ADR GROUP SUSTAINABILITY REPORT Y2024

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CEO message to the stakeholders

ADR is dedicated to its vision of becoming a market leader in the production of axles, brakes, and suspensions for the agricultural and special vehicle sectors.
We recognize that in order to achieve this, sustainability must be at the core of our operations. As we embark on our journey towards a more sustainable future, we are pleased to release our Sustainability Report of the ADR Group, highlighting our commitment to transparency and accountability.
Sustainability is not just an aspiration for us; it is a fundamental value that guides our decision-making processes. We understand that our activities can have a significant impact on the environment and communities, and we are determined to address these challenges for the benefit of present and future generations.

Through this Sustainability Report, we aim to showcase our efforts to enhance social, environmental, and economic sustainability throughout our value chain. We acknowledge the importance of circular economy, resource efficiency, and climate action. We strive to reduce our environmental footprint, promote responsible sourcing, and foster a culture of innovation and continuous improvement.
As we progress on our sustainability journey, we recognize the vital role of our stakeholders. We value the input and collaboration of our customers, employees, suppliers, and communities in shaping our sustainable practices and ensuring that we meet the highest standards of corporate responsibility.
At the core of this transformation is investing in our people and fostering a cultural change that aligns with the values of ADR. We will embark on a generational shift project, identifying roles and responsibilities that serve the common good and individual growth within our management structure. Our aim is to transition from a dependent culture to an entrepreneurial one, establishing collaborative working methods and approaches that foster a constructive alliance.

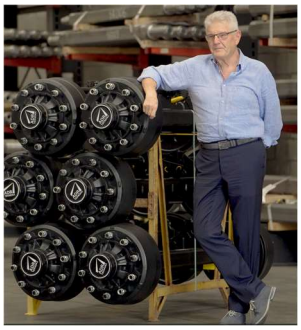
People will be the cornerstone of our organizational and productive processes, and our leadership model will shape the relational dynamics between managers and their teams. Collaboration, participation, and sharing will be the cultural principles that underpin our operations in this sustainable journey.
We will empower our managerial class, nurturing their overall growth through a combination of developing technical skills, fostering autonomy, and cultivating team management capabilities, all while maintaining a practical sense of purpose. These competent managers will serve as a source of inspiration for colleagues and collaborators, embracing a sense of citizenship as the bedrock of our development. ADR will be defined by a forward-driving force composed of managers capable of guiding, teaching, and training the organization toward well-defined sustainability goals. This is essential for attracting and retaining talented individuals who will ensure our sustained success and growth.

The new “Manifesto for Corporate Culture Development” has been issued and presented to all levels of the company. It will be another important tool to achieve our ambitious results and successes.

As we face future challenges, ADR assumes the responsibility of consolidating and strengthening our market leadership position. Our objective is to achieve outstanding results by investing in customer care, proactively anticipating their needs, and nurturing long-term relationships. This approach will enable us to solidify our brand presence in emerging markets and territories where ADR's footprint is not yet prominent.

In conclusion, we are thrilled to share our Sustainability Report with you, showcasing the strides we have taken and the ambitious goals we have set. Through transparency, accountability, and an unwavering commitment to sustainability, we aspire to inspire positive change within our industry and contribute to a more sustainable and prosperous future for all.

Flavio Radrizzani



President ADR Group

2024 ADR's Sustainability Highlights

186 M € **Group consolidated turnover**	**72** **Countries served in the world**
Sustainability Plan **Third Group Sustainability plan and targets**	**40%** **Female share in the Board of Directors**
-12% **Total energy consumption** **(compared Y2023)**	**- 4% Scope 1 emissions** **-10% Scope 2* emissions** ***Location based*** **(compared Y2023)**
70,03% **Waste recovered onsite or offsite**	**Supplier Code of Conduct** **Group policies implemented** **Manifesto for Corporate Culture Development**

-10% - EMISSION INTENSITY (t, CO2e / t purchased)

- 5% - EMISSION INTENSITY (t, CO2e / t sold)
(compared Y2023)

Main positive points:

-4% Scope 1 (fuels) – Reduction in line with forecasts.

-10% Scope 2 electricity) – With the activation of photovoltaic systems we are reducing the CO2eq emission value (increase in self-produced electricity from renewable sources).
The process of purchasing electricity with a certificate of origin from renewable sources has begun too.

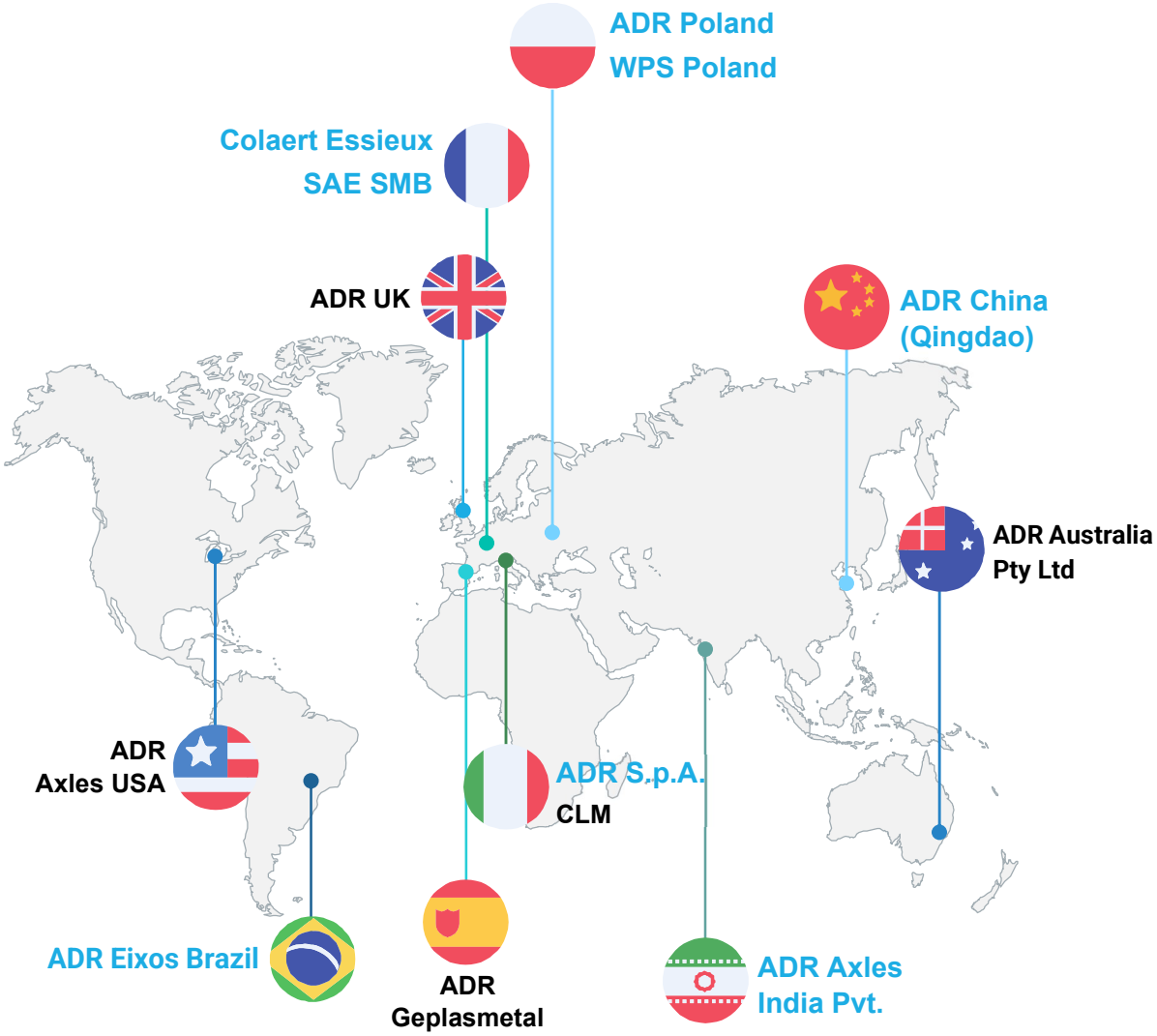
70,03% Waste material recycled.

Emission Intensity: The new indices calculated as the intensity of CO2eq emissions on the total purchased and sold confirm the increase in the share of electricity from renewable sources used by the organization ADR and its operating context.

ADR's profile

ADR holds a prominent position as a market leader in the production of axles, brakes, and suspensions for the agricultural and special vehicle sectors. Since its establishment in the 1950s, the company has consistently demonstrated a strong commitment to expansion and international presence. Presently, the group comprises 13 companies spanning across the globe, with operations in Australia, Brazil, the United States, India, China, and several countries in Europe, including France, Italy, Spain, the United Kingdom, and Poland. ADR's renowned brands, ADR and Colaert, serve as the conduits through which the company provides suspensions and axles to clients worldwide. The company's headquarters are located in Uboldo Varese, Italy.

The 2025 Sustainability Report, encompasses eight companies (included ADR India). Our objective is to progressively broaden this scope in the forthcoming years, ultimately encompassing the entire Group. The map below illustrates the geographical distribution of R.P.F Group's companies worldwide, with the current Sustainability Report 2024 including those indicated in **light blue**.



The Group’s history

The Group stands as a historical entity that has solidified its position over time, thanks to individuals who have consistently leveraged their robust technical and entrepreneurial skills to drive the company's enduring value creation.

The history of ADR traces back to 1954 when Giovanni and Antonia Radrizzani established their turnery business in a small workshop in Uboldo, a northern town in Italy, undertaking subcontracting work. The second generation, represented by Flavio and Giancarlo, ushered in the production of axles initially for construction machinery and later expanded into the agricultural sector.
The business experienced rapid and remarkable growth. In 1970, Giovanni Radrizzani S.n.c. transformed into ADR S.p.a., transitioning from a small artisanal workshop to a business venture, prioritizing operational and organizational aspects.
The 1980s marked a significant milestone in the company's expansion. Recognizing the limitations of the Italian market, the Radrizzani brothers redirected their focus to manufacturers of agricultural machinery operating in European markets. However, it was in 1990 that ADR experienced substantial growth with its first international acquisitions. ADR embarked on its international journey by acquiring Colaert Essieux, a renowned French company specializing in axles and complete suspensions for agricultural and industrial machinery. Additionally, Tyremart, now known as ADR UK, was acquired as the official dealer of Colaert for the British markets. The Polish company ATW was also established, eventually becoming ADR Poland.
In the 2000s, the ADR Group demonstrated a strong commitment to consolidating and expanding its business into non-European markets by establishing new production and business facilities in China, Brazil, and Canada.
In 2010, the Group concluded another phase of expansion with the acquisition of Geplasmetal in Spain and the historic French company, SAE SMB.
Growth has always been the engine of the strategy of ADR Group that looks more and more to the global market expanding, between 2010 and 2020, also in India with a production site and in Australia and USA with two commercial branches.
Despite the globalization of its operations, the heart of the organization remains firmly rooted in Europe.
The vision of continuous improvement and expansion includes a production site in the United States (IOWA). The project will develop over the next two years with the construction of a new plant (end of 2026).

Group’s values

ADR is acutely aware of its responsibility in addressing present and future challenges while strengthening its market leadership position. The Group is committed to achieving exceptional results by investing in customer care, proactively anticipating their needs, and cultivating enduring relationships. This strategic approach will allow ADR to solidify its brand presence in emerging markets and territories where it currently lacks a significant foothold.

Recognizing the dynamic and highly competitive global landscape in which companies operate, ADR understands that relying solely on technical expertise is insufficient. To ensure continuity and success, the company recognizes the need for a cultural transformation across the entire organization. This comprehensive shift will fortify the brand in emerging markets and territories where ADR's presence is still developing.

Investing in people lies at the heart of our organizational transformation. The Group is embarking on a generational change project that identifies roles and responsibilities aligned with the common good and individual growth.

To achieve its objectives, ADR acknowledges the imperative to transition from a dependent culture to an entrepreneurial one. This transition necessitates the implementation of effective methods and approaches that foster a constructive alliance among all stakeholders.

Fundamentally, caring for people and the environment has always been intrinsic to the Group's philosophy and business practices. This year, through the release of its third Sustainability Report and the development of its Sustainability Plan, the ADR Group has begun transforming its efforts into tangible actions.

ADR's Approach to Sustainability

ADR recognizes the significance of sustainable development as a key component of its organizational strategy. The company is wholeheartedly dedicated to embracing sustainable practices to ensure long-term success and growth. This commitment extends beyond the company itself and encompasses the communities and environments in which ADR operates.

Throughout its history, the ADR Group has consistently considered the environmental and social impacts of its actions and decisions. Since 2022, the company formalized and solidified its commitment to sustainable business practices, integrating economic, environmental, and social performance into its operations. The core objective guiding ADR's business decisions revolves around achieving the highest standards of product quality and safety while minimizing negative environmental impacts and maximizing positive contributions to society.

While this philosophy has always been implicitly embedded in ADR's business model, it is now officially documented and materialized through this voluntary Sustainability Report. This report serves as a precursor to the Group's forthcoming ESG (Environmental, Social, and Governance) commitments, highlighting the organization's dedication to transparency and accountability in its sustainability endeavors.

Moreover, to actively contribute to the creation of sustainable value, ADR conducted its first **Materiality Analysis** in 2022 to identify its priority impact areas. Based on this analysis, the company has formulated a comprehensive **Sustainability Strategy**. This strategy, designed for the short-to-medium-term, encompasses a range of qualitative and quantitative targets addressing the key material issues identified by the Group. By focusing on these critical areas, ADR aims to drive meaningful progress towards its sustainability objectives.

Data collection has been computerized through a Group server. This new approach will allow us to have real-time data and apply improvement actions quickly.

Y2025 data will be collected daily and it will be possible to perform a timely analysis of the results by promptly adopting improvement or maintenance actions.

Stakeholder Engagement

The ADR Group acknowledges the pivotal role played by its diverse stakeholders in its long-term success. The Group is fully committed to fostering and strengthening trusted relationships with them. ADR directs its efforts towards establishing and maintaining solid, enduring connections with all major stakeholder categories.
Stakeholders for ADR encompass various groups, starting with its **employees and collaborators**, who are indispensable and integral to achieving the company's mission. ADR maintains open and transparent communication with **trade unions and employee representatives**, engaging in constructive discussions on relevant topics.
Customers hold significant importance to the Group, and ADR is dedicated to continuously listening to their needs and preferences, ensuring their ongoing satisfaction. ADR strives to provide excellent customer service and aims to exceed customer expectations in all interactions.
Through periodic open dates, ADR Group wants to meet its customers and create synergy with them. Making companies and their potential known has always been an added value for virtuous marketing.

Suppliers and business partners, who are closely linked to ADR's activities and products, also play a vital role in fulfilling the company's mission of customer satisfaction. ADR places great emphasis on the quality of components, products, and services provided by its suppliers. The organization is committed to actively listening to its business partners, involving them in key business activities, and making them integral to the Group's new sustainability journey.
ADR recognizes that its main stakeholders also include **individuals and institutions** whose interests are directly or indirectly affected by the impacts of its activities, such as **local and national communities** in which the company operates. As an embedded player in a complex environment, ADR takes responsibility for nurturing these direct and indirect interactions. This involves actively listening to the needs of stakeholders and monitoring the organization's impacts, including those on the external environment and nature.
Stakeholder engagement information is typically consolidated through reports, meetings, or direct involvement and approval of a director. ADR's Directors make efforts to communicate in local languages whenever possible or utilize interpreters to ensure optimal participation and engagement. Additionally, when engaging with at-risk or vulnerable stakeholder groups, the company seeks the support of specialists, intercultural mediators, or consulting firms to ensure effective communication and meaningful engagement.

Employees

- Recurring communications bulletin news,
- Recurring meeting (weekly or fortnightly) held with managers of involved companies (ADR Italy, ADR Polska, WPS Polska, COLAERT France, SAE SMB France, ADR China, ADR Brazil) to share details, results, achievements, and targets related to sustainability and other key areas.
- Training Programs and several initiatives with focus on optimization of all those business processes, managerial, industrial and administrative ones, that have an impact on environmental, social and governance responsibility,
- Website and social media platforms used to communicate information on ESG practices and their effectiveness,
- Yearly meetings organized to define objective of development and analyses expectations,
- Quarterly report provided with details of activities and actions,
- Digitalization programs.

Clients

- Questionnaire about quality and safety sent to all customers every 2 years,
- Customer satisfaction evaluated every 6 months,
- Events organized by ADR (for instance, the annual "Contractor Day" event, now in its eleventh edition, organized with its customers),
- High frequency of participation in fairs and events,
- Group Top Management coordination meetings,
- Dedicated salesman to better understand customer need and develop customized products,
- Actively participating to customers' open days,
- Attendance at on-field exhibitions and test.
- CoP and Group Certification

Suppliers

- Information released on the ADR Group's website,
- Information released in sector magazines,
- Interviews released on communication bodies,
- Surveillance visits (control bodies for ISO 9001 certifications and, in the future, compliance with the ISO 14001 and ISO 45001 Standards),
- Group Top Management coordination meetings,
- International scouting program (APAC/EMEA areas) with focus on reliable and responsible partnership,
- Progressive integration of ESG topics in formalized Contractual Supplying Agreements,
- Feedback provision every 3 months about quality and safety index and scores and whether any corrective or improvement actions are required.

Trade unions

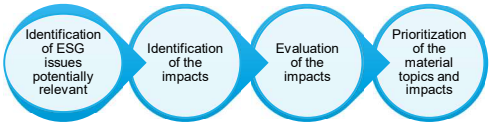
- Ad-hoc meetings based on an open communication and a participated discussion on all the themes and problems that comes out,
- Meetings required by law plus many other when needed. At the meeting are present leaders of trade unions and company directors who report to the RPF management on the discussions and the decisions.

Communities

- Information released on the ADR Group's website,
- Information released in sector magazines,
- Local engagement with communities in every country to be integrated in the territory, sport associations, young talent, and non-gov. organization for charity purposes.

ADR's Materiality Analysis

Materiality analysis aims to identify the material issues or ESG-related aspects that have the most significant impact on the ADR Group and its activities. Through this analysis, the company can determine the key areas on which to concentrate efforts to identify, monitor, and mitigate negative impacts on the environment, people, and the economy, while also enhancing positive impacts.
This Materiality Analysis was conducted in accordance with the updated GRI Universal Standards (GRI Standards) of 2021. It involved identifying current and potential positive and negative impacts on the economy, environment, society, and human rights associated with the company's activities. The analysis followed a four-step procedure, which can be summarized as follows:



1 **Identification of ESG issues potentially relevant** to ADR Group, through an internal assessment of the Group's characteristics, such as corporate identity, industry, activities performed, and types of stakeholders, as well as an assessment of the external scenario, considering for instance the United Nations Sustainable Development Goals and the regulatory environment.
2 **Identification of the impacts** associated with each of the potentially material topics. During this step, both positive and negative, current, and potential, long-term, and short-term, intended, or unintended, reversible or irreversible impacts that the Group actually or potentially generates have been included.
3 **Evaluation of the impacts** associated with each material issue by the Group's top management through a dedicated workshop. The assessment considered for each impact the **probability**, namely the likelihood of occurrence of the impact, and **magnitude**, namely the significance of the impact in case of occurrence.
4 **Prioritization of the material topics and impacts** based on the scores expressed by the top management. The assessment resulted in the ADR Group's list of material topics, prioritized according to impacts' probability and magnitude.

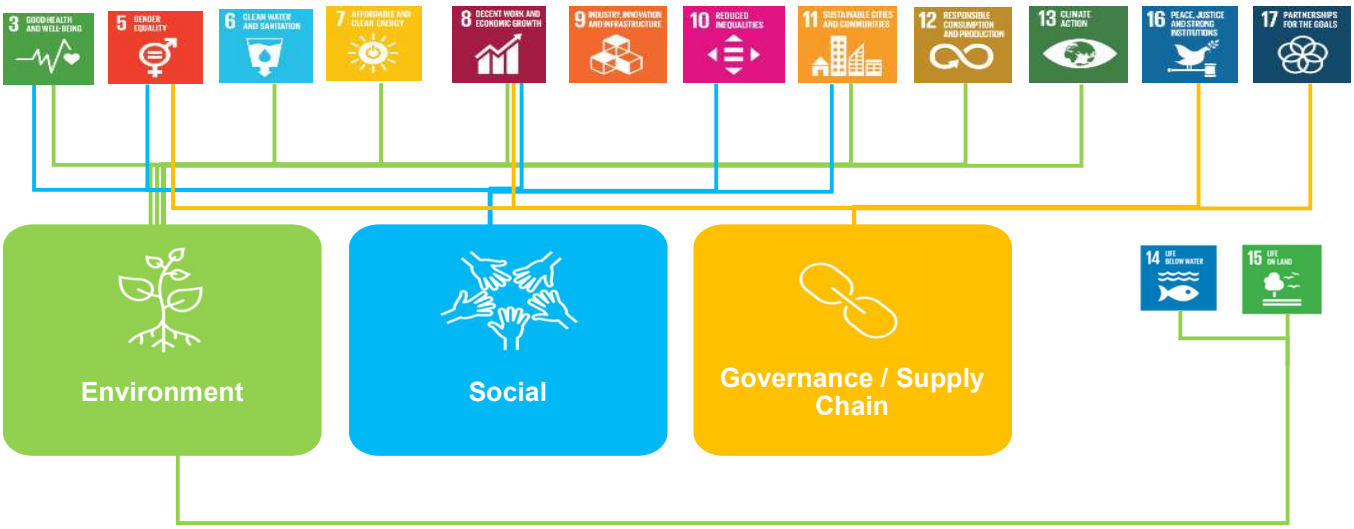
The analysis resulted in the following list of fifteen material topics, supported by four "prerequisites" related to the governance of the business, such as good governance, corporate behavior rules, and ethical principles. Sure enough, these aspects are all fundamental for the conduction of a business. The material topics can be grouped into four macro areas describing the scope of impact: **Environment, Social and Governance/Supply Chain**. These three areas, together with the **Prerequisite** area, define not only the ADR Group's impact spheres, but also those on which the company focuses its efforts, initiatives, and performance reporting and communication.

PILLAR	MATERIAL TOPIC	POSITIVE IMPACTS	NEGATIVE IMPACTS
Environment	**Product Innovation**	Positive impact generated by less environmental impact and use of technological innovations.	Negative impact from product obsolescence on customer experience.
Governance / Supply chain	**Customer Satisfaction**	Positive impact generated by engaging and listening to and collaborating with customers.	Negative impact generated by failure to incorporate customer needs and demands.
Environment	**Product Quality**	Positive impact generated by high standards of product quality and safety.	Negative reputational and customer satisfaction impact resulting from failure to meet the highest quality standards.
Social	**Safety**	Positive impact related to controlled and limited use of chemicals in product realizations.	Negative impact generated by poor product safety, such as the use of harmful chemicals.
Social	**Workplace Health & Safety**	Positive impact related to fewer accidents and injuries at work (e.g. presence of a specific policy of health and safety issues, voluntary training related to health and safety issues, etc.).	Negative impact related to the occurrence of occupational injuries and illnesses (e.g. misbehavior inadequately supervised, insufficient voluntary training on health and safety issues, etc.).
Social	**Employee Welfare and Development**	Positive impact related to employee discussion and listening and the resulting "affiliation" of employees. Positive impact generated by offering their employees welfare and benefits services.	Negative impact linked to the lack of employee involvement and the consequent loss of resources. Negative impact linked to the possibility of employee migration to more virtuous companies.
Social	**Talent Attraction and Retention**	Positive impact related to the presence and retention of talent in the company and fueling the employment rate. Positive impact related to upskilling employees' technical skills and abilities.	Negative impact linked to a high level of turnover in the company and the loss of know-how. Negative impact generated by failure to update skills (e.g. absence of voluntary training).
Governance / Supply chain	**Stakeholder Partnerships**	Positive impact related to the creation of industry synergies and collaborations with business partners and value chain actors.	Negative impact related to the lack of collaboration within the value chain.
Governance / Supply chain	**Responsible Supply Chain**	Positive impact related to the spread of sustainability practices and policies among companies. Positive impact related to compliance with specific social and environmental requirements along the company's value chain. Positive impact related to supply chain integrity and continuity of operations.	Negative reputational, social and/or environmental impact resulting from failure to oversee ESG aspects along the supply chain (e.g. failure to respect human rights). Negative impact resulting from the possible exclusion of suppliers based on overly demanding requirements (barriers to entry).
Environment	**Waste Management**	Lower environmental impact (energy and emissions from the disposal chain) in waste management.	Negative impact related to hazardous waste generation. Negative impact related to the generation of non-hazardous waste sent to landfill. Negative impact related to a low percentage of hazardous and nonhazardous waste sent for recovery.
Environment	**Sustainable Production**	Positive impact generated by production process efficiency and lower scrap production.	Negative impact generated by scrap and waste production for the company's production activities.
Environment	**Energy Efficiency & Climate Change**	Positive impact generated by production process efficiency and lower energy consumption. Positive impact from increased use of energy from renewable sources. Positive impact related to a reduction in direct and indirect emissions Positive impact associated with increased use of energy from renewable sources and consequently a reduction in emissions generated	Negative impact generated by energy consumption for the company's production activities. Negative impact related to direct and indirect emission generation. Negative impact related to production activities that generate pollutant emissions.
Governance / Supply chain	**Responsible Sourcing**	Positive impact related to favoring certified raw materials, responsibly sourced and ensuring ethical and environmental standards.	Negative reputational impact and failure to meet customer demands related to the use of uncertified raw materials.
Governance / Supply chain	**Human Rights**	Positive impact related to the protection of human rights throughout the company's value chain. Positive impact related to the elimination of child, forced or compulsory labor throughout the company's value chain.	Reputational impacts caused by inadequate management of workers' rights or the use of child or forced labor by the organization's suppliers and/or contractors.
Social	**Diversity, Equity & Inclusion**	Positive impact from creating a work environment that supports equal opportunity (e.g. presence of a policy on D&I issues, high percentage of women in management positions, etc.). Positive impact from promoting an inclusive work environment.	Negative impact resulting from a less than inclusive work environment (e.g. low percentage of women in management positions, etc.). Negative impact linked to a discriminatory work environment and / or episodes of discrimination among employees.
Social	**Community Engagement**	Positive impact resulting from the support actions provided by the company to the local communities in which it operates.	Negative impact deriving from impacts on local communities that are not properly manned.

ADR Sustainability Plan and contribution to the SDGs

Based on the findings of the materiality analysis, which identified the areas most influenced by the Group's activities and decisions, ADR formulated its sustainability strategy.

ADR Group's Sustainability Plan is built upon 3 strategic pillars that were introduced during the materiality analysis: Environment, Social, Supply Chain, and Product. Each pillar encompasses a combination of quantitative targets and qualitative objectives that will need to be accomplished within specific timeframes. These timeframes range from 2023 to 2026, 2030 and even extend to 2050 for achieving climate neutrality. The Sustainability Plan serves as a tangible representation of the company's commitments and endeavors towards sustainability.



When formulating its Sustainability Plan, ADR took into account the **United Nations 2030 Agenda for Sustainable Development** and its **17 Sustainable Development Goals (SDGs)**. The company specifically focused on identifying goals that align with and actively contribute to the UN's targets.

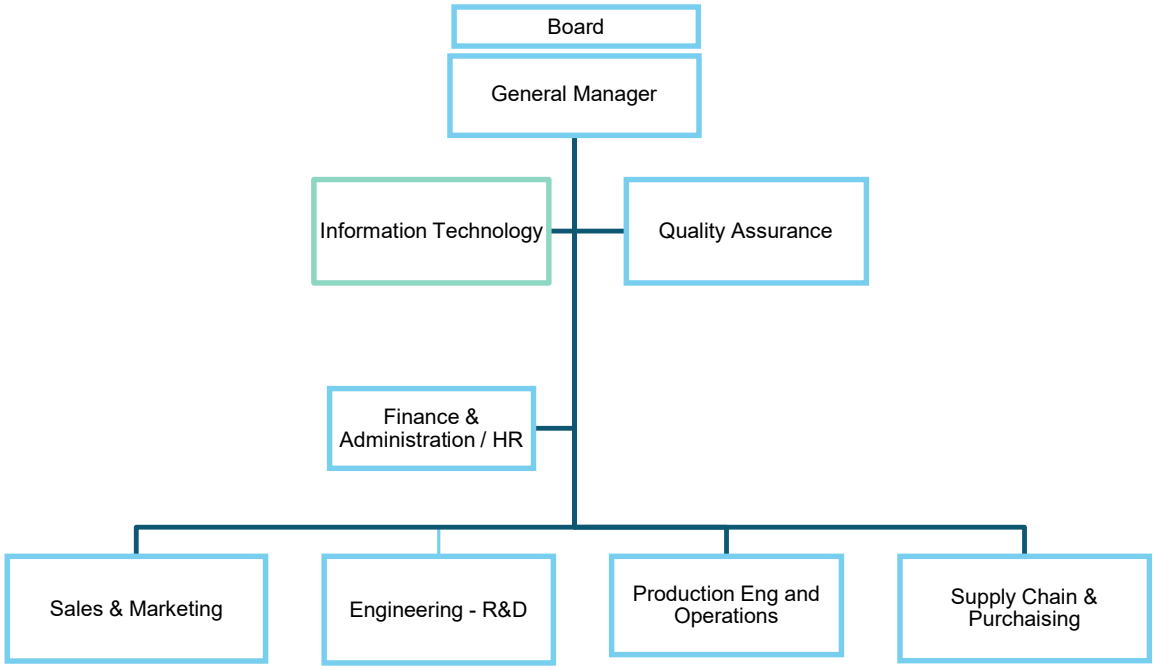
Governance / Supply Chain

ADR's Governance

ADR Group's governance structure is carefully designed to ensure effective decision-making and continuous long-term value generation. The role of governance is critical to ensure compliance with corporate values and resilience.

At the highest level of the Group's governance structure, which is privately owned, there is the Board of Directors.

Organizational chart 2024



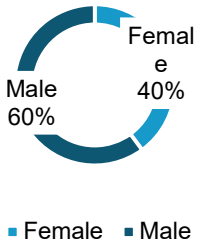
In the following table, the main Group Top management's meetings, their frequency and topics are summarized.

Meeting's name	Topics	Participants	Frequency
Executive Meeting EM	Governance, shareholder updates and ownership topics	Shareholders and GM	Quarterly
Board Meeting BM	Vision, culture, strategies, medium/long term goals	Operative shareholders and GM	Every 2 weeks
Group Steering Meeting GSM	Strategy, culture, projects, organization, processes, progress on objectives/ function/ projects/ short-medium group	Operative shareholders, GM, Sales, Supply chain, F&A, APAC COO Directors	Every 4 weeks
Group Managers Meeting GMM	Updates on activities/ projects group functions (IT, QA, SC, R&D, Sales, F&A) and subsidiaries	GSM, IT Manager, QC Manager, R&D Manager	Every 6 weeks
Group Directors Meeting GDM	Branch policy, group policy, group projects	GMM and Plant Managers	Once a year
Group Quality meeting	Quality situation and Goals	Quality Depts	Once a year
ESG meeting	ESG situation and Goals	GMM and ESG Responsible	Once a year

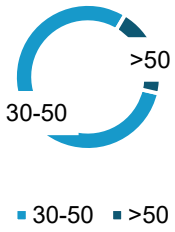
The **Board of Directors** is composed by five Directors who, appointed by the Group's shareholders in proportion of their shareholding, are responsible for the strategic decisions within the organization. Additionally, the four executive and the one non-executive Directors have the responsibility of appointing the members of the Management Committee. In 2024 the female share of the Board of Directors was 40%, while the average age of its members was of 50.

Both the Board of Directors and the Management Committee are responsible for reviewing and approving the financial and non-financial information disclosed by the company, therefore also including the herein reported information and the organization's material topics. Moreover, the Board of Directors and the Management Committee delegate to each Director the responsibility to oversee their own department. Regular and periodic reporting is required from the **Directors** to the Board, detailing the activities they have undertaken and their impacts.

Gender share in the Board of Directors



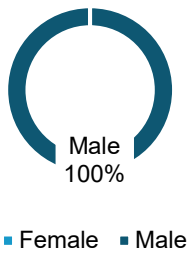
Age share in the Board of Directors



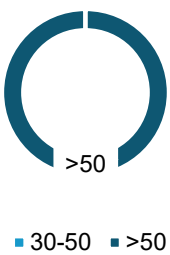
Board of Directors			
Name	**Gender**	**Assignment**	**Executive/Non-executive**
Radrizzani Flavio	Male	President	Executive
Radrizzani Chiara	Female	Member of the Board	Executive
Radrizzani Giovanna	Female	Member of the Board	Executive
Radrizzani Ettore	Male	Member of the Board	Executive
Radrizzani Daniele	Male	Member of the Board	Non-Executive

The Company's structure also comprises the **Board of Statutory Auditors**, composed by two members and a president. The members of the Board of Auditors are responsible for the verification of compliance with the laws, statutes, as well as principles of proper administration. Nonetheless, they verify the adequacy of the organizational, administrative, and accounting structure adopted by the company and its actual functioning.

Gender share in the Board of Statutory Auditors



Age share in the Board of Statutory Auditors



Board of Statutory Auditors		
Name	**Gender**	**Assignment**
Bellasio Claudio	Male	President
Mantegazza Mario	Male	Member
Nova Maurizio	Male	Member

Regarding **remuneration policies**, ADR Group has implemented procedures for members of the highest governance body and senior executives to ensure that compensation aligns with their business objectives and performance.
In this regard, the remuneration can be divided into a fixed and a variable component. The fixed salary is determined based on market standards, considering the level of professionalism and responsibilities, thus providing a competitive compensation package. On the other hand, the variable pay is directly linked to the objectives established by the Board and Management Committee and is contingent upon the achievement of these objectives. Additionally, members of the highest governance body and senior executives are entitled to benefits, such as retirement programs, in compliance with labor laws and relevant employment contracts.

Business Ethics & Integrity

ADR recognizes the fundamental importance of conducting business ethically, responsibly, and in full compliance with laws and regulations. This commitment is seen as crucial for nurturing trust among stakeholders and fostering sustainable success. The organization is dedicated to cultivating a culture that embraces integrity, transparency, and accountability across all its operations. By upholding these principles, ADR strives to establish robust relationships with stakeholders and make positive contributions to society as a whole.

Currently, there is no formal mechanism in place specifically for seeking guidance on the implementation of the organization's policies and practices for responsible business conduct. However, individuals are encouraged to approach their direct managers for advice and assistance. If necessary, concerns can be escalated through the management hierarchy, including the Board of Directors, ensuring appropriate channels for addressing such matters.

ADR strives to continuously improve its standards of ethical conduct and responsible corporate governance. The organization highly values the integrity of its employees, managers, officers, and the Board, and its commitment to fully disclosure regarding its activities and policies is expanding in 2022 through the drafting and publication of ADR’s first Sustainability Report.

To guide employees in upholding ethical and responsible behavior, the company has established comprehensive policies that provide a clear structure and framework. These policies serve as guidelines for conducting business operations with the utmost integrity and ensuring compliance with legal requirements. Notably, ADR has implemented and will implement the following key policies:

- Sustainability Policy: in progress
- Human Rights Policy: since 2023
- Supplier Code of conduct: since 2023
- Ethical Code: since 2024
- Manifesto for Corporate Culture Development: since 2024

These policies will play a crucial role in ensuring that ADR's operations align with ethical principles and promote responsible practices throughout the organization.

During 2024, the Group decided to adopt and extend a common Code of Ethics to all ADR Group’s companies. With the Code, the Group wanted to create a sort of charter of moral rights and duties that define ethical responsibility. social of each participant in the entrepreneurial organization. The Code of Ethics expresses the ethical commitments and responsibilities undertaken by those who, in various capacities, collaborate in the achievement of the Group's objectives towards: employees, collaborators, external consultants, suppliers, customers and other subjects who, taken together, are defined with the term stakeholders, as bearers of interests linked to the activity of the companies of the ADR group. The adopted Code of Ethics is structured in four main parts:
• Value System: defines the reference values;
• Behavior criteria: identifies the conduct criteria to be followed in relations with stakeholders;
• Internal control system: establishes the implementation and control mechanisms prepared for the correct application of the Code of Ethics and for its continuous improvement;
• Sanctions system.

ADR Group's companies are deeply committed to upholding ethical conduct and responsible behavior as outlined in the Group handbook tailored specifically for its operations. This comprehensive handbook, which was meticulously developed in 2010, serves as an essential guide for the employees, covering crucial topics such as conflicts of interest and anti-corruption measures. Upon hiring, every employee is provided with a copy of the company handbook, ensuring that they are well-informed about the ethical standards and expectations from the very beginning of their employment journey.

Risk Management & Compliance

ADR's commitment to sustainable and responsible business practices extends to its comprehensive approach to risk management and compliance. Recognizing the importance of effectively identifying, assessing, and mitigating risks, ADR has established processes to ensure the protection of its operations, stakeholders, and reputation.

This chapter delves into ADR's risk management and compliance strategies, highlighting the company's proactive efforts to identify risks across various dimensions, including environmental, social, and governance (ESG) factors.

To identify ADR's main ESG risks, a comprehensive benchmarking analysis was conducted on the Group's main peers, as well as on some of ADR's key customers and sector's best practices, in line with the materiality analysis. The analysis also considered the requests of rating agencies such as Eco Vadis and CDP.

The ESG risks identified by ADR 's peers within their non-financial or Annual Report were reported. Additionally, potential ESG risks based on the Group's business and activities were identified. To further refine and prioritize these risks, a short survey was conducted among ADR 's representatives. This survey aimed to evaluate and derive ADR 's specific ESG risks based on their relevance to ADR 's activities.

As part of the ongoing risk assessment process, the Group regularly evaluates compliance and regulatory risks, including legal risks, risks related to anti-competitive practices, corruption, business ethics risks. The objective is to assess the likelihood and potential impact of these risks on the Group's business and activities.

Since 2022, ADR conducted an ESG risk assessment, specifically focusing on identifying, evaluating, and deriving the ESG risks most relevant to the business. The following risks emerged as highly relevant for the Group:

- Cybersecurity, data protection, and IT risks: risks linked to the security of information technology systems, therefore linked to the security of sensible information and privacy of the company and its stakeholders such as customers, suppliers, employees. Risks associated with data breaches or cyberattacks could have highly negative impacts if strong and control processes are not in place.
- Human resources management risks: risks related to human resources management such as failure to attract, motivate, engage, retain, develop, and diversify talents, considered a fundamental resource for the company's success.
- Risks related to product quality and safety: risks linked to the failure to respect the highest levels of product quality and safety and the compliance to legal requirements.
- Risks linked to process and product technology and innovation: risks associated with technological improvements or innovations of products and services, also in sustainability terms, impacting reputation, competitiveness, and stakeholder perception of the company. Risks of product or processes innovation also linked to missing the opportunities of implementing circular economy solutions.
- Environmental impact of sites: risks linked to the possible environmental impact of sites explained through the company activities such as pollution, waste, dumping, etc. which can cause irreversible impacts on air quality, land, and water.

The assessment also identified risks of medium or low relevance, including but not limited to mineral risks, loss of biodiversity and nature-related risks, climate change and chronic physical risks, transitional risks, risks related to human rights, and reputational risks.
To effectively manage and mitigate these risks, continuous monitoring will be carried out globally across all ADR's entities. This enables the Group to identify plants that may be more vulnerable to these risks in the short, medium, and long term. Appropriate remedial actions will be then defined to address the identified highly relevant risks. Additionally, close attention will be paid to regulatory and market requirements to ensure compliance with increasingly stringent laws and regulations.

Whistleblowing

In compliance with EU Directive 2019/1937 (whistleblowing), in December 2023 ADR activated a specific Procedure with the aim of encouraging and facilitating reporting within the Company and reducing the risk of crimes and/or offences occurring in the company, building and strengthening the relationship of trust with stakeholders and promoting and increasing a corporate culture based on factors of transparency, integrity, good governance and corporate compliance. To this end, the reference principles and the methods of communication and management of reports concerning reports of relevant unlawful conduct based on the whistleblowing legislation mentioned above are indicated herein in the Procedure.
In 2024, the procedure has been extended to Poland in compliance with EU Directive 2019/1937 and local legislation and subsequently to the other companies of the Group.

Shared Value Creation

The shared value creation is a fundamental aspect that showcases ADR's ability to conduct its business and activities effectively. It is also a testament to ADR's commitment to contribute to the development of its stakeholders.

Economic value generated and distributed	u.m.	2022	2023	2024
Economic value generated	€	**251.059.819**	**227.048.910**	**186.167.705**
Economic value distributed		**65.692.401**	**68.167.358**	**63.282.934**
Operating costs		26.362.259	25.323.812	23.136.894
Remuneration of personnel		33.092.339	33.943.559	34.871.939
Remuneration of providers of financial capital		912.968	1.903.374	1.763.991
Remuneration of public institutions		5.022.835	4.080.603	3.260.110
Investments in communities		302.000	280.000	250.000
Economic value retained		**185.367.418**	**158.881.552**	**122.884.771**

In 2024, ADR generated an economic value amounting to nearly 186 million euros. The Group's result in 2024 showed a 35% reduction in margin compared to that of the previous year, and a decrease in turnover of 18%, in a global economic context in which global demand growth slowed mainly due to the weakness of the manufacturing sector, the decline in domestic demand in some countries, the restrictive monetary policies still applied by the most important Central Banks, the uncertainties arising from geopolitical conflicts and trade tensions..
Out of the total value generated, 34% (equivalent to approximately 63 million euros) represents the distribution of economic value among various stakeholder categories within the Group. These stakeholders include suppliers, employees, the public administration, and the community.

ADR places great emphasis on the distribution of economic value among its suppliers, highlighting the significance of fostering sustainable business relationships and supporting their growth. Through fair and transparent agreements, ADR ensures a reliable and high-quality supply chain, contributing to the stability and prosperity of its suppliers.

Recognizing the pivotal role of employees, ADR values their contributions and prioritizes their well-being. The distribution of economic value translates into competitive wages and benefits, a robust professional development program, and the provision of safe and equitable working conditions. ADR also actively promotes diversity and inclusion within the organization, fostering opportunities for personal growth and leveraging the diverse talents of its employees.

The distribution of economic value towards the public administration underscores ADR's commitment to complying with laws and tax regulations. By fulfilling its financial obligations, ADR significantly contributes to public revenues, thereby supporting the development of the communities in which it operates.

Lastly, ADR acknowledges its responsibility to the community by allocating a portion of the economic value generated to support social, environmental, and cultural initiatives. This contribution is aimed at enhancing the quality of life and promoting sustainable development in the areas where ADR is present.

Cybersecurity & Digitalization

Digitalization and cybersecurity have become increasingly important in today's interconnected world due to the widespread use of technology and the growing reliance on digital systems. At ADR, digitalization and cybersecurity granted to the Company the possibility to prevent unauthorized access to data and to determine whether an information has been accessed or modified and who did it. They also noticed an incremented efficiency of processes due to a complete and solid access to data. Moreover, digitalization has brought greater productivity and sustainability in the company.

Sure enough, the ADR Group believes in modernity and supports the **4.0/5.0 transition** through investment in digitalization and interconnected machinery and equipment, in fact during 2022 and 2023 several 4.0 investments were made in many companies of the Group

In ADR Italy and ADR Poland, was carried out a huge project concerning a new automated compactable warehouse managed through a software interface that connects the warehouse to the ERP. In addition, production machines and assembly lines were interconnected with the production scheduler in order to receive production orders and automatic work-in-progress status. There have been investments 4.0 also in the field of logistics with pallet identification via RFID for internal handling and automatic pallet measuring system for shipment.

In ADR Poland, the focus has been on the automation of the shuttle service of the production lines and the interconnection to the automatic warehouse.

To ensure a **secure digital environment**, ADR has implemented various policies and measures. These include enforcing password expiration, adopting multi-factor authentication, implementing firewall and LAN segmentation, conducting network monitoring, and enforcing automatic timeouts for account lockouts. Strengthened policies for firewall, antivirus, antispam, MDR, backup, and cyber insurance are also in place. User training is conducted to enhance familiarity with new applications and processes, minimizing potential vulnerabilities.

The implementation of these measures has enabled the prevention of unauthorized access to data and facilitated the ability to detect any unauthorized access or modifications, along with identifying the responsible parties.

To continually improve **cybersecurity** and **digitalization** efforts, regular evaluations are conducted. This involves extracting data from the internal ticket system monthly and comparing it with historical data from similar time intervals in previous years. Key performance indicators include the number of support tickets issued by users, time taken to close tickets, time spent on tickets, and the number of ticket escalations.

In conclusion, ADR acknowledges the significant benefits of digitalization and cybersecurity while recognizing the challenges they entail. The company remains committed to prioritizing data privacy, strengthening cybersecurity measures, and continually improving digitalization efforts to ensure the security and integrity of systems and data.

During the reporting period, ADR received zero substantiated complaints regarding breaches of customer privacy or losses of customer data. This signifies the effectiveness of the company's robust cybersecurity

measures and demonstrates its commitment to protecting customer information. ADR's dedication to maintaining a secure environment for customer data underscores its focus on privacy and instills confidence in its customers regarding the protection of their sensitive information.

ADR Italy has taken out an Insurance Policy that provides both indemnity, and compensation guarantees to third parties who have suffered damage, real or alleged, because of a breach of the company's system. Also, a Group-wide multiple SOPHOS endpoint threat protection Endpoint Detection and Response (EDR) Extended Detection and Response (EDR) system was purchased. Penetration tests and vulnerability assessments are conducted each year by an external party. Moreover, training on cybersecurity topics is provided to the employees.
The insurance coverage for cyber risks has been extended from 2024 to all the Group's production companies and subsequently to the commercial companies.

Product

Product Quality & Safety

ADR is committed to ensuring high product quality and safety, resulting in several positive impacts. The application of stringent quality standards enables products to have an extended service life, reducing the need for replacements or repairs and providing cost savings for customers. Moreover, the operations of ADR's products exhibit improved operating efficiency, leading to reduced expenses, lower consumption, and minimized environmental impact. Additionally, the reliability of ADR's products contributes to decreased machine downtime for maintenance, enhancing operational performance for end-users. The organization also prioritizes easy maintenance, simplifying routine product upkeep and ensuring safety during maintenance operations.
ADR takes pride in its commitment to conducting activities that do not contribute to negative impacts. The organization ensures that its production processes prioritize the safety of people and their surroundings. To maintain this commitment, ADR requires suppliers to adhere to its specifications, which align with international material safety regulations such as RHOSS and REACH. Furthermore, ADR's products undergo rigorous testing and homologation by TÜV and Cemagref to ensure they meet the highest standards of breaking capacity and safety.
ADR adheres to international material safety standards in its production processes. Specifically, the organization strictly avoids the use of materials such as asbestos for brake pads and Cr6 for galvanic coatings. ADR holds ISO 9001:2015 certification, demonstrating its commitment to quality management systems. Additionally, the company has obtained KBA certification across all its production sites, underscoring its dedication to meeting industry-specific requirements.
All ADR production sites ADR are certificated ISO 9001. In the next 2 years 50% of the sites will have ISO14001 certification too.
All ADR production sites are applying CoP procedure too,
Conformity of Production (CoP) is a means of evidencing the ability to produce a series of products that exactly match the specification, performance and marking requirements outlined in the type approval documentation
To verify that the main characteristics certified during product approval are maintained, each production site, once a year, takes a sample from the mass production and sends it to headquarters for verification of the CoP.
All purchased products comply with international standards and/or adhere to ADR Group specifications. Each component is assigned a unique code through labeling or markings. Suppliers provide certificates for each delivery, confirming the required characteristics such as chemical analysis, mechanical properties, and galvanic coating. ADR strictly prohibits the use of hazardous materials such as chromium 6 and asbestos. In addition, the Group's companies use a specific water-based paint, which reduces the chemical impact and the emissions of gases during the production and painting phase.
To maintain product quality, ADR employs various measures, including supplier qualification audits conducted by Headquarters to ensure their suitability. Material analysis is performed both by the supplier and within the ADR Group. ADR Italy operates a state-of-the-art Test Center equipped with advanced benches and machines that subject products to rigorous testing until they reach their breaking point. Breaking tests are also conducted on components and axles. Test centers are established across all production sites, adhering to standardized procedures for comprehensive product testing. Quality managers perform group audits at various production sites to assess product quality, processes, and overall production standards. Through robust traceability measures, the organization can efficiently execute product recalls in a safe manner, particularly for non-conforming and potentially hazardous items. To inform customers about the quality of materials used in product construction, the organization employs various communication channels, including its website, printed materials, and targeted marketing efforts.

The organization's commitment to quality management and customer service is demonstrated through effective tracking by:

- 360° approach to Quality Management and Customer Service, encompassing the monitoring of customer satisfaction and a continuous improvement process. This involves conducting monthly quality meetings attended by quality operators, managers, and plant managers, along with the verification of key performance indicators (KPIs).
- Customer Satisfaction is evaluated using four indexes, namely Quality, Service, Costs, and Turnover, in accordance with the rules set by the International Customer Satisfaction (ICS) framework.
- Biannual verifications of indicators and takes appropriate improvement actions as needed, ensuring ongoing enhancement in performance.
- Change procedures, utilizing quality alerts, and provide employee training and information to uphold quality standards and facilitate effective communication and knowledge transfer.

ADR maintains a proactive approach to quality and safety by implementing change procedures, issuing quality alerts, providing employee training and information, and conducting regular supplier evaluations to drive corrective and improvement actions.

A monthly quality meeting is conducted to ensure the quality department stays informed about key performance indicators (KPIs) and to discuss ongoing improvements, analyze issues, risks, and potential solutions. Additionally, an annual quality meeting takes place with top management and quality managers, where comprehensive improvement analysis is performed, addressing challenges, and identifying solutions. Suppliers are regularly informed about their quality and safety index and scores every six months, and corrective or improvement actions are requested as necessary. Every two years, a survey on quality and safety is distributed to all customers to gather their feedback, and customer satisfaction is evaluated every six months.

During the reporting period, 100% of significant product or service categories are covered by and assessed for compliance with these procedures and zero incidents of non-compliance concerning product and service information and labeling were reported.

All ADR companies, are **ISO 9001** certified.

QADR is certified ISO 14001 and ISO 45001

ADR Polska / WPS will have the certification ISO 14001 and ISO 45001 by end of 2025.

The Group is committed to extend the Environmental and Safety Certification to other sister companies.

The Group's companies can count on internal procedures for COP (Conformity of Products) applied to ensure the quality and efficiency levels of products.

In addition, TÜV (Technischer Überwachungsverein) regularly performs inspections for the issuance of KBA certifications through audit activities. In addition, the quality and certification institute

TÜV (Technischer Überwachungsverein) regularly performs inspections for the issuance of KBA certifications through audit activities. The KBA certifications from the Germany's federal motor transport authority includes all the safety requirements established by the German Traffic Laws (StVZO). The KBA certificate is issued only by Certification Bodies designated by the same KBA and is mandatory for the sale of alloy wheels in Germany.

Product Innovation

The ADR Group is committed to product innovation that drives positive impacts and addresses sustainability challenges. Through continuous improvement and customer focus, the organization strives to meet the evolving needs and preferences of its customers. Market surveys and customer feedback are utilized to gain insights and develop new products or enhance existing ones accordingly. The ADR Group actively monitors technological advancements, enabling the adoption of new technologies that provide a competitive advantage. Collaboration with suppliers, other businesses, research institutions, and customers is fostered to foster innovation by gaining diverse perspectives and generating new ideas.

To ensure sustainable product innovation, the ADR Group follows a comprehensive approach. A sustainable product innovation strategy is developed, considering environmental, social, and economic factors such as resource efficiency, waste reduction, and social impact, based on the following pillars:

Customer focus	Technology adoption	Collaboration	Continuous improvement	Risk-taking
• to create a competitive advantage the customer is put at the center of the product innovation process. Survey market and get customer feedback to understand their needs, preferences, and feedback is fundamental for ADR Group. The information obtained are analyzed to develop new products or improve existing ones that better meet these needs.	• the evolution of technology is monitored constantly. The possibility to adapt quickly new technologies can provide an advantage on competitors.	• collaboration with suppliers/other businesses, research institutions, and customers can help ADR to improve innovation. Partnering with others can bring different perspectives and new ideas.	• successful product innovation requires a commitment to continuous improvement. The collection of data and feedback on existing products, analysis, and use of the insights help to adjust and improvements that keep products reliable and profitable.	• product innovation involves some degree of risk-taking. An extended validation process with careful planning and testing it's applied to minimize potential negative impacts.

Lessons learned from previous projects are incorporated into operational policies and procedures to enhance future innovation efforts. One notable practice is the implementation of a public distribution list, which facilitates the sharing of key development outcomes, including drawings, reports, certifications, and other relevant documentation. This information is disseminated among stakeholders within the organization through a centralized documentation distribution list. To ensure proper management, all documents are securely stored and classified, with distribution based on the respective confidentiality levels assigned. By incorporating these measures, the ADR Group ensures that valuable insights and information are effectively communicated, promoting transparency, and supporting informed decision-making throughout the organization.

To manage and evaluate the effectiveness of their actions, the ADR Group implements processes and tools. The methodology of Plan-Do-Check-Act (PDCA) is employed to track progress and ensure the effectiveness of activities. Key tools and indicators are utilized to monitor project workload, timing, and departmental progress in product development:

1. Planning tools: scheduling of the activities and definition of goals based on available resources and priority list.
2. Basic Indicators: informatic tools allows registration of the activities and communication of progress through mail distribution to stakeholders.
3. Key Performance Indicators (KPIs): KPIs to trace project workload and timing for departments involved in Product Development.

Regular meetings with managers from various ADR Group companies provide a platform for sharing updates, results, and achievements in product innovation.

These meetings, held on a weekly or fortnightly basis, are conducted with managers from the affiliated companies of ADR Group and serve as a platform to share comprehensive updates on product Innovation, including results, accomplishments, and targets. A detailed quarterly report is generated, providing comprehensive information on the activities and initiatives undertaken in the field. This report encompasses a range of actions, highlighting the progress made and outlining future plans and strategies.

Each year, in person meetings are organized to define the development objectives and analyze stakeholder expectations. These consultations bring together relevant stakeholders, enabling in-depth exploration of goals, strategies, and insights related to product innovation. By conducting these consultations, the ADR Group ensures alignment and collaboration among stakeholders, fostering a shared understanding of the organization's development objectives.

By implementing these strategies and actions, the organization aims to ensure the development of innovative products that meet the highest standards of quality, efficiency, and sustainability.

At Group level, the R&D departments are studying and assessing initiatives for the weight reduction in products' components, resulting in reduced emissions in the production phases, reduced amount and impacts of raw materials, reduced transportation trips and achieving general cost benefits.

Sustainable Production

ADR Group is committed to sustainable production practices that prioritize environmental responsibility and the preservation of natural resources for future generations. To ensure sustainable production, ADR follows a comprehensive approach that encompasses various phases, including product development and design, raw material procurement, production, distribution and logistics, product use, and disposal and recycling. Investments in research and development are directed towards using components and products with a lower environmental impact, such as reducing the number of components and using lighter structures. Process and product engineering focus on energy-saving machinery, while supply chain and purchasing departments ensure responsible sourcing.

ADR recognizes that pollutants are emitted into the soil, air, and water throughout the production process and along the entire supply chain.

ADR's commitment to sustainable production involves several key objectives.

Firstly, ADR aims to enhance awareness of sustainability principles through initiatives like the Sustainable Standards Program and internal management meetings.

Secondly, the company takes proactive measures to prevent or mitigate potential negative impacts within its plants. This includes managing welding processes with appropriate smoke extraction systems, equipping painting cabins with water recirculation systems, investing in a photovoltaic plant to reduce reliance on traditional energy sources, providing personal protective equipment, implementing procedures for appropriate industrial waste disposal, and optimizing material flow and logistics to minimize transfers within the group and overseas transports from APAC supply markets.

Furthermore, ADR Group is dedicated to progressively consolidating and improving its ESG-related actions. The company extends best practices to production sourcing contracts within its supply chain, fostering a continuous cycle of corrective and improvement actions. By implementing these measures, ADR strives to achieve sustainable production while aligning with ESG principles throughout its operations and supply chain.

ADR's policies prioritize health and safety as the foremost value to uphold within its plants, and the company considers environmental responsibility a strategic asset worth investing in to maintain sustainable and long-

term business relationships. By adhering to these principles, ADR aims to effectively control environmental impacts and foster a more sustainable production.

As part of its Sustainability Plan, ADR is introducing a set of KPIs for sustainable production linked to ESG objectives. The purpose is to monitor the progress made in achieving the established targets on a year-over-year basis. A future objective of ADR is the extension of procedures aligned with the ISO 14001 standard (Environmental Management System) and ISO 45001 (Health and Safety Management Systems). These practices will be implemented within the three-year period of 2024-2026, ensuring that ADR continues to improve its environmental and health and safety performance based on internationally recognized standards.

USED MATERIALS	u.m.	2024	2023	2022	2021
Non-renewable materials	t	**51.540,97**	**52.078,54**	**52.611,80**	**74.373,72**
Steel rough material		20.483,97	24.053,00	24.279,00	38.990,11
Ductile cast iron		6.176,08	7.651,50	7.817,23	10.156,00
Leaf spring		6.091,53	6.345,00	6.231,06	6.309,15
Grey cast iron		6.483,83	6.845,00	6.169,60	8.704,16
Taper roller bearing		1.262,21	1.584,00	1.801,83	1.862,61
Cast steel		1.949,14	2.029,60	2.301,33	3.354,84
Forging steel		3.424,10	2.126,90	2.842,50	3.588,62
Carpentry		1.759,20	1.443,54	1.169,25	1.408,24
Brake Shoes / Lining		2.504,37	/	/	/
Studs / Nuts		974,66	/	/	/
U-bolts		431,88	/	/	/
Recycled materials		**1.037,50**	**865,00**	**665,00**	**865,00**
Carton box / Paper		91,00	154,00	70,00	154,00
Wooden pallet		828,00	711,00	595,00	711,00
Iron		118,5	/	/	/

During 2024, data on three more families of materials were entered. The total materials used by ADR Group decreased by around 30% compared to 2021 and decreased by around 1,2% compared to 2023, reaching almost 50 thousand tons of materials.

It is important to point out that recycled material has significantly increased, demonstrating the effectiveness of the actions that ADR Group is applying.

Due to the intrinsic characteristics of the business, most materials used are assimilable to iron and steel and are fully recyclable but non-renewable.

Circular Economy

In today's world, where environmental sustainability has become a paramount concern, companies are increasingly adopting the principles of the circular economy. ADR is no exception and strives to embrace these principles to promote a circular future.
ADR Group is dedicated to incorporating sustainable practices into its operations, with a strong focus on eco-design and circular economy principles. Eco-design involves integrating environmental considerations into product design and development, aiming to minimize the environmental impact throughout the entire lifecycle of the products. The circular economy revolves around three fundamental principles: eliminating waste and pollution, circulating products and materials, and regenerating nature. By adhering to these principles, ADR aims to minimize its ecological footprint and contribute to a more sustainable and prosperous society.
ADR Group recognizes the positive impacts of these approaches, such as reduced environmental impact, increased efficiency and cost savings, and improved product quality. However, it also acknowledges the potential negative impacts, such as increased costs and the need for upfront investment. To address these challenges, ADR Group aims to implement the following measures:

- **Design for disassembly and recycling**: ADR Group emphasizes designing products with disassembly and recycling in mind. This approach facilitates the reuse and recycling of materials, reducing waste and promoting a more circular economy.
- **Compliance with directives**: ADR Group adheres to directives such as REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) and RoHS (Restriction of Hazardous Substances) to avoid the use of toxic and banned materials. This commitment ensures the safety and sustainability of its products.
- **Procurement policies**: ADR Group is working on integrating its procurement policies to actively avoid the use of conflict minerals. This practice will promote responsible sourcing and contribute to the reduction of negative social and environmental impacts associated with mineral extraction.

ADR Group integrates eco-design principles into its product development process, considering the entire lifecycle of the product. This involves designing for easy disassembly and recycling, reducing energy consumption during production, and minimizing the use of rare earth elements.
ADR Group also employs strategies to minimize waste generation throughout the production process. These strategies encompass comprehensive design studies to reduce waste, optimize material usage, and establish effective recycling systems for scrap materials.
ADR takes proactive actions, including implementing circularity measures, to prevent waste generation throughout its own activities and along the entire value chain. During the Product Development phase, comprehensive analyses are conducted as part of the feasibility evaluation for each component. These analyses carefully consider the amount of waste or scrap generated during the production process, with the aim of minimizing it. ADR extends this analysis upstream to assess the impact on the processes of its suppliers, emphasizing the importance of waste reduction and sustainability across the entire supply chain.
Additionally, ADR focuses on optimizing the movement of goods by studying and designing specific packaging solutions. This approach aims to streamline and optimize transportation and storage operations, leading to a reduction in handling operations, costs, and carbon emissions associated with logistics.
By addressing waste generation and implementing efficient practices, the Group actively manages and minimizes significant impacts related to waste throughout its operations and value chain, fostering a more sustainable and environmentally responsible approach.
ADR's design process incorporates the following mechanisms as enablers of an iterative and sustainable process:

- Kick-off meeting
- Milestones path ADR defines a clear path with milestones during the design activities. These milestones serve as checkpoints to assess the progress status and evaluate intermediate results, ensuring alignment with set objectives.
- Regular assessments ADR conducts periodic assessments to verify the conformity of the products and evaluate the effectiveness of the actions implemented. These assessments help identify areas of success and areas that require further attention, allowing for continuous improvement towards sustainability.
- Kick-Out meetings with internal stakeholders: ADR organizes Kick-Out meetings to share the results and achievements of the activities undertaken. These meetings provide a platform for discussing lessons learned, exchanging insights, and aligning future actions.
- Sharing best practices: ADR actively shares informative sheets and operational instructions within the organization. This sharing of knowledge and best practices ensures that lessons learned are incorporated into operational policies and procedures, fostering continuous improvement and knowledge dissemination.

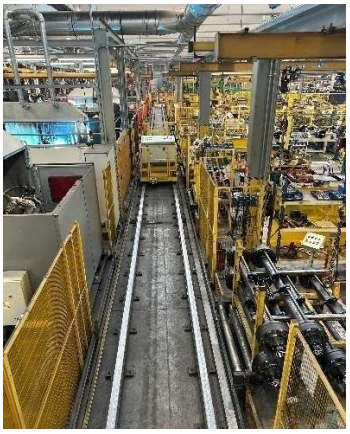
ADR Group has developed its own metal packaging for its products, which is entirely reusable either by the customers to whom the products are sent to and by the inter-Group companies that can collect it. This packaging allows a reduction of virgin material use and incentivize a circularity approach.

Therefore, at the Group level, wooden packaging is being eliminated as much as possible and more and more efforts are being made to make special metal packaging. Therefore, at the Group level, wooden packaging is being eliminated as much as possible and more and more efforts are being made to use this metal packaging. The goal is to reduce the quantities used while ensuring the same performance. Currently, an assessment is underway to determine the potential reduction in the variety of materials utilized in product creation. The objective is to minimize the quantities employed while maintaining the same level of performance.

Other targets include reducing container transport by evaluating the ratio of containers to total pieces delivered on a year-over-year basis, lowering containment means costs by reducing expenses for wooden pallet recovery, transitioning from steel casting to welded metal sheets, optimizing internal material flow and picking through the use of Warehouse Management Systems (WMS), and significantly reducing energy consumption by investing EUR 3 million in 2023-2024 to replace electric forklift trucks with automated shuttles at the ADR, ATW, and COLAERT plants.

Metal packaging 100% re-usable

automated shuttles



Environment

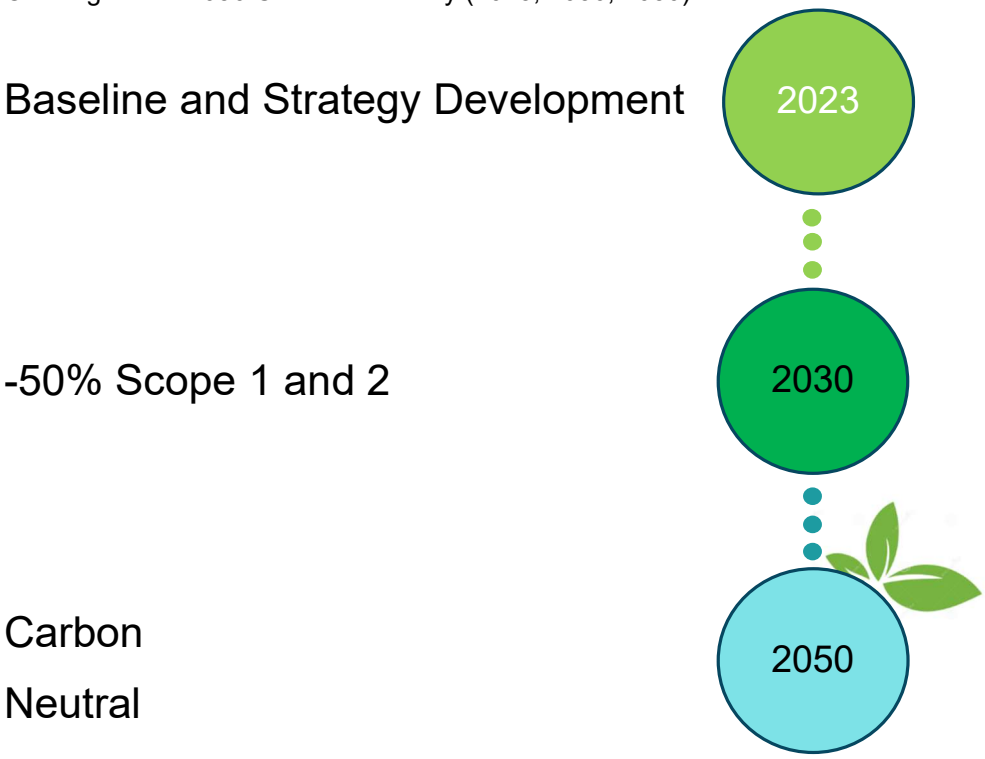
Energy Efficiency & Climate Change

In today's rapidly changing world, addressing energy efficiency and climate change has become a top priority for businesses across industries. ADR Group recognizes the significance of these challenges and is committed to implementing sustainable practices to mitigate its environmental impact.

ADR understands that improving energy efficiency not only reduces greenhouse gas emissions but also offers long-term benefits in terms of cost savings and resource conservation. By adopting a comprehensive approach that encompasses energy management, emissions reduction, and the adoption of renewable energy sources, ADR is dedicated to achieving its goals and making a meaningful impact in the fight against climate change.

ADR Group strives to reduce emissions by implementing revisions to the production cycle and implementing continuous preventive controls. Whenever feasible, the company focuses on minimizing its environmental impact. Measures such as installing low-consumption lighting, incorporating photovoltaic systems, and reviewing workplace temperatures have a positive impact on the overall energy efficiency and climate change.

Our target is to 2050 Carbon neutrality (2023, 2030, 2050)



WPS Poland has initiatives in place to raise employees' sensitiveness with respect to environmental impacts of their choices and behavior in offices and on workplace.

Nuovo impianto movimentazione interna (with automated shuttles) – riduzione muletti

40% energy from renewable sources by 2024

ADR Italy - The favorable location of ADR's establishment allows for the installation of photovoltaic systems, taking advantage of its favorable position. Additionally, there is a focus on reviewing compressed air and electrical equipment to improve energy efficiency. Retrofitting both new and old machines ensures that energy efficiency measures are applied across the entire fleet. These improvements in the production process result in lower energy consumption and reduced emissions, positively impacting all the areas mentioned above. ADR S.p.A. aims to achieve several targets related to energy consumption and sustainable logistics, to reduce their emissions. **The indicator for energy consumption reduction in relation to total turnover** will become active in 2023-24 following the installation of a €575k photovoltaic system installed in June 2023.

For **ADR Brazil** energy efficiency is a key focus. The company has identified several opportunities to enhance efficiency, including location-specific advantages such as utilizing the plant roof for solar panel installation, which has the potential to reduce average energy costs by 71% with a payback period of 4.5 years. The company conducts monthly monitoring of its overall electric energy consumption to track and analyze its energy usage patterns. This allows for better understanding and management of energy consumption levels. The substitution of old pneumatic torque multiplier machines with electric ones may impact air compressor usage, although specific data is not available. However, ADR Brazil acknowledges that its current machine portfolio is relatively old and consumes high levels of energy, although precise figures are not provided. Despite these challenges, ADR Brazil is making significant investments to improve energy efficiency, including implementing solar panels and addressing maintenance costs associated with roof solar panels and old LPG forklifts. These efforts align with the company's commitment to the environment, with potential benefits including reduced reliance on non-renewable electric energy, the use of translucent tiles to lower electric energy consumption, and the substitution of old machines with more energy-efficient models. While electric forklifts offer noise reduction, there are maintenance costs associated with roof solar panels, and there may be hazards related to maintaining them.

ADR India – Since 2024, data from the Indian site has been included

Colaert France has replaced normal light with led type.

ADR China recognizes that the combustion of gas energy produces carbon dioxide, contributing to the greenhouse effect. The painting process generates volatile organic compounds (VOCs), which should be addressed to mitigate environmental impacts. Additionally, ADR China takes weather warnings, particularly red and orange alerts, seriously and halts production processes that contribute to pollution factors. This precautionary measure helps to minimize environmental impacts during adverse weather conditions. Furthermore, ADR China has established occupational disease checks to prioritize the health and well-being of its factory workers. The company conducts quarterly environmental protection tests to ensure that all indicators meet the required standards and regulations. These tests help assess the company's environmental performance and identify any areas that need improvement. Additionally, a monthly Key Performance Indicator (KPI) report is established to monitor the effectiveness of environmental protection measures.

Photovoltaic system installed in 2014, self-producing in 2024, 4% of the total energy consumed.

During 2024:

- Painting VOC disposal equipment (1 set): The exhaust gas generated by the painting room is collected centrally through pipelines, and the VOCs in the exhaust gas are treated by activated carbon adsorption boxes and discharged through a 15m high chimney.

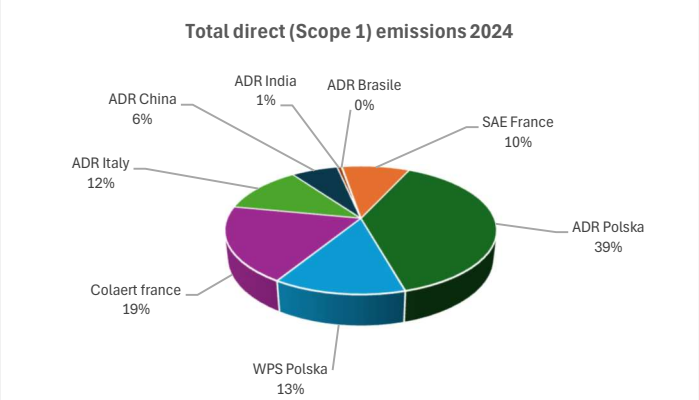
- Mechanical lathe fume filter equipment (now 5 sets, 3 sets in planning): The exhaust gas generated during the working process of the machining machine is collected centrally, and after passing through the filtering device, the harmful components of oil fume in the air are removed, and clean gas is discharged in the workshop.

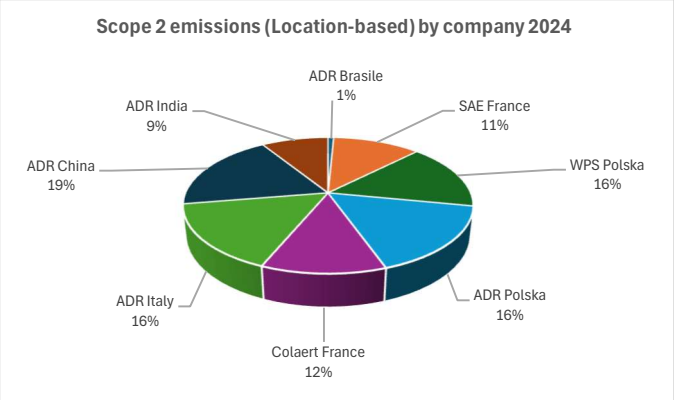
- Wastewater treatment equipment (1 set) installed. Next year will be operative.

The following graphs show the trend of ADR Group's Scope 1 and Scope 2 emissions. Direct, or Scope 1, emissions are CO2 and other greenhouse gases emitted directly by an organization through its own activities. The sources of these emissions are all company's processes emissions such as burning fossil fuels for energy, manufacturing products, machinery, as well as fuels from company's owned vehicles.

Indirect, or Scope 2, emissions are indirect emissions from the consumption of purchased energy, such as electricity, steam, heat, and cooling. The emissions from electricity purchased are generally emitted for office spaces.

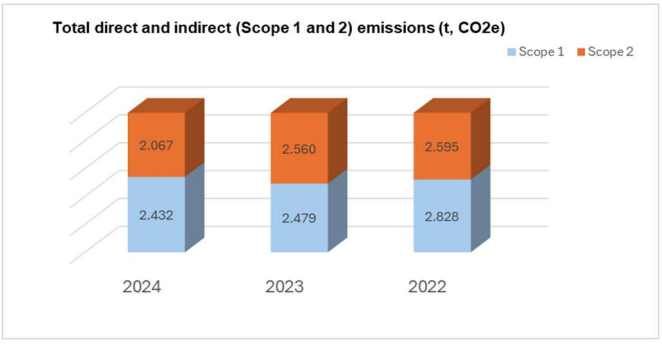
The decrease in total energy consumption previously explained and the increase in the renewable energy share from photovoltaic systems allowed the Group to decrease its total greenhouse gases emissions (Scope 1 and Scope 2 Location Based) by 12% in 2023 compared to 2022.

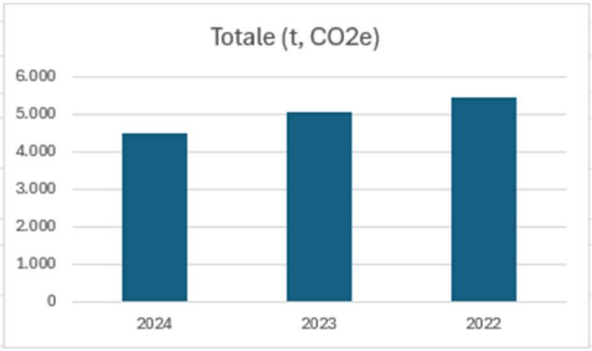




Scope 1 from direct consumption of fossil fuels (diesel and methane ...). The Polish plant shows the highest emissions (52% of the total).

Scope 2 from electricity emissions. Regular distribution, The Polish plant represents 1/3 of total emissions.





Emissions are generally decreasing. Compared to 2022, there is a 17% reduction.

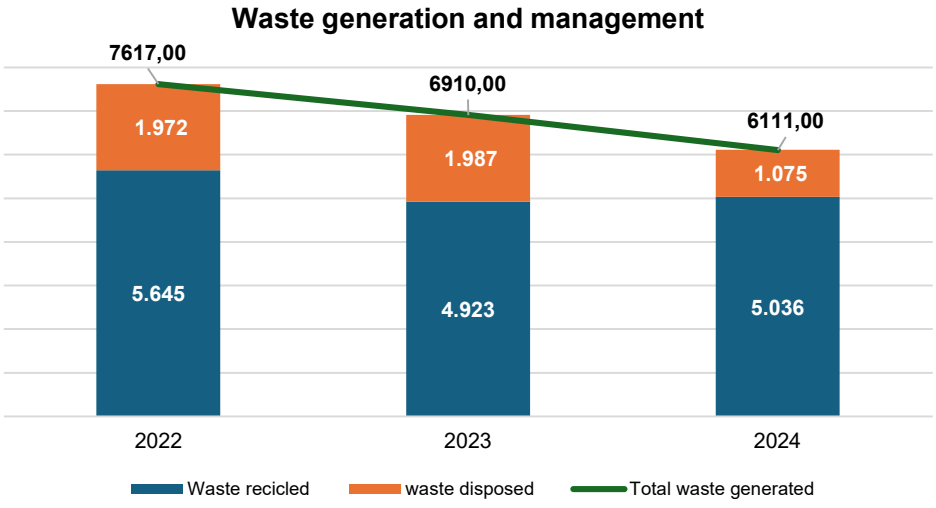
Waste Management

Waste management is a crucial aspect of ADR Group's operations, as it recognizes the importance of responsible waste handling to minimize environmental impacts.
ADR Group is committed to implementing effective waste management practices throughout its value chain, from product development to disposal and recycling. By adopting a comprehensive waste management strategy, ADR Group aims to prevent waste generation, promote recycling, and reuse, and manage the significant impacts associated with waste generated. Through the implementation of circularity measures and sustainable practices, ADR Group strives to minimize waste generation in its own activities and across its value chain. This includes considering the amount of waste generated during production processes, optimizing transportation and packaging methods to reduce waste, and ensuring proper disposal of industrial waste.
ADR Group's waste management approach aligns with its broader sustainability objectives and reflects its commitment to preserving the environment for future generations.

ADR Group in 2024 generated 5,979 tons of waste overall, mainly non-hazardous waste. It needs to be highlighted that 33% of waste generated is recovered onsite or offsite.

Indeed, the unique characteristics of ADR's industry ensure that a significant portion of the materials utilized, and subsequently the waste generated, consists of steel or metal, both of which are typically fully recyclable. Scrap steel generated during production is commonly reused or recycled within the premises or through intra-group exchanges. Alternatively, these scraps can be sold to external companies specializing in their recovery and recycling.

Waste diverted from disposal	u.m.	ADR Group 2024	ADR Group 2023	ADR Group 2022
Hazardous waste	t	350	1829	1934
Recycling		0	0	0
Other recovery operations		350	1829	1934
Non-hazardous waste		5760	5081	5683
Recycling		**5036**	**4923**	**5645**
Other recovery operations		724	158	37
Total waste		**6111**	**6910**	**7617**



The trend over the years towards a reduction in total waste produced is confirmed

The continuous increase in the share of recycled material in total waste production, demonstrates the validity of the actions undertaken.

COLAERT France has put in place initiatives for reducing paper consumption and increasing digital innovation, for instance by providing iPads, digital devices, and technical screens for each sector area; implements a comprehensive waste management approach that emphasizes the importance of proper waste separation based on the C.E.R. code, promoting effective internal management and environmental responsibility. The company recognizes that waste reduction yields positive outcomes in terms of cost reduction, decreased transportation, lower emissions, and reduced energy consumption.

ADR Brazil has initiatives in place to raise awareness on environmental impact for instance by fostering people in printing less by changing print location or reusing papers. The plant also recycles or reuses all the used packaging.

ADR Brazil categorizes production scrap based on pricing for subsequent sale, allowing for potential revenue generation, with scrap prices regularly monitored to optimize economic benefits. Waste separation and disposal processes are efficiently managed, with employee involvement and continuous feedback on discharge service suppliers. Regular employee meetings are conducted to address waste material topics, ensuring ongoing awareness. Furthermore, active employee engagement is fostered through scrap and material separation practices, promoting a healthier internal environment. ADR Brazil extends education on raw material and scrap management to employees' homes, fostering a culture of recycling consciousness.

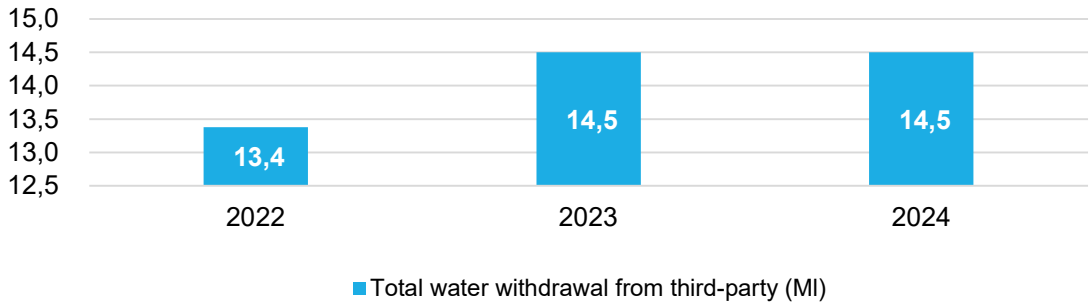
WPS Poland has developed initiatives for raising sensitiveness and awareness on waste generation and management, such as the concept of the 5 R's: Refuse, Reduce, Reuse, Repurpose, Recycle. Such philosophy is based on waste prevention and reduction to fight against environmental pollution

ADR Italy implements a comprehensive waste management approach that emphasizes the importance of proper waste separation based on the C.E.R. code, promoting effective internal management and environmental responsibility. The company recognizes that waste reduction yields positive outcomes in terms of cost reduction, decreased transportation, lower emissions, and reduced energy consumption. As waste disposal becomes more intricate, ADR Italy ensures greater specialization in waste disposal, recovery, and the control of hazardous and toxic waste. The company conducts waste sampling and engages consultants to mitigate negative impacts. Upon expiration or at the request of the disposal facility, waste samples are taken to confirm its nature and verify the absence of pollutants. Whenever possible, waste collection and storage are optimized to minimize transportation, benefiting the entire supply chain. In case of negative impacts, ADR Italy seeks the most suitable solution to balance production cycles with business requirements, costs, and regulations. The company collaborates with external consultants who possess extensive market knowledge to prevent adverse impacts and opt for the least polluting solutions. Quantitative analysis is employed to measure actual savings achieved through the implemented processes. ADR Italy continually assesses waste generation and disposal to identify opportunities for environmental improvement and pollution reduction. The level of maintenance and system efficiency serves as an index for verification and efficiency of the waste management system.

The plant strives to correctly manage its waste also by communicating best practices to its employees through, for instance, labels and indications on how to differentiate waste. The company has developed a digitization project aimed at saving paper which is part of the digital transition goal of the Italian PNRR ("Piano Nazionale di Ripresa e Resilienza").

Water Management

Water is a precious and limited resource that plays a vital role in sustaining life and supporting various human activities. At ADR Group, effective water management is essential to ensure its responsible use, conservation, and protection.
This includes measures to monitor and minimize water consumption, prevent pollution, optimize wastewater treatment, and promote water reuse and recycling. Additionally, complying with water regulations and engaging in stakeholder collaboration are crucial elements of comprehensive water management strategies.



In 2024, Group's water withdrawals remained at the same level of with 14,5 Megaliters. Water withdrawals and consumption are represented by domestic use in the offices as well as by production processes, such as filling tanks for washing products in the painting plant or filling tanks for coolant lubricant in the machining department. Water is also deployed for air cooling through evaporative adiabatic coolers. In this last case, water is constantly recirculated and is only periodically disposed of and replaced

ADR China - ADR China places significant importance on effective water management practices to comply with relevant laws and regulations and prevent water pollution. Hazardous waste mixed in water bodies is detected through automatic detection devices when entering the municipal pipe network. To ensure compliance, sewage discharged into the municipal pipe network must meet national standards and be licensed accordingly. Additionally, the company implements measures for rainwater and sewage diversion. Adherence to the Law of the People's Republic of China on the Prevention and Control of Water Pollution and GB/T 31962-2015 Wastewater quality standards for discharge to municipal sewers is strictly followed. Regular inspections of sewage pipes and annual cleaning of septic tanks are conducted to maintain optimal system efficiency. Proper handling of drainage permit licenses, quarterly testing as per drainage standards, and annual reporting of water and gas pollution discharge to the government are key practices. Qualified suppliers are engaged for testing, and the results are declared in the government system. Furthermore, government departments perform inspections and supervision to ensure compliance with regulations.

- Wastewater treatment equipment (1 set) installed. Next year will be operative.

ADR Italy - ADR Italy recognizes the importance of responsible water management and its impact on both the environment and the economy. The company strives to minimize water usage and ensure proper disposal practices, resulting in positive outcomes for sustainability and financial efficiency. To prevent water pollution, the use of water in the production cycle is carefully monitored and controlled through regular sampling and rigorous checks.

SAE SMB France tests and analyses yearly groundwater to assess the company's pollution impacts.

ADR Brazil - ADR Brazil prioritizes efficient water management practices to achieve positive outcomes. Daily monitoring is conducted to mitigate the impact of leaks, and efforts are made to control garden irrigation and perform regular maintenance. While rainwater reuse is not currently practiced, the company has planned to implement a project for collecting and reusing rainwater pending budget approval. Water consumption is closely monitored, and any anomalies are reported to stakeholders and the maintenance team. Continuous monitoring is carried out to assess the effectiveness of implemented measures and ensure optimal water management practices. Moreover, the company puts in place initiatives for collecting the raining water and use it for civil use in offices and for gardening.

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Soil - Biodiversity

ADR Group recognizes the crucial significance of biodiversity conservation as a company operating in the agricultural machinery sector. ADR acknowledges its responsibility in minimizing the impact of its activities on vulnerable ecosystems.

The company is committed to improving its reporting on biodiversity-related matters and understands the pivotal role biodiversity plays in maintaining ecosystem balance. ADR actively contributes to conservative agriculture by developing and promoting machinery that employs advanced techniques to reduce soil compacting. This approach enhances soil vitality, fertility, and biodiversity, while also facilitating the accumulation of organic matter and carbon absorption. Moreover, ADR's machinery helps mitigate erosion and enhances overall environmental land functions, contributing to the mitigation of climate change impacts.

Social

Diversity, Equity & Inclusion

People and social topics hold great significance for the ADR Group and its business due to several reasons.

Employees are a crucial asset for the company, and their well-being and satisfaction directly impact productivity and overall performance. Prioritizing people-centric initiatives such as fair compensation, employee development programs, a safe and inclusive work environment, and work-life balance helps attract and retain talented individuals, fostering a positive and motivated workforce.

Moreover, the ADR Group operates within various communities where it has a presence. Engaging with these communities, understanding their needs, and contributing to their well-being helps build strong relationships and enhance the company's reputation. Social initiatives like community development projects, supporting local education or healthcare, and promoting sustainable practices not only benefit the communities but also create a positive image for the ADR Group.

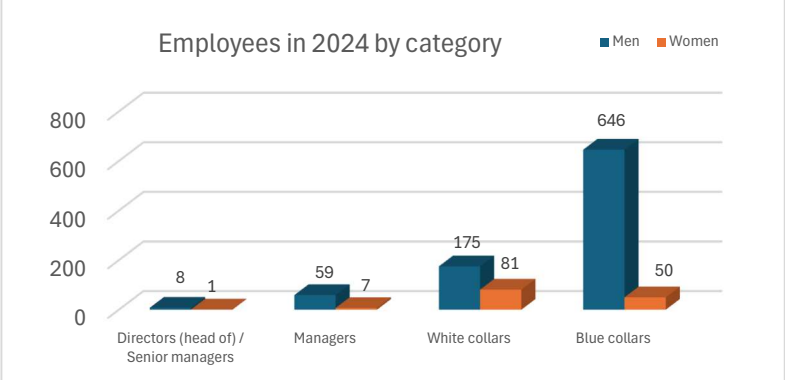
Diversity, equity, and inclusion are integral values embraced by ADR Group, recognizing the importance of creating an inclusive and equitable workplace for all employees.

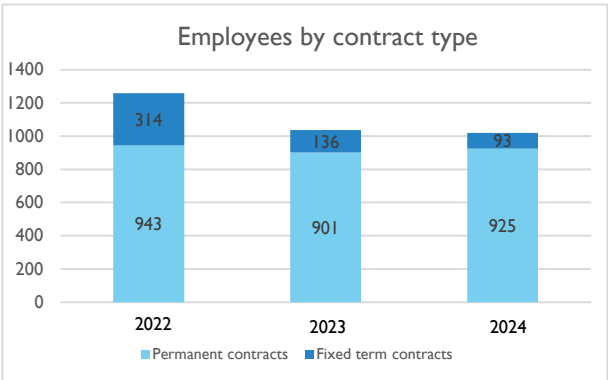
ADR understands that a diverse workforce, consisting of individuals from various backgrounds, perspectives, and experiences, fosters innovation, creativity, and a vibrant work environment. The ADR companies worldwide are committed to promoting equal opportunities and eliminating any form of discrimination or bias in its recruitment, promotion, and professional development processes.

ADR strives to cultivate an inclusive culture where every employee feels valued, respected, and empowered to contribute their unique talents and perspectives. Through proactive initiatives, diversity training, and the establishment of inclusive policies, ADR Group will aim to create an environment that celebrates and leverages the richness of diversity to drive organizational success and create a more harmonious and fair society.

In 2024 the total number of employees of the Group decreased by 2%, from 1.037 employees in 2023 to 1.018. The majority of the workforce is composed by men, accounting for the 86% of the total, while the remaining 14% are women. The ADR Group is aware of the importance that new generations represent for the growth of the company, under innovation, cultural, and sustainability points of view, as they are fully prepared on new trends that characterize nowadays our changing business context. In 2024, 12,5% of ADR employees were under the age of 30, while 58% were between 30 and 50 years old.

Employees by age	UM	2022			2023			2024		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	n.	**1.085**	**172**	**1.257**	**895**	**142**	**1.037**	**881**	**137**	**1.018**
< 30 years old		200	28	228	141	17	158	111	116	127
30-50 years old		593	101	694	508	93	601	503	87	590
> 50 years old		292	43	335	246	32	278	267	34	301





In order to guarantee stability to its workforce, the majority of employees (90%) have permanent contracts. A significant increase compared to the already good data of the previous two years. In 2024, 97% of ADR employees had full-time contracts and 4% had a part-time contracts, against 1% in the previous two years. This confirms that the Group is available to satisfy the needs and requirements of its employees through part-time contracts.

ADR Brazil is certain that the inclusion, equity, and diversity of its workforce are important drivers for the continuous growth of the company. Communication and actions are an important part of the promotion of a culture that is based on inclusion, equity, and diversity. ADR Brazil improved its infrastructure and communication channel to promote adequate areas and free speech for any gender-related issues.

ADR Italy embraces an informal inclusion policy that emphasizes the importance of non-discrimination based on age, race, gender, religion, and political opinion. They believe in creating a diverse and inclusive work environment where every individual is treated with respect and fairness. The company is committed to providing equal opportunities to all employees, regardless of their background or personal characteristics. They firmly reject any form of discrimination and strive to foster an inclusive culture that values diversity and promotes a sense of belonging for everyone.

ADR Poland is committed to promoting diversity and inclusivity in its recruitment process. The company ensures that workers from different age groups are hired, fostering a workforce that represents a range of experiences and perspectives. While the local community may not be diverse in terms of culture, ADR Poland also employs individuals from other countries, primarily Ukraine, embracing a multinational workforce. Regardless of race, age, sex, nationality, or religion, employees are not subject to discrimination. This commitment is outlined in the company's Rules and Regulations, which employees are familiarized with on their first day of work and whenever there are updates. Separate information on working conditions is provided to employees when signing their employment contracts. HR conducts exit interviews to collect feedback from departing employees, with a focus on fair treatment and non-discrimination in the workplace. ADR Poland strives to create an inclusive and equitable environment where every employee feels valued and respected. Discrimination prevention rules are in place and communicated to all employees, while employee rights are clearly communicated in writing.

Talent Attraction & Retention

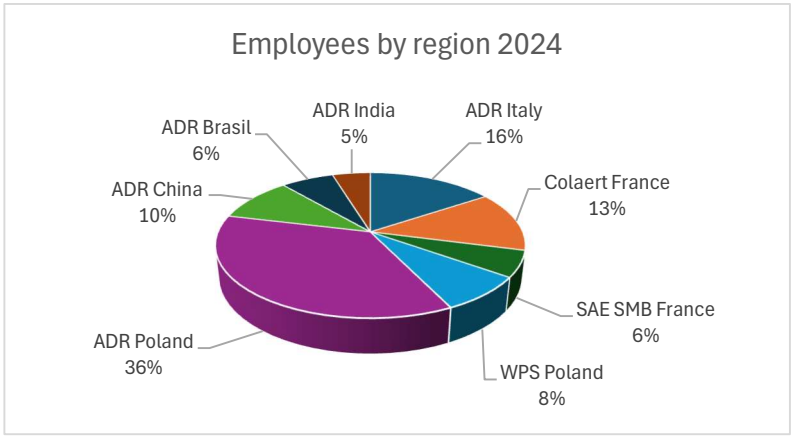
Talent attraction and retention are critical focus areas for ADR Group, reflecting the company's commitment to building a strong and capable workforce. ADR recognizes that attracting and retaining top talent is essential for driving innovation, achieving sustainable growth, and maintaining a competitive edge in the market.

Through strategic talent acquisition initiatives, ADR aims to attract individuals with diverse skills, expertise, and perspectives who align with the company's values and vision. Equally important is the ongoing development and nurturing of talent through comprehensive training programs, career advancement opportunities, and a supportive work environment.

By prioritizing talent attraction and retention, ADR Group aims to create a vibrant and dynamic workforce that drives the company's success and contributes to its long-term sustainability.

Director's meeting

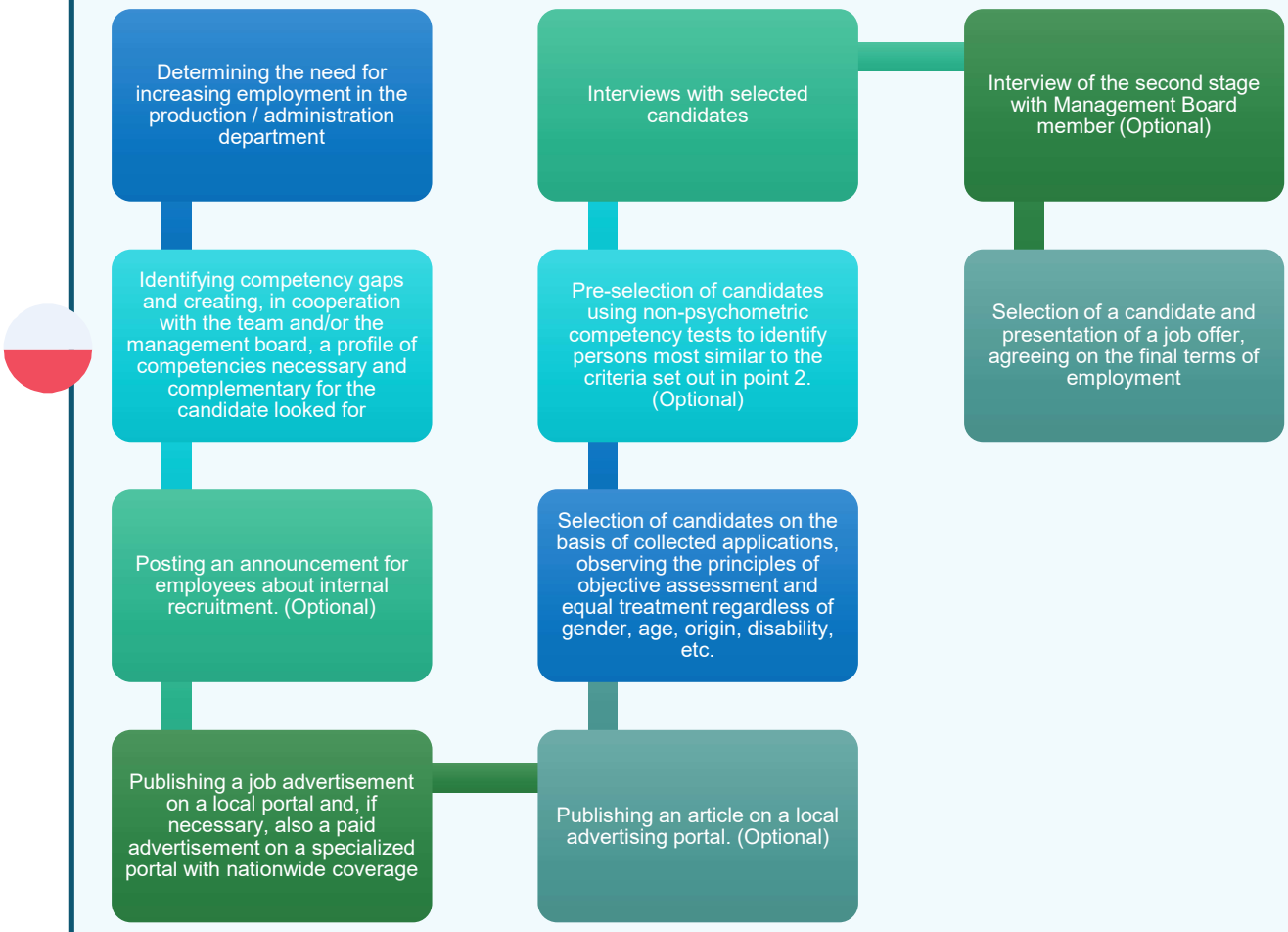
Group Quality meeting



ADR Italy, to attract talented individuals, collaborates with universities and professional schools in the area. By establishing partnerships with educational institutions, they aim to tap into a pool of skilled and motivated individuals who can contribute to the organization's success.

ADR China - Attracting and retaining talented individuals is of utmost importance for local economic development in China. Respecting and recognizing the value and rights of each individual, placing them in suitable positions, and providing an organized and relaxed environment that allows talents to fully utilize their abilities are vital aspects of talent retention. ADR China constantly refines the salary system, prioritizes employee development, and establishes key performance indicators for employee turnover. Actions such as renovating office spaces, organizing team-building activities to promote corporate culture, and conducting training programs to enhance employees' skills are undertaken.

ADR Poland recruits candidates based on the organization's needs and requirements, aiming to select the best employees. The recruitment process involves creating candidate profiles with necessary competencies and aligning them with the company's development plans. Resources are managed efficiently, and an employee portal allows access to HR and payroll data, as well as communication between management and employees. Transparent and competitive procedures are followed to find candidates who meet the criteria, with announcements published on various platforms. ADR Poland also recruits directly from local secondary schools through a vocational training program, attracting a high number of students. The program is unique in the region and has dedicated in-house teaching staff. ADR Poland is dedicated to effective recruitment and investing in the development of local talent.
Recruitment Procedure at ADR Poland:



In case of particularly difficult recruitment process, recruitment agency is engaged in stage 2 of this procedure.

The following tables show the incoming and outgoing turnover rates of ADR Group throughout the years 2022, 2023, and 2024.

Turnover rate (incoming)	UM	2022			2023			2024		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Turnover rate (incoming)	%	16%	12%	15%	13%	8%	13%	2%	0%	2%
< 30 years old		34%	25%	32%	37%	18%	35%	9%	4%	12%
30-50 years old		12%	12%	12%	12%	8%	11%	2%	0%	2%
> 50 years old		10%	2%	9%	3%	3%	3%	0%	0%	0%

Turnover rate (outgoing)	UM	2022			2023			2024		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Turnover rate (outgoing)	%	36%	46%	37%	19%	15%	18%	5%	8%	5%
< 30 years old		18%	9%	16%	41%	35%	41%	0%	0%	0%
30-50 years old		15%	21%	16%	15%	12%	14%	7%	8%	7%
> 50 years old		36%	46%	37%	14%	16%	14%	3%	0%	4%

Deeply aware of the relevance that ADR people have for the Group's success, the company aims at fostering employees' retention by setting itself the objective of improving the working environment of its companies. As a matter of fact, ADR is constantly working to build a harmonious working atmosphere, as well as to improve the employees' remuneration and welfare programs.

Employee Welfare & Development

Employee welfare and development are key priorities at ADR Group, reflecting a strong commitment to the well-being and growth of the workforce.

A supportive and nurturing work environment is believed to be crucial for employee satisfaction and organizational success. ADR Group will provide comprehensive welfare programs that promote work-life balance, health, and overall employee well-being.

The company places high importance on the physical and mental health of employees through various initiatives such as leisure rooms, coffee corners in office and workshop ground, nice outdoors areas. There are also a lot of new initiatives to be implemented soon to increase the wellbeing and improve working life inside the company.

ADR group also provide comprehensive benefits for some employees such as life insurance, healthcare coverage, disability and invalidity protection, and parental leave to support employees and their families during significant life events.

ADR Group also recognizes the importance of long-term financial security and offers retirement provisions to help employees plan. In addition, the company ensures the well-being of top positions through Directors and Officers (D&O) insurance. ADR Group goes the extra mile by offering a special childcare program to assist employees with their childcare needs. Furthermore, the company promotes a culture of shared success by implementing a profit-sharing agreement that allows employees to participate in the company's achievements. These initiatives collectively demonstrate ADR Group's commitment to employee welfare and development, fostering a supportive and inclusive work environment. ADR Group is deeply invested in

All ADR companies provide training programs, career development plans to their employees, as well as welfare and benefits. These latter are determined and managed locally by each company, depending on the specific location. Generally, they include parental leave, life insurance, health care benefits, disability, and invalidity coverage, provided to full-time and/or part-time employees depending on the company.

Moreover, all companies manage KPIs and data on human resources through the Tableau de Board, allowing to gather correct data, perform analyses, and monitor trends. This tool also allows ADR companies to monitor the status HR data against the set targets of the Group's Sustainability Plan.

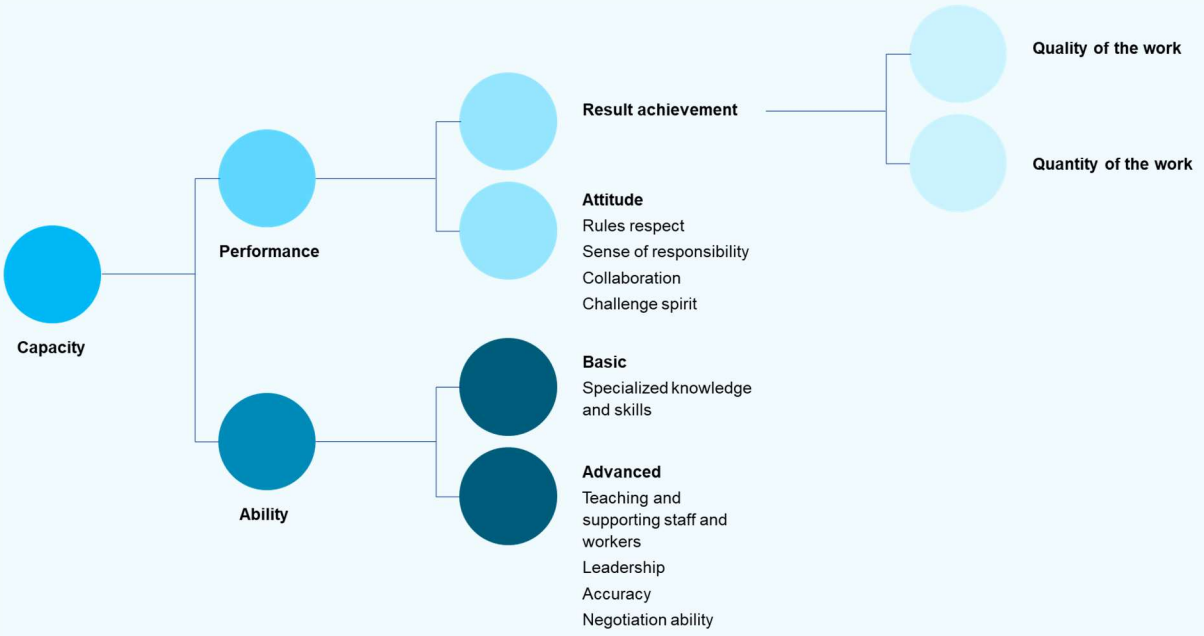
All ADR Group's companies have put in place a Personnel Evaluation System the main purposes of which are those of fostering the growth of all the employees according to their contribution to company's targets and according to their capacity, based on the variables of ability, role in the company, and salary. Also, the PES is based on the equal treatment in the evaluation of employees: all employees, regardless of their background and characteristics, are evaluated and appraised equally.

The evaluation process:

After receiving company's mission and targets explanation from the General Manager, managers must set their department's targets. Once the targets are confirmed, managers communicate and inform their departments' managers, supervisors, workers, and staff about the targets in place and how to contribute to their achievement. At year-end, managers and section managers evaluate the performance towards the achievement of targets by filling in the "Evaluation sheet". The evaluation must be accurate, considering the level of importance and difficulty of each target.

Targets assigned to employees must be important for the achievement of company's mission, reasonable and possible to be achieved, as well as easy to be understood.

Factors of employees' capacity:



fostering the personal and professional growth of employees, empowering them to reach their full potential and achieve long-term success within the organization.

For **ADR China** it is essential to comply with the regulations regarding parental leave and retirement provision. Additionally, offering festival gift cards, women's gifts, staff tourism opportunities, and lunch boxes are provided to employees. Efforts to improve the working environment and establish a harmonious atmosphere have already been initiated, but ongoing focus is required.

ADR China also offers to all the open-end contract employee the possibility to have a piece of company land to create their own vegetable garden, also providing water and tools. Inside the company there is also a goat beading farm, the cost of breeding is borne by the company and the meat is shared by employees.

ADR Poland, as one of the largest employers in the region, provides employees with necessary resources and equipment. The company encourages the development of skills and competence through external training opportunities. ADR is committed to equipping employees with the knowledge and skills needed to excel in their roles and contribute to the achievement of business goals. Team building activities are organized outside of the work environment, including Christmas Eve meetings and family picnics to foster integration and provide entertainment for employees and their families.

Occupational Health & Safety

Occupational health and safety are crucial topics for ADR Group, reflecting the company's unwavering commitment to ensuring the well-being and safety of its employees.

ADR recognizes that a safe and healthy work environment is not only a legal requirement but also a fundamental responsibility towards its workforce. The company places great importance on implementing robust occupational health and safety measures, protocols, and training programs to all employees to prevent accidents, injuries, and occupational illnesses.

By fostering a culture of safety awareness and continuous improvement, ADR strives to create a work environment where employees feel protected, supported, and empowered to perform their duties without compromising their health and well-being. Through comprehensive risk assessments, proactive hazard identification, and the diligent implementation of safety protocols, ADR Group remains dedicated to safeguarding the occupational health and safety of its employees, ensuring a productive and thriving workplace. During the health and safety risk assessments, the full involvement of all company’s resources is required to identify the sources of danger in the work cycles, from tasks to workplace. The assessment allows to identify the potential health and safety risks resulting from exposure during the work activity and estimate the extent of exposure risks.

The company aims to improve its health and safety levels over time, to guarantee not only the protection of workers, but conditions that allow the establishment of a state of physical, mental, and social well-being. It also considers the use of financial, technological, and professional resources dedicated to safety and health protection.

Employee work-related injuries	2022			2023			2024		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Rate of recordable work-related injuries	18	14	32	49	3	52	18	0	18
Rate of high-consequence work-relatet injuries (excluding fatalities)	1	0	1	0	0	0	0	0	0

No fatalities for employees were registered during the three-year period. No fatalities and high-consequence work-related injuries for workers were registered during the three-year period.

ADR Italy, in line with local requirements, has developed and updates periodically its Risk Evaluation Document ("Documento di Valutazione dei Rischi", DVR). The DVR is a mandatory document for Italian companies, containing information on all risks identified and analyzed in the company's assessment, with the respective preventive and protective measures to be put in place to eliminate, or at least minimize, these risks.

Information: Workers and employees have been carefully informed about the risks present in the company, as well as possible damage to health and the protection and prevention measures taken, the dangers connected with the use of any dangerous substances and/or preparations based on the safety data sheets.

Education and training: Training is provided to all workers, with particular reference to the concepts of risk, damage, prevention, protection, company prevention systems, rights and duties of the various company subjects, supervisory, control and assistance bodies. Workers' training is carried out by experienced personnel from inside or outside the company. The persons in charge shall receive adequate and specific training in relation to their duties on occupational health and safety.

ADR Poland is ISO 6842 certified for what concerns welding activities. Health and safety audits are performed within the company randomly twice per week by the safety department team. The company also performs risk assessments on health and safety and particular focus is placed on new equipment and machinery. ADR Poland prioritizes the safety and well-being of its employees by ensuring safe working conditions and minimizing overtime. Protective measures against Covid-19 have been implemented, including staggered work schedules and limitations on third-party visits to the factory.

ADR Brazil has a formal H&S policy in place, the application of which is monitored through a risk assessment performed periodically.

Human Rights

ADR Group places great attention on upholding human rights and ensuring the well-being of all individuals associated with the company.

As part of its commitment, ADR Group has developed a comprehensive Human Rights Policy that outlines the principles guiding its actions in this regard. The policy applies to all employees, business partners and entities within the supply chain, emphasizing the adherence to internationally recognized standards, regulations, and conventions. Through this policy, ADR Group aims to create a work environment that

promotes and encourages equality, non-discrimination, fair treatment and respect for human rights. The drafted Human Rights Policy serves as a guiding framework for the company's actions, demonstrating its dedication to promoting and protecting human rights in all aspects of its operations.

In 2023 no cases of discrimination were registered.

ADR Poland - Ethics has always accompanied ADR Poland in its daily work and they are also guided by it in internal relations. Observance of human rights such as: dignity, freedom, equality, human dignity, solidarity, privacy and information is natural and indisputable for the company. ADR Poland fully supports the assumptions of the Universal Declaration of Human Rights and the Charter of Fundamental Rights of the European Union and implement them by systematically setting appropriate standards of conduct and introducing appropriate internal regulations.

Community Engagement

Community engagement is a core principle embraced by ADR Group, reflecting a strong commitment to fostering positive relationships with the communities where the company operates. Recognizing the interdependence between ADR's success and the well-being of these communities, efforts are made to actively engage with local stakeholders to understand their needs, address concerns, and collaborate on sustainable solutions. Through meaningful dialogue, partnerships, and community initiatives, ADR aims to make a positive impact on the social, economic, and environmental aspects of these communities. Open communication, trust-building, and the creation of shared value are prioritized to establish a lasting legacy that benefits everyone involved.

ADR China is part of an association that reunites Italian companies on the Chinese territory and specifically in the city of Qingdao, where the company is located (“Solidarietà Italiana Qingdao”). In addition, ADR China periodically organizes cultural events with various themes, for instance to spread Italian culture, community initiatives, donations to local hospitals, fundraising events for solidarity initiatives, etc. Every year team building activities are organized for employees of ADR China.

Colaert France has some initiatives specifically established for the engagement of the local community, including partnerships with schools, sponsorships, and participation to calls for projects for ReactEU fostering technology and sustainability.

ADR Italy fosters initiatives such as donations for the community and agreements with colleges and universities to allow students to undertake internships in collaboration with the company.**ADR Italy** fosters initiatives such as donations for the community and agreements with colleges and universities to allow students to undertake internships in collaboration with the company. ADR Italy actively supports its local community through various initiatives such as sponsoring cultural events, supporting youth sports activities, making charitable contributions, e.g. Local musical orchestra of town concert, Telethon donations, contribution to the LEGA del FILO D'ORO, contribution to ALICE for Children and aiding during natural disasters.

ADR Brazil puts in place partnerships with universities and local schools, hiring multiple interns each year.

ADR Poland ADR Poland is very strongly connected with the region in which it operates. An important element of strengthening sustainable and responsible business is the involvement of the company in the activities of organizations and social associations. There are initiatives for the community, such as contracts with professional schools in the region in which it operates, sponsorships to local sports teams, collaboration to the organization of basic football classes, organization of classic music festivals, as well as working closely with the local firefighters. The local community has been in the center of attention of the organization for years, which is the focus of the activities of extensive social involvement programs. Activities aimed at the local community take the form of e.g. charitable aid, social programs such as offering vocational tranining to the underaged, and are also related to the support of local sport teams (Kids Sport Academy - football, hockey). Family Help Fund has been established, the aim of which is offering financial help to parents with disabled or chronically sick children who require rehabilitation. Integration of employees with their families is organized every year in the form of an outdoor activity. ADR Poland supports the disabled by donating funds for local events organised by special centers.

ADR also focuses on cooperation and implementation of joint activities, taking business decisions into account for the fate of local communities, as well as cooperation with local governments in the field of investments and education. As far as sports activities are concerned, ADR sponsors among other football academy "Kolejarz" in Zagórz and children's hockey team "Niedźwiadki". Local firefighters are also regularly supported through donations.

One of the missions that ADR is most proud of is its partnership with local vocational schools. Through joint promotion of CNC operator's profession, every year it attracts more young people who are willing to study for three years to become skilled employees once they graduate from school. Many of them see their future in ADR Poland as already experienced and dedicated workers. As for other professions, we organise apprenticeship for future welders, eletricians, IT specialists and economists.As for other professions, they organise apprenticeship for future welders, eletricians, IT specialists and economists.

Supply Chain

ADR Group is a company operating in the agricultural sector, providing a wide range of products and services. Its offerings include axles, suspensions, brake systems, spare parts, as well as systems, technical solutions, and services tailored for agricultural applications. ADR Group has established its own value chain, which encompasses internal bodies such as departments, plants, and sister companies, as well as external entities like suppliers. Each participant in the ADR supply chain plays a vital role in contributing to the overarching objective of satisfying stakeholders, creating value, and pursuing sustainable business practices.

Responsible Supply Chain

The ADR Supply Chain organization actively involves and collaborates with various operations within the company, including Sales, Planning, Production, Purchasing, Quality, Suppliers, and the other Group companies. Its primary objective is to establish and coordinate activities related to design, planning, optimization and integration of processes and flows (material, information, financial) spanning from sub-suppliers to the final Customers. These activities are geared towards satisfying customer needs through synchronized and shared value-added processes.

ADR Group's supply chain covers the entire process, from product design and manufacturing to sales and servicing, satisfying different agricultural requirements. The company's products are sold across regional areas including EMEA, APAC, NA and LATAM, ensuring compliance with international and national laws and regulations. Notably, ADR Group sustains the principles and rules outlined by Mineral Conflict, ensuring that product development, design and manufacturing adhere to their guidelines.

ADR Group's Supply Chain Management is centralized at the ADR Group Headquarters located in the Uboldo-Italy plant. It provides support to sister companies in formulating strategies for supply planning, inventory budgeting and monitoring, risk management and operational methodologies. The aim is to achieve operational efficiency, effectiveness and flexibility, aligning with Customer expectations.

ADR Group suppliers are engaged in providing raw materials, semi-finished and finished products, based on General Purchasing Contracts including a specific chapter dedicated to the respect of ESG topics (Environmental, Social and Governance Responsibility).

The management of supplier activities includes the following:

- Contractual agreements: ADR Group establishes contractual agreements with suppliers, outlining specifications for products, packaging requirements, transport optimization and other relevant details;
- Collaborative agreements: ADR Group collaborates with suppliers of machinery and equipment, encouraging the use of components that comply with Eco-Design regulations and the development of energy-saving equipment;
- ESG Responsibility agreements: ADR Group is working on integrating its contractual agreements with suppliers to ensure adherence to the company's Environmental, Social and Governance (ESG) topics;
- Procurement digitalization: ADR Group focuses on the development, implementation and expansion of working methods and IT tools to enhance procurement processes through digitalization;
- Performance monitoring: ADR Group utilizes a comprehensive set of Key Performance Indicators (KPIs) to monitor supplier performance. Corrective actions, improvement plans and preventive tools are employed as part of reliability growth programs when necessary.

ADR Group's supplier panel comprises approximately 500 players, covering a wide range of products and services, with varying business registrations and contract durations (short, medium and long term) depending on the type of product provided to the ADR Group. These suppliers are typically located in the same regional areas as the Customers.

ADR Group's Customers primarily consist of end-users, agri-tractor and trailer makers. The company establishes specific contracts with these Customers, ensuring they receive optimal sales support, technical

assistance and after-sales services (including spare parts, training, services and business development if requested).

The business relationship with the supply chain is focused on enhancing technical, commercial and strategic collaboration. This is achieved through driven growth plans aimed at improving flexibility, responsiveness to market demand, and overall capacity.

To support these efforts, data pertaining to the supply chain, including figures, trends and performance metrics, are accessible through the ERP Platform. This platform is available across all companies within the ADR Group, ensuring consistent access to relevant information for effective decision-making and collaboration within the Supply Chain.

To promote responsible supply chain practices, ADR Group has implemented various policies and commitments:

- Investments in enabling technologies, such as machinery and plants interconnected with the factory logistics system based on Industry 4.0 principles;
- Progressive adoption of energy-saving machinery, equipment and systems, including lighting and heating systems.
- Investments in plants that utilize renewable energy sources, such as photovoltaic plants;
- Research and development investments to reduce environmental impact using components and products with lower environmental footprints, such as reducing the number of components and utilizing lighter structures;
- Investment in IT technological solutions to digitize information and optimize material flow and transportation through Warehouse Management Systems (WMS) and Transportation Management Systems (TMS);
- Development of a supply chain selection process based on prerequisites that prioritize respect for working conditions (safety, health, protection of protected categories) and the environment.

To mitigate the risks associated with the supply chain, ADR Group has launched projects targeting various areas:

- Reduction of energy consumption using renewable sources, compliance with eco-design solutions, and reference to ESG responsibility issues in supply contracts;
- Transport reduction through optimization of intra-group transport, framework contracts for sea transport optimization and reducing containment and packaging means;
- Implementation of high levels of dematerialization for office use, reducing paper consumption through advanced software platforms (ERP) for real-time information processing.

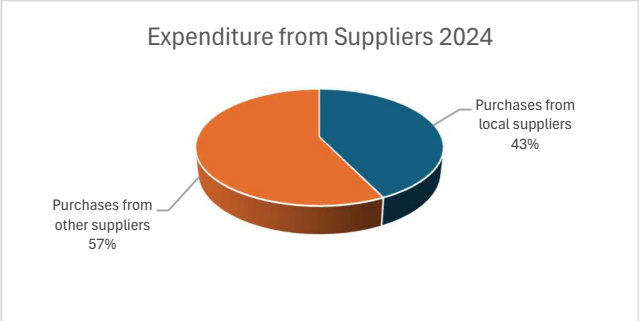
ADR Group aims to consolidate and extend corrective and improvement actions related to ESG issues within its supply chain. Procedures to measure the effectiveness of these actions will be established based on data available in the internal management system (ERP platform).

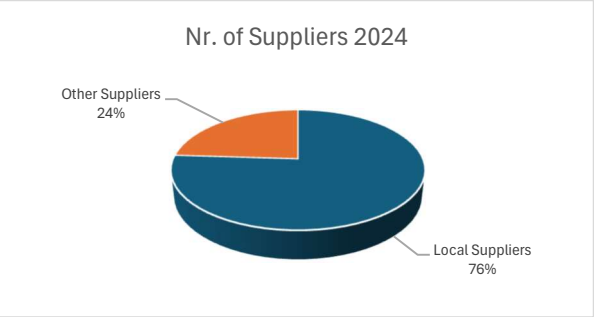
Indicators will be developed to track progress, including indicators related to energy consumption, container transport reduction, containment/packaging costs, office paper costs, and the number of contracts complying with ESG policies. There is a possibility of introducing a KPI panel linked to ESG objectives, monitoring the achievement of targets and extending best practices based on ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management Systems) certifications.

These measures demonstrate ADR Group's commitment to reducing its ecological footprint, promoting sustainability and integrating responsible practices throughout its supply chain.

Operational coordination of subsidiaries is done through specific Group Policies that are formalized within inter-company procedures released on the Group IT portal dedicated to Supply Chain Management (Supply Chain Portal).

As shown, ADR Group can count on a large share of local suppliers, whereby such definition it is meant suppliers located in the country in which each company respectively operates. Sure enough, 76% of Group's suppliers are established in the same country as each plant, supporting the idea and efforts of the whole Group of promoting local suppliers to shorten the whole supply chain achieving both social and environmental benefits. This percentage shifts to 42,8% when speaking of purchases from local suppliers.





ADR Italy has been undertaking a project with an important Italian financial institution with the double objective of prioritizing suppliers who take into consideration ESG aspects and supporting local organizations.

Colaert France has installed an automatic vertical warehouse (1 M €), a very advanced industrial solution in order to save space on the ground, saving energy for lighting and heating, reducing time in picking operations and improving efficiency and performance in logistics processes.

ADR China's purchasing function monitors the Localization Rate KPI (i.e. the indicator of percentage of purchase from local suppliers on total purchases) on a monthly basis.

Responsible Sourcing

ADR Group's procurement processes involve the acquisition of goods and services that have the potential to have environmental impacts, such as high energy consumption, intensive transportation requirements and significant use of disposable materials like wooden pallets and carton packaging. Approximately 45% of the purchased raw materials and components, by value, are sourced from Asia-Pacific (APAC) markets.

However, there may be concerns about labor standards in these markets, including potential exploitation of child labor, excessive working hours and inadequate workplace safety.

The ecological footprint of the purchased goods and their social and economic impact on business sustainability are significant considerations for ADR Group due to the nature of its supply chain. About 70% of the components used in the supply chain require intensive energy-consuming processes, such as welding, foundries, painting, and surface heat treatments, which can have environmental consequences.

ADR Group's finished products rely on components derived from foundry processes, including hubs, drums, cast steel and leaf springs. Additionally, axle bodies, punches, and stirrups are derived from sheet metal or various forms of steel, which are produced through highly energy-intensive blast furnaces and steel mills. Transportation also contributes to negative impacts, as 45% of supplies, by value, come from the APAC markets and require intensive use of sea transport.

ADR Group actively engages with its suppliers to find alternative materials that have lower consumption of rare earth elements while still meeting the production requirements. This collaborative effort seeks to mitigate the negative environmental impacts associated with the use of these elements.

While there may be potential human rights issues in APAC countries, ADR Group ensures that its manufactured plants, subject to quality product-process and organizational audits as part of the supplier qualification process, do not currently have such problems. ADR Group manages these risks by progressively extending General Purchasing Agreements that focus on ESG topics and include specific checkpoints in supplier qualification audits. By emphasizing responsible sourcing practices, ADR Group aims to address environmental and human rights concerns in its supply chain.

ADR Group Supplier Code of Conduct

Introduction

ADR Group pays great attention to the principles of Environmental, Social and Governance responsibility (ESG) and, based on these relevant values, makes the most appropriate choices to select its Suppliers.

Suppliers of ADR Group are selected not only for top Quality and competitiveness level of products and services provided, but also for the strong will and determination to match social, ethical and environmental principles in order to be able to assure a reliable and lasting relationship with our Companies and our Customers.

As a matter of facts ADR Group believes that carrying on and developing business in a socially responsible and ethical manner, in compliance with the laws and regulations of those countries in which we operate, is a strategic key factor for a long-term success; in this perspective, this Suppliers Code of Conduct promotes ADR Group ethical standards and principles in our Supply chain and sets out our supplier sustainability and responsibility aspirations.

To reach this goal, this Code of Conduct defines the guidelines that a Supplier has to observe and meet as a business partner of ADR Group, as well as to ensure that these requirements and expectations are also transferred appropriately to your downstream partners in the supplier network.

And to achieve this scope in effective way this Supplier Code of Conduct sets out the ADR Group minimum requirements based on UE legal regulations, as well as internationally recognized standards such as the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, as well as the ILO core labor standards and the principles of the UN Global Compact.
Full compliance with the following minimum requirements is a binding part of the ADR Group purchasing terms and conditions and nothing in the Code shall prevent Suppliers from exceeding these standards.

Any deviation and or violation of this Supplier Code of Conduct may expose to serious risks the Supplier's business relationship with ADR Group, up to cause an interruption of commercial relations.

It's in this spirit that ADR Group Supplier Code of Conduct sets out the principles, expectations and behaviors we require our Supply Chain partners to adhere to, with an unconditioned engagement for the following specific subjects:

- Governance: Responsible Business, Integrity and Ethics
- Environmental responsibility
- Corporate Social responsibility and Human rights
- Occupational Health and Safety

and establishes appropriate monitoring and remedial actions in order to supervise the adherence of all Suppliers with the Supplier Code of Conduct ADR Group.

Governance: Responsible Business, Integrity and Ethics

ADR Group Suppliers must be compliant with all laws and regulations that establish specific legal requirements that apply to products and services provided, including those designed to prevent violation of antitrust and competition law, export control, corruption, money laundering prevention, as well as data protection, in order to protect fair competition in our business operations.

Corruption and fraud damage the foundation of economic and social development, undermining companies and societies. ADR Group fights this risk by promoting integrity and our compliance culture.

ADR Group suppliers shall refuse and oppose any form of solicitation of bribery, fraud, or any prohibited commercial practice.

That's why the Supplier shall establish a competent body for Compliance / Business Ethics, as well as create an its own Code of Conduct or specific guidelines or, in alternative, to extend to its sub-supplier the Code of Conduct of ADR Group.

At the same time, the Supplier shall avoid offering or granting material benefits or money to employees of ADR Group, with exception of benefits (e.g. hospitality), product-related events in the normal course of business and, generally speaking, justifiable as a common courtesy or trade practices and assuming that they can't compromise the integrity and reputation of the parties or that can be intended to secure an undue advantage.

Data protection is an essential pillar of ADR Group compliance program, which is aligned with the principles of the European General Data Protection Regulation (GDPR), the toughest privacy and security law in the world, that consider the protection of personal data of ADR Group employees, Customers and other stakeholders very seriously.

This requirement includes the maintenance of procedures, guidelines and mechanisms to prevent data protection incidents.

Suppliers shall respect intellectual property rights and safeguard all ADR Group information, including, but not limited to, know-how, trade and market strategy, financial information, new product or service development plans. Anyway, Supplier shall limit access to such information only to their own personnel who have a legitimate business need for such information when permitted by applicable law.

Environmental responsibility

ADR Group Suppliers are requested to operate with procedure and standards aimed at reducing, saving and recycling waste products and to strive, as much as possible, to reduce their environmental impact, limiting the effects of its operations on climate change and promoting the responsible and efficient use of natural resources, the protection of biodiversity and the safeguarding of ecosystems.

ADR Group Suppliers shall be compliant with all environmental laws and regulations in effect in the country where they are operating, including those relating to waste production and hazardous substance generation and disposal, as well as to manage water withdrawals and effluents and emissions.

In this regard, the Supplier selected by ADR Group shall use all resources and facilities necessary for the production of raw material, semi-finished product and components (including energy and water) in a such efficient way to minimize the environmental impact of such production, in particular with reference to general solid waste, air pollution, waste water and noise, polluting, greenhouse gas emissions and apply logistics management policies that take environmental impacts into consideration.

ADR Group Suppliers are required to design and develop products taking into account the impact they have on the environment and the potential to re-use and recycle them.

ADR Group encourages its Suppliers to foster the use of recyclable materials and all sort of initiatives for growing the circular economy themselves.

These expectations include, for example, methods of product development based on "Circular by Design", as well as establishing closed loops for returning recyclable materials into the supplier's own supply chain.

Suppliers shall avoid the use of potentially dangerous substances (as defined by applicable laws) and are responsible for registration and, where necessary, obtaining authorization, as well as providing due communication on the presence of chemical substances in machinery in accordance with applicable legal requirements.

Furthermore, where possible, the Supplier shall implement and maintain an environmental management system that is inspired by the requirements of the ISO 14001 standard or the Eco-Management and Audit Scheme (EMAS). The supplier shall appoint a competent body for environmental sustainability and create a policy about the environment and train its employees accordingly.

In compliance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, ADR Group Suppliers and its entire supply chain shall avoid trading of material, with respect to the sourcing of all tin, tantalum, tungsten and gold contained in its products, coming from the Democratic Republic of the Congo ("DRC") or any adjoining country and, if so, to determine whether those metals directly or indirectly financed or benefited armed groups that are perpetrators of serious human rights abuses in the DRC or an adjoining country (Angola, Burundi, Central African Republic, the Republic of the Congo, Rwanda, South Sudan, Tanzania, Uganda, and Zambia).

Corporate Social responsibility and Human rights

ADR Group supports and promotes social consciousness, implements fair employment practices, requires safety working conditions and full compliance with applicable laws and regulations.

ADR Group is careful to guarantee and implement all those decisions and organizational activities, including those of the selected Suppliers, which have a social impact such as respect for civil and labor rights, attention to working conditions, gender equality and the rejection of all forms of discrimination.

ADR Group takes into due considerations the ability of Suppliers to contribute to the social contest and the territory in which the company operates through initiatives that increase well-being and improve the quality of life of the inhabitants.

The Governance of ADR Group Spa aims to consolidate strategies and adopt decision-making choices in full compliance with remuneration ethics, the rules of meritocracy, inclusion, respect for shareholder rights and the fight against any form of corruption.

ADR Group suppliers shall avoid any forms of intimidation, coercion, pressure, threat, corporal punishment, and exploitation, as well as prevent incidents of physical, sexual, psychological or verbal abuse.

ADR Group Suppliers must respect the dignity of each and every person and strongly condemns the any form of discrimination in the workplace based on their race, religion, sex, colour, language, political opinions, national, social, or ethnic origin, mental or physical disability, sexual orientation, gender identity, pregnancy, marital status, age, union beliefs or any other personal characteristic unrelated to the job.

ADR Group Suppliers are strenuously prohibited from:

- employing minors under the age of sixteen (16) and those for whom school is mandatory, except where permitted by any applicable local law or regulations;
- hiring at work any form of forced or compulsory labour, imprisonment, slavery, or human trafficking.

ADR Group Suppliers are requested:

- to allow their workers to bargain collectively and to form and to belong to the Unions organization of their choice, without any sanctions, discrimination, or salary penalty being applied by the employer;
- to pay their employees for all hours worked in accordance with applicable laws;
- to respect collective-bargaining agreements in terms of the workday and overtime pay, including breaks, rest periods, holidays and various other types of leave.

Overtime shall be voluntary and shall be paid in compliance with the provisions of applicable laws and regulations.

Workers shall have the right to receive compensation at a level commensurate with minimum salary levels, or as required under any collective bargaining agreement in order to satisfy their basic needs, as well as a free and decorous existence for themselves and their family.

Occupational Health and Safety

ADR Group promotes a workplace culture of health and safety and implements, where relevant, policies and practices including risk assessments and management and recording of incidents and accidents.

Likewise, Suppliers are strongly required to ensure a work environment which is safe and salubrious in accordance with applicable laws regarding workplace accidents and occupational safety and health.

In this respect, ADR Group Suppliers shall carry out operations in such a way to protect the health and physical integrity of their own employees and prevent any forms of accident and injuries, by monitoring the performance and reliability of their own risk management system for all safety concerns.

ADR Group Suppliers are required to ensure that all workspaces, operations, machinery and processes related to flow-material are free of hazards to the health and safety of any worker, by providing applicable and effective protection device in order to prevent accidents or other harm to human health.

Suppliers shall provide their employees an appropriate level of training and information on the safety-related risks to which they may be exposed.

Suppliers shall ensure that any unsafe work is stopped immediately and only starts again once the hazard has been removed or the issue resolved.

ADR Group encourages and promotes the implementation of occupational health and safety management models in accordance with international Standards such as:

- ISO 45001 (or similar), providing evidence by means of a corresponding certificate;
- Health and Safety Policy, to be published if available and released upon request

Monitoring and remedial actions

ADR Group expects full cooperation and adherence of all Suppliers with this Supplier Code of Conduct; for this scope ADR Group reserves the right to carry on onsite audits and require from Suppliers applicable documentation for any investigation, audit or inquiry in response to a concern related to the respect of this Code.

In case of relevant deviation from this Code in its own business area or in its supply chain, ADR Group may require that any Supplier implement an acceptable remedial action to bring its performance into compliance.

In case of confirmed violations, the supplier shall inform ADR Group immediately of any violation of the obligations arising from this Code or of any official investigation procedure in this regard; the same applies if the company becomes aware of corresponding procedures in connection with its senior managers.

In front of serious and relevant violations, ADR Group reserves the right to terminate its business relationship with any Supplier that is unwilling or unable to bring its performance into compliance to this Code.

References:

- Universal Declaration of Human Rights;
- International Labor Standards (ILO);
- OSHSAS Health and Safety Standard;
- UN convention against Transnational Organized Crime;
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals

Customer Satisfaction

Customer satisfaction is of utmost importance to ADR Group. It serves as the cornerstone for their business success and growth. By ensuring that Customers are pleased with their products, services and overall experience, ADR Group can promote loyalty and maintain a strong reputation. Satisfied Customers are more likely to continue doing business with ADR Group, leading to increased repeat purchases and long-term partnerships.

Additionally, Customer satisfaction provides valuable feedback that enables ADR Group to continually improve and refine their offerings to better meet customer needs and expectations. Through their customer-centric approach, ADR Group strives to create exceptional experiences that not only meet but exceed Customer satisfaction, ultimately solidifying their position as a trusted and preferred provider in the market.

ADR Group places great importance on feedback as a catalyst for ongoing enhancement. They adopt a holistic approach to Quality Management and Customer Service, encompassing a 360° perspective. This approach involves continuous monitoring of customer satisfaction to drive improvements. Regular quality meetings are conducted with stakeholders, meticulously examining KPIs to identify areas for enhancement.

Customer surveys, focusing on quality and safety, are administered every two years, while customer satisfaction evaluations are conducted biannually. Various indices, including quality, service, costs, and turnover, are utilized to gauge customer satisfaction in accordance with established benchmarks like ICS rules.

ADR Group conducts biannual reviews of these indicators and implements improvement measures when needed. They employ change procedures, quality alerts and prioritize employee training and information dissemination to foster a culture of perpetual improvement and customer satisfaction.

All Group’s companies have put in place systems to gather Customers’ level of satisfaction, their possible complaints, as well as procedures aimed at handling product nonconformities and quality management. The direct relationship that ADR companies have with their customers is built on trust and transparency. ADR Group regularly conducts surveys to collect and indagate the level of satisfaction of its Customers with reference to various aspects related to the products and service, such as the relationship with company’s staff, the ability to meet their requests, delivery time, packaging, assistance provided.

ADR launched a survey about product quality to all its Clients, to identify strengths and weakness of the company, to immediately intervene on the problems and initiating initiatives to address the perceived vulnerabilities.

Stakeholder Partnerships

ADR Group actively engages stakeholders through effective communication and targeted marketing campaigns to promote the sustainable advantages of its products and practices. By involving stakeholders in the journey toward sustainability, ADR Group seeks to enhance awareness, understanding, and support for its sustainable initiatives.

The development of partnerships with stakeholders is a key focus area for ADR Group. The company is dedicated to building long-term relationships with stakeholders in a progressive manner, aligning with its mission and driving value creation across the entire supply chain.

ADR Group has implemented a strategic approach that involves several milestones. These include identifying and prioritizing key stakeholder relationships, ensuring clear communication and transparency regarding the company's environmental, social, and governance (ESG) initiatives, and holding consistent and periodic meetings with stakeholders who may be resistant to change.

Additionally, ADR Group analyzes and addresses emerging issues promptly, enhancing the responsiveness of its team. The Group's commitment to stakeholder engagement is evident through its

engagement with suppliers via an international scouting program in the APAC/EMEA regions, emphasizing the importance of reliable and responsible partnerships.

Furthermore, ADR Group will formalize its focus on ESG topics by incorporating them into contractual supplying agreements, further reinforcing its dedication to sustainable and collaborative relationships with stakeholders.

ADR Memberships

ADR Italy

- ASSOHOLDING
- CONFINDUSTRIA: ADR Italy is an active member of the Italian Union of Industrial Companies (Confindustria). Additionally, the company's president and the CEO play active roles as representative member and council member of Mechanical Companies in the province in which the corporate headquarter is located
- UNACOMA: active role as council member by ADR Italy company's representative
- C.N.A.
- AFIL
- I.T.S Academy

ADR Poland

- PODKARPRACKI KLUB BIZNESU (Podkarpackie Business Club)

Sustainability improvement Plan

Following analysis of the above data, new needs and developments, a "Sustainability improvement Plan" is issued with related actions and responsibilities.
During the year, checks will be carried out with all the Plants involved, to update the status.

The table provided below outlines the SDGs to which the Group contributes, the corresponding goals to be achieved, the initiatives to be implemented, the associated material issues, and the target year for their accomplishment.

MATERIAL TOPIC	TARGET Description	PRODUCTION SITE / COMPANY	ACTIONS TO BE APPLIED	BASE YEAR	TARGET YEAR
ENVIROMENT	Reduction GHG (Green House Gasses) - Scope 1	ADR Polska / WPS	Purchase/increase of electricity from renewable sources	2024	2026
		ADR Italy	Purchase of electricity from renewable sources	2025	2026
		ADR Italy / Adr Polska / Colaert	Replace radiant heating using automatic temperature control (reduction mq gas used)	2024	2026
		ADR Italy / Adr Polska	Progressive replacement of lighting lamps (LED)	2024	2026
		ADR Italy	Purchase of a chip briquetting press to reduce the volume of waste, recover oil and water and produce immediately reusable scrap	2024	2027
		ADR Italy	Photovoltaic system data monitoring	2023	2025
ENVIROMENT	Reduction GHG (Green House Gasses) - Scope 2	ADR Polska	Reduction in the number of diesel forklifts	2023	2025
			replacement of transformation cabin (from three to 2 transformers), improvement of transformation efficiency and decommissioning of oil plants	2024	2025
ENVIROMENT	Increase recycling %	ADR Polska / Colaert France / ADR Italy	ISO14001 Certification (Procedures to increase % recycling)	2024	2027
ENVIROMENT	Emissions reduction %	ADR China	Painting VOC disposal equipment	2024	2026
			Mechanical lathe fume filter equipment	2024	2026
	Reduction of waste production		Wastewater treatment equipment	2024	2026
SOCIAL	Talent acquisition initiatives	ADR Italy	Continue training and growth of area/function managers	2025	2025
GOVERNANCE / SUPPLY CHAIN	Group Suppliers management	Adr Group	Define procedure for managing Group suppliers	2025	2025

GRI content index

Statement of use	ADR Group has reported in accordance with the GRI Standards for the period 01/01/2022 – 12/31/2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	No GRI Sector Standard is available to date

GRI STANDARD	DISCLOSURE	Paragraph	NOTES
GRI 3: Material Topics 2021	3-1 Process to determine material topics		
	3-2 List of material topics		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken		During the reporting period, no incidents of corruption were registered.
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		During the reporting period, no substantiated complaints concerning breaches of customer privacy and losses of customer data were registered.
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 301: Materials 2016	301-1 Materials used by weight or volume		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		
	417-2 Incidents of non-compliance concerning product and service information and labeling		During the reporting period, no incidents of non-compliances concerning product and service information and labelling were registered.
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		
GRI 3: Material Topics 2021	3-3 Disclosure on material topic		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system		
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-9 Work-related injuries		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		
GRI 3: Material Topics 2021	3-3 Disclosure on material topic		
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		During the reporting period, no incidents of non-compliance concerning the health and safety impacts of products and services were registered.
GRI 3: Material Topics 2021	3-3 Disclosure on material topic		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		
GRI 3: Material Topics 2021	3-3 Disclosure on material topic		
GRI 3: Material Topics 2021	3-3 Disclosure on material topic		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 302: Energy 2016	302-1 Energy consumption within the organization		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions		
	305-2 Energy indirect (Scope 2) GHG emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		
	306-2 Management of significant waste-related impacts		
	306-3 Waste generated		
	306-4 Waste diverted from disposal		
	306-5 Waste directed to disposal		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource		
	303-2 Management of water discharge-related impacts		
	303-3 Water withdrawal		

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