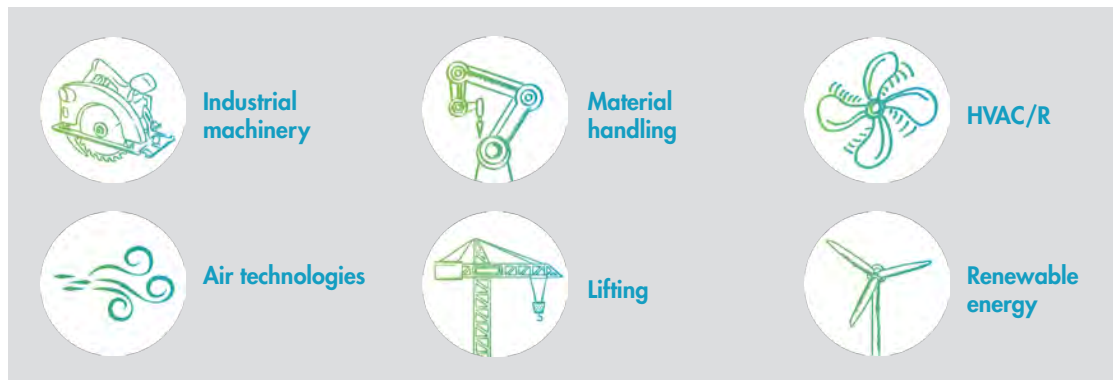
A new CRM<sup>3</sup> was also introduced, which will include possible improvements in the project sharing both inside Lafert and in the SHI world, especially for synergic projects or customers in common with SHI.

In March 2023, an ad-hoc training course was held and, in the future, Lafert expects to identify improvements in the market approach, both in terms of expansion of the offer and optimization of the response time, with special regard to the new leads.

Finally, the Sales team was organized with a special **focus on applications**: consequently, the activities will not be divided by geographic areas any longer, but rather by application, introducing the figures of the application manager and specialist, who will be the directional contact person for the entirety of the Lafert products, both for the market and the sales network.

### Lafert’s main target markets

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



<sup>3</sup> Customer Relationship Management



# Industrial machinery

## Plastic and rubber machines

The solid and compact design of motors designed for plastic and rubber machines makes it possible to use them under heavy-duty conditions. The motor overload capacity and high performance provide excellent dynamism, appropriate acceleration and deceleration control based on the speed and pressure managed by the system at any time, thereby increasing energy efficiency. The diversity of applications and performance required for the motor imply a diverse demand for technologies, from asynchronous motors to high torque, water-cooled servomotors. Lafert offers a wide range of motors suitable for the sector of rubber and plastic processing, as well as providing customised solutions on request.

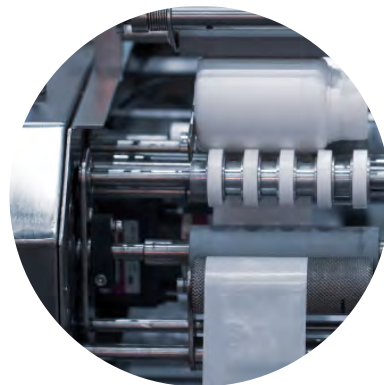


## Textile machines

Winding kilometres of delicate and fragile thread at very high speed without producing vibration, tears or sudden changes in speed, requires high-precision and a highly reliable technology to ensure accurate speed control.

## Packaging/labelling machines

The efficiency of these machines focuses on cutting, folding and shaping precision. Products move on the line at significantly high speeds and undergo various operations, often only taking a few instants. The overall performance of a machine cannot disregard the possibility of quick and precise calibration, essential to assure proper speed and positioning settings.







## Industrial machinery

### Printing machines

The final result of the printing process directly shows the consequences of the quality level of the machine movements in terms of speed, accuracy and reliability.

All the internal movements have to run and be perfectly synchronised with start-up times reduced to a minimum and high operation speeds.



### Machine tools

These customers manufacture precision lathes, tools for grinding gears, machines manufacturing parts and components of other machines; the quality of the machinery and its products depends on some main aspects:

- possibility of dedicated design of internal components;
- absolute precision of the operating movements;
- low level of vibrations and cogging;
- maximum reduction of space and dimensions;
- ease of maintenance.

### Woodworking Machines

These customers are companies that manufacture large-scale industrial plants with the highest degree of automation but also small companies with high quality productions, which share specific safety requirements in the operation and locking of the machinery and an ever-increasing demand for reducing production times, while maintaining high standards of precision and quality.



### Food processing machines

Applications in this sector must first of all comply with the strict regulatory requirements regarding hygiene. The workplace is also made difficult by frequent and long washing, often carried out with aggressive chemicals.

The manufacturing and packaging processes also require great ability for synchronisation and control, even at high speeds.



## Material handling



### Conveyors

The extreme variety of possible applications, for example from mining plant to an industrial assembly line, conveying any combination of material from sand to chemicals, grease and oil in any environment or ambient temperature requires a motor for all seasons and environments. With long running hours and pre-established constant speeds, significant targets for efficiency and performance will be specified.



### Robotics

Rapid short and segmented movements, operations requiring precise control of acceleration, braking and peak torque. Design and development of the machine are often carried out step by step with the development of the motor that can end up completely customised.

### AGVs

The AGV sector (Automated Guided Vehicles) includes battery powered applications for automated handling of materials or people within industrial facilities, which range from forklift trucks to automated vehicles for industrial cleaning and hydraulic pumps. The diverse application requirements range from motor efficiency to noiselessness of the control system and drastic reduction of emissions compared to conventional drive systems.







## Material handling



### Gear reducers

The gearbox takes advantage of the mechanical advantage of increasing the output torque by reducing the axis rotation speed. The motor axis is inserted into the gearbox and, through a system of internal mechanisms, generates an efficient conversion of torque and speed. Efficiency and energy saving are therefore the key aspects in this application.



### Treadmills

Introduced before the development of powered machines to harness the power of animal or humans to do work. More recently are used as exercise machines for running or walking in one place. The stability, the smooth running coupled with high efficiency and power consumption reduction favour such motors.



## HVAC/R (Heating, Ventilation, Air Conditioning/Refrigeration)

This sector accounts for 60% of global energy consumption and that is why it is under significant pressure by world Governments, which have mandated minimum efficiency levels, of the motor only at first and later of the entire machine (fan or pump combined with motor and control system).

### Pumps

Pumps operate by some mechanism either reciprocating or rotary and consume energy to perform the mechanical work by moving the fluid.

Long running hours for this type of application give an ideal opportunity to improve performance and reduce energy consumption.



### Fans

HVAC/R applications (Heating, Ventilation, Air Conditioning / Refrigeration) have typically a variable demand controlling either air pressure and temperature, water pressure and temperature, etc.. Typically HVAC/R applications are designed for continuous operation of such applications. Due to the continuous running of HVAC/R applications the electrical motors installed need to warrant and secure great resistance and high reliability.

In HVAC/R applications the most significant parameter to fulfil will be high efficiency level and energy performance to secure low running cost.

### Cooling Compressors

Widely used method for air conditioning and also used in domestic and commercial refrigeration. Application of a constant torque type with long running hours often at high speeds with speed control. It is an ideal opportunity for efficiency improvement and power consumption reduction. Ideal application to implement motorisations aimed at energy savings.







## Air technology

Applications in the sector of compressed air and vacuum technologies significantly contribute to the global energy consumption. Compressors, vacuum pumps and blowers generally operate for many hours per day and, since they require variable performance, they are suitable for coupling with high-efficiency motors that control speed via drives.

### Air Compressors and vacuum pumps

Air compressors convert power, usually from electric motors into a kinetic energy by compressing and pressurising air and on command can be released in quick burst. Constant torque application with long service renders this application a target for efficiency improvement and energy consumption reduction.



### Blowers

Air blower generally uses centrifugal force to propel air forward. This type of load coupled with speed control and long running hours is a prime target for efficiency improvement and energy consumption.





## Lifting

### Cranes and Hoists

This sector requires maximum progressive interventions, high accuracy and very low noise levels. The use of fitted brake with direct current, double braking surfaces and high braking torque ensures precise and reliable braking.

Safety and fast interventions are requirements that often result in customisation of the motor with the installation of special safety devices such as hand release lever.

Their installation in offshore plants or areas with tropical climate, require special treatments against corrosion and special coating.



### Elevators and escalators

In recent years, the elevator market has witnessed a substantial technological shift towards the MRL (machine room less) systems with gearless traction that allow the design of reliable, noiseless and comfortable systems, thus overcoming the typical constraints of the traditional hoist.

The market requires compact size, higher speed, rapid braking and low noise levels.



## Renewable energy

### Coolers

These installations often operate in harsh environments (offshore) and this demands guaranteed quality on special finishes and anti-corrosion treatments offering resistance to chemicals and extreme weather conditions and aggressive environments. These are often motors designed for specific applications that require maximum customisation of the motor components such as shaft, flange and brake. Energy saving is extremely important in this sector as well.



### Yaw Drive - nacelle rotation

In order to generate a maximum amount of energy from wind, the optimal orientation and the positioning of the nacelle are of a fundamental importance.

The yaw mechanism requires reliable and efficient components. The robustness coupled with high reliability favours Lafert's motors.

## Types of customers

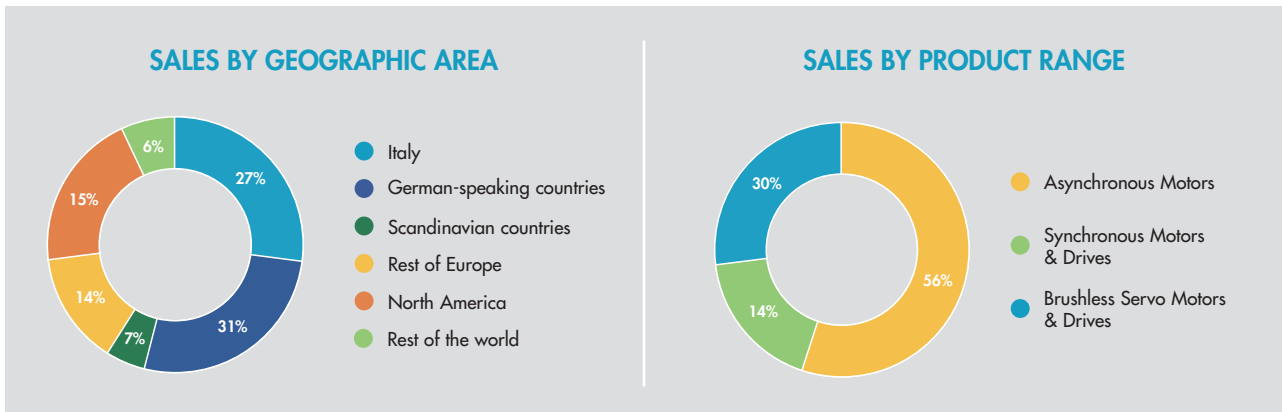
For each of the target markets analysed, Lafert builds the commercial relation with three different types of customers:

- **OEM (Original Equipment Manufacturer)**, in other words, a company that makes products, parts or components used by other companies referred to as "parent company" which affix their own logo on them;
- **Distributors**, the entity that deals with marketing Lafert branded products to the end customer;
- **Systems integrator**, that is, a company that deals with integrating systems and machinery, even very heterogenous, in order to manufacture a single and functional end product that suits the end customer's needs.

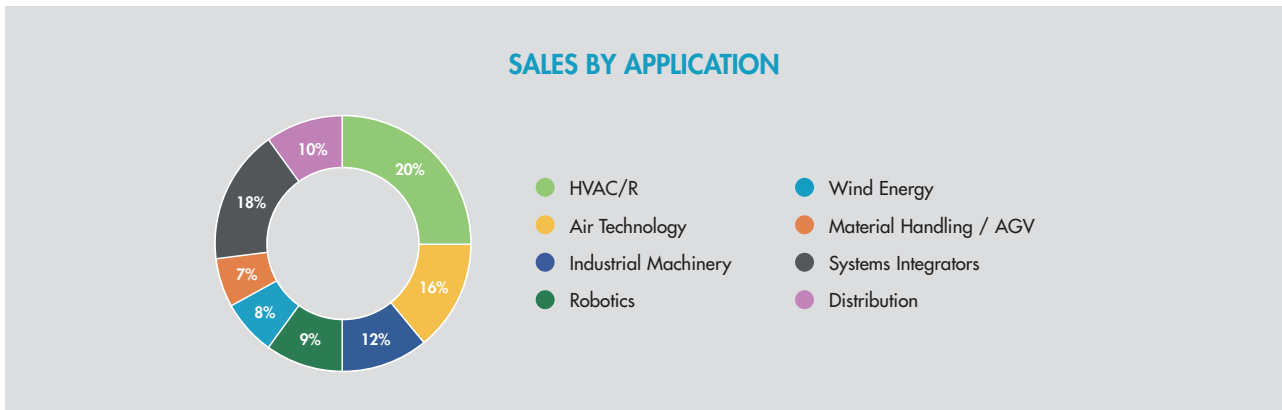
In Industrial Automation applications, the distributor is indeed a system integrator, which provides the machine/system manufacturer with an all-round service, including study/sizing/configuration, supply of the motor/drive/control package, commissioning at start-up and assistance on application.

In terms of geography, the Group's customers are mainly located in six main areas:

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



The main products sold by macro sector served are represented in the following graph:



## The customer acquisition process

The positioning of Lafert brand is high especially in the customised motor segment and the know-how is well-established in certain application sectors.

**That is why, in most cases, customers are acquired through search and direct contact by companies interested in the service and products offered by Lafert Group. In their turn, satisfied customers contribute to promoting and increasing the Group's reputation by word of mouth. Trade fairs are another essential tool in promoting the Group's image and reputation.**



DIRECT CONTACT



"WORD OF MOUTH"



TRADE FAIRS

## Customer relations management

Customer relations are assured by a widespread coverage of the areas served, overseeing the whole sale process.

**At commercial level, the relationship is managed by territorial sales managers, Area or Country Managers and agents, supported by Sales Manager, Application Sales Manager and Application Specialists. They have the task of acknowledging the customer's needs, collecting their requests, guiding their choices, and monitoring their degree of satisfaction in the relationship with Lafert, with a view to developing new business opportunities related to the same customer.**

At delivery level, however, customer relations are entrusted to the various **local Customer support** officers, whose role it is to assure coordination of all resources, promptly processing requests and liaising with the customer.

## 4.2 Customers' priorities

The ability to meet customers' needs and anticipate their expectations is key to Lafert's growth and it is essential in order to maintain and ensure the relationship is based on trust.

With this aim, the company has developed an action plan aimed at improving customer satisfaction through:

- **Fostering innovation as the driver to improve product efficiency, aimed at the growth of enterprises, streamlining their processes and reducing environmental impacts to the minimum;**
- **Focus on the customer and on meeting their needs - such as quality and high product performance - through co-engineering activities;**
- **Looking for technological excellence as a response to customers' needs;**
- **Pursuit of the well-being of the people who work at and for Lafert.**

With these assumptions, in its relations with customers Lafert, also in line with the principles of the Code of Ethics:

- **undertakes to meet their expectations, acting in good faith, with loyalty, fairness and transparency;**
- **carries out its business respecting customers' right not to receive products or services that do not conform to that agreed and which might be detrimental to their business;**
- **addresses its customers' demands, which might lead to improvements in the quality of the services and products offered;**
- **refrains from engaging in conduct that may in any way undermine the integrity, reliability and security of IT or telematic systems and data of its customers and end consumers.**

In order to contribute to an improvement of the Group's commercial abilities, the market must be based on fair and loyal competition, i.e. on compliance with laws and regulations on the matter.

The Group does not engage in unlawful or however disloyal conduct in order to obtain confidential information nor does it lead the personnel or customers to disclose sensitive information. Furthermore, it does not carry out sales to commercial counterparts that carry out unlawful or risky activities.

Finally, it is prohibited to provide services, carry out sales or make agreements with the counterparts for the purpose of obtaining benefits of any kind.

### 4.3 Quality, safety and reliability of the products

The system adopted by Lafert, highly process-centred and aimed at assuring the highest level of quality to its customers, makes it possible to assure the utmost transparency in carrying out the various steps of projects, leading to the supply of customised and complex solutions in the expected time frames.

**Lafert holds the ISO 9001:2015 certification of its Quality Management System, covering all management processes, from Research & Development to sales, from delivery and installation to after-sale support.**

The Quality System has been designed to achieve the core objectives of design control which is often carried out jointly with the customer in order to adapt to the specific features of each request.

Lafert’s Quality System also makes it possible to ensure compliance with legal regulations and international standards on quality and safety, starting from design all the way to internal and external production processes.

The production process is verticalized, as a consequence it is thoroughly controlled throughout, by production personnel as well as by the facility’s Quality Control resources, and includes the following stages:

- Magnetic lamination stamping;
- Rotor Die-casting;
- Machining of shafts, rotors and components in cast iron and aluminium;
- Hand and Machine Winding manufacturing;
- Assembly;
- Painting.

Quality, conformity and safety are assured by adequate plans for testing, measurement and control throughout the production cycle (acceptance, fabrication, assembly and final), performed by trained and qualified personnel. **Specifically, for example, upon final testing all manufactured motors from size 56 to size 160 are 100% electrically and functionally tested prior to delivery to the customer, as follows:**

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

**For the purpose of traceability, all motors produced at Lafert Group’s facilities (regardless of the brand used) are identified with appropriate plates and markings that identify their origin, certify their compliance with applicable standards, define their electrical and performance specifications and above all ensure full traceability through production batch and/or serial numbers linked to ERP production orders.**



## Product non-conformity reports and complaints

Normally, the non-conformity report of a product or a process, generated by the Restitution and/or complaints, a non-conformity, scraps, and deviation in the manufacturing, and non-conformities imputable to the supplier starts a chain of actions, depending on the gravity of the issue, which focus on identifying the causes and planning activities meant to contain, correct, and prevent the repetition of the issue. Specifically:

### 1 - Containment actions

Regardless of the origin of the report, it is necessary to analyse the issue and define a containment action. Actions of this type are meant to “plug” or “resolve” a specific problem which manifested, attempting to limit the possible damage.

The containment actions are followed by a statistic and risk analysis to evaluate whether the considered case is a single/isolated one or whether it concerns a non-conformity classified as “grave”.

### 2 - Corrective actions

The corrective actions are meant to prevent a specific issue, especially a grave one, from occurring again in the future.

The corrective actions are usually initiated in the presence of deviations, variances or non-conformities which have already been verified/confirmed, whose resolution is not sufficient to prevent the phenomenon from reoccurring and so they lead to the necessity to intervene by correcting, revisioning or modifying one of the following elements which are typically at the origin of the issue.

### 3 - Preventive actions

The preventive actions represent the actions held in place to prevent the manifestation of potential non-conformities and are usually short- medium-termed activities aimed at enhancing the effectiveness of other correlated actions (usually corrective ones).

The improvement process takes into consideration the reports directly originated from:

- first-part internal audits (of a process/product) and external audits operated by customers or Certification Bodies;
- the re-examination of the Lafert Group quality system;
- the periodic risk evaluation derived directly from the analysis of all single/isolated cases, and all the grave or recurrent non-conformities reported in a specific timeframe derived from non-conformities reported by customers, internally or by external suppliers.

Particularly, the output of these processes, followed by an evaluation in terms of risk/possibility, may generate corrective and preventive actions and chances for improvement.

The chances for improvement (generally reported by the QA function) are suggestions which may originate real and actual “improvement actions” normally used to increase the quality, reliability, potentialities, and performance of specific products/processes/technologies, besides improving managerial aspects, and so they represent one of the primary elements of the so-called “Continuous Improvement”.

These actions, in more complex cases, may be implemented through medium- long-termed “improvement projects” which may generally include investments and involve inter-functional work teams. Because of the technical-managerial complexity, the existence of economic and temporal constraints, the necessity to interact on an inter-functional level, and for the strategic importance that they normally imply, these improvement projects which require any type of investment, are usually managed and approved according to the modalities stated in the internal procedures of the organization.



Usually, the time periods requested for the implementation of improvement opportunities/suggestions vary depending on the complexity of the actions to be taken.

Generally, complaints may come:

- directly from the customer;
- through the personnel of the sales area which operates on the market by name and on behalf of Lafert Group (agents, representatives, Key Account Manager, foreign branches, etc.);
- from other Companies of Lafert Group;
- from people and/or companies which have no direct contact with Lafert Group but are direct or indirect users of the products sold by Lafert.

The staff who receives the complaint have the task of verifying the completeness and the correctness of the received inputs before they proceed with the internal circulation/distribution. Once it is verified that the product or service in the object of the complaint originates from Lafert, that the inputs are complete and that the report has a reasonably objective foundation, the person who received the report assigns a complaint number to the communication. Where the reported issue is not easily resolvable by sharing data, documentation, or information, and so it requires more complex management, the most competent business functions are involved in order to evaluate the level of importance, gravity and urgency of the report, as well as the time frame of its resolution.

The resolution of a complaint involves the implementation of the most urgent or immediate actions suit to circumscribe, contain, limit, and possibly avoid the potential negative effects which may derive from a failed management of the reported issue.

At the end of the related evaluations, of the investigations and/or verifications, the assigned function has the responsibility to communicate the most suitable proposals to close the complaint. It is of fundamental importance to ensure that the received information/decisions are promptly notified to the complainant and that the closure of the complaint is opportunely registered in a specific form in order to guarantee traceability for future occurrences.

The resolution of a complaint does not imply necessarily the implementation of corrective actions, however, when the managing of a complaint identifies the causes which generated it, it becomes the assigned function's responsibility to identify, promote, suggest, and/or implement (with the eventual support of the Quality Assurance area and/or of the involved functions) the useful or necessary corrective actions.

## The main certifications of Lafert

In order to guarantee quality and safety to customers, Lafert's products are covered by a set of certifications assuring compliance with national, European and worldwide directives.

Below are the main certifications of Lafert.



### CE Certificate

The CE mark, which means **European Conformity Mark**, consists of a specific graphical symbol (logotype) that guarantees to the consumer conformity of the product with all the provisions of the European Community that concern its use from design, to manufacture, to marketing, from commissioning of the product to disposal.

This symbol was created in 1993 and, on many products, it is mandatory for them to be marketed within the European Economic Area (EEA) which includes European Union countries and the 3 EFTA countries (Norway, Iceland and Lichtenstein).

Therefore, a product that is marketed in Europe must have the CE mark whether it is manufactured in China or in a European Union country such as Italy.

**All Lafert's products have the CE mark since 1995.**



### CSA Certificate of Conformity - Canada

The legal basis of reference for the safety of machinery and electrical apparatuses in workplaces, **to export into the Canadian market** consists of the **Occupational Health and Safety (OHS) Act**. This code, in addition to being legal in nature, also contains technical requirements and indicates the so-called consensus standards.

**Lafert has the CSA certificate of conformity for AC motors.**



### UL Certificate of conformity

The UL Mark indicates that UL has tested representative samples of a product and assessed them as suitable for applicable standards or other requirements, in relation to their potential risks of fire, electric shock and mechanical hazards.

**The UL Mark on a product attests to the manufacturer's constant conformity to applicable safety regulations.** UL is the only independent certification body authorised to issue the UL Mark. The UL Mark is the most widely recognised, acknowledged and accepted **proof of the conformity of a product to US and Canadian safety requirements.**

**Lafert has the UL certificate for AC motors, synchronous PM motors and brushless servo motors.**



**CCC Certificate**

The China Compulsory Certification (CCC) is a mandatory scheme in force since 2002. **Before being imported or marketed into the Chinese market, products belonging to certain categories included in the CCC must obtain the relevant certificate.** The certification obligation is valid for electronic products and others.

The CCC certificate entails passing safety tests and EMC tests. Manufacturers must have their goods tested solely by certification laboratories in China. Furthermore, the relevant certificate of conformity must be issued by a certification body designated by the China Authority for Certification and Accreditation (CNCA).

**Lafert has the CCC certificate for AC motors, synchronous PM motors and the range of ATEX Brushless Servo Motors.**



**UKCA certificate – UK Conformity Assessed**

Since January 1<sup>st</sup>, 2021, UKCA has been the conformity assessment mark required for Great Britain (England, Wales and Scotland) and applicable to most products currently subject to CE marking.

**Lafert has the UKCA Certificate for its products.**



**cURus certificate - UL Underwriters Laboratories Inc.**

cURus is a certified mark certified by Underwriters Laboratories. The mark has been designed for the US and Canadian markets and, unlike the cULus mark, it is designed for semi-finished products that are part of larger products or systems. Adopting a cURus-marked semi-finished product simplifies the cULus certification of the end product. For example, a power supply unit may be cURus certified, while the computer that includes it may be cULus certified.

**Lafert has the cURus certificate for AC motors, synchronous PM motors and the range of Brushless Servo Motors.**



**Conformity to Directive 2014/34/EU ATEX – 3G/D for use in potentially explosive zones**

With regard to the risk due to the presence of potentially explosive atmospheres, the European Union has adopted two directives on matters of health and safety. **Directive ATEX 2014/34/EU** was implemented in Italy with Legislative Decree no. 85 19 May 2016 and applies to products marketed or commissioned as of April 20<sup>th</sup>, 2016. It applies to products marketed or commissioned as of April 20<sup>th</sup>, 2016, defining the responsibilities of the main economic operators (art. 6, 7, 8 and 9 of Atex Directive 2014/34/EU) and the methods for certifying products (art. 13 of Atex Directive 2014/34/EU).

**Lafert has the ATEX Certificate for the range of Brushless Servomotors.**

## Quality of the products and environmental impact

In December 2021, Lafert's HPS permanent magnet motors obtained recognition of the CEL energy rating - Class 2, which is the efficiency level required for exporting to China in accordance with regulation GB 30253-13 that regulates synchronous permanent magnet motors.

**CEL – China Energy Label is an energy consumption label for electrical appliances used in China in all applications, from industrial to home appliances.** Manufacturers of electrical motors must affix the CEL label on products intended for the Chinese market, including the energy rating, to inform consumers of the product's energy efficiency. The Chinese government's choice has the goal of progressively reducing energy consumption and Co<sub>2</sub> emissions in the country

- **Lafert's HPS permanent magnet motors have achieved Class 2 in the 0.55-37 kW range.** Achieving Class 2, similar to the European rating IE4/IE5, proves the care for producing high-performance motors, with low consumption and low environmental impact.
- **Furthermore, the energy rating of Lafert's asynchronous motors has been updated to Class 3 in compliance with the most recent Chinese regulations, approving the AMPE/AMPH range 0.75-22 kW 2-4 poles and 0.75-11 kW 6 poles.** Indeed, according to the GB18613 regulation of 2020, only asynchronous motors with CEL Class 3 label can be imported, produced and used in China.

The achievement of new CEL certified levels for motors, either synchronous or asynchronous, is an important milestone for Lafert: the countless tests that the motors undergo at an external laboratory and by a local certification Body are the guarantee of the quality and high efficiency of the products. Furthermore, thanks to these certifications, Lafert is able to guarantee an even greater range of products for the Chinese market, suitable not only for industrial automation but also for all those applications where energy efficiency is essential. The energy efficiency of Lafert's electrical motors has substantially contributed to improving the Country's environmental impacts.

## 4.4 Responsible marketing

In the belief that acting ethically and responsibly underlies the company's success, Lafert activities are inspired by the constant and ambitious search for uncompromising quality. Customer relations are therefore based on the full satisfaction of their needs, with the aim of creating a solid relationship inspired by the values of fairness, transparency and trust.

Therefore, the company undertakes to:

- assure the highest quality standards of the products sold;
- provide truthful and exhaustive information so that the Customer may make an informed choice;
- censure the use of any communication tool that may mislead the Customer about the quantity, quality, origin and provenance of the products/services offered;
- assure the utmost attention to suggestions and any complaints from Customers;
- certify that the products comply with the market requirements in compliance with the laws in force in the countries where they are marketed, also in terms of safety;
- ensure the advertisements to Customers are inspired by criteria of clarity and transparency, prohibiting the use of any a deceptive, misleading and incorrect practice.

**The Marketing & Communication structure supports the sales network, in planning sales activities, and also deals with the Group's marketing activities proper, which includes how the corporate image is presented, raising brand awareness, the organisation of corporate events, definition of the messages to be conveyed to stakeholders.**

### Internal communication

**The communication with the personnel takes place mostly through the monthly sending of a Newsletter, intending to inform all the employees of the initiatives, successes, events, new partnerships and results, thus nurturing the employer branding.**

Among the initiatives which are being evaluated to facilitate the change and innovation process, explaining and sharing it with the employees, there is the design of a Group Intranet which ought to allow to:

- communicate Purpose, Vision and Mission, spread the company values and the sense of belonging;
- create a shared company culture of trust and participation in the innovation processes;
- simplify and fasten the onboarding process for new employees;
- centralize the information and render it prompt, sure and accessible to everyone, enhancing its safety;
- optimize the internal processes and the authorization/work fluxes, archive and share documents;
- render available to all employees a shared space to develop reciprocal knowledge, especially during the trying pandemic time, which forced a huge part of the personnel to operate remotely.

A monthly synthetic document is also active, called **Monthly report**, which is distributed to the directors of the primary units. In the Monthly report, each area contributes to the redaction of a text meant to supply an update on the activities and projects in progress under the responsibility of the direction. The administrative area, on the other hand, supplies economic, financial, and strategic information to inform all the managers about the

performance of the companies of Lafert Group.

#### Newsletter

Lafert distributes a periodic newsletter (monthly) to all company personnel and to a selection of customers and distributors which aims to update stakeholders about news on participation in trade fairs, new product launches, plant/product certifications, corporate events, publication of financial data, sharing of strategies, etc. All these articles are then published in full on the website, in the "News section".

#### Social media

Lafert Group promotes its contents on the [LinkedIn platform](#), with the aim of sharing news with its employees every day and more in general with the local community. The opening of [Facebook page](#) is also imminent.

#### Trade fairs

Lafert has always taken part in a number of European and world trade fairs.

**During 2022, the fair activity resumed after the stop imposed by COVID in 2020/2021, returning to full capacity during 2023. Lafert participates on average in 10-12 trade fairs specialized each year mainly in Europe .**

#### Videos

Lafert periodically produces institutional videos and presentation of products and applications with the aim of disseminating knowledge of Lafert's solutions and know-how as well as innovation across the Group.

## Awards and recognition

The main recognition received by Lafert Group are listed below.



#### The EIMA award dedicated to agriculture 4.0

EIMA International, the world exhibition of agricultural mechanics, is also promoter of the Competition of Technical Innovations, a prestigious award dedicated to the best technical innovations in the sector and models that present new solutions, with a high technological content in the perspective of agriculture 4.0.

Among the 2023 awards, there is the Marcel project to which we have contributed with our solutions designed and customized for the movement necessary for agricultural graders. An ambitious project in which two important scientific referents also participate: the University of Turin with the Department of Agricultural Forest and Food Sciences (technical-scientific coordinator of the project) and the Agroinnova Centre and the Politecnico di Torino with the Department of Electronics and Telecommunications.

Specifically, starting from our Smartris packages for autonomous systems, we have made the necessary adjustments and designed the electric solution dedicated to the movements of the blade: vertical displacement and lateral inclination, eliminating the hydraulic management of movement. We have also helped to support the development of the necessary technologies for the control of electric motors and actuators.

## 4.5 Suppliers: supply chain management <sup>4</sup>

Lafert Group believes in the importance of fostering synergies, in the close collaboration and engagement of its suppliers, who not only assure the reliability of production performance but at the same time share the values and expectations of the Company, also in terms of ethical, environmental and social standards.

### The guidelines in supply chain management

In activities for selecting and assessing suppliers, **impartiality and respect for all parties must always be assured** and, especially in negotiations, the principles set forth by Lafert's Code of Ethics must always be complied with.

**The search, selection and qualification/approval of new suppliers are activities that involve a large number of resources across departments of Lafert Group, usually even in the medium-long term.** These activities must therefore be scheduled in time, shared with the departments concerned and implemented in the face of real and objective organisational/business needs, opportunities or criticalities.

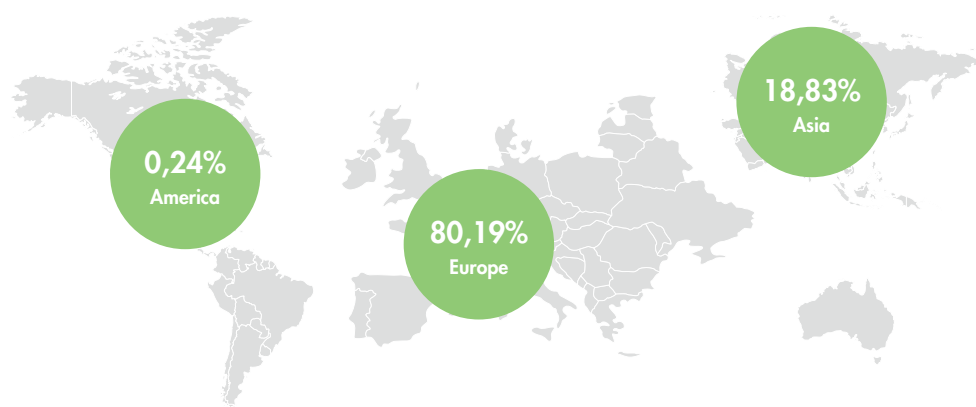
### The types of suppliers

The suppliers of Lafert Group mainly deal with procurement of **raw materials, components and finished products**. The weight of each category on total purchases is set out below in detail:

Magnetic steel	15,3%	Screws , Fastners and Tie-rods	1,1%
Diecasting	12,8%	Extruded aluminium	1,1%
Copper wire	11,8%	Steel bars	1,0%
Windings	11,1%	Fan cover (steel)	0,9%
Shafts	8,1%	Gaskets & Oil seals	0,7%
Electronics components	7,6%	Insulating material	0,6%
Blanked lamination	6,1%	Cast Iron	0,6%
Machining & Assembly	4,7%	Varnishes, primers and resins	0,6%
Brakes	4,6%	Aluminium alloy (99,7 and 46100)	0,5%
Magnets	2,4%	Surface treatments	0,5%
Bearings	2,1%	Motors	0,3%
Plastic	1,8%	Cable glands	0,2%
Packaging	1,6%	Namplates	0,2%
Wiring	1,5%	Others (various)	0,6%

<sup>4</sup> To ensure greater consistency with the 2023 data, the 2021 and 2022 data were revised following the merger of Italian companies (Lafert Servo Motors S.p.A., Lafert Servo Drives S.r.l and ICME S.p.A.) into Lafert S.p.A.





**49,63% of Lafert Group's total purchases concentrates in Italy, most of which between Veneto, Lombardy, Friuli-Venezia Giulia and Emilia-Romagna, no further away than 300 km from the Group's Italian production facilities.**

The following charts report specific information on the suppliers of the main productive plants<sup>5</sup> of Lafert Group. Referring to FY 2023, approximately 50% of these suppliers are located in Italy, 18,83% in Asia, 30,56% in Europe and the remaining percentage in the rest of the world. With the exception of the increase in the number of European suppliers, due to the inclusion of the Slovenian company in the scope of analysis, no significant variations were reported compared to the previous two years. This proves the solidity of the commercial relationships of Lafert Group with its partners.

Nr. Suppliers	2021		2022		2023	
	n.	% of total	n.	% of total	n.	% of total
In Italy <sup>6</sup>	203	54,13%	200	53,05%	203	49,63%
In Europe	87	23,20%	98	25,99%	125	30,56%
In America	0	0,00%	1	0,27%	1	0,24%
In Asia	83	22,13%	76	20,16%	77	18,83%
In Rest of the World	2	0,53%	2	0,53%	3	0,65%
<b>Total</b>	<b>375</b>	<b>100%</b>	<b>377</b>	<b>100%</b>	<b>409</b>	<b>100%</b>

<sup>5</sup> Starting from this report, the supplier data refer to all the Group's production companies, namely Lafert s.p.A, Lafert (Suzhou) Co. Ltd. and Lafert Elektromotorji d.o.o.

<sup>6</sup> Lafert Group suppliers with registered office in Italy have been identified as "local" suppliers.

The following chart reports the total expenditure of Lafert Group towards the suppliers of the main productive companies, divided by geographic area.

Neither in this case, any significant fluctuation was reported in 2023 compared to the percentages of the previous two years. However, in 2023 in percentage terms Lafert's total overlay increased by 12,4% compared to 2022, data obtained also by the stabilizing high level of prices in 2023 and the extension of the perimetral analysis. During the last fiscal year, the budget spent on suppliers for Lafert's production Society concentrated mostly in Italy (76,5%), Asia (11,89%) and in Europe (11,28%). In total, in 2023 the Group spent almost 132 million euros for the suppliers of its production societies.

Value spent on Suppliers (Value in k€)	2021		2022		2023	
	€	% of total	€	% of total	€	% of total
In Italy	70.962	74,14%	84.873	72,41%	100.875	76,55%
In Europe	12.850	13,43%	16.869	14,39%	14.869	11,28%
In America	-	0,00%	130	0,00%	241	0,18%
In Asia	11.840	12,37%	15.228	12,99%	15.674	11,89%
In Rest of the World	62	0,06%	113	0,10%	121	0,09%
<b>Total</b>	<b>95.714</b>	<b>100%</b>	<b>117.214</b>	<b>100%</b>	<b>131.780</b>	<b>100%</b>

The major categories of goods purchased by Lafert, as reported in the chart hereinafter, are divided into finished products, raw materials, and semi-finished products. The purchase of raw materials is the most significant voice, corresponding to more than 75% of the overall expenditure. Approximately 23% of the expenditure is, conversely, related to the purchase of semi-finished products, while the remaining percentage is to be attributed to the finished products.

Type of goods (Raw Materials, Semi-Finished Products, Finished Products)	2021	2022	2023
Finished Products	702	1115	1.886
Raw Materials	64.803	82.714	87.215
Semi-Finished Products	18.037	19.134	29.950
Services	12.040	14.104	12.537
Other costs	132	147	192
<b>Total</b>	<b>95.714</b>	<b>117.214</b>	<b>131.780</b>

## Suppliers' selection criteria

The search and selection of new suppliers is an activity typically linked to the need to improve the pool of suppliers with regard to the following primary factors:

- reduction of the purchase price;
- increase of product quality;
- improvement of the service level (deliveries, supply conditions etc.);
- opportunities connected to procurement flexibility;
- reduction of supply risks (business continuity, contingency plan, etc.);
- compliance with sustainability aspects (ESG).

Based on these needs, the search for potential new suppliers is independently activated by the **Purchasing department (PCS)**, supported if required by the departments directly concerned.

1. When a range of available suppliers emerges in the scouting activity, the PCS department acquires (through registers, brochures, catalogues, telephone contacts, internet, introductory visits, etc.) the largest amount of information regarding potential suppliers, thus leading to preliminary sifting.
2. After assessing the risks, opportunities and strengths of each potential supplier, the PCS department (with the contribution of the departments concerned, if required) starts the process of qualification, approval and negotiation with the selected supplier(s), collecting all the information relating to the supply and the necessary cost estimates.
3. After acquiring the information documents and the offer for the required supply, the Buyer may enter the supplier in the database and issue the purchase order for approval/acceptance of the required supply.

During 2022, as it was reported in the paragraph "Code of Ethics", Lafert Group started and finished the realization of the new "Suppliers' Code of Ethics": the document was subsequently formalized and its signing by the suppliers will become a mandatory condition to work with Lafert.

In 2023, the Suppliers' Code of Ethics was sent to all the suppliers of raw materials, processed goods, and components of the Group and subsequently signed by them all. The Group sent the document also to the main suppliers of services and maintenance. The signature of such document has become binding between the criteria of choice and appraisal of new suppliers

The Central Purchasing Department has defined a **Vendor rating** model to classify and monitor all the active suppliers in terms of competitiveness, quality, level of service, financial solidity, etc. To this end, an attentive mapping of all the suppliers of the Group is currently underway.

Please note that in the course of 2024, the Company will include in the evaluation and classification of suppliers an indicator that evaluates the level of support that the supplier can offer to Lafert in following its strategy on standards and regulations, for example also on issues related to sustainability.

As of today, the Organisation does not yet present formalized selection criteria for the suppliers concerning topics strictly linked with sustainability, however, there is the intention to integrate said aspect in the future.

### Periodic suppliers' assessment

**The suppliers that Lafert Group deals with periodically undergo a global assessment.**

**This assessment takes place according to a specific method, which is based on eight KPI, and it is updated every six months.**

This assessment takes place according to a specific method, which is based on the calculation of the so-called "TQF", i.e. the supplier's overall assessment data, based on three specific aspects: quality, service and price applied.

In the area of trimestral risk assessments, presented in the section "Risk Management", the impact of each risk identified on the business continuity is analysed also in relation to the supply chain and the suppliers of the Group.

## 4.6 Relations with the local area

Despite being an international concern, Lafert Group is strongly rooted in the region where it was born and where the historical headquarters is still based: San Donà di Piave (Venice).

The Group is focused on region's issues and local community, without making any distinctions between local or international communities. The company is committed to systematically supporting through financial contributions forms of volunteering and participation in multi-year projects, such as:

- initiatives organised by the Municipality of San Donà di Piave such as **sports events or young people's education and entertainment**;
- **open day** organised for the schoolchildren and the players of the local Rugby team;
- **redevelopment project of the industrial estate of Via John Fitzgerald Kennedy (San Donà di Piave)**, scheduled for the coming years in collaboration with other local companies in the area (starting from 2024);
- regularly taking part in the **sustainable mobility initiative** promoted by the Municipality of San Donà di Piave for the disabled, contributing to the purchase of vehicles for transporting the disabled or people in need;
- **Lafert Academy**: training programme about production topics for young people. At the end of the training period, Lafert select and hire people particularly deserving.

### Initiatives for young people

- Lafert supports the young people of the Association San Donà Opportunity as a fundamental part of the future of the territory in which the Company operates, therefore being able to support social and economic development but also being attentive to the sustainability and well-being of employees.
- San Dona Opportunity is an association of girls and boys, high school students and university students who in San Dona see the foundations of their future. It aims to give voice to young people and create activities aimed at professional and cultural development within the Sandonatese area and beyond.
- Among the most recent opportunities to support the association is "Wonder Wire - The equation of loneliness", a short film created by those who put themselves in the game, have worked with constancy and professionalism acquiring transversal skills useful for their future. In the realization of the short film the young people wanted to enhance different places of San Donà and neighboring and involve local companies, emphasizing the roots and the socio-cultural context.

### Associations

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

The sponsorship not only includes awarding scholarships to the most deserving players, but also Open days in the company to introduce children and young people to the industrial concern that is the sponsor.



Through this sponsorship, Lafert not only promotes healthy growth and exercise, of which rugby is a very good example, but also supports the local community through scholarships and hires.

# 5. Economic-financial capital

- 5.1 Operating performance
- 5.2 The Economic Value Generated and the Economic Value Distributed
- 5.3 Investments
- 5.4 Fiscal approach



## HIGHLIGHTS | Economic-financial capital

- Revenues from sales and services in 2023 according to the reclassified income statement amounted to € 219 million (-3,4% vs 2022).
- During 2023 the following are highlighted:  
over € 225 million of economic value generated (-7,3% vs 2022)  
over € 208 million of economic value distributed (-10,9% vs 2022).
- Lafert Group's investments in Research and Development projects almost reached € 2,9 million in 2023.



## 5.1 Operating performance

Sales performance was lower than in the previous year, reflecting the general contraction in the manufacturing sector. Despite the general trend, the Lafert S.p.A. Group consolidates the long-term partnership built over the years with customers, who have relied on the group for their production, growth and success. After the 2020 financial year marked by the global crisis linked to Covid-19, 2021 and 2022 were very positive in terms of order and turnover, while for the fiscal year 2023 the trend of the sales suffers from the general contraction of the manufacturing field recording a decrease of 2,5% regarding the year precedence.

Revenues from sales and services in 2023 according to the reclassified income statement amounted to 219.904 thousand euros (-3,36% on 2022) while orders revenue amounted to 156.909 thousand euros (-7,5% on 2022).

Sales on the Italian market, which represented 27,4%, decreased by 4,7% compared to the previous year, while sales abroad (72,6% of the total) recorded a decrease of 2,9%.

The order book to be processed at 31 December 2023 amounted to Euro 48.096 thousand (net value of intercompany orders), down from the end of 2022, ensuring coverage of about 3 months of production. Such reduction is closely correlated to the decrease of the times of delivery of the motors and to a general contraction of the market.

### Procurement

The cost of the main raw materials has suffered significant decreases, regardless of the reference product class, compared to previous years. In the course of 2023 and compared to 2022, the price of copper has on average decreased by 5% with a consequent decrease in the prices of the coiled stators. The price of magnetic sheet, after the reduction recorded in 2020 and the sudden increase of almost 50% in 2021 and 64% in 2022, has suffered a decrease of 15%, as well as steel, whose price has decreased on average by 16%. The same trend can be seen in the prices of primary aluminium and alloy, which decreased by about 7% compared to the previous year. Prices of permanent magnets decreased by about 26% compared to the previous year. The costs related to electricity and gas, after the sharp increase that began in late 2021 and lasted for most of 2022 due to the tensions on the markets due to the outbreak of war in Ukraine, stabilized during 2023.

The uncertainties and unpredictability dictated by the global macroeconomic and geopolitical panorama remain. The Russian - Ukrainian - conflict, which began at the beginning of 2022 and is compounded by Israeli hostilities - continues, exacerbated by the attack on Israel on 7 October 2023 by Hamas militias. Lafert S.p.A. responds by continuing to pursue goals of profitability and productivity in the management of production, logistics and procurement costs, facing the volatility of prices and currencies generated by geopolitical risks and disputes between States. The Directors of the Lafert Group and the Sole Shareholder, Sumitomo Heavy Industry, Ltd have carefully assessed the implications of the event on business, margins and financial position. The analysis did not reveal any significant risks linked to relations with third parties resident in the territories concerned or effects on the recognition and valuation of assets and liabilities.

Therefore, the management has considered that the Russia-Ukraine conflict has not had impacts on the items of estimate, valuation and measurement of assets and liabilities at the date of financial reporting, 31 December 2023, configuring itself as "non-adjusting event" under IAS 10.

Below is a breakdown of revenues by geographical area and market segment for the years 2023 and 2022.

Revenues by geographic area (Value in k€)	2021		2022		2023	
	Revenues	%	Revenues	%	Revenues	%
Italy	51.417	27,33%	63.170	27,76%	60.221	27,36%
Austria	25.151	13,37%	29.488	12,96%	35.968	16,36%
USA	22.965	12,21%	4.478	1,97%	7.289	3,31%
Germany (Deutschland)	21.926	11,65%	27.982	12,30%	29.243	13,30%
China	10.142	5,39%	9.857	4,33%	8.305	3,78%
Rest of the World	56.525	30,05%	92.572	40,68%	78.878	35,87%
<b>Total</b>	<b>188.126</b>	<b>100%</b>	<b>227.547</b>	<b>100%</b>	<b>219.904</b>	<b>100%</b>

The below table gives the evidence of the turnover by application sector for the last three years.

Turnover by application sector (Value in k€)	2021		2022		2023	
	Revenues	%	Revenues	%	Revenues	%
Air Technology	24.437	12,99%	31.129	13,68%	36.132	16,43%
Automotive, Car Equipment	3.050	1,62%	3.806	1,67%	2.635	1,20%
Distribution, Partner, Engineering	9.571	5,09%	21.933	9,64%	22.027	10,02%
Food, Beverage, Tobacco, Hospitality	5.473	2,91%	7.935	3,49%	6.503	2,96%
HVAC/R	41.267	21,94%	58.842	25,86%	45.009	20,47%
Machine Tools	5.161	2,74%	7.811	3,43%	11.622	5,28%
Materials Handling / AGV	9.403	5,00%	13.501	5,93%	16.532	7,52%
Robotics	6.101	3,24%	7.601	3,34%	6.602	3,00%
Rubber & Plastics	1.526	0,81%	1.355	0,60%	1.345	0,61%
Systems Integrator	32.569	17,31%	38.194	16,78%	43.584	19,82%
Textile	11.209	5,96%	12.811	5,63%	8.570	3,90%
Wind	16.175	8,60%	15.968	7,03%	17.939	8,16%
Woodworking	798	0,42%	673	0,30%	700	0,32%
Other	21.386	11,37%	5.988	2,63%	706	0,32%
<b>Total</b>	<b>188.126</b>	<b>100%</b>	<b>227.547</b>	<b>100%</b>	<b>219.904</b>	<b>100%</b>

The following table gives a detailed breakdown of Lafert Group's expenses for the services during 2023.

Expenses by services (Value in k€)	2023
External processing	28.192
Shipping costs	4.982
Fees and sales commissions	1.424
Maintenance and repair costs	3.336
Utilities	2.898
Legal, tax and accounting advice	3.204
Expenditure on advertising, marketing and sponsorship	1.172
Rentals and operating leases	1.813
Personnel services	263
Directors and auditors' fees	106
Insurance costs	816
Travel expenses for employees	602
Charges and banking commissions	185
Surveillance and cleaning expenses	636
Telephone expenses	552
Entertainment expenses	105
Rights of use and royalties	59
Other services	84
Stationery and postal charges	11
<b>Total</b>	<b>50.440</b>

The table below shows the total value of the financial assistance that Lafert has received from the government over the last three years.

Financial assistance received from the government (Value in k€)	2021	2022	2023
Grants for investment, research and development and other major forms of assistance	1.799	2.373	2.475
Financial assistance from Export Credit Agencies (ECAs) <sup>7</sup>	667	856	866
<b>Total</b>	<b>2.466</b>	<b>3.229</b>	<b>3.341</b>

<sup>7</sup> The values for FY 2021 and FY 2022 were reclassified for comparison with the year 2023.

## 5.2 The Economic Value Generated and the Economic Value Distributed

Added value <sup>8</sup> (Values in k€)	2021	2022	2023
Revenues	198.641	237.970	219.904
Other income	1.146	3.144	4.998
Financial Income	1.610	2.329	784
<b>Total Economic Value Generated</b>	<b>201.397</b>	<b>243.443</b>	<b>225.686</b>
Operating costs	144.004	178.431	149.390
Remuneration of personnel	43.518	50.239	52.220
Remuneration of lenders	901	3.131	4.607
Remuneration of investors	0	0	0
Remuneration of the Public Administration	1.662	1.654	1.792
Charitable contributions	7	4	0
<b>Total Economic Value Distributed</b>	<b>190.092</b>	<b>233.459</b>	<b>208.009</b>
<b>Economic Value Retained</b>	<b>11.305</b>	<b>9.974</b>	<b>17.677</b>

The income statement, which shows the Economic Value Generated and the Economic Value Distributed, is drawn up based on the consolidated income statement of the period of reference, with the aim of showing the economic value directly generated by Lafert Group and its distribution to internal and external stakeholders.

The Economic Value Generated refers to Lafert's net revenues (Revenues, Other Operating Revenues, Net of losses on receivables), whereas the Economic Value Distributed shows costs reclassified by stakeholder category and any distributed dividends.

The Economic Value Retained refers to the difference between Economic Value Generated and Economic Value Distributed and includes depreciation and amortisation of tangible and intangible assets, provisions and prepaid/deferred taxes.

**As can be seen from the table above, the values between 2022 and 2023 have varied in meaningful way for almost all the items: the revenues are diminished of 7,6%, so like the costs are diminished in meaningful way. Operating costs decreased by 16,3% and personnel costs increased by 3,9%.**

These changes are partly due to a general increase in the inflation rate, which has led to higher costs for the Group, especially in relation to the supply of raw materials and energy costs.

**Consequently, a significant decrease in the Total Economic Value Distributed was recorded in 2023 compared to the previous year of -10,9%.**

<sup>8</sup> The data in the table, relating to the economic value generated, distributed and retained, have been updated following a different way of reclassifying the items in the Income Statement.

## 5.3 Investments

Every year, Lafert Group invests in projects for the technological innovation of products and processes, pursuing a development which proves sustainable over time.

In 2023, the investments in material goods amounted approximately to 15 million euros, equal to 7.2% of the overall turnover of the Group for the examined practice. Of this amount, the most significant part refers to the purchase of highly technological machinery and systems to increase production efficiency and safety and reduce energy consumption in the line, complying with the principles of the national plan for transition 4.0. The majority of the resources was used in the Italian plants of the Group which, aside from the abovementioned goods, invested in the implementations of new control and managing systems in the area of software for the process business management and for the activities of research and development.

**The research and development activity is considered a strategic lever from a competitive point of view to respond to the market's evolution as well as from the point of view of sustainability. Many of the ongoing projects target the improvement of energy efficiency, the reduction of the consumption of raw materials used in the production process and the improvement of the reliability and durability of products, reducing environmental impacts.**

Over the last three years, expenses for research and development projects have increased, confirming they are key to the Group's business plan, as follows:

Research and Development expenses (Value in k€) <sup>9</sup>	2021	2022	2023
Research and development expenses	1.948	1.938	2.851

For the analysis of the main innovative projects carried out in 2023 see chapter 3 "Infrastructural capital", paragraph "Innovation and digitalisation".

<sup>9</sup> The data for 2020 and 2021 in the table have been updated following a reclassification of R&D expenditure.

## 5.4 Fiscal approach

Lafert Group undertakes to apply the fiscal laws in force, ensuring that the spirit and purpose set forth by the law and the legal system for the matter being interpreted are complied with. The approach adopted hinges on principles of prudence, responsibility and transparency towards the tax administrations and all the Stakeholders.

Lafert Group promotes the spread of a fiscal culture in compliance with the regulations and with the Code of Ethics. In cases where the fiscal discipline raises interpretative doubts or application difficulties, a reasonable line of interpretation is pursued, making use of the advice of qualified consultants.

The Group's fiscal headquarter is in Italy, where the parent company Lafert S.p.A. and the most significant companies in terms of revenues and tax paid are located. **The focus is on counteracting the phenomena of tax avoidance and evasion at national and international level.** Indeed, the shareholdings held in foreign companies are not used for planning an international fiscal policy aimed at favouring taxation in countries with lower tax burdens, but have the strategic purpose of commercial expansion of Lafert's business in foreign countries. Regarding this issue, **as of fiscal year 2019 the Group has adopted the Master file on transfer pricing** which will be updated for each financial year in order to improve transparency on transfer price policies. Furthermore, each year the Group cooperates with the shareholder Sumitomo in preparing the document on international taxation **"Country by Country" report.**

The governance of tax control is delegated to the Group's Accounting Management Department which, also through the support of external consultants, monitors the correctness of transactions, the evolution of tax regulations and provides single guidelines on the management of tax risk to the Group's companies.

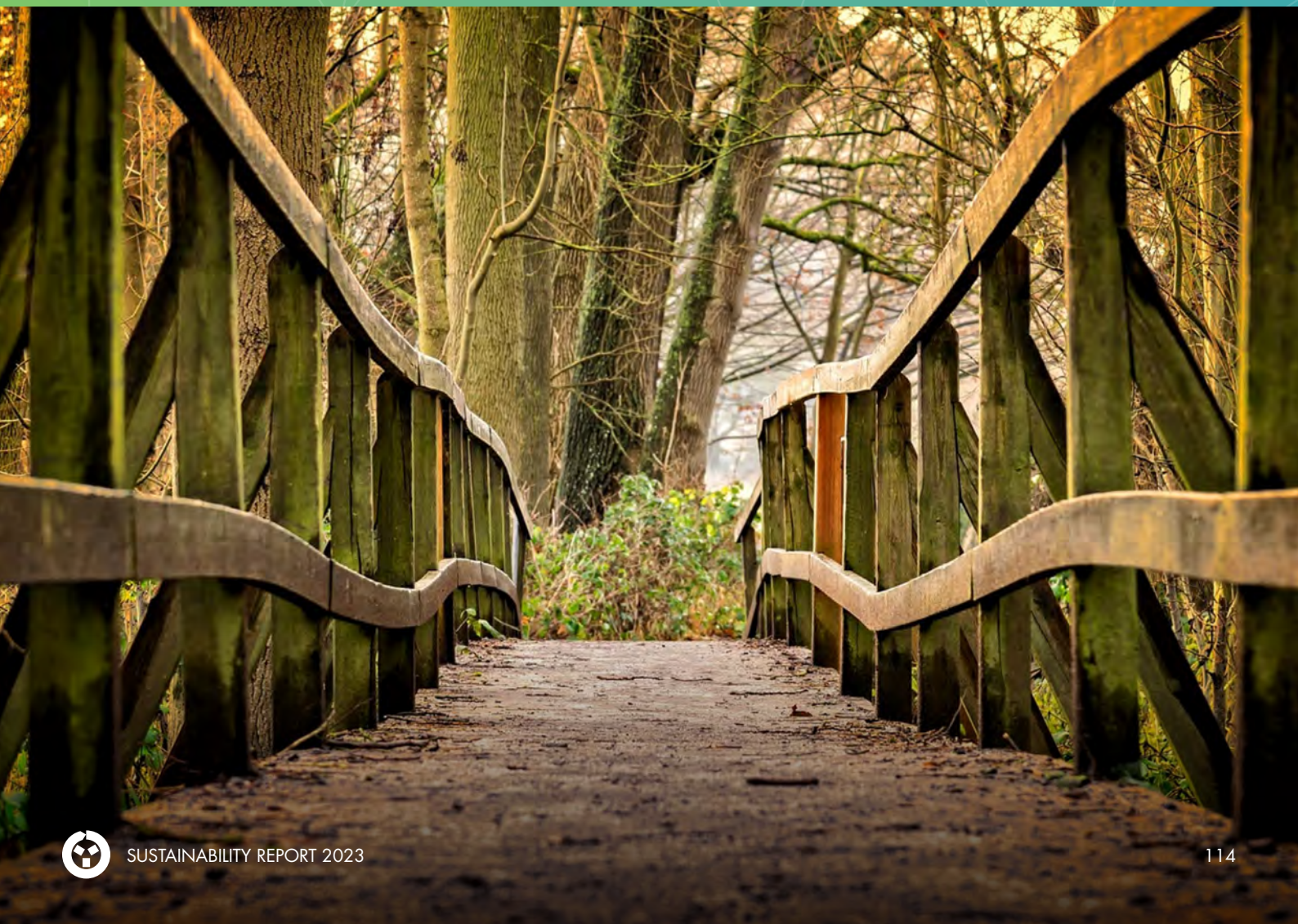
All requests made to Lafert Group by tax authorities are managed within the proper flow of information, with an approach by the Group that aims at responding promptly and thoroughly. Relations with the authorities are key to the Group's tax policies and are collaborative and proactive.

In 2023, no tax disputes or claims were recorded and, as at the date of this document, there are no significant tax disputes.



# 6. Human capital

- 6.1 The personnel selection policy
- 6.2 Diversity, equal opportunities and welfare
- 6.3 Employees
- 6.4 Training and skills
- 6.5 Occupational health and safety



## HIGHLIGHTS | Human capital

- Lafert Group's workforce on 31 December 2023 amounted to 1.060 people, registering an increase of 2,7% compared to 2022.
- 93% of the workforce is hired on open-ended contract.
- In relation to the year 2023, the company registered a positive turnover of 28,48% for under 30 men and 49,37% for under 30 women.
- People growth is one of the most pursued corporate values, from the recruiting phase and throughout the stay in the company, as well as the well-being of people pursued through the organization of initiatives aimed at strengthening the link between the company and employees.
- In 2023, the company provides almost 3.600 hours of training were provided to Group employees.
- Lafert Group adopts an Occupational Health and Safety Management System – ISO 45001:2018. This system is adopted and certified for the parent company Lafert S.p.A. and applicable to all other plants.
- During 2023, Lafert Group undertook for the Italian companies the project to acquire the Gender Equality Certification pursuant to UNI/PDR 125:2022 and at the same time the issue of ISO 30415:2021 Certification - Human Resources Management - Diversity and Inclusion.



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

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

**The “growth of people” is one of the key corporate values that is pursued, from the recruitment stage, throughout one’s career at the company, thanks to the organisation of initiatives aimed at the development of skills in order to broaden the knowledge of the individual and consequently of the company, thus strengthening the link between the company and employees.**

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

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





## 6.1 The personnel selection policy

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

### The selection processes

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

**To this end, selection is carried out in full compliance with equal opportunities, therefore without any discrimination whatsoever, avoiding favouritism, any form of facilitation and clientelism, with choices inspired exclusively by objective criteria of professionalism and talent.**

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

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

The selection process varies depending on the professional category, with particular reference to office workers and production workers. For the office workers, an individual/specialized plan is programmed, depending on the figure/activity, which allows them to be put in touch with the supervisors of the different company areas in order to know all the company organization. For the production workers, this activity is led by the Head of Prevention and Protection Service (HPPS) and the Workers' Safety Representative (WSR), who explain to the new entries the topics of safety rules to adopt inside the production area, as well as the internal rules of procedure. Lastly, they are instructed about the correct behaviour to maintain inside the company.

After the selection process is successfully completed, the candidate is supported during the induction phase through an **on-boarding process, differentiated according to the professional profile.**

## 6.2 Diversity, equal opportunities and welfare

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

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

All people at Lafert are required to promote and maintain a climate of mutual respect of each other's sensitivity in the workplace.

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

Specifically, Lafert promotes the topic of gender equality and professional growth of the women in the company, knowing that in the industry sector, the percentage of female professionals is contained. With the purpose to consolidate the attention towards the abovementioned topics, the Group has embarked in 2023 the journey to obtain the Certification on Gender Equality in compliance with UNI/PDR 125:2022 as well as the Certification ISO 30415:2021 – Human Resources Management – Diversity and inclusion.

## 6.3 Employees<sup>10</sup>

Number of employees	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
	157	772	929	178	854	1.032	189	871	1.060

In 2023 the total number of employees of the Lafert Group reached a total of 1.060 people. The personnel mainly consist of men working in the production of electrical motors. Lafert's employees are hired solely with a regular employment contract, through the National Collective Labour Agreement of metalworkers, in compliance with the laws and regulations in force.

### Forms of employment

Number of employees by type of contract/by gender	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
On open-ended contracts	140	699	839	162	801	963	167	819	986
On temporary contracts	17	73	90	16	53	69	22	52	74
<b>Total</b>	<b>157</b>	<b>772</b>	929	<b>178</b>	<b>854</b>	1.032	<b>189</b>	<b>871</b>	1.060

**93% of employees are hired on permanent contracts, recording an increase of 2,4% compared to 2022.**

In order to accommodate the personal and family needs of employees, there is the option of making use of flexible working hours and the part-time scheme is available, although most employees – more than 97,4% – work on a full-time contract.

Number of employees by type of hours/by gender	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full-time	136	766	902	154	849	1.003	165	867	1.032
Part-time	21	6	27	24	5	29	24	4	28
Contract with variable timetable	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>157</b>	<b>772</b>	929	<b>178</b>	<b>854</b>	1.032	<b>189</b>	<b>871</b>	1.060

<sup>10</sup> Compared to the previous report, the values were revised by including the employees of Lafert Elektromotorji D.o.o. in the reporting scope.



The table below shows the total number of non-employees in Lafert Group, which amounted to 41 in 2023, all of them are temporary workers.

Non employees by type of contract by gender and region	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Interns and Trainees	1	2	3	0	0	0	0	0	0
Temporary workers	13	101	114	14	70	84	1	40	41
Self-employed workers	0	1	1	0	0	0	0	0	0
<b>Total</b>	<b>14</b>	<b>104</b>	118	<b>14</b>	<b>70</b>	84	<b>1</b>	<b>40</b>	41

## Diversity

Number of employees by category/by gender	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	2	11	13	2	13	15	2	11	13
Middle managers	3	17	20	2	17	19	2	20	22
Office workers	77	126	203	83	144	227	83	164	247
Production workers	75	618	693	91	680	771	102	676	778
<b>Total</b>	<b>157</b>	<b>772</b>	929	<b>178</b>	<b>854</b>	1.032	<b>189</b>	<b>871</b>	1.060

The high number of men, especially in production, is due to the type of processing and operations required by the business.

**Of total employees, 73,4% (778 out of 1.060) are manual workers and 9,6% are women.**

**Female employees occupy fairly equally white-collar or blue-collar positions (respectively 83 and 102 heads out of a total of 189 women).**

The percentages of employees broken down by category and gender are set out below, in relation to the total number of employees as at December 31<sup>st</sup>, 2021-2022-2023.

Percentage of employees by category/by gender	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	0,2%	1,2%	<b>1,4%</b>	0,2%	1,3%	<b>1,5%</b>	0,2%	1,0%	<b>1,2%</b>
Middle managers	0,3%	1,8%	<b>2,1%</b>	0,2%	1,6%	<b>1,8%</b>	0,2%	1,9%	<b>2,1%</b>
Office workers	8,3%	13,6%	<b>21,9%</b>	8,0%	14,0%	<b>22,0%</b>	7,8%	15,5%	<b>23,3%</b>
Production workers	8,1%	66,5%	<b>74,6%</b>	8,8%	65,9%	<b>74,7%</b>	9,6%	63,8%	<b>73,4%</b>
<b>Total</b>	<b>16,9%</b>	<b>83,1%</b>	100,0%	<b>17,2%</b>	<b>82,8%</b>	100,0%	<b>17,8%</b>	<b>82,2%</b>	100,0%

The proportion of female and male employees remained fairly constant over the three years under consideration.

% of employees by category/by age range	2021				2022				2023			
	< 30 years	30 < x > 50 years	> 50 years	Total	< 30 years	30 < x > 50 years	> 50 years	Total	< 30 years	30 < x > 50 years	> 50 years	Total
Managers	0,0%	0,2%	1,2%	<b>1,4%</b>	0,0%	0,3%	1,1%	<b>1,4%</b>	0,0%	0,3%	0,9%	<b>1,2%</b>
Middle managers	0,0%	1,3%	0,9%	<b>2,2%</b>	0,0%	1,1%	0,9%	<b>2,0%</b>	0,0%	1,0%	1,1%	<b>2,1%</b>
Office workers	3,1%	15,2%	3,6%	<b>21,9%</b>	3,6%	15,1%	3,3%	<b>22,0%</b>	3,0%	16,0%	4,2%	<b>23,2%</b>
Production workers	13,7%	42,7%	18,2%	<b>74,6%</b>	14,2%	42,5%	17,9%	<b>74,6%</b>	13,0%	41,9%	18,5%	<b>73,4%</b>
<b>Total</b>	<b>16,8%</b>	<b>59,4%</b>	<b>23,8%</b>	100,0%	<b>17,8%</b>	<b>59,0%</b>	<b>23,2%</b>	100,0%	<b>16,0%</b>	<b>59,2%</b>	<b>24,7%</b>	100,0%

In 2023 most Lafert's employees were between 30 and 50 years old (59,2%), with nearly 16,0% office workers and nearly 41,9% production workers.

Parental leave	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees who took parental leave	9	26	35	15	27	42	8	38	46
Number of employees who returned to work during the reporting period after taking parental leave	9	26	35	15	27	42	8	38	46
Number of employees who returned to work after taking parental leave and who are still employed by the company in the 12 months following their return	9	26	35	15	27	42	ND	ND	ND <sup>11</sup>

All the 46 employees who took parental leave in 2023 regularly returned to work and did the same job or an equivalent job.

Parental leave is valid indiscriminately for full-time and part-time employees hired on open-ended contracts and for workers on temporary contracts.

The return-to-work rate<sup>12</sup> and the retention rate<sup>13</sup> are both 100% for 2021 as well as for 2022 for both genders. The return to work rate for 2023 is also 100%.

These data highlight the effectiveness of the Group's corporate policies, based on equity and gender equality in terms of parental leave.

<sup>11</sup> The 2023 figure will be available in the 2024 report, that is, when 12 months have elapsed since this report and the number of employees who have taken parental leave in 2023 and who will still be effectively in force in 2024 can be verified.

<sup>12</sup> The **return to work rate** refers to the total number of employees who actually returned to work after parental leave in relation to the total number of employees who should have returned to work after taking parental leave.

<sup>13</sup> The **retention rate** refers to the total number of employees still employed 12 months after returning to work at the end of parental leave in relation to the total number of employees returning to work following parental leave in the previous reporting period.

## Turnover

Hires	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Until 29 years	3	37	40	12	69	81	9	43	52
From 30 to 50 years	7	46	53	28	65	93	12	50	62
Over 50 years	0	5	5	5	27	32	2	7	9
<b>Total</b>	<b>10</b>	<b>88</b>	<b>98</b>	<b>45</b>	<b>161</b>	<b>206</b>	<b>23</b>	<b>100</b>	<b>123</b>

Terminations	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Until 29 years	0	10	10	6	22	28	4	22	26
From 30 to 50 years	2	21	23	10	33	43	9	37	46
Over 50 years	2	16	18	7	25	32	3	20	23
<b>Total</b>	<b>4</b>	<b>47</b>	<b>51</b>	<b>23</b>	<b>80</b>	<b>103</b>	<b>16</b>	<b>79</b>	<b>95</b>

Turnover rate	2021							
	Women				Men			
	< 30 years	30 < x > 50 years	> 50 years	Total	< 30 years	30 < x > 50 years	> 50 years	Total
Negative turnover - terminations	0,00%	1,96%	4,88%	2,55%	7,04%	4,67%	8,89%	6,09%
Positive turnover - hires	21,43%	6,86%	0,00%	6,37%	26,06%	10,22%	2,78%	11,40%
Overall turnover	21,43%	8,82%	4,88%	8,92%	33,10%	14,89%	11,67%	17,49%

Turnover rate	2022							
	Women				Men			
	< 30 years	30 < x > 50 years	> 50 years	Total	< 30 years	30 < x > 50 years	> 50 years	Total
Negative turnover - terminations	35,29%	8,33%	17,07%	12,92%	13,17%	6,75%	12,63%	9,37%
Positive turnover - hires	70,59%	23,33%	12,20%	25,28%	41,32%	13,29%	13,64%	18,85%
Overall turnover	105,88%	31,67%	29,27%	38,20%	54,49%	20,04%	26,26%	28,22%

Turnover rate	2023							
	Women				Men			
	< 30 years	30 < x > 50 years	> 50 years	Total	< 30 years	30 < x > 50 years	> 50 years	Total
Negative turnover - terminations	21,05%	7,44%	6,12%	8,47%	14,57%	7,30%	9,39%	9,07%
Positive turnover - hires	47,37%	9,92%	4,08%	12,17%	28,48%	9,86%	3,29%	11,48%
Overall turnover	68,42%	17,36%	10,20%	20,63%	43,05%	17,16%	12,68%	20,55%



During the last triennium, the Group always maintained a positive turnover rate, registering more hirings than terminations in each accounted fiscal year, testifying to the continuous growth and stability of the business.

Moreover, staff under the age between 30 and 50 already qualified and with a background in a wide range of fields, have been hired.

In relation to FY 2023, the positive turnover of 28,48% for under 30 men and 47,37% for under 30 women should be highlighted.

The turnover percentages were calculated on the overall number of employees on 31<sup>st</sup> December of each year, in adherence to the request of the GRI Standard.

## 6.4 Training and skills

### Training and skills

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

Upon hiring, or immediately following confirmation, each worker is informed by the competent department about the company organisation (see the paragraph "The Selection Processes"), the policy and objectives for quality, procedures, existing production flows, safety in the workplace and all other matters concerning the employment relationship. Each new recruit is handed a document containing basic information and the Group's Code of Ethics laying down all the rules of conduct one must abide by. A meeting plan with all the supervisors of the different company areas is programmed for all the office workers.

This on-boarding process is foreseen for all company resources, specifically in the production field, after the insertion and for the whole period deemed necessary by the function manager, each worker (including the staff transferred internally to new positions) be adequately trained to carry out the assigned task, through the support and supervision of experienced internal staff.

**In light of the needs of the individual/company, the HR function has the burden of taking action through a challenging training plan that allows the implementation and monitoring of the same. Training thus becomes the company pillar for a constant and continuous growth of the skills of the individual and the company body.**

#### Training planning

All training activities carried out by company personnel are documented in an appropriate form by recording the topics covered, trainer's name, duration of the course and participants' names. At the end of the training/education activity, said form is handed by the trainer to the HR department for updating the records of the personnel involved.

After an appropriate period, the HR department has the task of sending the form to the department manager concerned asking them to close the training activity. If the required knowledge and training activities carried out have been sufficiently effective, the department manager will formally declare that the training activity is closed by stating it on the appropriate form; at this point it will be the responsibility of the HR department to update the relevant system information. Otherwise, the department manager will report to the HR department the failed "qualification" and/or limitations shown by certain participants, recommending the usefulness of further training activities or otherwise.

All training activities provided by external entities or trainers are documented as a rule in appropriate registers, lists and/or certificates issued by the provider. A copy of the documents issued by the entity shall be handed by the parties concerned to the HR department and finally recorded in the appropriate archives. In courses provided by external entities, the course normally ends with a test of the effectiveness of the training activities carried out. In these cases, and in all cases where certificates are issued by the provider, no further internal testing and assessment activity by Lafert is required.

**A total of 3,6 average hours of training were provided during 2023, including both compulsory and specific training.**



The table below sums up the average training hours recorded in 2021, 2022 and 2023:

Average training hours	2021			2022			2023		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	26,0	5,0	8,5	23,0	0,3	3,5	8,0	3,8	4,6
Middle managers	2,7	0,9	1,2	-	1,6	1,4	-	4,6	4,1
Office workers	1,1	3,7	2,7	5,4	6,4	6,1	3,2	5,4	4,7
Production workers	1,2	1,7	1,6	2,6	3,4	3,3	1,7	3,4	3,2
<b>Total</b>	<b>1,5</b>	<b>2,0</b>	<b>1,9</b>	<b>4,0</b>	<b>3,8</b>	<b>3,9</b>	<b>2,4</b>	<b>3,8</b>	<b>3,6</b>



The **WorkDay platform** was implemented in 2021, for assessing performance and assigning annual objectives. It also provides a section relating to the assessment of acquired skills in connection with previously customised professional training pathways.

## Company welfare

The Lafert Group favours, as far as possible, forms of flexibility of work as well as special permits for medical examinations of their own and their children, in order to facilitate the management of family life and the care of the family. Flexible working hours are available and part-time work is facilitated in addition to **parental leave**. Moreover, in order to reward the scholastic performance of the children of the Lafert workers, the company has decided to provide scholarships for the most deserving students at every stage of their education up to the highest educational level.

With a view to that, **Smart Working** – adopted as a necessary tool to carry out work activities during the Covid 19 pandemic – is taking shape as a new approach to company organisation, in which the worker’s individual needs are balanced, in a complementary manner with those of the company, within an overall strategy aimed at the well-being of the individual as worker, also aimed at preventing, where possible, situations of “work stress” caused by the growing complexity of the tasks to be performed.

For this reason, within its sustainability and work-life-balance initiatives, the Company wishes to introduce systematically the **Agile Working mode**, as of the end of the emergency status in March 2022 and stipulate the consequent individual agreements between company and employee as required by lt. law 81/2017 according to each worker’s type of job.

In 2023, the company granted to all employees the maximum value provided by the current legislation for the fringe benefit theme.

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

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

The following chart reports the number of Lafert’s full-time employees who accessed the reported benefits in 2023.

Benefit for full-time employees	2021	2022	2023
Life insurance	13	14	13
Health care	902	1.003	1.032
Coverage for disability	902	1.003	1.032
Parental leave	902	1.003	1.032
Pension contribution	902	1.003	1.032

## 6.5 Occupational health and safety

### Policy for health and safety in the workplace

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

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

Furthermore, it also works to preserve and improve the working conditions, health and safety of employees, especially with preventive actions.

Therefore, Lafert Group undertakes to:

- eliminate/reduce to the minimum risks in relation to the knowledge acquired based on technical progress, favouring actions taken at the source;
- adopt equipment, machinery and plants to perform production activities that comply with the essential safety requirements;
- replace, as regards the products used, what is dangerous with what is not, or is less dangerous;
- limit to the minimum the number of workers who are or may be exposed to risks;
- adopt appropriate management systems to assure and maintain a high level of prevention and protection from the risks of accidents and occupational diseases;
- assure suitable information, education, awareness-raising and training on the matter of health and safety to all workers.

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

### Occupational Health and Safety Management System

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

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

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

- adopts a preventative approach to the management of safety issues;
- periodically reviews the effectiveness of the management system adopted by assessing the achievement of the objectives and goals set for the purpose;
- promotes knowledge of the objectives by personnel, awareness of the results to aim for, acceptance of responsibilities, individual motivation and commitment in the implementation of the system, encouraging participation and consultation at all levels;
- communicates its health and safety policy to all stakeholders and whoever requests it;
- commits the human and financial resources required to achieve the objectives and to implement the improvement programmes.

### Hazard identification, risk assessment and accidents investigation

The regulatory framework, specifically It. Legislative Decree no. 81/08, defines the responsibilities, activities and deadlines.

The procedures and protocols set forth by the ISO 45001 management system in this connection call for:

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

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

These internal assessments take place through several channels, such as internal audits, monitoring by officers and/or managers and reports by personnel. The internal communication system adopts both a horizontal and vertical system for monitoring possible nonconformities, leading to their assessment and treatment. Lafert Group promotes the culture of workplace safety through education, which is carried out according to legal requirements jointly with workforce information and training.

As part of the health and safety policy, the two following documents has been drawn up:

- **Risk Assessment Document (RAD)**, where the specific potential risk factors related to these operational reference areas have been identified;
- **Interfering Risk Assessment Document (IRAD)**, where "interfering risks" were assessed in relation to the activities commissioned to third parties.

A document containing the work plan and improvement measures (Improvement Plan) is also drawn up periodically and updated.

### Occupational health services and workers' health promotion

As set forth by It. Legislative Decree no. 81/08, a health surveillance service is provided (company doctor) with the purpose of checking the health condition of employees and express a judgement of fitness for the specific task assigned to the employee.

## Health welfare

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

## Participation and consultation with workers and communication on matters of occupational health and safety

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

The Board of Directors, upon the proposal put forth in the Management review meeting, establishes objectives in the short and medium-term, which are disclosed and shared throughout the organisation. Meetings organised by the HPPS and in consultation with the safety representatives are held periodically.

Lafert has implemented a renewed method of sending and managing alerts, in fact, during 2023, the Prevention Service has trained all Lafert workers for this purpose. Safety in the workplace for the Lafert Group is the property of all; indeed, all are encouraged to contribute to its development as a principle of general interest.

## Workers' training on health and safety at work

Lafert Group pays close attention to the training issue and to the growth of workers' personal skills in relation to health and safety issues. Specific trade union agreements are defined and signed for submitting company training plans to Fondimpresa that include training courses on workplace safety.

Hereinafter, we report the overall training hours on Health, Safety and Environment<sup>14</sup> provided to Lafert's employees divided by category.

Type of training <sup>15</sup>	2023	
	Hours	Employees
General training	166	82
Specific training	32	8
Other	1.949	316
<b>Total</b>	<b>2.147</b>	<b>406</b>

<sup>14</sup> The hours related to the updating of the course on "environment and safety" are divided as follows: about 1/3 environment and 2/3 safety.

<sup>15</sup> The data in this table refer to all Group companies with the exception of Lafert Elektromotorji d.o.o., Lafert Moteurs S.A.S., Lafert GmbH and Lafert Motores Electricos S.L.U. Data from the Slovenian headquarters are not available, while those of the other three companies are not considered relevant as they are business premises that have few employees and very low health and safety risks.

Since 2023 it has been decided to carry out 3 hours of annual training, 2 on safety and one on the environment for each worker: the topics covered during 2023 are biological risk and hygiene in the workplace, the system of shared participation on safety and environment issues and its reporting mechanism, raising awareness on the separate collection of waste.

The trend of training hours is decreasing, due to lower turnover compared to previous years, which results in less training for new workers.

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

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

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



## Accidents

Data on accidents	2021	2022	2023
Number of deaths following work accidents	0	0	0
Number of work accidents with serious consequences (except deaths)	0	0	1
Number of work accidents	28	31	45
Hours worked	1.697.997	1.595.050	1.689.783
<b>Rate of recordable work accidents<sup>16</sup></b>	<b>3,30</b>	<b>3,89</b>	<b>5,44</b>
Number of deaths derived from occupational disease	0	0	0

The overall number of accidents registered in 2023 by the Group amounts to 45. The datum related to the rate of recordable accidents at work slightly increased compared to the previous year. As a matter of fact, in absolute numbers, the number of accidents increased by 15 units, on a total of over 1.000 employees.

In 2023, the Lafert Group recorded 46 accidents: 45 insignificant and 1 with serious consequences. No deaths occurred in any case.

During 2023, Lafert invested greatly in implementing the level of safety of the company, and the safety and environment managing system allows to reduce significantly the accidents.

The data reported for 2023 refer to the productive societies<sup>17</sup> of the Group, where more risks related to work activities are present.

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

Every injury/accident is declared by the department heads by filling in an appropriate form which is sent to the competent manager. After that, the prevention service analyses the dynamics of the accident and shares with the competent area and with production establishments carrying out a similar activity, any improvements required to prevent recurrence of the event.

<sup>16</sup> The rate of recordable work accidents has been calculated as follows: number of work accidents over worked hours by 200,000.

<sup>17</sup> Lafert S.p.A. and all its Italian plants, *Lafert Elektromotorji D.o.o. e Lafert (Suzhou) Co. Ltd.*

# 7. Environmental capital

- 7.1 Environmental responsibility
- 7.2 Energy consumption
- 7.3 Emissions
- 7.4 Water resources
- 7.5 Waste generation and management





## HIGHLIGHTS | Environmental capital

- Lafert is aware that the development of high efficiency and high performance motors is not enough to reduce the impact on the environment and the territory. Therefore, it has started a series of improvement activities looking at internal processes and collaborations with partners and suppliers.
- Lafert Group adopts the Environmental Management System according to the UNI EN ISO 14001:2015 standard.
- During 2023, Lafert updated the second Home-Work Travel Plan included Noventa di Piave plant in the document perimeter.
- A photovoltaic system of 381.000 KWh/year has been installed in the new plant in San Donà di Piave, and the installation of an additional 247.000 KWh/year plant is planned at the Noventa di Piave plant.
- The project to replace petrol and diesel company cars with plug-in models has continued.
- In 2023, a project was launched to analyze and study the life cycle of Lafert products in collaboration with the University of Trento, which will lead to the identification of areas for improvement with a view to increasing the sustainability of the Group's business model.

## 7.1 Environmental responsibility

Lafert Group, considering environmental protection as essential for sustainable development, aims at reconciling the needs of economic development with attention to the environmental impact.

**The company is aware that the development of electrical motors with low energy impact and high efficiency has a significant impact on the environment and the land.**

Furthermore, Lafert has always been actively promoting initiatives aimed at constantly reducing the environmental impacts of its business, adopting the best possible practices and factual cooperation with suppliers and partners.

With a view to that, on November 26<sup>th</sup>, 2021 Lafert S.p.A. obtained the certification of the environmental management system pursuant to standard **UNI EN ISO 14001:2015**, renewed over the years, with the aim to reach and prove a good level of behaviour towards the environment, controlling the impact of activities, products and services on the environment, adopting an environmental policy and setting safeguarding objectives.

The Environmental Management System is the set of processes, tools and models implemented by a company to meet the requirements of the regulatory framework. They are useful for sustainable development, as the company that is certified makes a tangible commitment to limit the direct and indirect environmental impacts deriving from its activities, in order to improve the reduction of emissions, encourage waste recycling and proper environmental practices.

The international environmental management standard has indeed the purpose of providing organisations with the foundations of an effective environmental management system which, integrated with the other specific needs of each production concern, help organisations achieve their environmental and economic objectives.

In particular, UNI EN ISO 14001:2015 specifies the requirements of the Environmental Management System and allows each organisation to:

- identify the environmental impacts and risks and related opportunities for improvement;
- assure compliance with the legal requirements on environmental matters of interest for the company;
- bear witness to the commitment towards the environment and the community for external stakeholders;
- obtain the administrative simplifications and fiscal benefits arising from the voluntary environmental certification;
- obtain advantages in terms of image and cost reduction linked to better use of the natural resources in production processes;
- obtain internal advantages related to better management of environmental aspects and greater personnel engagement.

**Environmental sustainability and adoption of green practices make up the main commitment of the certified company, which decides to pursue the continuous improvement of its performance in order to respect and protect the environment.**

## Lafert's environmental commitments

Lafert's top management, aware of its role and its obligations towards the environment in which it operates, has undertaken a process to improve its performance and those of customers, with a view to developing valuable and sustainable solutions, in compliance with regulations and capable of meeting the demands and expectations of its stakeholders.

The main objectives of the Environmental policy are summed up below:

- comply with laws, standards and regulations in force concerning the sector and any other obligations the Company is subject to;
- effectiveness, efficiency and reliability, using all the required resources in order to assure compliance with the principles of diligence and fairness;
- personnel engagement, assuring a high level of professionalism, also in issues of environmental sustainability;
- choose partners and suppliers who declare they operate with a view to continuous improvement of their environmental performance;
- operate by reducing waste generation, preventing pollution and carrying out waste disposal in compliance with the laws in force;
- systematically renew its vehicle fleet, ensuring the environmental impact of the vehicles used remains low;
- sustainably manage natural resources and energy at the company premises, reducing waste and monitoring and controlling environmental aspects.

Lafert's top management has defined the guidelines to achieve its environmental objectives, including:

- **continuous reduction of energy consumption, by optimizing the use of machinery and production processes;**
- **strengthening the use of remote working, regardless of the health emergency, for the efficient management of offices at company headquarters and to improve the efficiency of energy consumption;**
- **increase in the percentage of waste recovered, reduction of the amount of CER 150106 waste (packaging in mixed materials) through the introduction of waste separation down to the individual user;**
- **The project of sustainable mobility, through the implementation of an introduction to solutions in support of the employees for the reduction of the home-work commutes;**
- **The implementation of an analysis and research project on the life cycle of Lafert's products.**

In 2023, the Lafert Circular Evolution project was carried out in cooperation with professors from the University of Trento and financed by Fondimpresa, concerning circularity in Lafert. The project involved more than 60 Lafert employees from transversal areas of the company, from the purchasing office, to the technical and R&D office, commercial, industrialisation, HSE area, and production areas. The aim of the training was to raise awareness about optimising consumption, reducing waste, recovering materials, generating savings in time money and reducing the environmental impact of Lafert S.p.A. and its products. In fact, the Lafert Circular Evolution project studied which circular economy mechanisms could be concretely applicable to the production and distribution chain of Lafert's business, specifically in seven thematic areas: procurement, design, production, logistics, sales/marketing, collection and recovery at the end of life.

## 7.2 Energy consumption<sup>18</sup>

Lafert S.p.A. manages energy resources carefully, monitoring the consumption of every single product and studying new implementation projects of supporting technologies.

An important percentage of the energy consumption of Lafert S.p.A. is destined for the production of compressed air in the factory, for this reason, much attention is dedicated to the topic, by studying the compressor unit configuration of each production unit in detail.

The remaining part of the electric energy is used by Lafert mostly for the fuelling of machinery, tools and systems, and in a minimum part for the fuelling of offices and services.

In order to guarantee more sustainably the generation of a percentage of the necessary energy, in 2022, Lafert decided to install in its plant in San Donà di Piave a photovoltaic system of 381.000 kWh/year and plans the installation of a photovoltaic system of 247.000 kWh/year in the site of Noventa di Piave.

The table below shows Lafert's energy consumption for, 2021, 2022 and 2023:

Energy consumed (GJoule) <sup>19</sup>	2021	2022	2023
<b>Electricity</b>			
Electricity purchased	23.212,00	25.881,67	25.031,86
<i>Of which from non-renewable sources</i>	23.212,00	25.881,67	25.031,86
<i>Of which from renewable sources</i>	-	-	-
<b>Fuels</b>			
Natural Gas	35.426,42	37.941,25	38.949,62
LPG	424,96	-	-
Diesel for generating sets	-	-	56,09
<b>Automotive fuels</b>			
Diesel fuel	827,09	1.508,80	1.025,86
Petrol	337,74	608,75	385,07
LPG	0,23	-	-
<b>Total consumption</b>	<b>60.228,44</b>	<b>65.940,47</b>	<b>65.448,53</b>

<sup>18</sup> Compared to what was reported in the rest of the document, the data related to the energetic consumption and the emissions refer to the following societies of the Group companies. The two societies located in France and Germany, were not included in the perimeter as they are very contained in dimensions and do not have a punctual data collection system available.

<sup>19</sup> The source of the emission factors used to calculate direct GHG emissions is the Defra database 2023 (UK Department for Environment, Food and Rural Affairs)



The consumption of electricity purchased by the Lafert Group in the year 2023 decreased by 3,29% compared to the year 2022. This can be attributed to the combined effect related to the installation of the photovoltaic plant and the expansion of the data scope compared to last year.

The consumption of natural gas, also increased to 2,66% compared to the previous year.

The production is fuelled both by electric energy and gas, the latter used for heating and die-casting.

**The Group's total energy consumption for the year 2023 decreased by 0,75% compared to 2022.**

## 7.3 Emissions<sup>20</sup>

GHG Emissions Scope 1 (tCO <sub>2</sub> e) - Scope 1 <sup>21</sup>	2021	2022	2023
<b>Direct emissions</b>			
Natural Gas	1.998,03	2.131,25	2.192,60
LPG	27,19	-	-
Diesel fuel	61,93	112,90	72,41
Petrol	24,24	43,85	25,02
Diesel for generating sets	-	-	4,30
LPG (automotive)	0,01	-	-
<b>Overall emissions - Total Scope 1</b>	<b>2.111,40</b>	<b>2.288,01</b>	<b>2.294,33</b>
GHG Emissions Scope 2 (tCO <sub>2</sub> e) - Location Based <sup>22</sup>	2021	2022	2023
<b>Indirect emissions</b>			
Electricity purchased	2.043,43	2.283,25	2.454,68
Overall emissions – Total Scope 2	2.043,43	2.283,25	2.454,68
<b>Total emissions Scope 1 + Scope 2</b>	<b>4.154,83</b>	<b>4.571,26</b>	<b>4.749,01</b>
GHG Emissions Scope 2 (tCO <sub>2</sub> e) - Market Based <sup>23</sup>	2021	2022	2023
<b>Indirect emissions</b>			
Electricity purchased	3.052,59	3.444,50	3.325,42
Overall emissions – TotalScope 2	3.052,59	3.444,50	3.325,42
<b>Total emissions Scope 1 + Scope 2</b>	<b>5.163,99</b>	<b>5.732,51</b>	<b>5.619,75</b>

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

The table above shows that direct scope 1 emissions remained almost unchanged compared to last year, an increase of 0,28% was reported. According to the "Location Based" criterion, indirect emissions generated by the Group in 2023 increased by 3,89% compared to the previous year. This change is mainly due to the increase in production by Lafert Group, which inevitably led to higher consumption.

The total emissions produced by the Group in 2023 according to the Location Based criterion amounts to 4.749,01 tCO<sub>2</sub>e, with an 3,89% increase compared to 2022.

<sup>20</sup> Lafert Group's GHG scope 2 emissions for the last three years have been recalculated following an update of the conversion factors.

<sup>21</sup> The source of the emission factors used for the calculation of the direct GHG emission is the Defra 2023 database (UK Department for Environment, Food and Rural Affairs).

<sup>22</sup> The source of the emission factors used for the calculation of indirect GHG emissions Location Based is ISPRa 2023 for the data concerning Lafert S.p.A and AIB 2022 for the data concerning the Slovenian company. Factors from Terna International Comparisons 2023 were used for the values for the locations located in Canada and China.

<sup>23</sup> The source of the emission factors used for the calculation of indirect Market Based GHG emissions for European countries is the European Residual Mixes "AIB" last update (31.05.2022). For non-European countries for which, at the time of writing, residual mix factors are not publicly available from accredited sources, the same emission factors applied in the Location Based calculation have been used.

## 7.4 Water resources<sup>24</sup>

Water withdrawal by source by type (in mega-litres)	2021	2022	2023
<b>Third party water resources – water providers (total) - water mains</b>			
Of which freshwater	15,82	10,45	12,41
Of which other types of water	-	-	-
<b>Total water withdrawal</b>	<b>15,82</b>	<b>10,45</b>	<b>12,41</b>

The collection of water by Lafert Group takes place from the public aqueduct network and mainly concerns sanitary and productive uses.

The water consumption of 2023, referred to the Group about which we have punctual data, amounts to 12,41mL, up from 10,45 a year earlier (by about 18,73% in percentage terms).

<sup>24</sup> Regarding FY 2023, the data relating to Lafert S.p.A., Lafert Elektromotorji D.o.o., Lafert (Suzhou) Co. Ltd. (Cina) and Lafert North America Inc. were considered.

## 7.5 Waste generation and management<sup>25</sup>

2021	Quantity (tonne)	Of which not for disposal	Of which for disposal
<b>Total waste generated</b>	<b>7.519,82</b>	<b>7.174,75</b>	<b>345,07</b>
Hazardous waste by type of materials	247,59	54,29	193,30
Off-specification products and unused products	0,20	0,20	-
Oils and oil emulsions	170,28	3,28	167,00
Solvents	5,80	5,80	-
Solvent sludge	29,00	29,00	-
Dangerous absorbent material	26,30	-	26,30
Waste from hazardous electronics	0,14	0,14	-
Contaminated packaging	15,00	15,00	-
Spray cans	0,29	0,29	-
Surgical masks	0,58	0,58	-
Non-hazardous waste by type of materials	7.272,23	7.120,46	151,77
Scrap metal and production	6.601,40	6.601,40	-
Waste from non-hazardous electronics	278,19	174,19	104,00
Various electronics	0,77	0,77	-
Sludge from septic tanks	46,00	-	46,00
Aqueous suspensions containing paints and varnishes	0,60	-	0,60
Non-hazardous absorbent material	0,07	-	0,07
Aqueous liquid waste	0,60	-	0,60
Waste from non-hazardous electronics	2,00	2,00	-
Scrap metal and production	35,70	35,70	-
Scrap metal and production	212,20	212,20	-
Abrasive wheels	0,50	-	0,50
Glass	0,20	0,20	-
Washing solutions	94,00	94,00	-

<sup>25</sup> Compared to that reported in the rest of the document, the figures concerning the productive companies: Lafert S.p.A., Lafert Elektromotorji D.o.o., Lafert (Suzhou) Co. Ltd. (Cina), A sound data collection system has not yet been implemented for the other Group companies, also due to the small size and/or type of activity carried out (commercial).

2022	Quantity (tonne)	Of which not for disposal	Of which for disposal
<b>Total waste generated</b>	<b>7.664,72</b>	<b>7.663,68</b>	<b>1,04</b>
Hazardous waste by type of materials	87,47	86,43	1,04
Hazardous waste containing solvents, paints and waste adhesives	5,60	5,60	-
Off-specification products and unused products	0,84	0,84	-
Oils and oil emulsions	62,91	62,91	-
Dangerous absorbent material	4,92	4,92	-
Waste from dismantling end-of-life vehicles and maintenance	1,66	1,66	-
Waste from hazardous electronics	0,08	0,08	-
Batteries and accumulators	0,10	0,10	-
Contaminated packaging	10,32	10,32	-
Dangerous cleaning solutions	1,04	-	1,04
Non-hazardous waste by type of materials	7.577,25	7.577,25	-
Scrap metal and production	6.956,11	6.956,11	-
Non-hazardous absorbent material	12,80	12,80	-
Non-hazardous waste containing solvents	9,20	9,20	-
Non-hazardous packaging waste	565,32	565,32	-
Waste from non-hazardous electronics	1,83	1,83	-
Scrap metal and production	31,26	31,26	-
Batteries and accumulators	0,09	0,09	-
Non-hazardous packaging waste	0,64	0,64	-

2023	Quantity (tonne)	Of which not for disposal	Of which for disposal
<b>Total waste generated</b>	<b>6.323,51</b>	<b>6.288,41</b>	<b>35,10</b>
Hazardous waste by material type	188,54	153,44	35,10
Hazardous waste containing waste solvents, paints and adhesives	13,2	13,2	-
Oils and oily emulsions	97,72	97,72	-
Hazardous absorbent material	4,75	4,75	-
Batteries and accumulators	2,72	2,72	-
Contaminated packaging	31,78	31,78	-
Hazardous washing solutions	35,10	-	35,10
End-of-life vehicles and their components	0,197	0,197	-
Surgical masks	0,0065	0,0065	-
Solvents	3,041	3,041	-
Non-hazardous waste by material type	6.134,97	6.134,97	-
Metal and production scraps	5.761,14	5.761,14	-
Glass	0,58	0,58	-
Plastic waste	0,57	0,57	-
Washing solutions	102,1	102,1	-
Non-hazardous waste containing solvents	13,41	13,41	-
Non-hazardous packaging wastes	251,83	251,83	-
Non-hazardous electronic wastes	5,23	5,23	-
Batteries and accumulators	0,08	0,08	-

**Waste management** is carried out according to internal procedures in compliance with current legal provisions. In 2023, Lafert Group produced approximately 6.323 tonnes of waste, a decrease of 15,91% compared to 2022. Of the 6.323 tonnes of waste produced, almost all of it is non-hazardous waste (97%).

The production of waste in 2023 is mainly related to the category 'metal and production waste' (about 94% of the total non-hazardous waste and 91% of the total waste produced), however, in absolute terms this category is clearly decreasing compared to last year (5.761,14 tonnes, compared to 6.956,11 in 2022).

The second category in percentage terms is 'non-hazardous packaging waste', which stands at 4.1% of total non-hazardous waste and 4% of total waste generated.

The waste is collected in the production departments in initial collection containers and identified according to the type of material. These containers are then emptied periodically by authorised personnel and the waste is stored in suitable containers in outdoor areas. Periodically the temporary storage is emptied by delivering the waste to selected companies for waste disposal and/or recovery.



# GRI Index



<b>Statement of use</b>	Lafert Group has reported in this non-financial statement the information contained in the GRI Content Index for the period 1 January 2022 - 31 December 2022 according to the option "with referenced to GRI Standards"
<b>GRI 1</b>	GRI 1: Foundation 2021

GRI Sustainability Reporting Standard		Reference to chapter / Paragraph	Page	Standard Application Notes / Omissions	
<b>General disclosures</b>					
<b>GRI 2: General Disclosures 2021</b>	<b>2-1</b>	Organisational details	1. Identity and strategy/Lafert Group	8	
	<b>2-2</b>	Entities included in the organisation's sustainability reporting	Methodological Note	5	
	<b>2-3</b>	Reporting period, frequency and contact point	Methodological Note	5	
	<b>2-4</b>	Reviewing the information	Methodological Note	5	
	<b>2-5</b>	External assurance	Methodological Note	5	This Sustainability Report has not been reviewed by a third party
	<b>2-6</b>	Activities, Value Chain and other business relationship	1. Identity and strategy/ The business model	28	
			3. Infrastructural capital	63	
			4. Relational capital / Suppliers: supply chain management	101	
	<b>2-7</b>	Employees	6. Human capital/Employees	119	
	<b>2-8</b>	Non-employee workers	6. Human capital/Employees	119	
	<b>2-9</b>	Governance structure and composition	2. Governance/The governance	48	
	<b>2-10</b>	Appointment and selection of the highest governing body	2. Governance/The governance	48	
	<b>2-11</b>	Chairman of the highest governing body	2. Governance/The governance	48	
	<b>2-12</b>	Role of the highest governing body in the control of impact management	2. Governance/The governance 2. Governance/Risk management	48 57	
	<b>2-13</b>	Delegation of responsibility for impact management	2. Governance/The governance	48	
	<b>2-14</b>	Role of the highest governing body in sustainability reporting	Methodological Note	5	
<b>2-15</b>	Conflict of interest	2. Governance/ Code of Ethics	55		
<b>2-16</b>	Communicating critical concerns	2. Governance/The governance	48	No critical concerns were communicated to the highest governing body as they were not identified in the reporting period	



GRI Sustainability Reporting Standard			Reference to chapter / Paragraph	Page	Standard Application Notes / Omissions
GRI 2: General Disclosures 2021	2-17	Collective knowledge of the highest governing body	2. Governance/ Responsible company management	47	
	2-18	Performance assessment of the highest governing body	2. Governance/The governance	48	
	2-22	Declaration on the sustainable development strategy	Letter to Stakeholders	3	
	2-23	Commitment in terms of policy	2. Governance/ Responsible company management	47	
	2-24	Integration of policy commitments	2. Governance/ The organisational structure	51	
	2-25	Processes to address negative impacts	1. Identity and strategy / Materiality analysis 2. Governance/ Responsible company management 4. Relational capital / Quality, safety and reliability of the products	39 47 93	Part of the material issues management approach
	2-26	Mechanisms to request clarification and raise concerns	2. Governance/ Code of Ethics	55	
	2-27	Compliance and laws and regulations	2. Governance/ Regulatory Compliance	62	
	2-28	Membership in associations	4. Relational capital / Relations with the local area	105	
	2-29	Approach to stakeholder involvement	1. Identity and strategy / Materiality analysis	39	
2-30	Collective agreements	6. Human capital/Employees	119		
<b>Material issues</b>					
GRI 3: Material issues 2021	3-1	Process of determining material issues	1. Identity and strategy / Materiality analysis	39	
	3-2	List of material issues	1. Identity and strategy / Materiality analysis	39	
<b>CREATION AND DISTRIBUTION OF THE WEALTH GENERATED</b>					
GRI 3: Material issues 2021	3-3	Management of material issues	5. Economic-financial capital	106	
GRI 201: Economic performance 2016	201-1	Economic value directly generated and distributed	5. Economic-financial capital / The Economic Value Generated and the Economic Value Distributed	111	
	201-4	Financial assistance received from the government	5. Economic-financial capital / Operating performance	108	
GRI 203: Indirect economic impacts 2016	203-1	Infrastructure investments and services financed	5. Economic-financial capital / Investments	112	

GRI Sustainability Reporting Standard			Reference to chapter / Paragraph	Page	Standard Application Notes / Omissions
<b>ETHICS AND INTEGRITY IN BUSINESS CONDUCT</b>					
<b>GRI 3: Material issues 2021</b>	<b>3-3</b>	Management of material issues	2. Governance	45	
<b>GRI 205: Antibribery 2016</b>	<b>205-1</b>	Transactions assessed for corruption risks	2. Governance/ Code of Ethics	55	
	<b>205-2</b>	Communication and training on anticorruption policies and procedures	2. Governance/ Code of Ethics	55	
	<b>205-3</b>	Verified corruption incidents and actions taken	2. Governance/ Code of Ethics	55	
<b>GRI 206: Anticompetitive conduct 2016</b>	<b>206-1</b>	Actions for anticompetitive behaviour, antitrust and monopolistic practices	2. Governance/ Regulatory Compliance	62	
<b>GRI 207: Taxes 2019</b>	<b>207-1</b>	Fiscal approach	5. Economic-financial capital / Fiscal approach	113	
	<b>207-2</b>	Tax governance, control and risk management	5. Economic-financial capital / Fiscal approach	113	
	<b>207-3</b>	Stakeholder involvement and management of tax concerns	5. Economic-financial capital / Fiscal approach	113	
<b>TRANSPARENT GOVERNANCE AND MANAGEMENT OF SUSTAINABILITY RISKS</b>					
<b>GRI 205: Antibribery 2016</b>	<b>205-1</b>	Transactions assessed for corruption risks	2. Governance / Code of Ethics	55	
	<b>205-2</b>	Communication and training on anticorruption policies and procedures	2. Governance / Code of Ethics	55	
	<b>205-3</b>	Verified corruption incidents and actions taken	2. Governance / Code of Ethics	55	
<b>GRI 206: Anticompetitive conduct 2016</b>	<b>206-1</b>	Actions for anticompetitive behaviour, antitrust and monopolistic practices	2. Governance / Regulatory Compliance	62	
<b>GRI 207: Taxes 2019</b>	<b>207-1</b>	Approach to taxation	5. Economic-financial capital / Investments	112	
	<b>207-2</b>	Tax governance, control and risk management	5. Economic-financial capital / Fiscal approach	113	

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<b>TECHNOLOGICAL INNOVATION AND DIGITALISATION</b>					
<b>GRI 3: Material issues 2021</b>	<b>3-3</b>	Management of material issues	3. Infrastructural capital / Innovation and digitalisation	74	
<b>GRI 203: Indirect economic impacts 2016</b>	<b>203-1</b>	Infrastructure investments and services financed	5. Economic-financial capital / Investments	112	
<b>FIGHTING CLIMATE CHANGE</b>					
<b>GRI 3: Material issues 2021</b>	<b>3-3</b>	Management of material issues	7. Environmental capital/Emissions	139	
<b>GRI 305: Emissions 2016</b>	<b>305-1</b>	Direct emissions of GHG (Scope 1)	7. Environmental capital/Emissions	139	
	<b>305-2</b>	Indirect GHG emissions from energy consumption (Scope 2)	7. Environmental capital/Emissions	139	
<b>ENERGY EFFICIENCY AND SUSTAINABLE PRODUCTS</b>					
<b>GRI 3: Material issues 2021</b>	<b>3-3</b>	Management of material issues	7. Environmental capital	133	
<b>GRI 302: Energy 2016</b>	<b>302-1</b>	Energy consumed within the organization	7. Environmental capital/ Energy consumption	137	
<b>RESPECT OF HUMAN RIGHTS AND WORKERS PROTECTION</b>					
<b>GRI 3: Material issues 2021</b>	<b>3-3</b>	Management of material issues	6. Human capital	114	
<b>GRI 401: Occupazione 2016</b>	<b>401-1</b>	Recruitment and turnover	6. Human capital/Employees	119	
<b>GRI 406: Non discriminazione 2016</b>	<b>406-1</b>	Discrimination and corrective action taken	6. Human capital/Employees	119	

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OCCUPATIONAL HEALTH AND SAFETY					
GRI 3: Material issues 2021	3-3	Management of material issues	6. Human capital	114	
GRI 403: Salute e sicurezza sul lavoro 2018	403-1	Occupational health and safety management system	6. Human capital/ Occupational health and safety	128	
	403-2	Hazard identification, risk assessment and accident investigation	6. Human capital/ Occupational health and safety	128	
	403-3	Occupational health services	6. Human capital/ Occupational health and safety	128	
	403-4	Worker participation and consultation and communication on health and safety at work	6. Human capital/ Occupational health and safety	128	
	403-5	Workers' health and safety training	6. Human capital/ Occupational health and safety	128	
	403-6	Promoting the health of workers	6. Human capital/ Occupational health and safety	128	
	403-7	Prevention and mitigation of occupational health and safety impacts in trade relations	6. Human capital/ Occupational health and safety	128	
	403-8	Workers covered by an occupational health and safety management system	6. Human capital/ Occupational health and safety	128	
	403-9	Workplace accidents	6. Human capital/ Occupational health and safety	128	
	403-10	Occupational diseases	6. Human capital/ Occupational health and safety	128	
TRAINING AND SKILLS DEVELOPMENT					
GRI 3: Material issues 2021	3-3	Management of material issues	6. Human capital	114	
GRI 404: Training and education 2016	404-1	Average annual training hours per employee	6. Human capital/Training and skills	125	
	404-2	Employee skills upgrading programmes and transition assistance programmes	6. Human capital/Training and skills	125	



GRI Sustainability Reporting Standard		Reference to chapter / Paragraph	Page	Standard Application Notes / Omissions
<b>CUSTOMER SATISFACTION AND MANAGEMENT</b>				
<b>GRI 3: Material issues 2021</b>	<b>3-3</b>	Management of material issues	4. Relational capital/ Quality, safety and reliability of the products	93
<b>GRI 416: Customers health and safety 2016</b>	<b>416-1</b>	Assessment of health and safety impacts by product and service categories	4. Relational capital/ Quality, safety and reliability of the products	93
	<b>416-2</b>	Incidents of noncompliance regarding health and safety impacts of products and services	4. Relational capital/ Quality, safety and reliability of the products	93
<b>GRI 417: Marketing and labelling 2016</b>	<b>417-1</b>	Information and labelling requirements for products and services	4. Relational capital/ Quality, safety and reliability of the products	93
	<b>417-2</b>	Non-compliances in the information and labelling of products and services	4. Relational capital/ Quality, safety and reliability of the products	93
	<b>417-3</b>	Non-conformities concerning marketing communications	4. Relational capital/ Quality, safety and reliability of the products	93
<b>GRI 418: Customers privacy 2016</b>	<b>418-1</b>	Proven complaints about customer privacy breaches and customer data loss	2. Governance/Cybersecurity e Data protection	60
<b>PRODUCT QUALITY, SAFETY AND RELIABILITY</b>				
<b>GRI 3: Material issues 2021</b>	<b>3-3</b>	Management of material issues	4. Relational capital	79
<b>GRI 416: Customers health and safety 2016</b>	<b>416-1</b>	Assessment of health and safety impacts by product and service categories	4. Relational capital/ Quality, safety and reliability of the products	93
	<b>416-2</b>	Incidents of noncompliance regarding health and safety impacts of products and services	4. Relational capital/ Quality, safety and reliability of the products	93
<b>GRI 417: Marketing and labelling 2016</b>	<b>417-1</b>	Information and labelling requirements for products and services	4. Relational capital/ Quality, safety and reliability of the products	93
	<b>417-2</b>	Non-compliances in the information and labelling of products and services	4. Relational capital/ Quality, safety and reliability of the products	93
	<b>417-3</b>	Non-conformities concerning marketing communications	4. Relational capital/ Quality, safety and reliability of the products	93

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<b>RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN</b>					
<b>GRI 3: Material issues 2021</b>	<b>3-3</b>	Management of material issues	4. Relational capital	79	
<b>GRI 204: Procurement practices 2016</b>	<b>204-1</b>	Proportion of expenditure to local suppliers	4. Relational capital/ Suppliers: supply chain management	101	
<b>GRI 308: Environmental assessment of suppliers 2016</b>	<b>308-1</b>	New suppliers evaluated using environmental criteria	4. Relational capital/ Suppliers: supply chain management	101	
<b>GRI 414: Social evaluation of suppliers 2016</b>	<b>414-1</b>	New suppliers that have been evaluated using social criteria	4. Relational capital/ Suppliers: supply chain management	101	
<b>WASTE MANAGEMENT</b>					
<b>GRI 3: Material issues 2021</b>	<b>3-3</b>	Management of material issues	7. Environmental capital / Waste generation and management	141	
<b>GRI 306: Waste 2020</b>	<b>306-1</b>	Waste generation and significant wasterelated impacts	7. Environmental capital / Waste generation and management	141	
	<b>306-2</b>	Management of significant impacts related to waste	7. Environmental capital / Waste generation and management	141	
	<b>306-3</b>	Waste generated	7. Environmental capital / Waste generation and management	141	
	<b>306-4</b>	Waste not for disposal	7. Environmental capital / Waste generation and management	141	
	<b>306-5</b>	Waste for disposal	7. Environmental capital / Waste generation and management	141	
<b>STAKEHOLDER ENGAGEMENT AND DIALOGUE COMMUNITY AND LOCAL SUPPORT</b>					
<b>GRI 3: Material issues 2021</b>	<b>3-3</b>	Management of material issues	4. Relational capital / Relations with the local area	105	
<b>GRI 413: Local communities 2016</b>	<b>413-1</b>	Activities involving local community involvement, impact assessments and development programmes	4. Relational capital / Relations with the local area	105	
	<b>413-2</b>	Activities with significant negative, potential and current impacts on local communities	4. Relational capital / Relations with the local area	105	No negative or potentially negative impact activities were launched during the reporting period

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<b>OTHER INDICATORS REPORTED</b>					
WATER AND WASTE WATER					
<b>GRI 303: Water and waste water 2018</b>	<b>303-3</b>	Water intake	7. Environmental capital/Water resources	140	
DIVERSITY AND EQUAL OPPORTUNITIES					
<b>GRI 405: Diversity and equal opportunities 2016</b>	<b>405-1</b>	Diversity in government bodies and among employees	6. Human capital/Employees	119	
COMPANY WELFARE AND WORK-LIFE BALANCE					
<b>GRI 401: Employment 2016</b>	<b>401-2</b>	Benefits for full-time employees that are not available for temporary or part-time employees	6. Human capital/Employees	119	
	<b>401-3</b>	Parental leave	6. Human capital/Employees	119	