



SUSTAINABILITY REPORTING

STM S.p.a. - 2024



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1. GENERAL INFORMATION

General Criteria for the Preparation of the Sustainability Reporting [BP-1]

This document constitutes the Sustainability Reporting of S.T.M. S.p.A. (hereinafter also the "Company" and/or "STM"), prepared on a voluntary basis and inspired by the criteria established by Legislative Decree No. 125 of September 6, 2024, implementing Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive or "CSRD"), and in accordance with Commission Delegated Regulation (EU) 2023/2772 (European Sustainability Reporting Standards – ESRS).

The qualitative and quantitative data and information contained in the 2024 Sustainability Reporting refer to STM's performance for the financial year ending on 31/12/2024.

Although not currently subject to a legal obligation, STM has voluntarily chosen to prepare its first Sustainability Reporting. This decision reflects the company's commitment to undertaking a structured and transparent path toward increasingly responsible management of ESG (Environmental, Social, Governance) issues.

The reporting serves as a fundamental tool for measuring progress made, identifying areas for improvement, and reinforcing the integration of environmental, social, and governance factors into the company's strategy, operational management, and stakeholder engagement.

STM views this first report as the beginning of a structured and continuous journey toward sustainability, with the goal of creating lasting value for the company, its people, and the territory in which it operates.

The scope of the information and data included in this Reporting is limited to the Italian company STM S.p.A., as the parent company of STM Team, a global Group composed of STM S.p.A. and 17 subsidiaries (5 manufacturing and 12 commercial) as well as 5 affiliated commercial companies¹.

As the parent company, STM S.p.A. defines and promotes the principles of ethics, integrity, and sustainability that guide the actions of the entire Group. For this reason, the contents of this document offer a meaningful representation of the Group's overall commitment to sustainability and serve as guidelines for the entire organization.

Disclosure in Relation to Specific Circumstances [BP-2]

Use of Transitional Provisions in Accordance with Appendix C of ESRS 1

STM S.p.A. has applied some of the transitional provisions set out in Appendix C of ESRS 1, in particular:

¹ See the sociogram in section SBM-1 "Strategy, Business Model, and Value Chain."

Table 1: Disclosure obligations introduced gradually

ESRS	Disclosure obligation	Full description of the disclosure obligation	Gradual introduction deadline or effective date
ESRS 2	SBM-3	Material impacts, risks, and opportunities and their interaction with the strategy and business model	In the first year of preparing the sustainability report, the company may omit information regarding the expected financial effects.
ESRS E1	E1-6	Gross GHG emissions for Scopes 1, 2, and 3, and total GHG emissions	In the first year of preparing the sustainability report, companies or groups that, as of the balance sheet closing date, do not exceed an average of 750 employees during the financial year (where applicable on a consolidated basis) may omit disclosure elements related to Scope 3 emissions and total GHG emissions.
ESRS E1	E1-9	Expected financial effects arising from material physical and transition risks and potential climate-related opportunities	In the first year of preparing the sustainability report, the company may omit information regarding the expected financial effects related to climate change.
ESRS E5	E5-6	Expected financial effects arising from impacts, risks, and opportunities related to resource use and the circular economy	In the first year of preparing the sustainability report, the company may omit information concerning the expected financial effects related to the circular economy.
ESRS S2	All disclosure obligations	All disclosure obligations	In the first two years of preparing the sustainability report, companies or groups that, as of the balance sheet date, do not exceed an average number of 750 employees during the financial year (where applicable on a consolidated basis) may omit all information required under the disclosure obligations related to the theme of workers in the value chain.

Role of the Administrative, Management, and Supervisory Bodies [GOV-1]

STM has adopted a traditional system of administration and control, structured into two corporate bodies appointed by the shareholders' meeting, which expresses the will of the shareholders through its resolutions: the Board of Directors ("BoD") and the Board of Statutory Auditors.

Board of Directors

The STM BoD, elected during the shareholders' meeting held on 27/06/2023 and which will remain in office until the shareholders' meeting called to approve the financial statements for the year ending 31 December 2025, is composed as follows:

Table 2: Composition and Diversity of the Board of Directors

Member	Position	Executive Role	Gender
Girotti Tiziano	Chairman of the Board of Directors - CEO	Yes	M
Vignoli Altero	CEO	Yes	M
Perello Reta Francisco Javier	Board Member	No	M

The current Board of Directors is composed of 3 members, of whom two are executive directors. At present, the Board of Directors does not include independent directors, nor is there any provision for worker representatives among its members.

The Board of Directors plays a central role in guiding and managing the Company. In addition to the powers established by law and the Articles of Association, the Board has exclusive competence regarding decisions of major economic and strategic importance, as well as those functional to defining business development guidelines, including from a sustainability perspective.

Sustainability Director and Sustainability Committee

By resolution of the BoD dated 11/10/2024, Mr. Tiziano Girotti, Chairman of the Board and CEO of STM, was appointed Chief Sustainability Officer, with the task of leading and promoting corporate strategies aimed at fostering environmental, social, and economic sustainability.

Mr. Tiziano Girotti, a founding partner of the Company, has gained solid and decades-long experience in the sector since the company's establishment in 1976. Over the years, he has developed in-depth expertise in technical, commercial, and industrial fields, gradually approaching ESG issues relevant to the sector. In 2024, he also acquired specific skills in sustainability reporting by participating in a dedicated training program led by external specialist consultants engaged by STM for the development of a Group-wide sustainability project.

To ensure the availability of reliable and relevant data and information to support strategic decisions on ESG matters, the CEO, within his delegated powers, established the STM Sustainability Committee on October 17, 2024. The Committee operates as a staff body to the Board of Directors and is coordinated by Ms. Manuela Girotti, Head of the Human Resources function, responsible for ensuring transversal oversight of environmental, social, and governance issues.

The ESG Committee serves as a coordination and oversight tool for sustainability issues and is composed of representatives from all the Company's main functional areas:

Table 3: ESG Committee Composition

ESG COMMITTEE	
Role	Name
HR	Manuela Girotti – Head of ESG Committee
Quality	Franco Melandri
Administration, Finance, Control	Stefano Piva
Purchasing	Luigi Russo
Marketing	Giorgia Cocchi
Electronic Data Processing (EDP)	Franco Sasdelli
Production	Fabrizio Ferri
HR	Sandra Ruggieri
Management Control	Enrico Masi
Research & Development (R&D)	Enrico Baroni
Production & Quality	Gionata Negrini
Sales	Massimo Bettarello

The members of the Committee have acquired appropriate expertise in sustainability by participating in training sessions organized in 2024 by external consultants specialized in ESG matters.

The Committee provides operational support to the Chief Sustainability Officer, ensuring an adequate and regular flow of information related to the Sustainability Project. Specifically, the Committee, which is required to meet periodically, is responsible for:

- examining and assessing sustainability issues across the various areas of the company's operations;
- identifying and establishing relationships with key stakeholders;
- organizing an adequate system for the collection and consolidation of data for sustainability reporting purposes;
- monitoring the Company's ESG positioning in comparison to other industry players.

The Chief Sustainability Officer has formally informed the entire organization about the launch of the sustainability project and the related appointments of the bodies responsible for its development.

Board of Statutory Auditors

The Board of Statutory Auditors of STM, elected during the shareholders' meeting held on 27/06/2023 and in office until the shareholders' meeting called to approve the financial statements for the year ending 31 December 2025, is composed as follows:

Table 4: Composition and Diversity of the Board of Statutory Auditors

Member	Position	Gender
Zambelli Fabio	Chairman of the Board of Statutory Auditors	M
Caimmi Vincenzo	Standing Auditor	M
Orsini Claudio	Standing Auditor	M

The Board of Statutory Auditors is responsible for overseeing compliance with current legal and regulatory provisions, monitoring compliance with the law and the Articles of Association, as well as adherence to principles of sound management.

External Auditor

The statutory audit of the annual financial statements is carried out by “SIMAR Revisioni S.r.l.,” an auditing firm registered in the relevant official register, to which the Ordinary Shareholders' Meeting granted the mandate until the meeting called to approve the financial statements as of 31/12/2027.

The auditing body will be assigned the task of performing the assurance activity on the Consolidated Sustainability Reporting when such an obligation becomes mandatory for the Group, in accordance with applicable European and national regulations.

Information Provided to the Administrative, Management, and Supervisory Bodies and Sustainability Issues Addressed by Them [GOV-2]

Within its governance model, STM S.p.A. ensures that relevant information regarding sustainability is regularly shared with the administrative, management, and supervisory bodies.

The Sustainability Committee, which meets periodically, prepares and communicates to the Chief Sustainability Officer – in coordination with the ESG Manager – timely updates regarding, in particular (but not limited to):

- developments in European and national regulations;
- material topics for STM, along with related key performance indicators (KPIs);
- stakeholder engagement activities and initiatives for listening to employees, customers, suppliers, and local communities;
- potential opportunities arising from the launch of new projects (e.g., adoption of an ESG incentive system for management, corporate volunteering projects, adoption of Model 231/01, implementation of a Supplier Code of Conduct with ESG criteria, sustainability audits on value chain partners, inclusion of ESG goals in the industrial plan, etc.);
- progress of investments related to ecological transition, circular economy, energy efficiency, waste management, social inclusion, and training;
- outcomes of consultations with external specialist consultants covering various ESG topics (Environmental Engineers, Software House Consultants, Sustainability Advisors, HSE Managers, etc.).

This information is shared with the Board of Directors to enable an informed assessment of ESG implications in strategic decisions, investment plans, and corporate policies.

Thanks to this structured and transparent flow, the Board of Directors – through the role of the Chief Sustainability Officer and with the support of the Sustainability Committee – is in a position to exercise its guidance and oversight functions consciously and responsibly, including over the non-financial dimensions of the company's activities.

Integration of Sustainability Performance into Incentive Systems [GOV-3]

In 2024, no incentive systems or variable compensation schemes directly linked to the achievement of ESG goals were introduced, either for the Board of Directors or for operational management.

Statement on the Duty of Care [GOV-4]

The administrative body of STM S.p.A. assumes responsibility for the integrity, accuracy, and completeness of the information contained in this Sustainability Reporting, in line with the principles set out in ESRS 2.

The Board of Directors approved this Sustainability Reporting in the meeting held on July 24, 2025.

The reporting process involved the main corporate functions across the organization, under the coordination of the Sustainability Committee. The goal was to ensure a gradual and transparent approach capable of consistently representing the company's sustainability governance and duty of care.

The activities undertaken reflect the company's commitment to progressively strengthening the identification, prevention, and mitigation of significant impacts related to environmental, social, and governance factors, in line with the principles of responsibility and transparency toward all stakeholders.

Table 5: Duty of Care

Key elements of the duty of care	Paragraphs in the sustainability reporting
Integrate the duty of care into governance, strategy, and the business model	Role of the administrative, management, and control bodies [GOV-1] Information provided to the administrative, management, and control bodies of the company and sustainability issues addressed by them [GOV-2] Integration of sustainability performance into incentive systems [GOV-3] Relevant impacts, risks, and opportunities and their interaction with strategy and business model [SBM-3]
Engage stakeholders in all key phases of the duty of care.	Interests and opinions of stakeholders [SBM-2] Description of the process for identifying and assessing relevant impacts, risks, and opportunities [IRO-1]
Identify and assess negative impacts	Relevant impacts, risks, and opportunities and their interaction with the strategy and business model [SBM-3] Description of the process for identifying and assessing relevant impacts, risks, and opportunities [IRO-1]
Take actions to address negative impacts	Actions and resources related to climate change policies [E1-3] Actions and resources related to the use of resources and circular economy [E5-2] Processes to remedy negative impacts and channels that allow own workers to raise concerns [S1-3] Interventions on relevant impacts for own workforce, as well as the

	effectiveness of such actions [S1-4] Processes to remedy negative impacts and channels that allow affected communities to express concerns [S3-3] Interventions on relevant impacts on affected communities [S3-4] Processes to remedy negative impacts and channels that allow consumers and end users to express concerns [S4-3] Interventions on relevant impacts for consumers and end users [S4-4]
Monitoring the effectiveness of interventions and communicating	Energy consumption and energy mix [E1-5] Incoming resource flows [E5-4] Outgoing resource flows [E5-5] Characteristics of the company's employees [S1-6] Characteristics of non-employee workers within the company's workforce [S1-7] Coverage of collective bargaining and social dialogue [S1-8] Diversity metrics [S1-9] Adequate wages [S1-10] Social protection [S1-11] People with disabilities [S1-12] Training and skills development metrics [S1-13] Health and safety metrics [S1-14] Work-life balance [S1-15] Remuneration metrics [S1-16] Incidents, complaints, and severe impacts concerning human rights [S1-17] Confirmed cases of active or passive corruption [G1-4]

Risk Management and Internal Controls on Sustainability Reporting [GOV-5]

The Sustainability Reporting was prepared by the Sustainability Committee of STM, with the technical and methodological support of specialized external consultants. All activities related to the collection, processing, and validation of data, information, and performance indicators (KPIs) were carried out by the Committee under the supervision and coordination of the same consultants.

In 2024, the following key activities were conducted:

- Training sessions on the contents of the European Sustainability Reporting Standards (ESRS), aimed at fostering internal awareness, shared competencies, and a common language among heads of key corporate functions, thus reinforcing the robustness of the reporting process;
- Completion of the "EcoVadis" questionnaire, which enabled the collection and structuring of existing information, data, and documents within the company, facilitating the subsequent reporting phase;
- ESG risk assessment activities, aimed at identifying material topics and defining the related key performance indicators (KPIs) to be included in the reporting;

- Definition and implementation of the reporting process, structured in three main phases:
 - Collection of relevant data and information;
 - Internal verification of the collected data;
 - Development of environmental, social, and governance KPIs.

Starting in 2025, STM is committed to progressively implementing a structured internal control system for Sustainability Reporting at the Group level, which will also include an analysis of related specific risks.

Strategy, Business Model, and Value Chain [SBM-1]

About Us

STM S.p.A., the parent company of “STM Team”, originated from a small family-run manufacturing company founded in 1976. Thanks to the entrepreneurial spirit, initiative, and determination of its founding members, STM has grown into a leading reference point in the field of mechanical transmissions.



Figure 1: Founding Members (Tiziano Girotti, Altero Vignoli, Giuseppe Lucchini)

The company specializes in the design, production, and marketing of industrial gearboxes and geared motors, offering one of the widest and most comprehensive ranges available on the market.

STM S.p.A. operates its production facilities in Calderara di Reno (Bologna), at Via del Maccabreccia, employs approximately 190 people, and recorded a turnover of around €57 million in 2024.

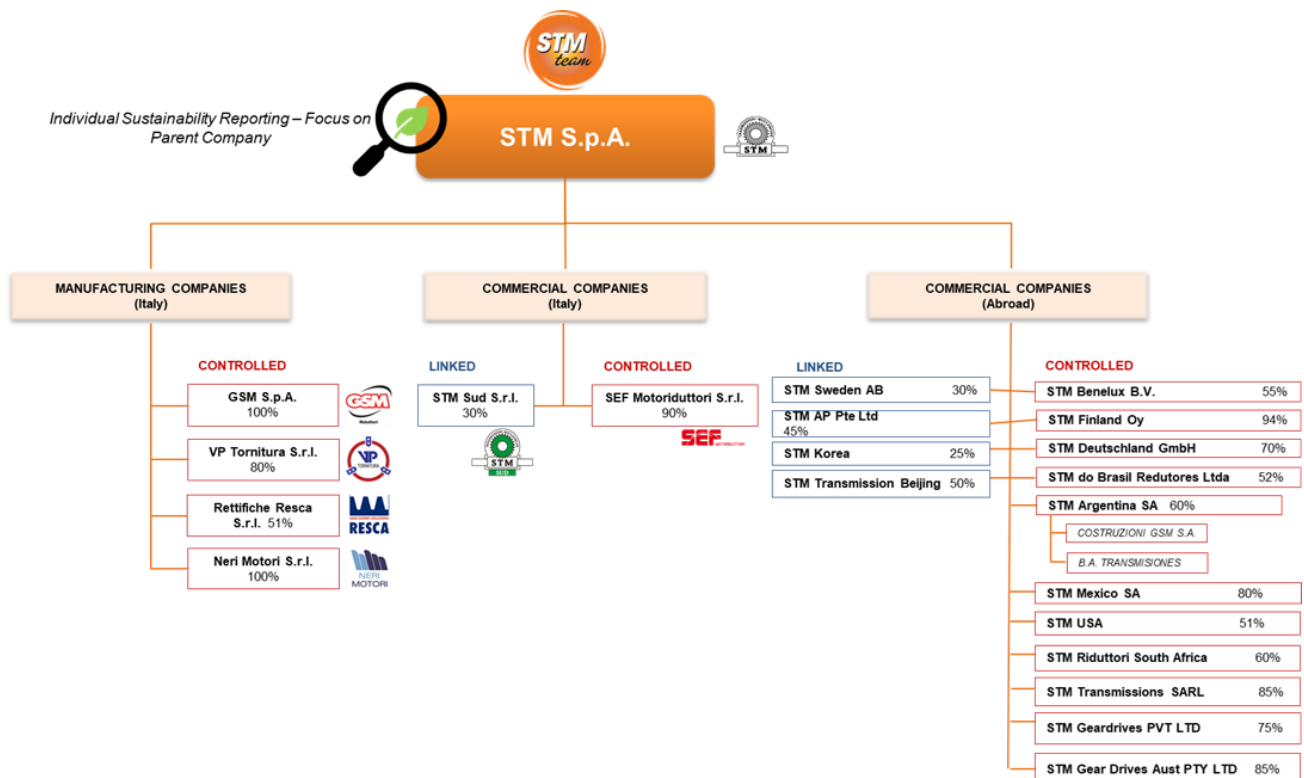
Over the years, the company has expanded its business by acquiring companies already active in the mechanical sector, thereby creating a specialized industrial hub focused on producing the broadest range of gearboxes and geared motors on the market.

The company's mission is as follows: *"To design and manufacture innovative and reliable solutions for power control and transmission in the industrial sector, promoting sustainable and shared development worldwide. STM Team is market-oriented and committed to being a strongly customer-focused company, aiming to build long-term partnerships. Transparency, Collaboration, and Determination are our core values."*

Sociogram

Below, for clarity of presentation, the sociogram of the STM Group is provided, noting that the scope of the sustainability reporting covered in this document refers solely to the entity STM S.p.A.:

Figure 2: Sociogram of STM Team



Productive Companies of STM Group

The STM Group relies on a solid production structure based in Italy, made up of companies specialized in various segments of the mechanical and electromechanical supply chain. The production companies are STM S.p.A., GSM S.p.A., Neri Motori S.r.l., VP Tornitura S.r.l., and Rettifiche Resca S.r.l.. Each contributes to the Group's competitive positioning by ensuring quality, precision, and timeliness in supply.

STM S.p.A. and GSM S.p.A.

STM and GSM represent the Group's main industrial hubs, located respectively in Lippo di Calderara di Reno (BO) and Modena, and are dedicated to the design and production of gearmotors. Both operate independently and do not share significant production processes, except for some marginal operations.

Neri Motori S.r.l.

Neri Motori is a wholly owned subsidiary of the Group, based in San Giovanni in Persiceto (BO). It specializes in the design and production of asynchronous and synchronous electric motors for a wide range of industrial applications.

Neri Motori invests continuously in research, training, production technologies, and logistics, maintaining a dynamic and innovation-driven approach. Thanks to an expanding distribution network, it supplies electric motors worldwide. Approximately 20% of its revenue comes from sales to the STM Group, while the remaining 80% comes from third-party customers.

VP Tornitura S.r.l.

VP Tornitura, 80% owned by STM, is a company based in Calderara di Reno (BO), specialized in CNC turning, slotting, and diameter grinding. It stands out for its precision, reliability, and customer focus. The know-how of its founding partners and technological specialization make it a stable and qualified partner in STM's supply chain.

It operates exclusively as a subcontractor for the Group, with no independent customers: 90% of its production is destined for STM, and the remaining 10% for GSM and Rettifiche Resca.

Rettifiche Resca S.r.l.

Rettifiche Resca, 51% owned by STM and based in Lippo di Calderara di Reno (BO), has been active since 1973 and started as a workshop specializing in precision grinding.

Thanks to continuous investments in technology upgrades and staff training, it has evolved into a dynamic company capable of offering both subcontracted work and complete product supplies, mainly serving the manufacturing, metalworking, and automotive sectors.

Its business model is mixed: about 75% of its revenue comes from its own clients, while the remaining 25% comes from STM and GSM.

Distribution Companies of STM Group

The STM Group relies on a widespread network of commercial subsidiaries and distribution partners located in key international markets, with the goal of ensuring effective coverage and a direct presence in the territories served. All of the Group's distribution companies are involved in marketing STM products, while only some of them also handle light production processes—such as assembly and final customization—in order to respond more promptly to local market needs.

Among these are: SEF Motoriduttori, STM Sweden, STM Asia-Pacific (AP), STM Benelux, STM Deutschland, STM do Brazil, STM Argentina, STM Mexico, STM South Africa, and STM India.

The supply chain for these branches is mainly sourced from STM, GSM, and Neri Motori, ensuring technical uniformity and consistency with the Group's quality standards.

This structure guarantees a high level of strategic and industrial coordination while maintaining adequate local operational flexibility, depending on the specific characteristics of the markets served.

The sectors served by the subsidiaries align with those of the parent company, covering a wide range of industrial applications: from the mining sector to steel mills, fluid treatment plants, and the lifting and industrial handling industries.

Company Timeline



Product Range

STM offers four different product lines, divided into:



The solutions developed by STM S.p.A. are applied in over 22 industrial sectors, covering the entire spectrum of both light and heavy mechanics, thanks to a high level of customization, continuous pursuit of quality, and strong focus on technological innovation.

In line with an integrated sustainability approach, the company has chosen to invest consistently in research and development to design products and services that combine performance, reliability, and reduced environmental impact throughout the entire life cycle. Specifically, R&D activities are aimed at:

- Increasing the durability of gearmotors, extending their useful life and preventing premature replacements, thus reducing industrial waste and disposal processes;
- Providing an advanced after-sales service, designed to minimize malfunction risks, ensure product integrity, and protect user safety, in line with social responsibility principles toward clients and operators;
- Collecting and analyzing product usage data through digital technologies, with the aim of improving predictive design, reducing inefficiencies, and supporting clients in more conscious resource use;
- Reducing the use of virgin raw materials, favoring environmentally friendly materials from recycled or sustainable sources, in alignment with circular economy principles and responsible supply chain management.

These choices reflect STM's commitment to combining industrial innovation with environmental and social responsibility, contributing to the transition toward a more resilient, efficient, and long-term-oriented production model.

Focus Sectors

STM is distinguished by its broad sector diversification, which helps mitigate the risks associated with reliance on trends in specific industries. In 2024, STM S.p.A. recorded a turnover of approximately €57.3 million.

With regard to the client industries served, it is specified that sales linked to so-called “focus sectors”—i.e., economic sectors considered to have high exposure to sustainability risks—are reported as follows:

Table 6: Revenue in Focus Sectors

Focus sectors	2024 Revenues	In %
Fossil fuels	155.243 €	0,28%
Manufacture of chemical products	422.318 €	0,76%
Controversial weapons	- €	0,00%
Cultivation and production of tobacco	432 €	0,00%

Employees by Geographic Area

Below is the breakdown of employees by geographic area:

Table 7: Employees by Geographic Area - STM S.p.A.

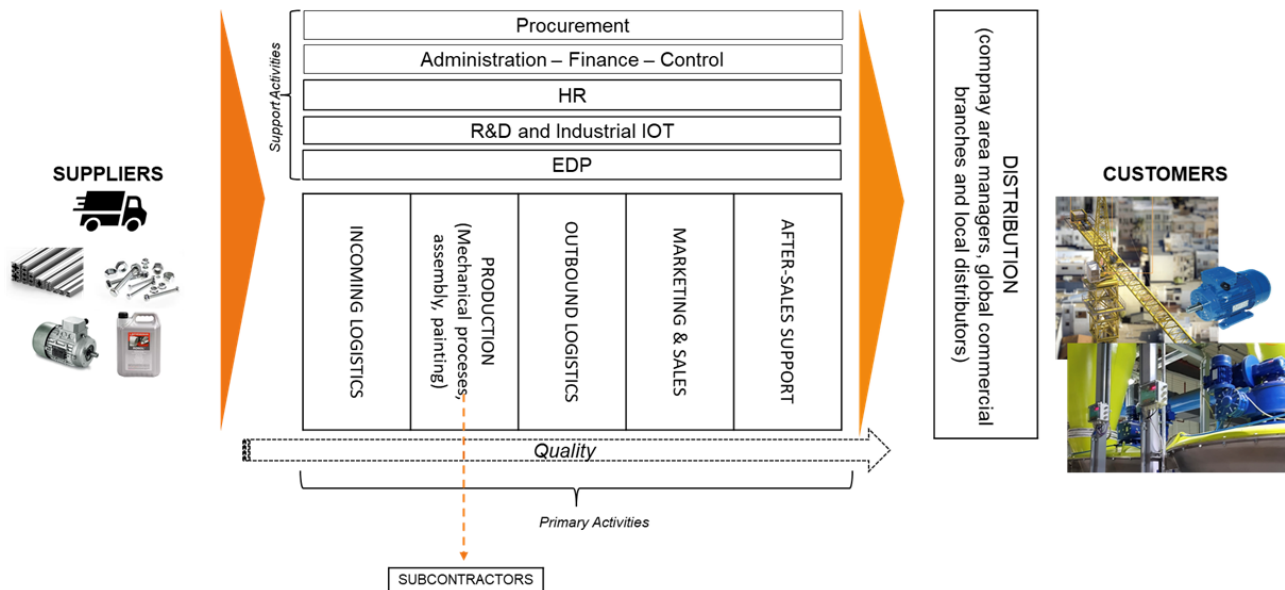
Average No. of employees by Region	2024
Emilia Romagna	190

Value Chain

The value chain is the organization of company activities to design, produce, market, deliver, and support its products/services, with the goal of achieving and maintaining its competitive advantage.

The following table illustrates the value chain of STM S.p.A.:

Figure 3: STM S.p.A. Value Chain



Among the primary activities of STM's value chain, the following are identified:

Primary Activities	Description
Incoming Logistics	Procurement of raw materials and components (such as steel, cast iron, aluminum, bronze, motors, oils and lubricants, packaging).
Production	Transformation of raw materials into “gear reducers/gear motors” (mechanical processes including gearing, grinding, assembly, and painting); this primary function is partially outsourced to local subcontractor companies.
Outbound Logistics	Storage of goods and management of shipments to reach the final customer, branches, or distributors.
Marketing and Sales	Promotion, sales management, customer relations, and organization of trade fairs.
Services	After-sales assistance, maintenance, and customer support.
Quality	Cross-functional system for control and continuous improvement (ISO 9001).

Support activities serve to make the primary activities more efficient and include:

Support Activities	Description
Procurement	Purchasing materials, selecting suppliers and subcontractors, and negotiating contracts.

Administration, Finance and Control (AFC)	Managing financial resources and performance control.
Human Resources	Recruiting and managing personnel and developing skills.
Research & Development	Department dedicated to product innovation, also utilizing IoT technologies.
EDP (Electronic Data Processing)	Developing technological infrastructure; contributes to improving the efficiency, integration, and quality of all business activities.

STM operates within a production facility it owns, covering a total area of approximately 45,000 m², of which 28,000 m² are indoor. The plant is equipped with over 80 high-precision machines and equipment, enabling the execution of key production processes — gearing, grinding, turning, assembly, and painting — and ensuring an annual production capacity of around 430,000 gearboxes.

As will be detailed in the chapter “Environmental Information,” STM has been on a virtuous path for years, implementing a series of initiatives aimed at reducing the environmental impact of its activities by making significant investments in sustainable energy solutions and innovative technologies to improve energy efficiency and reduce CO₂ emissions.

Procurement

STM’s suppliers, of which more than 500 are active in 2024, mainly consist of raw material providers (especially steel, aluminum, and bronze), suppliers of commercialized products (motors, bolts, screws, lubricants, paints, packaging, etc.), and subcontractors for mechanical processing (turning, gearing, grinding, etc.).

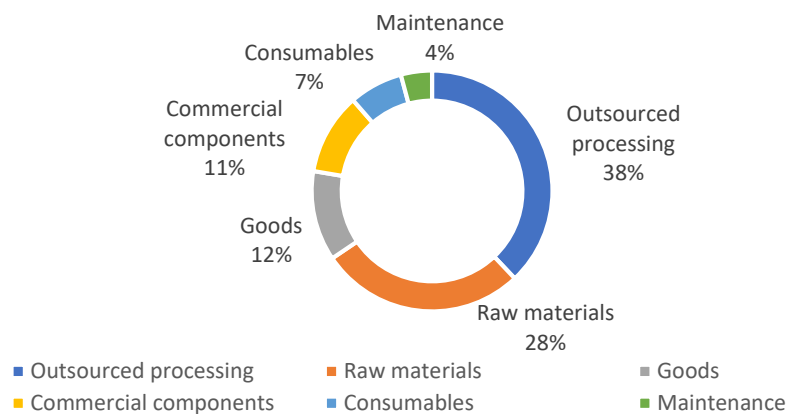


Figure 4 – Suppliers Breakdown by Purchase Type²

² “raw materials”: steel, aluminum, bronze, other

“goods”: motors, other

“consumables”: oils, lubricants, other

“commercial components”: screws, bolts, nameplates, other

The majority of suppliers (94%) are located in Italy, particularly in the Emilia-Romagna region. This setup is a key element in STM's short supply chain strategy, generating positive effects on multiple fronts. From an environmental perspective, it reduces emissions related to transportation and logistical impact; from a social standpoint, it supports the local production network, strengthens skills, and sustains employment in the area.

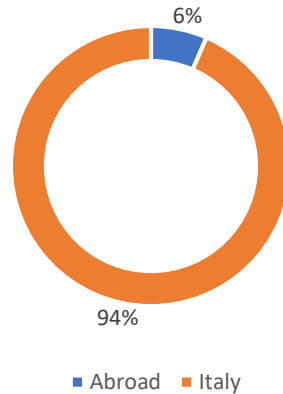


Figure 5 – Suppliers Breakdown by Geographical Area

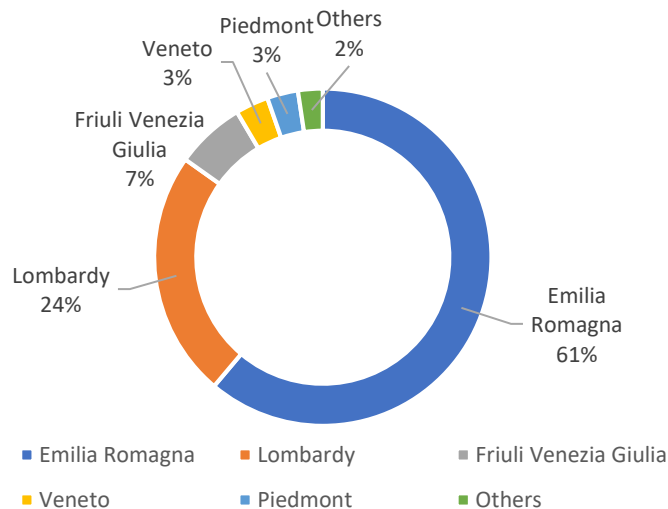


Figure 6 – Italian Suppliers Breakdown by Region

STM's supply chain is composed of both independent external suppliers and companies belonging to the Group, directly controlled by STM, which play a significant role in outsourced machining and the procurement of strategic components. In particular, about 15% of suppliers are represented by the subsidiaries VP Tornitura S.r.l. and Rettifiche Resca S.r.l., located in the Municipality of Calderara di Reno (BO), to which STM entrusts part of the outsourced mechanical processing, and by Neri Motori S.r.l., based in nearby San Giovanni Persiceto (BO), the company that supplies the majority of electric motors used in production.

This configuration allows a certain level of vertical integration, promoting control, traceability, and consistency with the company's quality and environmental standards.

As will be further explained in the chapter “Circular Economy,” sustainable procurement is considered a material topic for STM, which is committed to reducing the use of virgin resources by focusing on the use of recycled materials and more sustainable consumables.

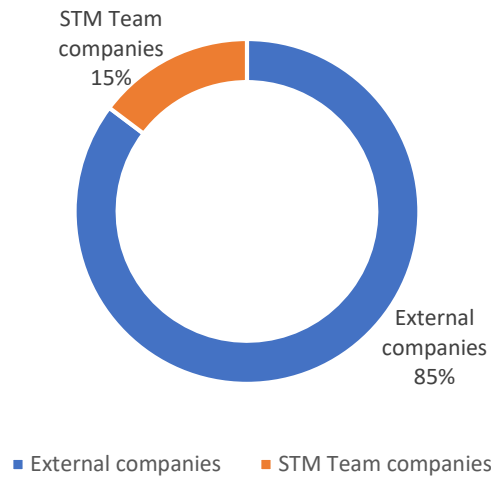


Figure 7 – “Group” or “Non-Group” Suppliers Breakdown

Outsourced Processing

In line with a flexible and sustainable production model, part of the manufacturing activities is outsourced to a qualified network of Italian subcontractors. This network includes both the aforementioned companies directly controlled by STM (VP Tornitura S.r.l. and Rettifiche Resca S.r.l.) and approximately 112 other small and medium-sized Italian enterprises. These companies are selected based on criteria such as geographical proximity, technical expertise, and operational reliability, and are predominantly located in areas near the production plant.

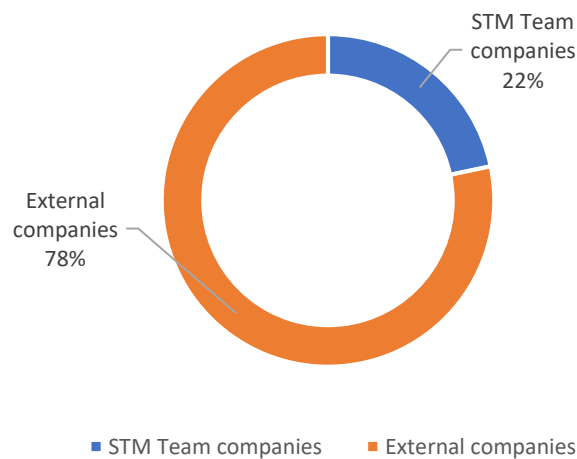


Figure 8 – Focus on Subcontractors – “Group” Suppliers and “External” Suppliers

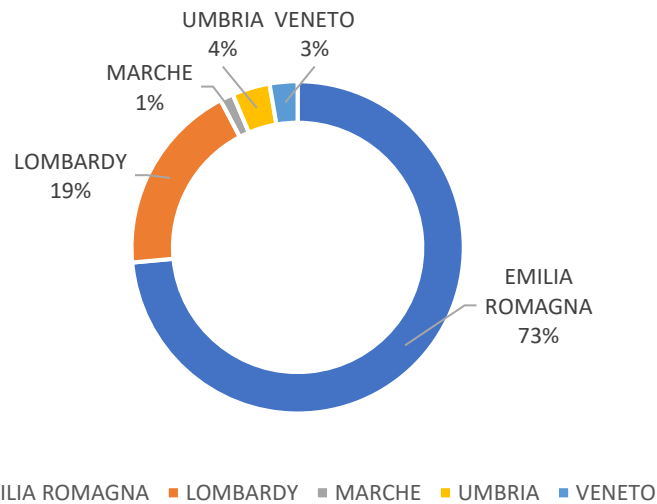


Figure 9 – Breakdown of “External” Subcontractor Suppliers by Region

From an environmental perspective, the decision to rely on nearby subcontractors helps reduce the carbon footprint associated with logistics and improves the efficiency of material flow management. This approach promotes a responsible production model, aligned with the principles of the circular economy and the decarbonization of industrial processes.

From a social standpoint, this strategy supports the development of the local production network, sustains employment continuity in regional SMEs, and helps establish stable and collaborative industrial relationships based on proximity, trust, and mutual growth. In this way, STM fosters a supply chain that is not only efficient and sustainable but also inclusive and firmly rooted in the local socioeconomic context.

Distribution Network

STM maintains a direct commercial presence in the main countries across Europe, North America, Latin America, Asia, and Oceania through its own sales subsidiaries.

STM distributes its products in over 80 countries worldwide and relies on a widespread and reliable distribution and sales network composed of qualified partners (resellers, agents, and distributors).

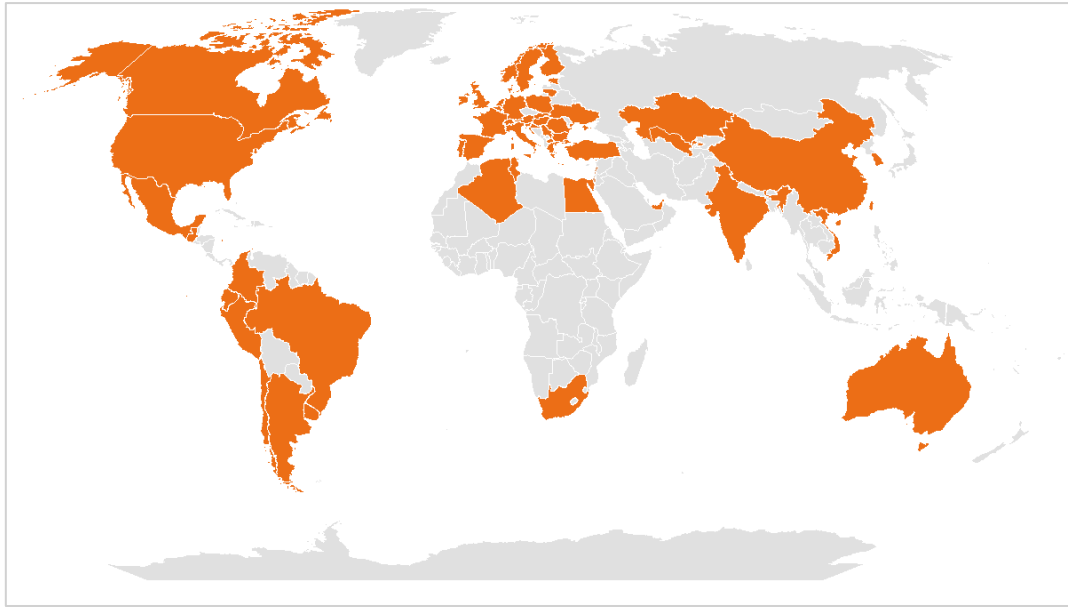


Figure 10: STM Sales network in 2024

Shipments are primarily made by road for Italian and European destinations, while maritime and air freight are used for international markets, depending on specific needs.

From a sustainability perspective, STM prioritizes the use of local carriers to reduce the distance between the production facility and the point of dispatch, thereby limiting greenhouse gas emissions and contributing to the enhancement of the regional logistics supply chain. When the choice of carrier is instead delegated to the client, the latter often selects major logistics operators such as BRT, Transmec, JAS, Rhenus, Fercam, and Arcese—companies already actively engaged in the ESG transition of the transport sector through investments in low-emission fleets, CO₂ offsetting, load optimization, and environmental certifications (e.g., ISO 14001, EcoVadis).

This combined logistics model allows STM to balance distribution efficiency with attention to the environmental impacts of the supply chain, promoting more sustainable logistics both directly and indirectly, through the involvement of transport partners already committed to responsible practices.

Certifications

STM S.p.A. has built solid expertise over time in the design and manufacturing of products for the power transmission sector. This competence was formally recognized in 1998 with the achievement of UNI EN ISO 9001 certification, attesting that its Quality Management System complies with international standards.

Through its Quality Policy, STM is committed to meeting system requirements and continuously improving its effectiveness. The company also values knowledge management as a strategic lever, fostering its dissemination and integration throughout the organization. The ISO 9001 certification, maintained continuously since 1998, is a guarantee of the reliability of both processes and organizational structure.

Furthermore, since its inception, STM has been committed to integrating gender equality principles throughout the professional journey offered to current and prospective employees. This commitment is reflected in a human resources strategy that ensures respect for equal opportunity through the promotion of concrete actions.

STM's efforts are summarized in its "Gender Equality Policy," aimed at promoting and protecting diversity and equal opportunities in the workplace. In 2024, the company obtained the Gender Equality Certification Uni/PdR 125:2022, confirming its commitment to fairness and inclusion within the organization, as well as to ensuring equal opportunities in career advancement, pay, and access to top-level positions.

In line with the requirements of the certification, STM has established a Steering Committee, composed of the following members:

- Mr. Tiziano Girotti;
- Ms. Manuela Girotti;
- Ms. Sandra Ruggieri.

The Steering Committee is responsible for:

- Ensuring the continuous and effective implementation of the gender equality policy
- Drafting the strategic plan to translate the policy into simple, measurable, realistic, and time-bound objectives
- Allocating the resources provided by management for the concrete implementation and achievement of the strategic goals
- Promoting training and awareness regarding the topics addressed in the strategic plan, particularly by engaging managers in leadership roles, who are responsible for bringing to life and applying the principles and objectives within their areas of responsibility

The company also holds the following product certification:

Product Certifications	
ATEX Certification – ATEX Directive 2014/34/EU 	The S.T.M. ATEX gearboxes comply with the design requirements derived from Group II, Category 2 for operation in areas with explosion hazards in the presence of gas "G" and combustible dust "D."

Furthermore, during 2024, STM completed the EcoVadis questionnaire, one of the most important international sustainability rating platforms, as the first step in its Sustainability Project. This questionnaire allowed the company to assess its current level of sustainability in an "as is" state. Specifically:

- Data, information, and documents relating to various ESG areas already present within the company were collected and structured;
- Strengths, weaknesses, and areas for improvement were identified;

- Intervention priorities were defined.



Following the evaluation of the EcoVadis questionnaire, the company received positive feedback regarding its sustainability performance, obtaining the “Commitment Badge.” This recognition certifies the organization's formal and documented commitment to initiating a concrete process of integrating sustainability into its business operations.

Stakeholders’ Interests and Opinions [SBM-2]

STM considers it extremely important to maintain a constant and solid relationship with all its stakeholders.

Stakeholders represent a wide range of diverse interests: establishing and maintaining stable and long-lasting relationships based on ongoing dialogue and active engagement is a key element for creating shared and long-term value. By understanding specific expectations, STM can anticipate potential issues and refine its actions and plans accordingly. Accurately identifying its stakeholders and organizing the most effective communication channels—while continuously monitoring their expectations, needs, and opinions—form the starting point for an effective engagement process. STM adopts a proactive approach towards the wide variety of stakeholders it engages with worldwide, promoting continuous dialogue and taking their needs into account. The company is aware that these moments of interaction represent mutual opportunities for growth and enrichment.

The following chart illustrates the map of the main stakeholders with whom STM interacts:

Figure 11: Our stakeholders



Below are the tools and channels of interaction promoted by the company:

Table 8: Stakeholder engagement methods

Stakeholder	Tools and Channels of Interaction	Description
All	Whistleblowing Channel	Official channel designed to collect reports of unlawful or irregular behavior by employees, ensuring confidentiality and protection of the whistleblower's identity.
Employees	Direct Channel	STM has established a direct communication channel between employees and a dedicated contact person in the Human Resources Office, through which each collaborator can confidentially and proactively discuss a wide range of topics, ranging from workplace well-being to organizational or relational matters, fostering a transparent, inclusive, and listening-oriented work environment.
	Box for anonymous reporting	The channel allows employees to submit written reports anonymously concerning events or situations that require attention, without the need to reveal their identity. It is an additional tool designed to protect transparency and organizational integrity, aimed at encouraging the disclosure of issues even by those who prefer to remain anonymous or who have less familiarity with digital systems.
	Company intranet and newsletter plan	An internal communication tool used to keep employees informed about company news, ongoing projects, and other relevant information. Regularly distributed newsletters help spread useful information and promote the corporate culture, facilitating the flow of communication.
Trade unions and employee representatives	Periodic meetings with trade union representatives	Meetings aimed at fostering ongoing dialogue between the company and its employees, allowing discussion of topics related to working conditions, employee rights, wage policies, health and safety at work, as well as other issues that may arise in employee relations. Dialogue with trade unions is essential to ensure a fair working environment, promote conflict resolution, and encourage a climate of mutual cooperation.

Customers	Direct and ongoing relationship with the staff of the commercial office	STM S.p.A. maintains a direct and continuous relationship with customers through the Commercial function and the Marketing & Communication area, ensuring personalized, timely, and responsive communication. This channel facilitates the understanding of specific customer needs, the efficient management of orders, and the timely delivery of information regarding the company's products, services, and technical solutions.
	After-sales support	STM provides an after-sales support service to assist customers in the use of purchased products, resolve any issues, and offer technical support. This service is essential to ensure that customers can fully benefit from the value of the products and to respond promptly to any maintenance needs or specific requests.
	Online contact forms for specific requests	Through the website's dedicated "Service Area", the company provides online contact forms that allow customers to submit specific requests, ask questions, or request detailed information about products or services.
	Social media (LinkedIn, Facebook, Instagram, X and YouTube)	STM actively uses social media as a tool for direct and interactive communication with its customers. Through these channels, the company shares corporate updates, responds to inquiries, gathers feedback, and strengthens customer relationships in an informal, timely, and accessible manner. The mindful use of social media also helps to enhance the company's reputation by promoting transparency, market proximity, and alignment between identity, values, and actions—key elements in building and maintaining stakeholder trust.
Interested Communities	Definition of interventions or projects managed directly or in collaboration	STM S.p.A. develops and implements initiatives and projects aimed at local communities, managed both internally and in collaboration with organizations, institutions, or other local entities.
	Dialogue and collaborations with associations	The company maintains an ongoing dialogue and collaborates with local associations, non-profit organizations,

		and other entities operating in the area.
Suppliers and Subcontractors	Direct and ongoing relationship with the Purchasing Department staff	STM S.p.A. maintains direct and continuous contact with its suppliers and subcontractors through the Purchasing Department. This communication channel enables optimal management of procurement, ensuring transparency in order processes, delivery, and resolution of any issues.
	“Compri” supplier portal (coming soon)	STM plans to launch a supplier portal in 2025, which will provide a centralized platform for managing communications, sharing documentation, and monitoring orders and invoices. This digital tool will enhance efficiency by streamlining daily operations and facilitating the flow of information between the company and its suppliers and subcontractors, thereby improving collaboration and integration of activities.
Banks and insurance companies	Ad hoc meetings	STM S.p.A. organizes ad hoc meetings with banks and insurance companies to manage the company’s financial and insurance needs in a personalized manner.
Schools and Universities	Internship and school-work alternation projects	STM is committed to supporting the training of young talents by providing them with a stimulating and educational work environment, thereby contributing to the development of future professionals and strengthening the connection between academia and the industrial sector.

Impacts, risks, and relevant opportunities and their interaction with the strategy and business model [SBM-3]

Below are the current and potential impacts divided by the sustainability subtopics outlined by the ESRS Principles, which STM has identified and assessed as relevant within the materiality analysis process, described in the paragraph “IRO 1 – Description of the process to identify and assess relevant impacts, risks, and opportunities.” The relevant sustainability issues emerging from this analysis represent the priorities on which STM intends to structure its strategic sustainability plan.

For each impact, it is specified in which phase of the value chain it is predominantly concentrated — whether within the Company’s own activities, upstream, or downstream of these activities.

Furthermore, it is indicated whether the impact is actual or potential, and whether it is positive or negative.

Table 9: List of Relevant Impacts

E1 – Climate Change

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Mitigation of climate change	STM, a manufacturing company, generates GHG emissions from Scope 1 (resulting from production activities and the use of company-owned vehicles), Scope 2 (resulting from energy consumption), and Scope 3 (resulting from upstream and downstream activities within the value chain). Starting in 2025, STM will commit to calculating Scope 1 and 2 emissions in order to subsequently develop a decarbonization plan.	Actual - Negative	☒	☒	☒
Energy	STM is an energy-intensive company with an environmental impact related to energy consumption, although this is partly mitigated by the use of renewable sources and ongoing efficiency improvements.	Actual - Negative	☒	☒	☒

E5 – Circular Economy

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Inflows of resources, including resources use	STM reduces the use of virgin resources by purchasing materials from recycled sources and low-impact consumable materials, integrating sustainability criteria into the procurement phase.	Actual – Positive	☒	☒	☒
Outflows of resources related to products and services	STM has launched a predictive monitoring project aimed at extending the useful life of products, reducing waste, and improving the eco-design cycle. This innovative system is close to being introduced to the market.	Potential – Positive	☒	☒	☒
Waste	STM generates an environmental impact due to the use of materials that are, in part, neither recycled nor easily disposable, limiting circularity along the supply chain and requiring improvement actions.	Actual – Negative	☒	☒	☒

S1 – Own workforce

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Health and Safety	STM's workforce consists of approximately 200	Actual – Negative	☒	☒	☒

	employees. Given the industrial nature of the production process, employees may be exposed to the risk of injury or occupational illness during work activities. To mitigate this impact, STM implements specific prevention protocols aimed at minimizing the risk of accidents.				
Gender Equality	STM has adopted a specific policy to ensure gender equality and obtained the Uni/PdR 125:2022 Certification in 2024, recognizing the importance of commitment to equity and inclusion within the organization, as well as guaranteeing equal opportunities for career advancement, remuneration, and access to senior roles. However, to date, female representation in senior positions remains limited.	Actual – Positive	☒	☒	☒
Training and skills development	STM promotes training through educational programs aimed at continuous improvement and the enhancement of its employees' skills.	Actual – Positive	☒	☒	☒
Collective bargaining and social dialogue	STM ensures an open and constructive union dialogue, applying the National Collective Labor Agreement (CCNL) along with an Additional Agreement	Actual – Positive	☒	☒	☒

	aimed at providing greater benefits to employees, and maintaining active participation from the main unions and the Workers' Representative Committee (RSU), fostering a mature relational climate.				
Adequate wages	STM has an impact on the compensation level, offering salaries above the minimum wage, an active supplementary contract, and limited wage gaps in terms of the gender pay gap, in line with its gender equality certification.	Actual – Positive	☒	☒	☒

S3 – Interested Communities

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Impacts related to the territory	STM has a long-standing commitment to supporting local communities by promoting the growth and enhancement of the territory; the company supports various local associations and collaborates with schools and universities to facilitate the entry of young people into the workforce. Furthermore, it should be noted that STM's workforce is composed	Actual – Positive	☒	☒	☒

	of individuals residing in the surrounding areas.				
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S4 – Consumers and End Consumers

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Personal safety of consumers and/or end users	STM invests to ensure adequate safety of its products through design compliant with regulations, detailed technical documentation, and a certified quality system.	Actual – Positive	☒	☒	☒

G1 – Business Conduct

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Corporate Culture	STM's ethical approach, based on responsibility and transparency, creates a positive impact supported by governance tools that are being strengthened. The company has drafted and implements a Code of Ethics that has been integrated with ESG principles, in line with its commitment to ethical and sustainable conduct. The Code of Ethics serves as a reference for everyone operating within the company, promoting responsible behavior	Actual – Positive	☒	☒	☒

	oriented towards respect for stakeholders and the environment.				
Cybersecurity	STM manages cybersecurity in a structured manner, implementing active measures that reduce the risk of serious attacks, ensuring operational continuity and data protection.	Actual – Positive	☑	☑	☑
Protection of whistleblowers	The reporting system adopted by STM ensures confidentiality and protection (Whistleblowing Procedure).	Actual – Positive	☑	☑	☑
Active and passive corruption	STM has not recorded any cases of corruption. The Company has adopted a Code of Ethics that defines principles and behaviors based on integrity, transparency, and compliance with current regulations, promoting a corporate culture founded on high ethical standards.	Potential – Negative	☑	☑	☑

Description of the process to identify and assess relevant impacts, risks, and opportunities [IRO-1]

With the entry into force of EU Directive 2022/2464 on the Corporate Sustainability Reporting Directive (CSRD), the concept of double materiality was introduced, which considers two complementary perspectives:

- Impact materiality, which concerns the identification and assessment of the impacts that STM has (or could have) on the environment and people, and
- Financial materiality, which focuses on the theoretical risks and opportunities arising from environmental, social, or governance issues that may negatively or positively affect the financial position, economic results, cash flows, access to financing, or cost of capital.

In this first voluntary Sustainability Reporting, STM focused on conducting the impact materiality analysis.

To carry out this analysis, some external sources were consulted, including:

- “Materiality Assessment – Implementation guidance” – EFRAG;
- “From materiality analysis to double materiality: an application guide” – CNDCEC;
- “Implementation of the materiality principle, application guidelines” – OIBR.

Understanding the context

The process for identifying relevant impacts for STM began with an in-depth analysis of the Company’s activities, business relationships, the context in which it operates, and the relevant stakeholders it interfaces with. The objective was to gather the necessary information to map the phases of the value chain and identify the actors involved in each of them.

In addition to reviewing internal documentation, a benchmark analysis was conducted comparing the reference sector to identify sustainability issues relevant to companies in the same sector and to ensure a comprehensive vision aligned with best practices.

Identification of impacts related to sustainability issues – Impact Materiality

Starting from the list of themes and sub-themes provided by the ESRS standard (Annex RA16 – ESRS 1) and considering the findings from the internal and external context analysis, thematic workshops were organized with the Sustainability Committee aimed at a thorough analysis of these topics.

This resulted in a preliminary long-list where impacts were classified as positive/negative and actual/potential. Furthermore, for each impact, the phase of the value chain where the impact occurred was identified (upstream, own activities, downstream).

Stakeholder Engagement

Once STM’s stakeholders were identified during the context understanding phase, the engagement phase was initiated. A selected sample of external stakeholders (suppliers, customers, employees, branches, agents, and distributors) was administered an anonymous online questionnaire through Google Forms, with the objective of collecting perceptions, priorities, and expectations regarding the main environmental, social, and governance issues. Through this tool, stakeholders assigned a score to the importance that, in their opinion, each environmental, social, and governance topic holds for STM. The feedback collected constituted a primary information source in defining material topics and allowed the company to align its strategic priorities with stakeholder expectations.

Determination of relevant impacts – Risk Assessment

Subsequently, the Sustainability Committee quantitatively assessed the topics using the *Risk Assessment* methodology. Each Committee member evaluated the impacts considering “severity,” measured through magnitude, scope, and irremediability (the latter only for negative impacts), and “likelihood” (only for potential impacts). Magnitude is defined as the measure of benefit from a positive impact or the severity of a negative impact, scope represents the extent of the impact, and irremediability indicates the extent to which a negative impact can be remedied.

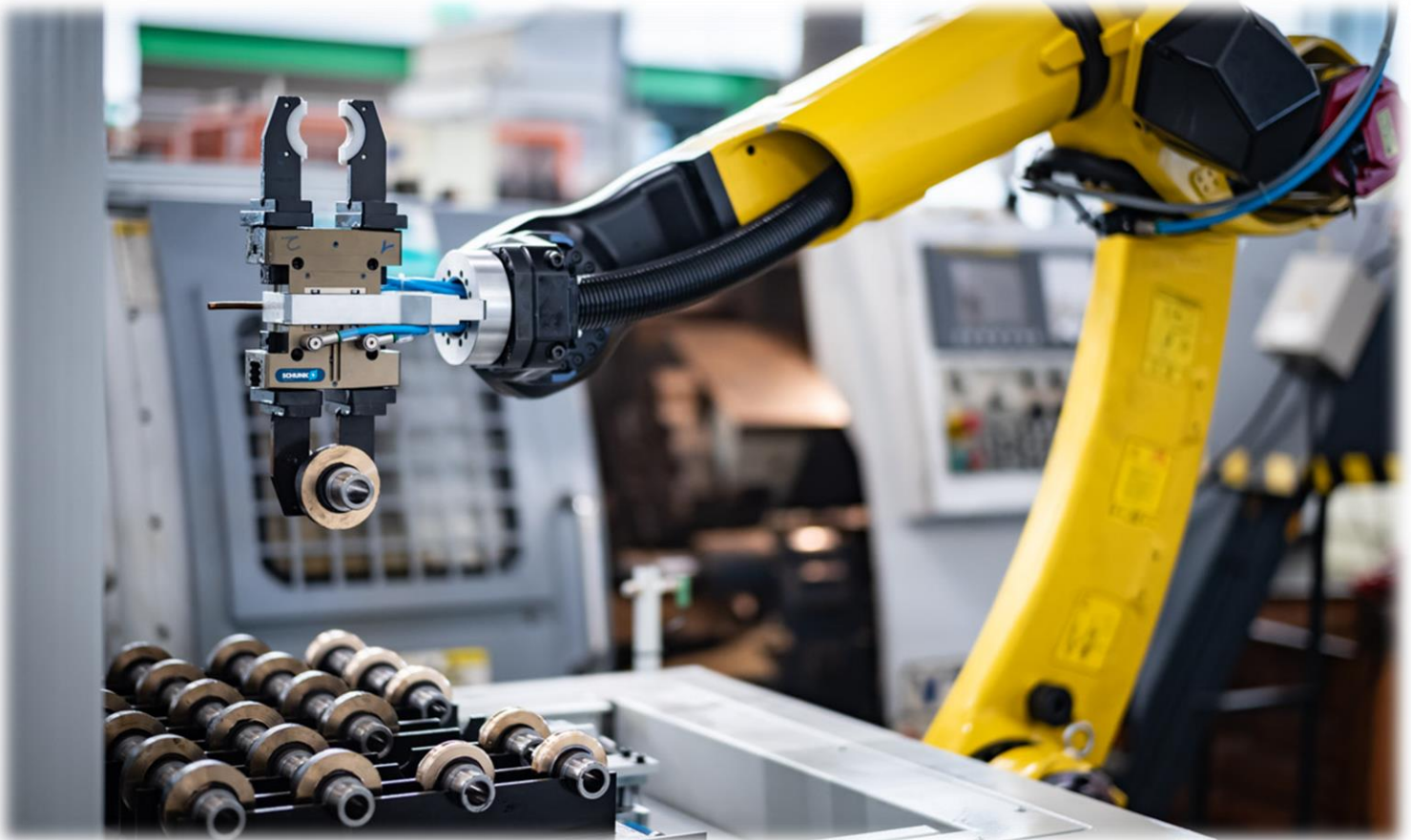
Each “severity” evaluation driver was assigned a score from 1 (not relevant) to 5 (very relevant), with the average determining the overall severity score. For the “likelihood,” a score from 1 (very unlikely event) to 5 (almost certain) was assigned. The final impact assessment was obtained by jointly considering the severity and likelihood scores. After evaluation, a materiality threshold was set (overall scores above 3.5), above which the topic was considered relevant.

The final list of material topics was compared with the assessments expressed by external stakeholders to ensure their opinions and priorities were taken into account.

Below, for clarity, is the list of STM’s **16 material topics**:

ENVIRONMENTAL TOPICS
1. Greenhouse gas emissions
2. Energy consumption
3. Sustainable sourcing
4. Product durability
5. Waste production
SOCIAL TOPICS
1. Health and Safety
2. Gender Equality
3. Training and skills development
4. Coverage of social bargaining and social dialogue
5. Adequate wages
6. Relations with the local community
7. Product safety
GOVERNANCE TOPICS
1. Ethics and corporate
2. Whistleblowers protection
3. Active and passive corruption
4. Information security

Policies, actions, metrics, and objectives related to the material topics are described within the specific disclosure sections required by each of the ESRS.



2. ENVIRONMENTAL INFORMATION

E1 CLIMATE CHANGE

Integration of sustainability performance into incentive systems [ESRS 2 GOV-3]

To date, STM S.p.A. has not implemented incentive systems linked to the achievement of greenhouse gas emission reduction targets in the remuneration of members of administrative, management, and supervisory bodies.

Transition plan for climate change mitigation [E1-1]

Climate change is a priority environmental issue that can generate direct and indirect effects on business operations, supply chains, and the regulatory and market context. Aware of the growing relevance of climate risks and the urgency of transitioning to a low-emission model, the Company has decided to start a structured path, beginning with the preliminary measurement of its greenhouse gas (GHG) emissions.

The carbon footprint will represent the first step towards a broader climate strategy that, in the short term, foresees the identification of main emission sources, the definition of reduction targets, the adoption of mitigation measures, and the progressive integration of climate change-related risks and opportunities into business processes.

This commitment fits within a long-term vision aimed at environmental sustainability and resilient value creation, also responding to the evolving European regulatory framework and stakeholder expectations.

Although, to date, a specific policy on combating climate change has not yet been formalized and a specific decarbonization plan has not been defined, STM S.p.A. has, for years, embarked on a virtuous path, implementing a series of initiatives aimed at reducing the environmental impact of its activities. STM, as detailed in the paragraph “Actions and resources related to climate change policies [E1-3],” has made significant investments in sustainable energy solutions and innovative technologies to improve energy efficiency and reduce CO₂ emissions.

Description of processes to identify and assess relevant climate-related impacts [ESRS 2 IRO-1]

The process adopted to identify and assess relevant impacts is described in detail in the first chapter, under the paragraph “IRO-1 Description of the process to identify and assess relevant impacts, risks, and opportunities.”

In summary, the materiality analysis carried out by STM highlighted the relevance of the following impacts regarding the topic of “climate change”:

E1 – Climate Change

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Mitigation of climate change	STM, a manufacturing company, generates GHG emissions from Scope 1 (resulting from production activities and the use of company-owned vehicles), Scope 2 (resulting from energy consumption), and Scope 3 (resulting from upstream and downstream activities within the value chain). Starting in 2025, STM will commit to calculating Scope 1 and 2 emissions in order to subsequently develop a decarbonization plan.	Actual - Negative	☒	☒	☒
Energy	STM is an energy-intensive company with an environmental impact related to energy consumption, although this is partly mitigated by the use of renewable sources and ongoing efficiency improvements.	Actual - Negative	☒	☒	☒

To identify the above-mentioned impacts, the life cycle phases of a gearmotor were considered; the main environmental impacts can be summarized as follows:

- In the raw materials/components' procurement phase (particularly steel, aluminum, and bronze), the primary impact comes from the production and distribution processes, which involve direct and indirect GHG emissions as well as other emissions from upstream companies (notably steel mills and foundries), which are well known for their high energy consumption;

- In the production phase, the major impacts are related to electricity consumption, which causes direct and indirect GHG emissions and other emissions, as well as the amount of waste generated;
- In the distribution phase, the impact derives from the fuel consumption of the transport fleet owned by the transport providers used for the delivery of finished products;
- In the usage phase by customers, the impact depends on the use of the gearmotor (depending on the plant where it is installed) and on its disposal at the end of its life cycle.

Policies related to climate change mitigation and adaptation [E1-2]

STM's Code of Ethics emphasizes the importance of environmental protection as a pillar of corporate responsibility and a concrete commitment towards a sustainable future. Aware of the environmental impact stemming from its industrial activities, STM has progressively adopted practices to promote energy efficiency and responsible resource use, aimed at mitigating and adapting to climate change, with the goal of reducing its environmental footprint and positioning itself as a responsible, sustainable, and innovative company.

These objectives have been pursued since 2010 and continue to be a cornerstone of the company's strategy, with significant investments in sustainable technologies and energy efficiency that reflect its commitment to combating climate change.

Each investment has been evaluated with a long-term perspective, aiming to ensure compliance with environmental sustainability regulations and to meet the standards of the best operators in the sector.

Actions and resources related to climate change policies [E1-3]

Below are described the actions implemented by STM over time that have contributed to reducing its environmental impact and generating environmental benefits.

Photovoltaic systems

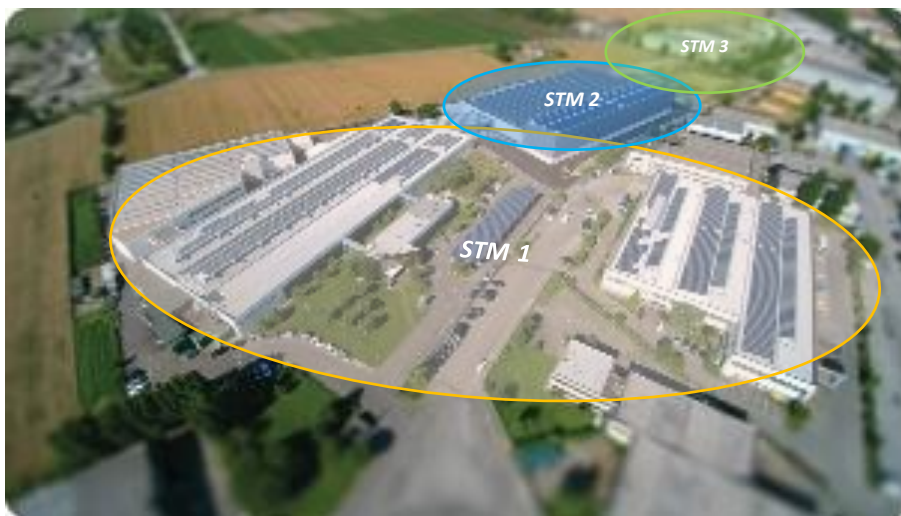


Figure 12: Satellite photo of the plant

Starting in 2010, the installation of the first photovoltaic system marked the beginning of STM's commitment to energy sustainability, enabling a significant reduction in dependence on electricity from the grid and the production of clean energy directly at the manufacturing site.

Photovoltaic plant - STM 1

Year of installation:	2010
Investment Value:	€ 3 M approx.
Plant capacity:	950 kWp
Annual Productivity:	2,220 KWh/KWp

The second photovoltaic plant, installed in 2015, further strengthened the company's sustainable approach by increasing the capacity for self-produced energy and further reducing emissions related to energy consumption, with greater efficiency compared to the first plant.

Photovoltaic plant - STM 2

Year of installation:	2015
Investment Value:	€ 550 K approx.
Plant capacity:	525 kWp
Annual Productivity:	1.205 KWh/KWp

In 2024, STM installed a third photovoltaic plant, continuing its commitment to renewable energy production. With a lower investment value compared to the previous installations, the STM 3 plant further contributes to the company's energy self-sufficiency, reducing energy-related operating costs and limiting environmental impact.

Photovoltaic plant - STM 3

Year of installation:	2024
Investment Value:	€ 250 K approx.
Plant capacity:	250 kWp
Annual Productivity:	1.200 KWh/KWp

In 2024, the energy self-produced through the three photovoltaic plants amounted to 1,361 MWh, significantly reducing the demand for energy from the grid and cutting greenhouse gas emissions associated with fossil fuel-based energy production.

All data concerning the amount of energy produced and the CO₂ emissions saved are collected by the internal monitoring system, E-Solar.

Specifically, from 2010 to the present, the investment of nearly 4 million euros in photovoltaic systems has enabled STM to:

Production and savings from photovoltaic systems (from 2010 to 31.12.2024)		
	Energy produced	18.636.033 KWh
	CO2 emissions avoided	4.856 tons
	Petroleum consumption saved	1.988 tons
	Equivalent trees saved	631.317

Source: data from "E-Solar dashboard"

Project 5.0 – Innovation and Efficiency for Sustainability

Within the framework of digital and ecological transition initiatives, in 2024 STM launched a major investment project called “Project 5.0,” estimated at a total value of over €3 million. The initiative aims to optimize energy management and improve operational efficiency through the adoption of advanced technologies in production and management. The main components of the project are as follows:

1. New ERP System (Enterprise Resource Planning)

The adoption of an integrated ERP system will allow centralized and efficient management of all company activities (production, logistics, accounting, HR, sales).

- Objective: Improve resource planning and management, optimize procurement, reduce waste, and increase operational visibility.
- Environmental benefits: Reduction of material and energy waste through more efficient process management.

2. Metal washing plant Mod. CM19

The Metal Washing Plant Mod. CM19 is an advanced system designed for treating and cleaning metal parts. It uses specialized technologies to remove impurities, oils, processing residues, and other contaminants from metals, preparing them for subsequent processing stages. The plant features a system that optimizes washing efficiency, minimizing the use of chemicals and water, improving process quality and productivity.

- Objective: Ensure metals are clean and ready for the next processing phase, maintaining high quality standards.
- Environmental benefits: The plant helps reduce the use of chemicals and water, optimizing resource consumption and lowering environmental impact. Its high operational efficiency saves natural resources, thereby reducing the ecological footprint of the production process.

3. Viper Lathe (CNC machine for mechanical processing of metal parts)

The Viper Lathe is a CNC (Computer Numerical Control) machine used for precise machining of metal parts. These lathes are controlled by software managing movements and cutting processes, ensuring high precision.

- Objective: Optimize the mechanical processing of metal parts, reducing scrap and increasing productivity. CNC lathes allow complex machining with very tight tolerances, improving final product quality.
- Environmental benefits: Higher precision reduces scrap and unused materials, contributing to the sustainability of the production process. Additionally, operational efficiency leads to lower energy use for the same machining tasks.

4. “Energy Dashboarding” Monitoring System

The “Energy Dashboarding” system is a continuous monitoring tool for visualizing energy consumption, self-produced and self-consumed energy. It introduces energy efficiency mechanisms through data collection and processing, including IoT field sensors, with data saved using Blockchain technology. It allows real-time monitoring of energy use across different company areas.

- Objective: Provide precise information on energy consumption, enabling identification of inefficiency areas and adoption of corrective measures to reduce costs and environmental impact.
- Environmental benefits: Real-time monitoring enables energy use optimization, reducing waste and CO₂ emissions. This tool is crucial for improving energy efficiency within the company.

5. MES (Manufacturing Execution System)

The MES is a real-time production monitoring system linking operational levels (machines and operators) with management and business systems. It monitors and controls the entire production cycle, from order receipt to finished product delivery.

- Objective: Optimize production, improve machine management, and reduce downtime. MES enables accurate resource management and more efficient production planning.
- Environmental benefits: Improved production efficiency leads to reduced material waste and more rational energy use, contributing to an overall reduction in environmental impact.

6. Machine “On-Off” Automation

The machine on-off automation system allows automatic switching on and off of machines based on activity or inactivity periods, without manual intervention.

- Objective: Optimize machine usage times, ensuring machines are on only when necessary and reducing energy consumption during idle periods.
- Environmental benefits: Automation reduces energy consumption during machine downtime, significantly lowering overall energy use and related CO₂ emissions.

Company Fleet

Aligned with its commitment to sustainability and reducing climate-impacting emissions, STM has begun a gradual transition towards lower-impact company mobility. The current fleet includes 22 vehicles, of which 3 are low or zero emission: 1 plug-in hybrid, 1 full electric, and 1 traditional hybrid. These vehicles represent a concrete first step toward a more sustainable fleet, contributing to reduced fossil fuel consumption and CO₂ emissions. The adoption of low-impact solutions for company travel is fully consistent with STM's climate strategy, which aims to strengthen mitigation actions over the coming years, including a gradual fleet renewal.

Additionally, 2 charging stations (one of 7kW and one of 22kW) with 2 access points each have been installed in the parking area, available for vehicle charging by using energy produced from photovoltaic systems.

The investments described above not only reflect STM S.p.A.'s environmental commitments but also represent strategic levers integrated into the business model to increase competitiveness and operational resilience. In particular, self-production of energy via photovoltaic systems reduces dependence on external suppliers, helping contain energy costs and improving predictability of operational expenses. Simultaneously, the implementation of advanced technologies such as the MES (Manufacturing Execution System) and real-time energy monitoring will optimize production processes and reduce energy waste, generating a direct positive impact in terms of efficiency and environmental sustainability.

The following table summarizes the actions undertaken by STM in the area of E1 - Climate Change.

Actions taken	
Reduction in energy consumption	Installation of new photovoltaic system (so called STM 3) Project 5.0 Investments: 1. New ERP system 2. Metal washing plant model CM19 3. Viper VT-17 lathe 4. Energy dashboard monitoring system 5. MES (Manufacturing Execution System) 6. Automation of machine start/stop functions

Objectives related to climate change mitigation and adaptation [E1-4]

Reduction of Greenhouse Gas Emissions

The main planned activities include measuring greenhouse gas emissions for all STM Group's production and commercial companies, as well as defining a structured decarbonization plan. Specifically, the targets set to date are:

- For the year 2025, the calculation of Scope 1 and 2 emissions is planned for all production companies (STM S.p.A., GSM S.p.A., VP Tornitura S.r.l., Rettifiche Resca S.r.l., and Neri

Motori S.r.l.); STM has already commissioned a consulting firm based in Modena with expertise in this field;

- For the years following 2025, the calculation of Scope 1 and 2 emissions will be extended also to commercial companies, thereby determining the carbon footprint at the Group level.

Once the carbon footprint has been determined, the definition of a Decarbonization Plan will begin, in collaboration with the engineering team, aimed at reducing emissions at the Group level. This plan will guide emission reduction actions by providing a clear roadmap for the transition to a low-emission model.

Moreover, STM S.p.A. will continue to strengthen climate change mitigation actions in the coming years, also through a gradual renewal of its vehicle fleet.

Reduction of Energy Consumption

STM S.p.A. has set a specific target to reduce energy consumption by committing to decrease electricity consumption by 10% by 2025, maintaining the same production levels recorded in 2024. This target is an integral part of Project 5.0, based on the investments described above aimed at energy optimization and improving operational efficiency.

Below is a summary of the objectives set by STM under the theme E1 - Climate Change:

Objectives 2025	
Reduction of greenhouse emissions	Calculation of Scope 1 and 2 emissions for production companies
Reduction of energy consumption	10% energy savings, maintaining 2024 production levels
	Increase in self-produced renewable energy thanks to the full operation of the new photovoltaic system (STM 3)
Objectives 2026	
Reduction of greenhouse emissions	Calculation of Scope 1 and 2 emissions for the entire Group (production and commercial entities)
	Definition of the Decarbonization Plan

Energy consumption and energy mix [E1-5]

Energy consumption is mainly related to production activities, as well as heating, air conditioning, lighting of facilities, and operation of IT equipment.

The following table summarizes the energy consumption of STM S.p.A., highlighting the different energy sources used.

Table 10: Energy consumption and energy mix³

	Unit of measure	2024
1) Consumption of coal and coal-derived fuel (MWh)	MWh	0
2) Consumption of crude oil and petroleum products (MWh)	MWh	326
3) Consumption of natural gas fuel (MWh)	MWh	1.462
4) Consumption of fuels from other non-renewable sources (MWh)	MWh	0
5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	MWh	1.950
6) Total energy consumption from fossil sources (MWh) (sum of rows 1 to 5)	MWh	3.737
Share of fossil sources in total energy consumption (%)	%	74%
7) Consumption from nuclear sources (MWh)	MWh	108
Share of nuclear sources in total energy consumption (%)	%	2%
8) Consumption of fuels from renewable sources, including biomass (also includes industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	MWh	0
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	MWh	216
10) Consumption of self-produced renewable energy without fuel use (MWh)	MWh	966
11) Total energy consumption from renewable sources (MWh) (sum of rows 8 to 10)	MWh	1.182
Share of renewable sources in total energy consumption (%)	%	24%
Total energy consumption (MWh) (sum of rows 6, 7 and 11)	MWh	5.027

With reference to self-produced energy, please refer to the table below.

Table 11: Energy production from renewable and non-renewable sources⁴

	Unit of measure	2024
Energy production from non-renewable sources	MWh	0
Energy production from renewable sources	MWh	1.361

³ In order to determine the energy mix related to electricity consumption, the report "European Residual Mix 2024" prepared by AIB (Association of Issuing Bodies) was used, in its latest available version.

⁴ Source: Dashboard "E-Solar"

With reference to energy intensity, please refer to the table below.

Table 12: Energy intensity (total energy consumption relative to net revenues)

	Unit of measure	2024
Total energy consumption	MWh	4.893
Total net revenues	M €	57,3
Energy Intensity	MWh/M €	85,4

E5 USE OF RESOURCES AND CIRCULAR ECONOMY

Description of the processes to identify and assess relevant impacts related to resource use and circular economy [ESRS 2 IRO-1]

The process adopted to identify and assess relevant impacts is described in detail in the first chapter, paragraph “IRO-1 Description of the process to identify and assess relevant impacts, risks, and opportunities.”

In summary, the materiality analysis conducted by STM highlighted the relevance of the following impacts regarding the theme of “circular economy”:

E5 – Circular Economy

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Inflows of resources, including resources use	STM reduces the use of virgin resources by purchasing materials from recycled sources and low-impact consumable materials, integrating sustainability criteria into the procurement phase.	Actual – Positive	☒	☒	☒
Outflows of resources related to products and services	STM has launched a predictive monitoring project aimed at extending the useful life of products, reducing waste, and improving the eco-design cycle. This innovative system is close to being introduced to the market.	Potential – Positive	☒	☒	☒

Waste	STM generates an environmental impact due to the use of materials that are, in part, neither recycled nor easily disposable, limiting circularity along the supply chain and requiring improvement actions.	Actual – Negative	☒	☒	☒
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Policies on resource use and circular economy [E5-1]

STM adopts a sustainability-oriented approach throughout the supply chain, aiming to promote responsible resource use and contribute to the development of the circular economy. In particular, the Company commits to prioritizing, where compatible with the technical specifications of its products, the procurement of materials from renewable, biological, or low environmental impact sources, integrating these criteria into purchasing decisions.

Consistent with this approach, STM also pursues a procurement strategy based on proximity, aimed at reducing transport-related emissions and strengthening relationships with local suppliers. This approach helps contain environmental impacts linked to logistics, ensures greater material traceability, and generates economic and employment benefits for the local area. As evidence of this commitment, currently about 94% of STM's suppliers are Italian companies, with a significant portion—over 60%—located in the provinces of Bologna, Modena, Milan, and Brescia.

These choices are part of a broader vision of sustainable resource management, which aims not only to reduce direct environmental impacts but also to stimulate virtuous practices along the entire value chain, contributing to resilience, transparency, and circularity of production flows.

Actions and resources related to resource use and circular economy [E5-2]

Sustainable Procurement

In recent years, STM has strengthened its commitment to sustainable procurement through the continuous purchase of raw materials and packaging from recycled sources, as well as consumable materials from biological and low-impact sources. To support a more structured and traceable management of purchases, in 2024 the digital platform “Compri” was adopted, which will eventually centralize procurement data, integrate it with external sources, and automate various operational activities with suppliers. From an ESG perspective, the platform will allow the entire active supplier base (about 500 entities) to undergo structured questionnaires and audit activities, aiming to assign a customized ESG rating to each supplier and monitor its evolution over time.

Product Durability

Regarding product durability, in recent years STM has invested in R&D to develop and implement a predictive control and monitoring system (“*Condition Monitoring and Predictive Maintenance*”) aimed at optimizing the performance and lifespan of its products, thus contributing to reducing

environmental impacts throughout the product lifecycle. Specifically, the introduction of the “WiseGear” system applied to gear motors, currently in the startup phase, will allow intervention on the product before faults or malfunctions occur. This prevention-oriented approach significantly extends product lifespan, reducing replacement frequency, resource use, and waste generation—key elements of the circular economy.

The impact has been evaluated as positive and potential, but with high intensity and duration over time, as the system, once expanded, could have structural effects on the product lifecycle and after-sales services. Moreover, the analysis recognized a strong ethical and value alignment of this topic with environmental commitments and corporate responsibility, as improving product durability also means reducing the environmental impact associated with production and consumption.

Although the project is still being implemented, sector trend analysis suggests a growing likelihood of similar approaches spreading in the mechanical sector, making the investment strategically relevant also from a competitive standpoint.

The following table summarizes the actions undertaken by STM in the area of E5 – Use of Resources and Circular Economy.

Actions taken	
Sustainable procurement	The company has been actively addressing the issue of sustainable sourcing for several years, by purchasing raw materials and packaging from recycled sources, as well as consumables from biological and low environmental impacts sources.
	The adoption of the "Compri" platform enables the centralization and analysis of procurement data, integrating internal information with external sources, and automating operational tasks with suppliers. From an ESG perspective, this platform will allow STM to audit all active suppliers (approximately 500) through the administration of questionnaires and assign each one an ESG rating.
Product durability	Implementation of a predictive control and monitoring system on the product.

Objectives related to resource use and circular economy [E5-3]

In the 2025–2026 biennium, STM has defined an environmental action plan structured into three priority areas: sustainable sourcing, product durability, and waste management.

Sustainable Procurement

In 2025, a supply chain audit program will begin to assess the sustainability level of suppliers based on ESG criteria.

At the same time, the company will collect official statements from suppliers regarding the percentage of recycled or biological materials contained in the purchased products. These data will be fundamental to improving traceability and monitoring of the environmental impact along the supply chain.

Starting from 2026, STM plans to standardize the units of measurement used for each product category purchased. This intervention aims to make the reporting of the share of recycled or low-impact materials more precise and standardized relative to the total materials purchased. Essentially, the goal is to obtain consistent measurements that allow determining with greater certainty how much of the purchased material comes from sustainable sources.

Product Durability

For what concerns product durability, in 2025, the "WiseGear" predictive monitoring and control system will be applied and marketed, designed to extend the useful life of products and optimize their performance over time. Starting from 2026, tests of a new semi-synthetic oil will be launched, aimed at improving its technical efficiency and reducing the overall environmental impact

Waste Management

For what concerns waste management, there are several programmed activities:

- In 2025, the company will focus on collecting official declarations from waste disposal contractors to identify in detail both recovery and disposal processes they adopt.
- In 2026, a possible investment in briquetting machines will be evaluated; these machines would compact metal residues from processing, reducing the volume of waste.
- By 2026, a pre-audit for ISO 14001 certification is planned as the first step toward a formal environmental management system.
- In 2026, activities will continue with the reorganization of waste storage areas to improve efficiency at collection points and optimize internal logistics.

Below is a summary of the objectives set by STM under the theme E5-Resource Use and Circular Economy:

Objectives 2025	
Sustainable procurement	Launch of ESG audit program on key suppliers
	Collection of suppliers' declarations on the percentage of "recycled" / "biological" material contained in purchased products
Product durability	Market launch of the "WiseGear" project (product predictive control and monitoring system)
Circular economy	Collection of declarations from waste handlers regarding their waste recovery and disposal processes
Objectives 2026	
Product durability	Trial of a new semi-synthetic oil
Circular economy	Pre-audit for ISO 14001 certification
	Investment in briquetting machine
	Layout revision and procedure definition for waste storage within the facilities

Incoming resource flow [E5-4]

The tables below show the quantitative flows of incoming resources, divided into production materials, consumable materials, and packaging, which constitute the main components used by STM in its production and logistics processes.

The procurement of production materials, such as steel, aluminum, and bronze, is based on the amount of recycled material declared by suppliers, who provide specific information on the percentage of recycled material contained in the products. It is important to clarify that, for these types of raw materials, the production processes adopted by the various suppliers (typically steelworks, foundries) are substantially homogeneous; consequently, the actual percentages of recycled material could be significantly higher than those reported in the table. For this reason, the company intends to strengthen the process of collecting supplier declarations during 2025, in order to obtain a complete mapping of the purchased products.

Regarding consumable materials, the percentage use of lubricants and paints with lower environmental impact, such as biological and water-based products, has been determined. These choices respond to eco-design criteria and the reduction of pollutants, contributing to improving the sustainability of maintenance and finishing processes, as well as reducing emissions and hazardous waste associated.

With respect to packaging, the analysis highlights the significant share of materials of recycled origin, particularly for paper and cardboard packaging. The adoption of packaging with recycled content reflects STM's commitment to promoting a circular economy also in the packaging and shipping phases, helping to reduce the consumption of primary resources and decrease the overall environmental impact along the entire value chain.

Table 13: 2024 Incoming production materials⁵

Production materials	Unit of measure	Total	Technical	Recovered	% Recovered
Commercial steel components	Pc	8.294.869	8.294.869		
Commercial aluminum components	Pc	1.456.295	1.456.295		
Other commercial components	Pc	2.387.253	2.387.253		
Steel raw materials	Kg	710.638	400.631	310.007	44%
Aluminum raw materials	Kg	253.605	169.539	84.066	33%
Bronze raw materials	Kg	140.739	28.285	112.454	80%

⁵ In the category "Commercial steel components" are included components such as bolts, screws, and bearings, for example. In the category "Commercial aluminum components" are included components such as nameplates, for example. In the category "Other commercial components" are included components such as gaskets, oil seals, caps, circlips, and joints, for example.

Plastic raw materials	Kg	187	187		
Steel semi-finished products	Pc	197.651	194.730	2.921	1%
Aluminum semi-finished products	Pc	90.884	82.731	8.153	9%
Cast iron semi-finished products	Pc	112.373	112.373		
Bronze semi-finished products	Pc	3.034	3.034		
Plastic semi-finished products	Pc	223	223		
Goods	Pc	79.109	79.109		

Table 14: 2024 Incoming consumable materials⁶

Consumable materials	Unit of measure	Total	Technical	Biological/ Water-based	% Biological/ Water-based
Lubricants	Kg	105.837	105.837		
Lubricants	Lt	55.377	26.520	28.857	52%
Lubricants	Pc	60	60		
Paints	Kg	3.125	2.965	160	5%
Paints	Pc	499	499		

Table 15: 2024 Incoming packaging

Packaging	Unit of measure	Total	Technical	Recovered	% Recovered
Paper and cardboard packaging	Kg	1.347	760	587	44%
Paper and cardboard packaging	Pc	69.797	14.256	55.541	80%
Plastic packaging	MI	53.800	53.800		
Plastic packaging	Pc	142.394	142.255	139	
Wooden packaging	Pc	26.199	26.199		0,1%
Other packaging	Pc	4.277	4.277		

Resource outflows [E5-5]

The tables below provide detailed information regarding resource outflows related to the company's activities. The data presented are derived from internal management systems and based on direct measurements.

⁶ For approximately 35% of the expenditure on consumable materials, it is not possible to identify the corresponding units of measurement. These include creators, tools, chemical products (e.g., solvents), personal protective equipment (PPE), etc.

Table 16: Recyclable content rate in packaging

	Unit of measure	2024
Plastic (in meters)	%	40%
Plastic (in pieces)	%	25%
Paper	%	n.d.
Wood	%	n.d.

Table 17: Total quantity of waste produced by own operations

Hazardous/Non-hazardous waste	Unit of measure	2024	%
Total hazardous waste	Kg	227.129	41%
Hazardous waste sent for disposal	Kg	210.220	93%
Hazardous waste sent for recovery	Kg	16.909	7%
Total non-hazardous waste	Kg	327.682	59%
Non-hazardous waste sent for disposal	Kg	4.393	1%
Non-hazardous waste sent for recovery	Kg	323.289	99%
Total quantity of waste produced	Kg	554.811	100%

Recovered/Disposed waste	Unit of measure	2024	%
Total recovered waste	Kg	340.198	61%
Total disposed waste	Kg	214.613	39%
Total quantity of waste produced	Kg	554.811	100%

It should be noted that it was not possible to provide quantitative details regarding the different recovery operations (preparation for reuse, recycling, other recovery operations) to which the waste was subjected. As highlighted in Table 15 "E5 Objectives," the company is committed to collecting this data during 2025 through declarations provided by the waste disposal companies.

Table 18: 2024 Waste by type and disposal method

Non-hazardous waste	Unit of measure	Sent for recovery	% recovery	Sent for disposal	% disposal	Total
Cast iron and steel chips	Kg	189.620	100%			189.620
Cast iron and steel dust	Kg	39.020	100%			39.020
Wooden packaging	Kg	36.590	100%			36.590
Paper and cardboard packaging	Kg	26.560	100%			26.560
Bronze and aluminum chips	Kg	19.316	100%			19.316
Plastic packaging	Kg	7.800	100%			7.800
Electronic equipment	Kg	1.260	100%			1.260
Workshop materials	Kg	720	100%			720

Hazardous waste	Unit of measure	Sent for recovery	% recovery	Sent for disposal	% disposal	Total
Used oils	Kg	1.980	2%	124.190	98%	126.170
Washing waters	Kg		0%	67.950	100%	67.950
Bronze/Steel sludge, whole oil and diamond	Kg		0%	9.240	100%	9.240
Packaging contaminated by oils	Kg	7.465	100%			7.465
Painting materials	Kg	5.360	100%			5.360
Washing machine solvent	Kg	674	100%			674
Paint spray cans	Kg	210	100%			210
Paints and coatings	Kg	80	100%			80



3. SOCIAL INFORMATION

S1 OWN WORKFORCE

Significant impacts and their interaction with the company's strategy and business model [ESRS 2 SBM-3]

Human resources — with their skills, capabilities, and passion — are the cornerstone of STM's competitiveness and growth. A solid strategic vision, constant focus on customer satisfaction, and a drive for innovation guide every action at STM, with the goal of generating value for all stakeholders. In an increasingly dynamic and competitive international context, people represent the key lever to facing challenges and seizing market opportunities.

This is why STM places people at the heart of its organization, ensuring their respect and protection. All own workers on whom STM may have significant impacts are considered in this report. The categories of employees within STM include "executives," "managers," "office staff," and "blue-collar workers"; there are no non-employee workers employed by the Company.

The process used to identify and assess significant impacts is described in detail in the first chapter, under the section "IRO-1 Description of the process to identify and assess significant impacts, risks, and opportunities."

In summary, the materiality analysis conducted by STM highlighted the significance of the following impacts related to the topic of "Own Workforce":

S1 – Own workforce

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Health and Safety	STM's workforce consists of approximately 200 employees. Given the industrial nature of the production process, employees may be exposed to the risk of injury or occupational illness during work activities. To mitigate this impact, STM implements specific prevention protocols	Actual – Negative	☒	☒	☒

	aimed at minimizing the risk of accidents.				
Gender Equality	STM has adopted a specific policy to ensure gender equality and obtained the Uni/PdR 125:2022 Certification in 2024, recognizing the importance of commitment to equity and inclusion within the organization, as well as guaranteeing equal opportunities for career advancement, remuneration, and access to senior roles. However, to date, female representation in senior positions remains limited.	Actual – Positive	☒	☒	☒
Training and skills development	STM promotes training through educational programs aimed at continuous improvement and the enhancement of its employees' skills.	Actual – Positive	☒	☒	☒
Collective bargaining and social dialogue	STM ensures an open and constructive union dialogue, applying the National Collective Labor Agreement (CCNL) along with an Additional Agreement aimed at providing greater benefits to employees, and maintaining active participation from the main unions and the Workers' Representative Committee (RSU), fostering a mature relational climate.	Actual – Positive	☒	☒	☒

Adequate wages	STM has an impact on the compensation level, offering salaries above the minimum wage, an active supplementary contract, and limited wage gaps in terms of the gender pay gap, in line with its gender equality certification.	Actual – Positive	☒	☒	☒
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The actual positive impacts on STM's workforce, identified through the materiality analysis, are closely linked to the company's strategy and business model. These impacts include the strengthening of gender equality, continuous training and skills development, maintaining active social dialogue, and ensuring adequate wages. As for negative impacts, such as workplace injuries, STM has implemented preventive measures to minimize such events, promoting a culture of safety within the company.

Policies related to own workforce [S1-1]

Personnel Management Policies

As stated in Article 4.1 of the Code of Ethics, STM recognizes the central value of people within its organizational model and is committed to ensuring fair, safe, inclusive working conditions that respect individual dignity.

Recruitment, hiring, and personnel management are carried out in accordance with the principles of equal opportunity, transparency, and merit, aligned with the company's needs and the required professional profiles. Every employee receives appropriate information regarding their duties, the applicable employment contract, and the rights and responsibilities associated with their role.

STM safeguards health and safety in the workplace and considers respect for workers' rights as fundamental in conducting its business activities. The management of employment relationships is aimed at ensuring equal opportunities and fostering the professional growth of each individual.

Anyone who becomes aware of substantiated non-compliant behavior is required to report it in good faith through the dedicated internal whistleblowing channel, in accordance with the Whistleblowing Policy published on the website: <https://stmteam.wallbreakers.it/#/>.

Policy on Gender Equality, Non-Discrimination and Inclusion

STM provides equal opportunities in every aspect of working life, from the recruitment phase to all decisions regarding compensation, job assignments, training, and career development. In particular, STM firmly believes that work of equal value should be compensated equally—for example, between women and men—and actively works to promote gender equality.

Decisions regarding employees' career advancement are made solely based on the skills, experience, and professional potential of individuals, as well as their achievements, without any distinction based on gender, sexual orientation, marital status, pregnancy status, age, physical or mental ability, skin color, ethnic origin, nationality, religious belief, socio-economic and/or cultural background, trade union membership, political opinions, or any other characteristic.

STM has always been committed to ensuring that all individuals involved in its activities (e.g., employees, suppliers, customers, interns, etc.) operate in an environment of professional and commercial relationships where everyone is treated—and treats others—with dignity and respect. This environment is free from any form of verbal, psychological, or physical harassment (whether sexual or not), abuse, coercion, or violence, as well as any form of discrimination.

STM has long embraced an inclusive culture that values individuals and fosters their sense of belonging within the company community. Dialogue, trust, and participation have always been considered essential elements of organizational well-being, enabling people to fully develop their potential and actively participate in corporate life.

In 2023, the company adopted a specific Gender Equality Policy and in 2024 obtained the UNI/PdR 125:2022 certification. The company ensures the monitoring and promotion of pay equity, the prevention of gender-based discrimination, and the enhancement of an inclusive work environment.

Processes for engaging own workers and workers' representatives regarding impacts [S1-2] Interest and views of Stakeholders [ESRS 2 SBM-2]

Employees and trade union representatives are identified as stakeholders of STM. The "IRO-1 Description of the process to identify and assess significant impacts, risks, and opportunities" section outlines the stakeholder engagement activities that involved the workforce.

Processes for remedying negative impacts and channels for workers to raise concerns [S1-3]

STM has established and made available several formal channels for its employees to report concerns, complaints, or situations that may represent negative impacts within the organization. Among these is an active whistleblowing channel (<https://stmteam.wallbreakers.it/#/>), which ensures confidentiality and protects the identity of the whistleblower, in compliance with current regulations.

Additionally, employees may confidentially contact a designated representative within the Human Resources Office, enabling direct and timely dialogue regarding any issues encountered. To further facilitate communication and the collection of reports, an internal mailbox has also been set up, allowing employees to submit written messages anonymously.

These integrated tools enable STM to promptly identify potential negative impacts, manage them effectively, and promote a transparent, safe, and respectful working environment that upholds workers' rights.

Actions on significant impacts concerning the own workforce and effectiveness of such measures [S1-4]

STM has undertaken a series of initiatives aimed at managing and mitigating significant impacts on its own workforce.

Gender Equality

Regarding gender equality, after adopting a corporate Gender Equality Policy in 2023, the company obtained UNI/PdR 125:2022 certification in 2024. This policy aims to strengthen internal equity by promoting equal treatment between men and women at all stages of the employment cycle, from recruitment to career progression. Furthermore, the initiative seeks to foster the creation of an inclusive environment where diversity is seen as a value and a driver of innovation.

Health and Safety

STM S.p.A. has consistently invested in Personal Protective Equipment (PPE), thereby ensuring the health and safety of its workers in compliance with current regulations and with the objective of reducing risks associated with operational activities.

Training and Professional Development

In 2024, STM continued to invest in mandatory training for its employees, in line with legal obligations and corporate needs. Among the most significant training initiatives were:

- Mandatory training on Workplace Safety in accordance with Legislative Decree 81/08, essential to ensure a safe work environment compliant with current regulations;
- Certification for operating specific work equipment, to ensure employees are properly trained in using tools and machinery, thus reducing the risk of accidents;
- Training for supervisors, aimed at ensuring that supervisory personnel are prepared to properly manage workplace safety and implement company prevention policies;
- Gender equality training, to raise awareness and promote equality between men and women within the organization, contributing to a stronger inclusive culture.

In addition to mandatory training, STM also launched a series of optional courses designed to enhance the skills of managers and employees, focusing on strategic and business development topics:

- Training on sustainability topics and sustainability reporting, aimed at board members and department heads, with the goal of integrating sustainability into business decisions and the company's overall strategy;
- Course on biodegradable oils, to raise employee awareness of eco-friendly solutions and support the company in adopting more sustainable production practices;
- Training on the use of the "Dadistel" production management software, to improve operational efficiency and process management, fostering technological innovation within the company.

These training initiatives reflect a structured and integrated approach to human resources management, aimed not only at mitigating safety and compliance risks but also at supporting human

capital development and seizing growth opportunities related to sustainability. In this way, STM not only meets operational needs but also invests in the continuous improvement of its people, contributing to the creation of a safer, more inclusive, and innovative work environment.

Additional Actions

STM actively promotes parental well-being within the company, offering concrete support for parenthood. Specifically, the company provides pre- and post-natal parental coaching services, additional leave for fathers, and enhanced salary advances for new parents, with the aim of fostering a better work-life balance.

In addition to the remuneration established by the national collective bargaining agreement (CCNL), STM guarantees its workforce an annual performance bonus, based on variables such as "revenue", "on-time delivery", and "number of customer returns". Each employee also benefits, under the CCNL, from a welfare tool, accessible through a dedicated platform, which can be used for a wide range of services including nursery care, babysitters, books, master's programs, school meals, or to contribute to a pension fund.

The following table summarizes the actions undertaken by STM under S1 – Own Workforce.

Actions taken	
Health and safety	Machine vibration checks
	Monthly audits in departments and review/update of the Risk Assessment Document (DVR) by the Health and Safety Manager (RSPP)
	Guarantee of PPE and appropriate clothing
Gender Equality	Gender Equality policy related to UNI/PdR 125:2022 certification
Mandatory training	Firefighting course
	Basic Life Support and Defibrillation (BLSD) course
	First aid course
Optional training	Sustainability and Reporting projects
	Course on biodegradable oils
	"Dadistel" software
Collective bargaining	Signing of Bridge Agreement pending new National Collective Labor Agreement (CCNL)

Objectives related to management of significant negative impacts and the enhancement of positive impacts [S1-5]

For the 2025–2026 period, STM has planned a comprehensive action plan with significant impacts in the areas of health and safety, gender equality, and employee training—both mandatory and optional.

Health and Safety

In the early months of 2025, STM S.p.A. plans to carry out machinery vibration inspections and introduce monthly audits across departments. These actions will be accompanied by a review and update of the Risk Assessment Document (DVR), under the responsibility of the Health and Safety Officer (RSPP), to ensure a continuously safer and more compliant working environment.

In addition, for 2026, STM intends to allocate budget for a pre-audit for ISO 45001 certification, aimed at strengthening its occupational health and safety management system.

Training and Professional Development

In the first quarter of 2025, STM S.p.A. plans to deliver mandatory training courses on fire safety, BLSD (Basic Life Support Defibrillation), and first aid, ensuring that employees are prepared to effectively respond to emergency situations. Moreover, license renewals for forklift operators and training for working at heights are planned for 2026, in full compliance with operational safety regulations.

Optional training is expected to be a particularly active area in 2025, with initiatives including:

- Managerial and cross-functional skills: project work on sustainability and reporting, sales training, participation in business games on Digital Transformation, technical and mechanical drawing literacy, training on the new ERP "Microsoft BC," and training on the new management software "Compri";
- Language skills: English courses (beginner, intermediate, and advanced levels);
- Professional certifications: APICS CSCP, ASCM Procurement Certificate, and training for "Machine Lubrication Technician."

This program reflects STM's commitment to strengthening internal capabilities, promoting gender equality, and ensuring safe working environments in line with the highest standards.

Gender Equality

The implementation and maintenance of the management system aligned with UNI/PdR 125:2022 continues, with targeted actions both at Group level and within subsidiaries. In particular, a dedicated training session is scheduled for September 2025, addressed to all managers as well as staff from procurement, planning, production, marketing, and sales departments.

Collective Bargaining

In 2025, STM S.p.A. plans to sign a Transitional Agreement ("Accordo Ponte") while awaiting the definition of the new National Collective Labor Agreement (CCNL). This initiative confirms the company's commitment to maintaining a constructive and ongoing dialogue with social partners, ensuring transparent and collaborative management of industrial relations.

The following table summarizes the objectives planned by STM under the S1 – Own Workforce topic:

Objectives 2025-2026	
Gender Equality	Renewal of UNI/PdR 125:2022 Certification
	Training on gender equality
Optional training	IOT DT course - Digital Transformation
	AR/VR course (augmented reality and virtual reality)
	Virtual commissioning and Digital twin course
	4G/LAN Router settings course with VPN access
	MLT "Machine Lubrication Technician" course
	APICS CSCP - Supply Chain Strategy
	ASCM Procurement Certificate
	English course (basic, intermediate, advanced)
	Reading and understanding charts, gear inspection and technical drawing
	Business Game - Digital Transformation
	Lubricant course
	Mechanical drawing reading and interpretation
	Training on the use of the new ERP Microsoft BC
	Training on the Compri management platform
Health and safety	Pre-audit for ISO 45011 Certification
Mandatory training – workplace safety	Renewal of forklift and lift truck licenses
	Training for working at height

Characteristics of the Company's employees [S1-6]

Below are the quantitative details regarding STM's own workforce, extracted and processed from internal management systems.

Table 19: Number of employees by gender

	Employees as of 01.01.2024	Hires in 2024	Terminations in 2024	Employees as of 31.12.2024	Average No. of employees
Men	163	3	11	155	159
Women	31	1	2	30	31
Total	194	4	13	185	190

Table 20: Number of employees by contract type and gender in 2024

	Men	Women	Total
Average number of employees	159	31	190
• Of which with permanent contracts	158	30	188
• Of which with fixed-term contracts	1	0	1
• Of which with variable hours	0	1	1
• Of which in apprenticeship	0	0	0
Average number of full-time employees	154	26	180
Average number of part-time employees	5	5	10

In 2024, 13 employees left the company, resulting in a turnover rate of 7%⁷.

Characteristics of non-employee workers [S1-7]

STM employs only salaried personnel and does not make use of freelancers or temporary agency workers.

Coverage of collective bargaining and social dialogue [S1-8]

At STM, social dialogue is a fundamental tool for building a fair, participatory, and collaborative working environment. The company actively promotes engagement with trade union representatives, in the belief that the involvement of workers and their representatives is essential to effective governance of company dynamics.

The entire workforce is covered by the relevant National Collective Labor Agreement (CCNL), which is fully applied, ensuring uniform rights and protections for all employees. Within the organization, there are two Works Councils (RSU – Rappresentanze Sindacali Unitarie), representing employees, with whom the company maintains a continuous and structured dialogue.

Labor relations are further strengthened by the presence of the main national confederate unions, including FIOM-CGIL, CISL, and UIL, which are actively involved in negotiation and consultation processes.

The relationship between company management and employee representatives is characterized by an open, constructive approach focused on finding shared solutions that reconcile the company's productivity goals with the need to protect, support, and develop its people.

This balanced approach has fostered a mature relational climate, where dialogue is never adversarial but rather serves as a tool for transparently addressing key organizational, contractual, and management issues.

STM views these relationships as a strategic lever for maintaining workplace stability and strengthening trust between the company and its employees, promoting a relational model based on respect, mutual listening, and shared responsibility.

Diversity Metrics [S1-9]

Table 21: 2024 Gender distribution (number and percentage) at executive level⁸

	Men	Women	Total
Average number of Executives	3	0	9
Average number of Managers ("Quadri")	5	0	5
Average number of white-collar employees	43	25	68
Average number of blue-collar employees	108	6	114

⁷ The turnover rate is calculated by comparing the number of employees who left STM during the year with the average number of employees in 2024.

⁸ For the purposes of "executive level", the following contractual categories at STM are included: Executives and Middle Managers.

Average number of executives and managers	8	0	8
Average number of employees	159	31	190
Percentage of executives and managers	5%	0%	4%

Table 22: 2024 Distribution of employees by age group and gender

	Men	Women	Total
Average number of employees under 30	26	2	28
Average number of employees aged 30-50	64	12	76
Average number of employees over 50	69	17	86
Average total number of employees	159	31	190

Adequate Wages [S1-10]

The company has implemented a supplementary agreement that enhances employee compensation beyond the standards established by the National Collective Labor Agreement (CCNL), and it is applied 100% to all employees. In addition to increased pay, the agreement includes additional benefits such as:

- An annual performance bonus, based on the following variables: revenue, on-time delivery, and number of customer returns;
- A welfare benefit, usable across a wide range of services such as childcare, babysitting, books, postgraduate programs, school meals, and the option to allocate the amount to pension funds.

Social Protection [S1-11]

All STM employees are covered by mandatory social protection schemes provided by the Italian public system and the applicable national collective agreement. These schemes protect workers in the event of partial or total loss of income. Specifically, the public protection system covers the following risks:

- illness;
- work-related injury and acquired disability;
- unemployment;
- parental leave;
- retirement.

STM also actively supports parenthood through pre- and post-natal parental coaching services, additional leave for fathers, and enhanced salary advances for new parents.

People with disabilities [S1-12]

Table 23: 2024 Number of employees with disabilities, by gender

	Men	Women	Total
Average number of people with disabilities	12	1	13
Average number of employees	159	31	190
Percentage of people with disabilities	8%	3%	7%

Training and skills development metrics [S1-13]

Table 24: 2024 Training hours by employee category

	Men	Women	Total
<i>Executives</i>			
Average number of executives	3		3
Total training hours	78		78
Average training hours	26		26
<i>Managers (Quadri)</i>			
Average number of managers	5		5
Total training hours	166		166
Average training hours	33		33
<i>White-collar employees</i>			
Average number of White-collar employees	43	25	68
Total training hours	333	200	533
Average training hours	8	8	16
<i>Blue-collar workers</i>			
Average number of Blue-collar workers	108	6	114
Total training hours	230	4	234
Average training hours	2	1	3
Average number of employees	159	31	190
Total training hours	806	204	1010
Average training hours per employee	17	4	5

Health and Safety metrics [S1-14]

STM ensures the health and safety of all its employees in full compliance with the provisions of Legislative Decree 81/2008.

The identification, monitoring, and reporting of workplace hazards that may pose a risk of injury are carried out through the Risk Assessment Document (DVR), which is periodically updated.

Table 25: Number and rate of workplace injuries⁹

	2024
Number of occupational injuries	5
Number of hours worked	265.328
Occupational injury rate	19

It should be noted that the injuries recorded during the observation period were of low severity, often related to worker distraction or incidents occurring during the commute to or from work.

Work-life balance metrics [S1-15]

In accordance with the national collective labor agreement, all employees, without distinction, are guaranteed the right to access the following types of leave, subject to conditions established by law:

- marriage leave;
- parental leave;
- maternity leave;
- leave for special events and reasons, including those under the Article 33 of Law No. 104/1992;
- leave of absence and leave for special events and reasons;
- training leave.

Table 26: 2024 Number of employees who have taken leave for family reasons

	Men	Women	Total
Average number of employees who took leave	17	8	25
Average number of employees	159	31	190
Percentage of employees who took leave	11%	26%	13%

Compensation metrics (pay gap and total compensation) [S1-16]

Below is a representation of STM's average gender pay gap, calculated by considering the percentage difference in average hourly pay between men and women, for each role and job level.

It should be noted that, regarding part-time contracts, the salary value used for the pay gap calculation has been normalized to make it comparable with the base salary of full-time contracts. For this reason, the values reported here differ from those calculated for the Uni/PdR 125:2022 Certification, where the pay gap calculation for part-time contracts considers the actual salary received.

⁹ The work-related injury rate is calculated as follows: number of cases divided by the total number of hours worked, multiplied by 1,000,000.

Table 27: Gender pay gap

Employees by job category and classification	2024 annual gross salary
White-collar employees	0,94%
- B2 Level	1,30%
- C2 Level	3,83%
- C3 Level	-2,33%
Blue-collar workers	2,16%
- C2 Level	0,93%
- D2 Level	3,39%

Table 28: Total remuneration rate

Employees by job category	2024 pay gap
Executives	1,22
Managers (<i>Quadri</i>)	1,66
White-collar employees	1,78
Blue-collar employees	1,66
Total	3,14

The total remuneration rate expresses the ratio between the highest fixed remuneration recognized to employees and the median annual remuneration of all STM employees, which is 3.14.

Incidents, complaints and serious impacts regarding human rights [S1-17]

Table 29: Reported discrimination incidents and complaints

	2024
Number of discrimination incidents	0
Number of complaints filed through the Whistleblowing channel	0
Number of fines, sanctions and damages resulting from complaints	0
Serious incidents related to human rights	0

STM manages any incidents of discrimination and complaints submitted through the Whistleblowing channel. No complaints were recorded during the observation period.

S3 INTERESTED COMMUNITIES

Relevant impacts and their interaction with the strategy and business model [ESRS 2 SBM-3]

The process adopted to identify and assess relevant impacts is described in detail in the first chapter, paragraph “IRO-1 Description of the process for identifying and assessing relevant impacts, risks and opportunities.” In summary, the materiality analysis conducted by STM highlighted the significance of the following impacts concerning the topic of “Interested Communities”:

S3 – Interested Communities

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Impacts related to the territory	STM has a long-standing commitment to supporting local communities by promoting the growth and enhancement of the territory; the company supports various local associations and collaborates with schools and universities to facilitate the entry of young people into the workforce. Furthermore, it should be noted that STM's workforce is composed of individuals residing in the surrounding areas.	Actual – Positive	☒	☒	☒

Policies related to interested communities [S3-1]

For STM S.p.A., the local communities of reference mainly coincide with the areas surrounding its production plants, particularly the territory of Calderara di Reno (BO), where the company's industrial plant is located.

Since its founding, STM has established a direct and ongoing relationship with the territory, aiming not only to generate economic and employment value but also to play an active role socially, culturally, and educationally. Over time, this commitment has translated into a variety of initiatives aimed at:

- promoting sports as an educational tool and means of social cohesion;
- supporting vulnerable people through donations, services, and inclusion projects;
- fostering the spread of corporate values such as innovation, creativity, ethics, respect for the environment, and active participation in community life;
- protecting women's rights and promoting gender equality by supporting organizations, associations, and services dedicated to preventing and combating gender-based violence, as well as female empowerment.

The operational management of activities in favor of local communities is entrusted to the Marketing & Communication Department, which coordinates recurring initiatives and responses to specific local requests. Although STM has not yet adopted a formal Policy dedicated to local communities or the human rights connected to them, the annual actions carried out represent an established practice that constitutes an operational policy — not formalized but systematic and consistent over time.

Relations with the territory are governed by the principles contained in the Code of Ethics, which provides for active listening, transparency, respect for human dignity, and the enhancement of relationships with local realities.

In this context, STM commits to contributing to the sustainable development of local communities, strengthening its role as a responsible company rooted in the social fabric.

Processes for engaging interested communities regarding impacts [S3-2]

With the aim of prioritizing its stakeholders, STM has defined an informational approach to engaging local communities, without involving them actively (for example, in the materiality analysis). STM plans to review its stakeholder engagement in the coming years, confirming and/or extending the current approach.

Processes for remedying negative impacts and channels allowing interested communities to express concerns [S3-3]

Within the materiality analysis, STM has not identified any significant negative impacts related to interested communities.

STM provides interested communities with a Whistleblowing channel accessible via its website, open to all company stakeholders. This tool guarantees a secure and confidential means to report any negative impacts or issues related to company activities.

At the same time, the company is available to engage in direct discussions with local communities to foster constructive and timely dialogue about any concerns.

To date, no formal reports have been received from interested communities.

Interventions on significant impacts on interested communities [S3-4]

STM S.p.A. is committed to contributing to the economic well-being and development of the communities in which it operates by generating employment and creating growth opportunities locally. Over the years, the company has confirmed and strengthened its commitment to the local community by promoting social and cultural initiatives. These activities form part of a broader social responsibility path, fully aligned with the company's values of sustainability and inclusiveness.

Inclusion and equal opportunities

STM recognizes the importance of promoting a corporate and social culture based on equality, respect for fundamental rights, and opposition to all forms of discrimination. Inclusion and gender equality are not only ethical principles but also strategic levers for sustainable and cohesive development of the communities where the company operates.

As enshrined in the Code of Ethics and to demonstrate the desire to root these values in daily corporate culture, STM periodically issues a formal invitation to suppliers and customers not to send gifts or offer favors to employees that might influence the company's commercial decisions; in this regard, STM actively encourages donations to non-profit organizations. Among the organizations supported are:

- “Casa delle Donne per non subire violenza” (Bologna), active for years in welcoming and protecting women victims of abuse;
- “Associazione Frida” (Pisa), which promotes autonomy and awareness paths for women in fragile conditions;
- “Differenza Donna” (Rome), a feminist organization that combats gender-based violence with integrated and multidisciplinary approaches;
- “Associazione Donne e Scienza” (Rome), committed to promoting female talent in scientific and technological fields;
- “CADMI – Casa di Accoglienza delle donne maltrattate” (Milan), a structure dedicated to protecting and reintegrating women who have suffered domestic violence.

The company has also initiated a structured dialogue with the association “CHIAMA chiAMA,” a service supporting MondoDonna Onlus, promoting a series of informative meetings aimed at evaluating possible forms of support and future collaboration.

In 2024, STM supported the association “Casa delle Donne per non subire violenza” through a charitable donation.

Collaboration with Universities for skills growth and territorial connection

STM S.p.A. recognizes the strategic role of collaboration with the academic world to promote innovation, the development of technical and scientific skills, and the qualified integration of young people into the workforce.

STM cooperates with secondary schools in the Bologna area to provide work-study programs. Moreover, partnerships with universities serve as a bridge between theoretical knowledge and industrial application, generating value for both the company and the students and territories involved.

In 2024, STM strengthened structured relationships with two major local universities:

- University of Ferrara (UNIFE);
- University of Bologna (UNIBO).

These collaborations resulted in applied research projects, curricular internships, company theses, and technical-scientific exchange opportunities, aiming to foster mutual skill exchange and the formation of professional profiles aligned with the needs of the mechanical and industrial sectors.

Specifically, involved students were able to:

- Contribute to continuous improvement projects and technological innovation of gear motors;
- Gain formative experience within the company, integrating classroom learning with operational activities and real problem-solving;

- Engage with company professionals, receiving mentoring and career orientation.

These initiatives are part of a long-term strategy aiming to:

- Facilitate the transition from education to employment;
- Promote the rooting of skills within the territory;
- Contribute to the sustainable development of the regional industrial ecosystem.

Support for sport as a lever for social cohesion, well-being and participation

STM S.p.A. recognizes sport as a fundamental tool to promote physical and mental well-being, educate on values such as solidarity and respect, and strengthen ties with the territory. Sports activities, especially at the local level, represent a concrete platform for social inclusion, fostering intergenerational participation and the involvement of people from diverse backgrounds.

In 2024, STM confirmed its commitment to supporting the development and diffusion of grassroots sports through financial and organizational support to amateur sports organizations and events that generate positive impacts on the local community—not only in terms of health but also social cohesion and urban vitality.

Specifically, the company contributed to several associations and sports teams active in the territory, including:

- “Alpi Racing Team Sas” (Cuneo), engaged in national regattas with a strong focus on technical preparation;
- “U.P. Calderara,” a historic amateur sports association active in Calderara di Reno, a key reference point for young athletes and families;
- “Bocciofila E. Baldini – STM A.S.D.” (Bologna), a deeply rooted community entity promoting bocce as a tool for socialization and intergenerational aggregation;
- “Padel Club Calderara” (Calderara di Reno), active in promoting padel, successfully engaging a broad audience and fostering accessibility to this emerging sport;
- “Cycling Team - Rosti,” active in road cycling competitions with particular attention to developing young sporting talents.

Through these interventions, STM actively contributes to enhancing the social capital of the territory, supporting not only sport in the strict sense but also its educational, inclusive, and relational functions. These initiatives fully align with the company’s vision as a responsible social actor committed to generating lasting positive impacts for the communities in which it operates.

Valorization of the territory and promotion of community life

STM S.p.A. recognizes the value of local traditions as an essential component of social cohesion and cultural identity in the territories where it operates. In 2024, the company actively supported various local events, including village festivals, neighborhood celebrations, and recreational events, contributing to community vitality and the transmission of local cultural heritage.

The support aimed to:

- Strengthen the sense of belonging and participation among citizens of all ages;
- Support local volunteering, which often forms the organizational backbone of these initiatives;
- Foster opportunities for meeting and socializing, particularly in small towns or peripheral neighborhoods;
- Promote the local circular economy, with positive effects also for artisans, producers, and commercial activities in the area.

Through these actions, STM intended to contribute not only to the material well-being but also to the relational and cultural well-being of local communities, in line with the principles of corporate social responsibility.

Objectives Related to the Management of Significant Negative Impacts and Enhancement of Positive Impacts [S3-5]

The company annually promotes the initiatives described above, reaffirming its commitment to combating inequalities and promoting human rights.

Annual actions and objectives	
Schools and Universities	Collaboration on work-study programs for high school students. Active partnerships with University of Ferrara (UNIFE) and University of Bologna (UNIBO).
Sports associations and events	STM supports sports as a tool for social cohesion, wellbeing and community participation through support for various organizations: ▪ Associations and sports teams: - Alpi Racing Team SAS (participation in national regattas) - U.P. Calderara (amateur sports association) - Bocciofila E. Baldini - STM A.S.D. - Padel Club Calderara (amateur sport association) - Cycling Team STM Riduttori ▪ Sporting Events: - Coppa Dallorso - Nicola e Giovanni Dallorso Trophy
Other activities supporting the local communities	Formal invitation to suppliers and clients to refrain from sending gifts or providing preferential treatment to company employees, and instead, to make donations to associations promoting the role of women.
	Support for the association "Casa delle Donne per non subire violenza" (<i>House of Women Against Violence</i>)
	Promotion and contribution to various local events (e.g., city festivals)

S4 CONSUMERS AND END USERS

Interests and opinions of stakeholders [ESRS 2 SBM-2]

STM's direct customers include both globally operating B2B companies across various manufacturing sectors, as well as wholesalers, retailers, agents, and the Company's distribution network. STM relies on a structured commercial network, with subsidiaries located in key target markets. This network represents a strategic asset for building and maintaining strong, long-lasting relationships with end customers, while also serving as a privileged channel for managing commercial relations and promoting the company's identity, values, and brand image.

The paragraph "IRO-1 Description of the process to identify and assess material impacts, risks and opportunities" outlines the stakeholder engagement activities that involved STM's customers.

Material impacts and their interaction with strategy and the business model [ESRS 2 SBM-3]

The process adopted to identify and assess material impacts is described in detail in Chapter One, under the paragraph "IRO-1 Description of the process to identify and assess material impacts, risks and opportunities."

In summary, the materiality analysis conducted by STM highlighted the relevance of the following impacts related to the topic of "Consumers and End Users":

S4 – Consumers and End Consumers

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Personal safety of consumers and/or end users	STM invests to ensure adequate safety of its products through design compliant with regulations, detailed technical documentation, and a certified quality system.	Actual – Positive	☒	☒	☒

Policies related to consumers and end users [S4-1]

STM aims for product excellence and considers quality a cornerstone of its strategy, with the goal of ensuring customer satisfaction to the highest degree.

Within the ISO 9001-certified Quality Management System adopted at its production facilities, STM promotes a company-wide commitment to quality, involving all organizational levels. The Company identifies critical processes and associated inherent risks, regulating business activities aimed at the continuous improvement of product quality and reliability. These features are understood as

compliance with regulations and technical specifications, ease of use and maintenance, and the ability to maintain required performance and functionality over time.

As outlined in the Code of Ethics, STM places customer satisfaction and protection at the core of its business, offering products and services that meet quality, safety, reliability, and innovation standards. Active listening to customer needs is a key element.

STM is committed to providing complete, accurate, and transparent information about its products, handling reports and complaints promptly and constructively, and maintaining business relationships based on fairness and regulatory compliance. Unfair practices, misleading promises, or undue advantages are prohibited, as are the offering or acceptance of money, gifts, or special treatment that could improperly influence business decisions.

Processes of engaging consumers and end users regarding impacts [S4-2]

STM promotes continuous, structured, and responsible dialogue with its customers to ensure transparency, service quality, and active listening to market needs. Customer relationships are managed through a wide network of channels, including direct contact via the sales force, Customer Service, technical support, and local representatives, as well as institutional events such as trade fairs, corporate events, and site visits. These tools are complemented by digital channels—dedicated portals, newsletters, and institutional communications—that ensure timely, accessible, and comprehensible information. These forms of interaction not only help to build trust-based, fair relationships but also serve as key tools for collecting reports, suggestions, and complaints, which are handled promptly and constructively to quickly identify any issues and implement corrective actions.

Processes to remedy negative impacts and channels for consumers and end users to raise concerns [S4-3]

STM places customer satisfaction and protection at the center of its strategy, offering products that meet the highest standards of quality, safety, reliability, and innovation. To prevent and mitigate potential negative impacts from product defects or malfunctions, the Company has developed a dedicated structure focused on customer listening and the proactive management of their needs.

To ensure constant, effective, and timely communication, STM provides a variety of communication and interaction channels for its customers. The official website hosts a dedicated support section with direct contact options—both telephone and email—for technical and commercial assistance, enabling rapid problem resolution and structured feedback collection. Online forms are also available for submitting specific requests, allowing traceable interaction and efficient issue management.

In addition to traditional channels, STM actively uses social media—particularly LinkedIn and Facebook—to strengthen engagement with customers and end users. Through these platforms, the company promotes direct and participatory communication, encouraging the exchange of opinions, sharing updates, and responding to questions or feedback promptly.

This multichannel approach reflects the company's commitment to maintaining an open, transparent, and continuous dialogue with its consumers.

Actions taken on impacts relevant to consumers and end users [S4-4]

As part of its ISO 9001-certified Quality Management System, STM ensures that all products placed on the market comply with applicable regulations and technical specifications, guaranteeing high standards of reliability, safety in use, and long-term performance. The company's commitment to quality and transparency also translates into the provision of accurate and understandable information about product features, safeguarding customer rights and the integrity of business relationships.

In 2024, the Company renewed its ISO 9001 Quality Management System certification, confirming its ongoing commitment to improving production processes and organizational effectiveness.

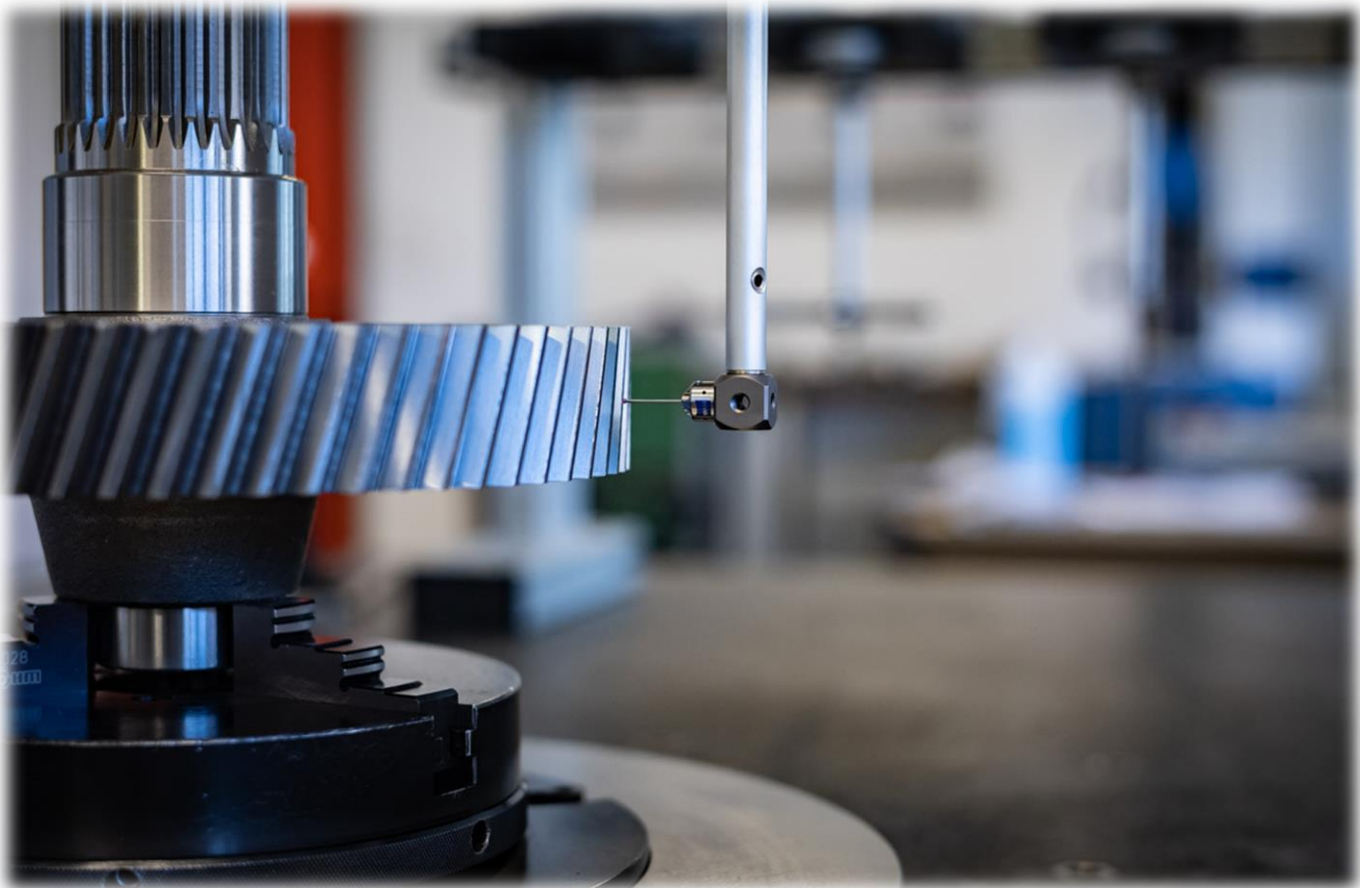
Actions taken	
Product safety	Renewal of ISO 9001 Certification

Objectives related to managing significant negative impacts and enhancing positive impacts [S4-5]

As previously mentioned under the topic of "Circular Economy," the introduction of the predictive system ("WiseGear") applied to gearmotors—currently in its initial deployment phase—will enable intervention before failures or malfunctions occur. This innovative, prevention-oriented system is expected not only to significantly extend the product's useful life, thereby reducing negative environmental impacts, but also to proactively identify anomalies. This will help prevent potential risks from accidental gearmotor failures, thus protecting the end user.

In 2025, STM will renew its ATEX certification, issued under Directive 2014/34/EU, which applies to equipment and systems intended for use in potentially explosive atmospheres. This certification confirms that STM's products comply with the essential safety requirements necessary for operation in high-risk industrial environments.

Objectives 2025	
Product safety	Renewal of ATEX Certification



4. GOVERNANCE INFORMATION

G1 BUSINESS CONDUCT

This section describes the corporate culture, the company's values, and the Codes and Policies that guide behavior and principles in business management, with particular reference to the topics identified as material in the materiality analysis.

Role of Governance, Management and Oversight Bodies [GOV-1]

For a detailed and thorough analysis of STM's Corporate Governance system, please refer to the section "Role of Governance, Management and Oversight Bodies [GOV-1]" in the chapter titled "General Information."

Description of processes to identify and assess material impacts related to resources use and circular economy [ESRS 2 IRO-1]

The process adopted to identify and assess material impacts is described in detail in Chapter One, under the section "IRO-1 Description of the process to identify and assess material impacts, risks, and opportunities."

In summary, the materiality analysis conducted by STM highlighted the relevance of the following impacts with regard to the topic of "Business Conduct":

G1 – Business Conduct

Sub-theme or sub-sub-theme of reference	Impact description	Impact type	Upstream value chain	Own activities	Downstream value chain
Corporate Culture	STM's ethical approach, based on responsibility and transparency, creates a positive impact supported by governance tools that are being strengthened. The company has drafted and implements a Code of Ethics that has been integrated with ESG principles, in line with its commitment to ethical and sustainable conduct. The Code of	Actual – Positive	☒	☒	☒

	Ethics serves as a reference for everyone operating within the company, promoting responsible behavior oriented towards respect for stakeholders and the environment.				
Cybersecurity	STM manages cybersecurity in a structured manner, implementing active measures that reduce the risk of serious attacks, ensuring operational continuity and data protection.	Actual – Positive	☑	☑	☑
Protection of whistleblowers	The reporting system adopted by STM ensures confidentiality and protection (Whistleblowing Procedure).	Actual – Positive	☑	☑	☑
Active and passive corruption	STM has not recorded any cases of corruption. The Company has adopted a Code of Ethics that defines principles and behaviors based on integrity, transparency, and compliance with current regulations, promoting a corporate culture founded on high ethical standards.	Potential – Negative	☑	☑	☑

Policies on corporate culture and business conduct [G1-1]

Code of Ethics

For STM, the Code of Ethics is a key tool of corporate governance aimed at promoting behavior grounded in legality, integrity, and responsibility. It defines the principles and values that guide the organization's actions in its relationships with employees, customers, suppliers, and stakeholders, helping to prevent ethical, reputational, and compliance risks.

STM has updated its Code of Ethics, with the new version approved by the Board of Directors on May 30, 2025. This update introduces new topics relevant to responsible governance, including ESG principles and whistleblowing provisions.

Through its Code of Ethics, STM reaffirms its commitment to recognizing and upholding universally accepted human rights, as established by major international conventions, such as the United Nations Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. In particular, the company safeguards human dignity, personal rights, and strictly prohibits all forms of discrimination.

These principles, which have long been embedded in STM's corporate values and operational practices, have now been explicitly formalized in the Code to strengthen alignment with the ethical and social values that inspire the company's actions.

STM ensures wide dissemination of the Code of Ethics, making it accessible via institutional channels such as the company intranet and website (*STM Documentation* section). The document is also shared with all new hires via the intranet portal to ensure full awareness and compliance. Furthermore, the Code is communicated to suppliers, partners, and other relevant third parties with the goal of promoting a shared ethical culture throughout the value chain.

STM periodically organizes training and refresher sessions for staff, managers, and oversight bodies, aimed at:

- Fostering understanding of ethical and behavioral principles;
- Promoting a culture of legality, gender equality, ESG responsibility, and organizational well-being.

Understanding and adherence to the principles outlined in the Code of Ethics are an integral part of STM's identity and corporate culture.

Whistleblowing System

In pursuit of enhanced governance and with the aim of ensuring a transparent, responsible, and inclusive work environment, STM has activated a secure and dedicated internal whistleblowing channel, accessible online at: <https://stmteam.wallbreakers.it/#/>. Through this tool, employees can confidentially report unlawful behavior, violations of laws or internal procedures, or potentially risky situations. All reports are managed with strict confidentiality, ensuring the protection of the whistleblower's identity and of those involved, along with timely case review and corrective action where necessary.

In compliance with applicable legislation, it should be noted that the whistleblowing channel is not intended for managing strictly personal disputes or issues related to hierarchical work relationships. In such cases, employees are encouraged to contact the Human Resources department through standard personnel management channels, so that the matter can be handled according to established internal procedures.

Privacy – Information Security

Following the full implementation of Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data (GDPR), the Company has completed all necessary steps to ensure full compliance with the applicable legal provisions.

As the Data Controller, the Company is legally responsible for all activities involving the processing of personal data. In this role, STM adopts security measures that are appropriate and proportionate to the risks to the rights and freedoms of data subjects.

To ensure the secure and correct management of information, STM has implemented a structured system of technical, organizational, and procedural measures, including:

- **Training:** All employees have been formally appointed and trained in data management best practices through mandatory courses on information handling.
- **Third-party management:** External parties processing personal data on behalf of STM have been identified, assessed, and formally appointed as Data Processors. Contractual conditions and annual audits are monitored through a dedicated platform.
- **Data breach management:** A specific procedure has been established for detecting, managing, and notifying data breaches to ensure timely and effective responses.
- **Data Protection Impact Assessment (DPIA):** STM has conducted risk mapping and analysis of data processing activities to identify and mitigate potential vulnerabilities.
- **External audits and GDPR compliance monitoring:** A specialized firm conducts annual formal and substantive assessments of the effectiveness of data protection measures.
- **Cybersecurity and business continuity:** As part of the Cybersecurity Project launched in 2023, STM has implemented additional controls and defined a periodic update plan to strengthen IT security. Dedicated disaster recovery plans, based on a virtualized architecture, are operational, along with specific procedures for managing cyber incidents, including ransomware, DDoS, and malware attacks.
- **Processing activity monitoring platform:** All personal data processing activities—both general and special categories—are tracked and monitored through a dedicated privacy management platform.
- **Compliance with NIS 2 Directive:** In accordance with Directive (EU) 2022/2555 (NIS 2), STM has appointed a project lead responsible for coordinating required interventions to enhance the security of the Company's networks and information systems.

Notably, no privacy violations or personal data breaches occurred during 2024. In addition, a Vulnerability Assessment was conducted and successfully passed, evaluating the resilience of STM's IT infrastructure and promptly addressing any weaknesses found.

As part of its broader strategy to strengthen cybersecurity and ensure the responsible management of personal data, STM has outlined a set of strategic objectives to be achieved in the coming years, including:

In 2025, the implementation of a Multi-Factor Authentication (MFA) system to significantly improve access control and reduce risks related to unauthorized use of company credentials.

In 2026, the launch of the Cyber Guru platform, an innovative training tool designed to enhance employee awareness and skills in cybersecurity through personalized and up-to-date learning paths.

This plan is part of a broader integrated digital risk management strategy and demonstrates STM's concrete commitment to protecting data and safeguarding the company's information assets.

Supplier relationship management [G1-2]

Suppliers represent a strategic asset for the company's competitiveness, as the quality of components has a direct impact on the value of the final product and, consequently, on customer satisfaction.

STM aims to establish stable, transparent, and collaborative relationships with its suppliers, enhancing their technical expertise and capabilities while favoring local sourcing wherever possible.

As detailed in the section "*Strategy, Business Model, and Value Chain [SBM-1]*", the majority of STM's suppliers (94%) are located in Italy, particularly in the Emilia-Romagna region. This setup is a key element of STM's short supply chain strategy, generating positive outcomes on multiple fronts. From an environmental perspective, it reduces emissions related to transportation and lowers logistics impact. From a social perspective, it strengthens the local industrial network, supports skill development, and sustains regional employment.

STM is currently assessing the integration of Environmental, Social, and Governance (ESG) criteria into its supplier evaluation process. This may include leveraging ESG ratings from specialized platforms such as EcoVadis and Open-Es. The goal is to strengthen sustainability oversight across the supply chain, enhance risk monitoring, and promote responsible behavior among business partners.

In parallel, STM is planning to launch dedicated supplier audits, starting in 2025. These audits will assess compliance with ESG standards, enabling more direct and systematic control across the supply chain, in line with growing regulatory and market expectations regarding due diligence and sustainability.

Finally, beginning in 2025, STM will require all suppliers to sign the Code of Ethics, thereby reinforcing the commitment to shared values and ethical conduct throughout the supply chain.

Prevention and detection of active and passive corruption [G1-3]

As part of its commitment to ethical, transparent, and integrity-driven business management, STM has implemented a set of concrete actions aimed at preventing the risks associated with both active and passive corruption.

The Company adopts a zero-tolerance approach toward all forms of corruption—whether active or passive, direct or indirect—across all areas of operation and involving any party, public or private.

STM's Code of Ethics explicitly prohibits all recipients from offering, promising, giving, requesting, or accepting—either directly or through third parties—money, undue benefits, advantages, or other favors with the aim of obtaining or maintaining unlawful advantages, influencing decisions, or securing preferential treatment.

This prohibition applies across all operational contexts, including interactions with public authorities, customers, suppliers, consultants, business partners, and other stakeholders.

In 2025, STM will implement a dedicated Anti-Corruption Policy, which will serve as the company's reference framework for identifying high-risk behaviors and introducing preventive measures aligned with international best practices in compliance.

Additionally, a specific training course on anti-corruption and anti-money laundering has been scheduled and budgeted for 2026. This course will be targeted at key function managers.

These initiatives form part of a broader effort to strengthen STM's internal control system and foster a culture of legality, recognizing that the prevention of corruption is not only a legal obligation but also a critical factor in building stakeholder trust and ensuring the company's long-term sustainability.

Confirmed cases of active or passive corruption [G1-4]

As shown in the table below, STM recorded no cases of active or passive corruption.

Table 30: Case of active and passive corruption

	2024
Total number of active corruption cases	0
Total number of passive corruption cases	0
Total number of convictions for corruption	0
Total amount of fines	0
Total number of own employees sanctioned	0
Total number of own employees dismissed	0
Total number of commercial contracts terminated/not renewed due to corruption	0

Payment practices [G1-6]

STM pays invoices in accordance with the agreed contractual terms and in line with market standards. These payment practices and timelines are equally applied to small and medium-sized enterprises (SMEs), ensuring fairness and consistency across all supplier relationships.

5. SUMMARY OF STM S.p.A. ACTIONS AND OBJECTIVES

E1 – Climate change

Actions taken	
Reduction in energy consumption	Installation of new photovoltaic system (so called STM 3) Project 5.0 Investments: 1. New ERP system 2. Metal washing plant model CM19 3. Viper VT-17 lathe 4. Energy dashboard monitoring system 5. MES (Manufacturing Execution System) 6. Automation of machine start/stop functions
Objectives 2025	
Reduction of greenhouse emissions	Calculation of Scope 1 and 2 emissions for production companies
Reduction of energy consumption	10% energy savings, maintaining 2024 production levels Increase in self-produced renewable energy thanks to the full operation of the new photovoltaic system (STM 3)
Objectives 2026	
Reduction of greenhouse emissions	Calculation of Scope 1 and 2 emissions for the entire Group (production and commercial entities) Definition of the Decarbonization Plan

E5 – Use of resources and circular economy

Actions taken	
Sustainable procurement	The company has been actively addressing the issue of sustainable sourcing for several years, by purchasing raw materials and packaging from recycled sources, as well as consumables from biological and low environmental impacts sources. The adoption of the "Compri" platform enables the centralization and analysis of procurement data, integrating internal information with external sources, and automating operational tasks with suppliers. From an ESG perspective, this platform will allow STM to audit all active suppliers (approximately 500) through the administration of questionnaires and assign each one an ESG rating.
Product durability	Implementation of a predictive control and monitoring system on the product.
Objectives 2025	
Sustainable procurement	Launch of ESG audit program on key suppliers Collection of suppliers' declarations on the percentage of "recycled" / "biological" material contained in purchased products
Product durability	Market launch of the "WiseGear" project (product predictive control and monitoring system)
Circular economy	Collection of declarations from waste handlers regarding their waste recovery and disposal processes

Objectives 2026	
Product durability	Trial of a new semi-synthetic oil
Circular economy	Pre-audit for ISO 14001 certification
	Investment in briquetting machine
	Layout revision and procedure definition for waste storage within the facilities

S1- Own workforce

Actions taken	
Health and safety	Machine vibration checks
	Monthly audits in departments and review/update of the Risk Assessment Document (DVR) by the Health and Safety Manager (RSPP)
	Guarantee of PPE and appropriate clothing
Gender Equality	Gender Equality policy related to UNI/PdR 125:2022 certification
Mandatory training	Firefighting course
	Basic Life Support and Defibrillation (BLSD) course
	First aid course
Optional training	Sustainability and Reporting projects
	Course on biodegradable oils
	"Dadistel" software
Collective bargaining	Signing of Bridge Agreement pending new National Collective Labor Agreement (CCNL)
Objectives 2025-2026	
Gender Equality	Renewal of UNI/PdR 125:2022 Certification
	Training on gender equality
Optional training	IOT DT course - Digital Transformation
	AR/VR course (augmented reality and virtual reality)
	Virtual commissioning and Digital twin course
	4G/LAN Router settings course with VPN access
	MLT "Machine Lubrication Technician" course
	APICS CSCP - Supply Chain Strategy
	ASCM Procurement Certificate
	English course (basic, intermediate, advanced)
	Reading and understanding charts, gear inspection and technical drawing
	Business Game - Digital Transformation
	Lubricant course
	Mechanical drawing reading and interpretation
	Training on the use of the new ERP Microsoft BC
	Training on the Compri management platform
Health and safety	Pre-audit for ISO 45011 Certification
Mandatory training – workplace safety	Renewal of forklift and lift truck licenses
	Training for working at height

S3 – Interested communities

Annual actions and objectives	
Schools and Universities	Collaboration on work-study programs for high school students. Active partnerships with University of Ferrara (UNIFE) and University of Bologna (UNIBO).
Sports associations and events	STM supports sports as a tool for social cohesion, wellbeing and community participation through support for various organizations: ▪ Associations and sports teams: - Alpi Racing Team SAS (participation in national regattas) - U.P. Calderara (amateur sports association) - Bocciofila E. Baldini - STM A.S.D. - Padel Club Calderara (amateur sports association) - Cycling Team STM Riduttori ▪ Sporting Events: - Coppa Dallorso - Nicola e Giovanni Dallorso Trophy
Other activities supporting the local communities	Formal invitation to suppliers and clients to refrain from sending gifts or providing preferential treatment to company employees, and instead, to make donations to associations promoting the role of women.
	Support for the association "Casa delle Donne per non subire violenza" (<i>House of Women Against Violence</i>)
	Promotion and contribution to various local events (e.g., city festivals)

S4 – Consumers and end users

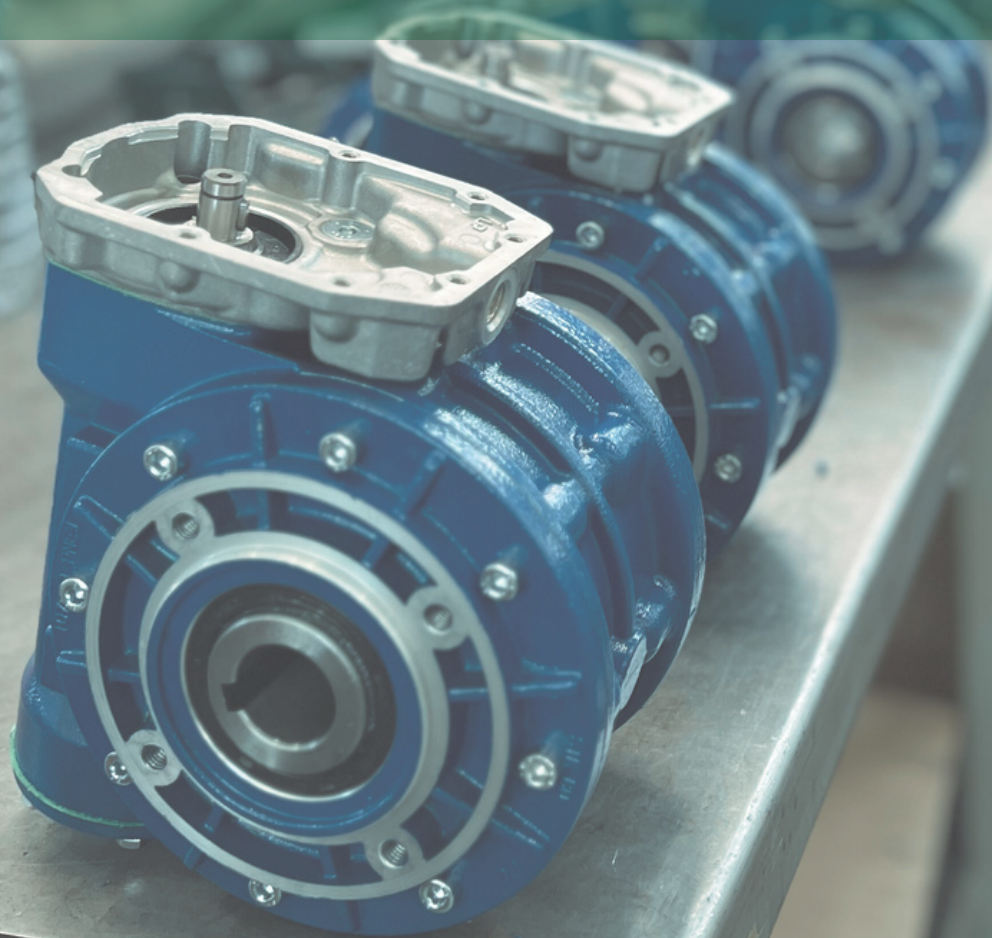
Actions taken	
Product safety	Renewal of ISO 9001 Certification
Objectives 2025	
Product safety	Renewal of ATEX Certification

G1- Business conduct

Actions taken	
Ethics and corporate culture	Integration of the Code of Ethics with sustainability principles
Information security	Appointment of the NIS 2 project manager (STM, GSM, Neri Motori)
	Vulnerability Assessment and Penetration test
Objectives 2025	
Information security	Implementation of Multi-Factor Authentication (MFA) system
Active and passive corruption	Preparation of anti-corruption policy
Objectives 2026	
Information security	Cyber Guru platform and employee training
Active and passive corruption	Inclusion in the 2026 budget of a training course on anti-corruption and anti-money laundering for function managers



“We design and engineer innovative and reliable solutions for power transmission and control in the industrial sector, promoting sustainable and inclusive development worldwide.”



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