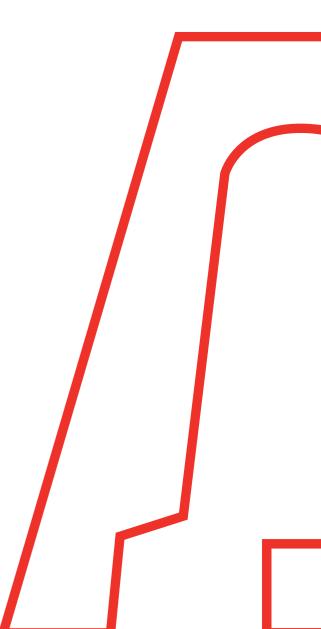


SUSTAINABILITY REPORT 2017

The information contained in the Sustainability report as quality and quantity indicators correspond to the materiality, accountability and consistency criteria required by Global Reporting Standards (GRI Standards).

The first edition of the report includes a limited selection of consolidated indicators expressing the Agrati Group core business in a defined sustainability context.

This knowledge base is an initial goal that can be extended in upcoming editions with the application of stakeholder and completeness inclusivity principles.





Letter to stakeholders

From the CEO Cesare Agrati

It is with great pride that I present and introduce the first edition of the Agrati Group Sustainability Report. The purpose of this document is to explain what running a sustainable business means to us from the environmental, economic and social stand-points. Sustainability recommendations contained in this Report represent a concrete response to the increasingly marked and conscious attention from all our stakehold-

ers (shareholders, customers, employees, suppliers, associates and local communities) and the growing demand for accountability and compliance with

national and international legislation. But at the same time sustainability becomes an indispensable value that will accompany our growth consciously. Proof of this is the new version of the Code of Ethics, recently approved by the Board of Directors, which introduces sustainability as an essential cornerstone of company values.

This first representation of the Report will be enriched over the years by our strategies, the actions we have implemented, the ones we will continue to undertake and the results obtained in terms of sustainability. Nothing that you will see would have been achievable without the contribution and the passion of the people working in team with us who are the lifeblood of the Company.

Having a team philosophy means possessing a wealth of resources, energies, skills, ideas, visions and different solutions that, if integrated and put into place, will certainly guarantee the continuous growth and long-term sustainability of our business.

In 2017, we launched a monitoring framework for various sustainability indicators, giving rise to a document that from now on will always accompany our Annual Financial Report. Passion in doing sustainable business and trust in our abilities: from here, every day, we start to build the future.

Chalpots

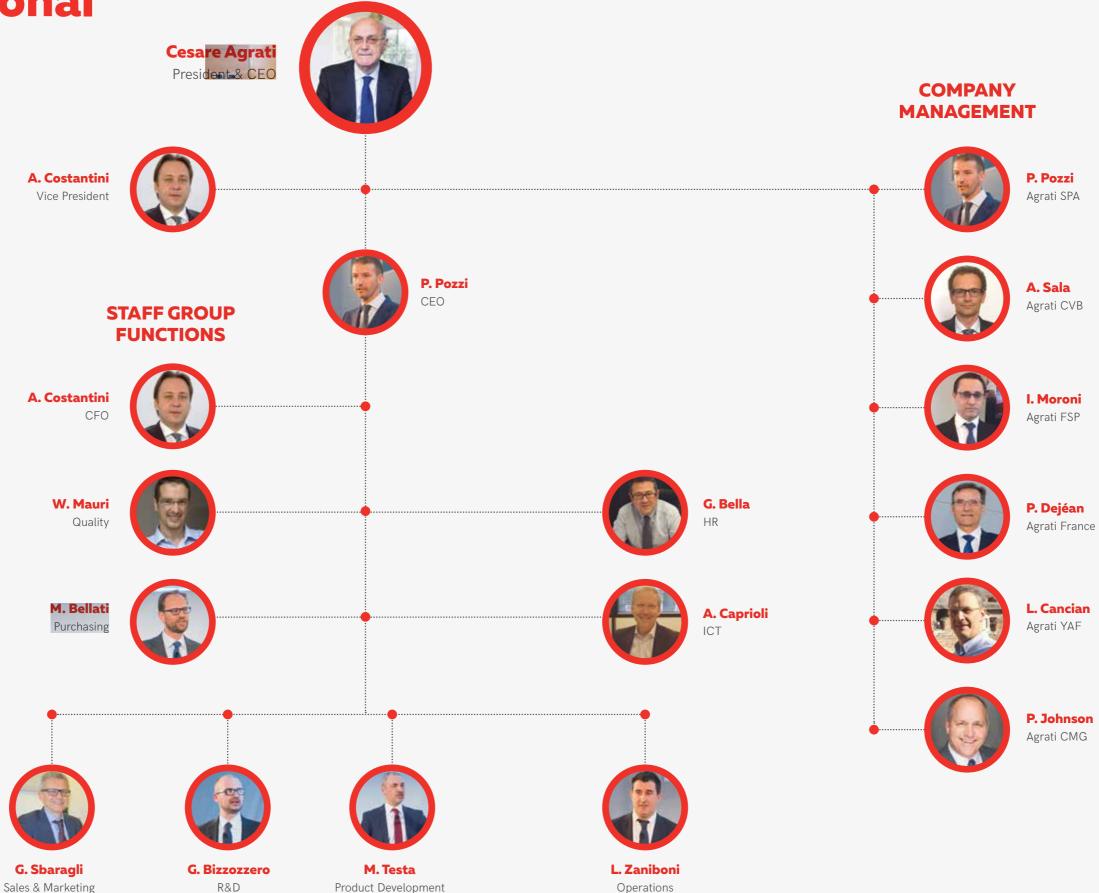
Cesare Agrati
President & CEO





Organizational structure

CORE GROUP FUNCTIONS



4

VALUES
HISTORY
IDEAS



Q 2018

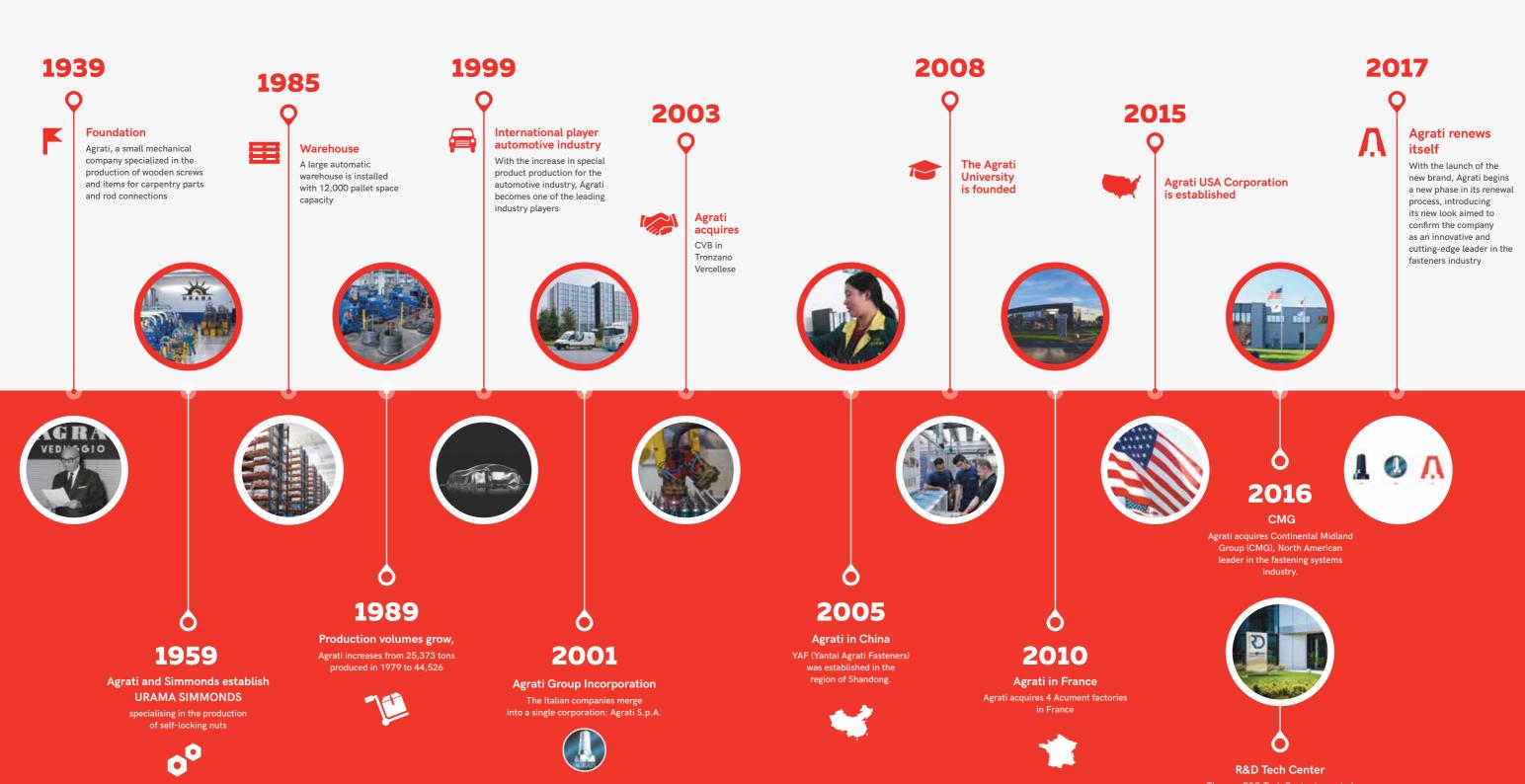
Agrati drafts its first sustainability report.

The document, drafted with a view to full accountability to stakeholders,

ties up the loose ends of the journey launched several years ago

Λ

1939-2018 A story that continues



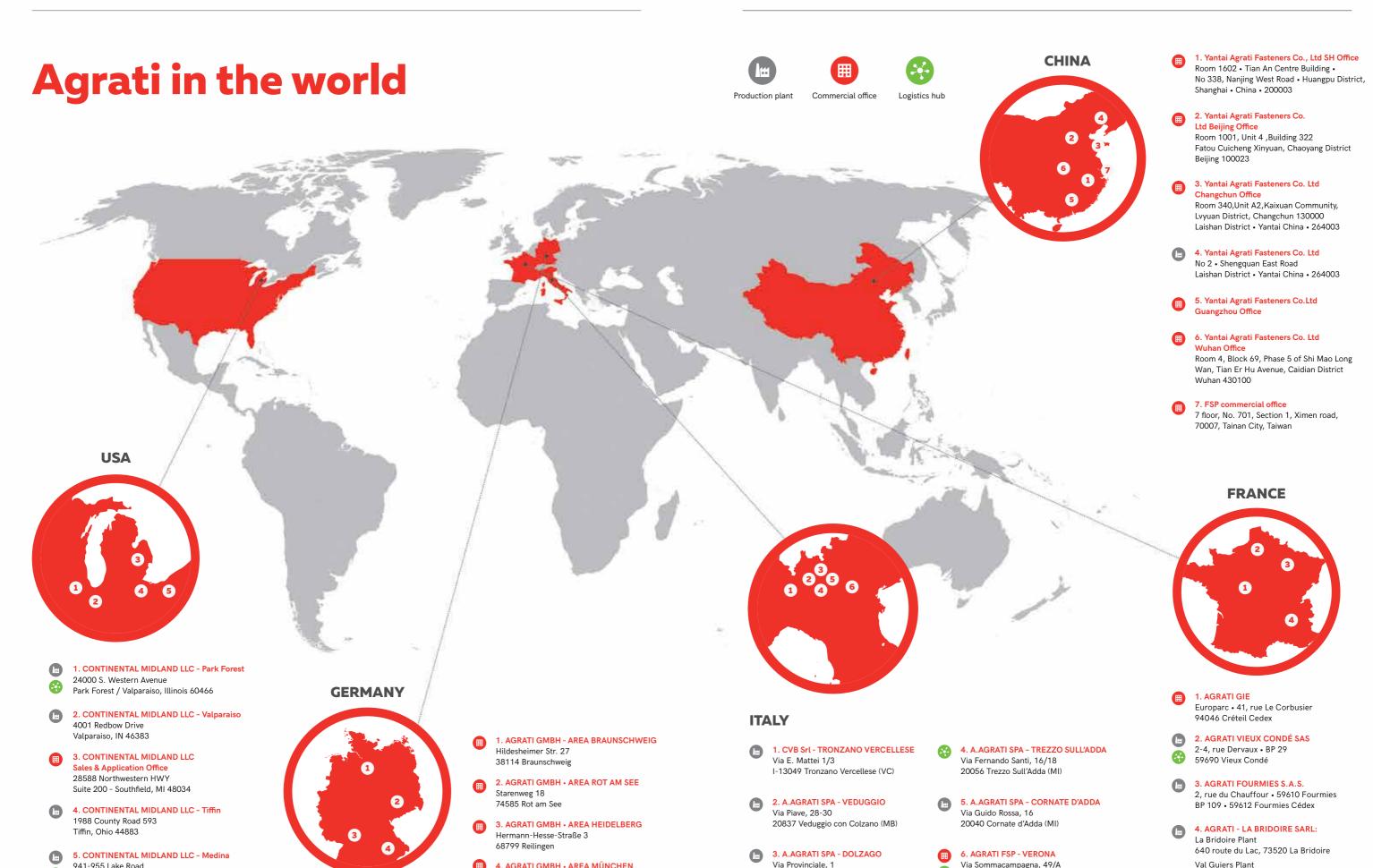
8

The new R&D Tech Center is created and inaugurated in Veduggio



Allée Val Guiers, 73240 Avressieux

11



10

23843 Dolzago (LC)

4. AGRATI GMBH • AREA MÜNCHEN

Orionstraße 3 * 85302 Gerolsbach

941-955 Lake Road

Medina, Ohio 44256

Via Sommacampagna, 49/A

37137 Verona (VR)



Skills, technology, co-design

The Agrati Group is one of the world's five leading high resistance metallic fastener manufacturers for automotive applications, an industry where the Group has focused its efforts for several years by directly supplying vehicle manufacturers (OEM) and leading part suppliers (TIER1).

For Agrati, this market represents more than 90% of global sales; specifically: 60% intended for OEM and 30% for TIER1.

Agrati is recognized in the OEM sector as one of the leading manufacturers of fasteners essential to both Chassis and Powertrain applications.

This recognition was proven by the numerous technical partnerships and co-design activities with all leading European, American and Chinese auto manufacturers.

In TIER1, Agrati has focused on fastener or shaped metallic part production for Seating applications (structure and mechanisms), Braking (brake clamps, front and rear, gap recovery systems, electric parking and actuators), Powertrain and Electrical.

The wide range of products is an element of distinction from main competitors. Agrati is one of the few manufacturers able to supply high resistance screws and bolts, complex nuts and shaped parts and is one of the very few able to provide the full range in all leading markets on a global level.

The product range sold by Agrati on the market is 61% represented by high resistance bolts, 15% by complex shaped parts (AFP), 11% by nuts and 8% by special self-tapping and self-drilling screws.

An element of distinction for the Group is represented by the Agrati Tech Center (ATC): a research laboratory where fastening systems are developed for customers and advance co-design activities, one-of-a-kind in the world's fastener manufacturer panorama, are conducted.

Globalization has represented a precise target for the company over the last 10 years: the strategy implemented since 2006 has lead to the creation of a production site in China exclusively focused on the local automatic market, the consolidation of Agrati's position in Europe and the acquisition of a leading fastener manufacturer in the USA.

Agrati is now able to cover the world's three leading automotive markets with a distribution that includes 60% sales in Europe, 32% in NAFTA and 8% in China.

Globalization and technical excellence are the two cornerstones of our future growth strategy. For Agrati, the weight must be evenly distributed between the various markets according to their potential and continue to increase technical skills to maintain the fasteners' technical leadership and increase part shares.



Innovate to grow, together

INNOVATION MANAGEMENT

Innovation in the automotive industry is a modern challenge that Agrati decided to accept and anticipate with an approach that concerns various dimensions: engineering, quality, environment, safety and ethics.

Thus, the Agrati Tech Centre's mission is to develop and promote innovation and continuous improvements, be dynamic, reliable and a world partner of refined experience, to guarantee complete, continuous and profitable technical support in the fastening system field.

Agrati ATC is an integrated team of experts involved in different fields and areas concerning fastening (material engineering, moulding and mechanical processes, coatings, design, applications and experiments). The ATC team:

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

In order to offer all of this, Agrati has launched several initiatives including the establishment of an independent R&D department in 2012, now called Agrati Tech Centre (ATC). This department employs highly specialised personnel in various technical fields including mechanical, chemical, material science and aeronautical engineers.

Thanks to the combined and synergistic work of these people and a dedicated staff, Agrati was able to launch one of its core businesses: Co-design. This multi-disciplinary service involves all Agrati skills in fastener design, analysis and validation, starting from a blank page to the mass production of a fully functional component or vehicle, with product and assembly process validated by the customer.

ATC activities imply gradual and constant customer fidelity and is based on a work approach that daily involves the customer's technicians and engineers, proactive and able to anticipate technical needs and demands.

ATC'S ROLE IN EHS SUSTAINABILITY

ATC strives daily to manage product and process development projects.

Co-design projects mainly aim to define the best and functional joint considering the customer's various objectives including the right mechanical resistance, optimal weight, tailor made dimensioning, the best choice of raw materials, resistance class and surface finishes comply with international standards, Reach and Rohs regulations.

As a direct consequence, ATC actively partners with OEMs and tiers, in achieving their joint goals of adequate performance of the assembled components, taking care of weight reduction and CO2 emission control aspects.

As an indirect consequence, Agrati customers also have the opportunity to make their production process more efficient, attentive to ergonomics, safety and productivity of assembly lines to promote worker well-being.

ATC is fully involved in the supply network concerning the development and industrialization of functional surface coating solutions: over the last 3 years ATC has managed 70 projects to research and develop products with tailor made sur-

face coatings aimed at achieving the desired performance, such as prevention of different types of corrosion, the control of the friction coefficient, the request of aesthetic requirements, the efficiency of the application processes according to the existing regulations.

Ecoplate, Highblack, Silverwheel, Agratilube, ATcote are some examples of surface coatings developed.

Thanks to direct cooperation with the other internal departments, ATC constantly works to solve problems and to improve the moulding process (i.e.: finished element analysis, experimentation and analysis to increase the useful life of the moulding tools), to minimize and better manage waste, to adopt high-performance chemical products with the aim of improving fundamental processes such as the preparation of the raw material (from annealing to drawing) and heat treatments.

ATC's mission is also to spread and promote these developments globally and across the board, on the continents where Agrati operates.

INDUSTRY 4.0

In Agrati, industry 4.0 means the possibility of introducing innovation and technological updates into the various operations constituting the production process (monitoring of production machines, geolocation for the management of the production process, the introduction of AGV/SDV, viewing systems applied to specific operations, the modernization of the facilities for the management of operator safety and the environment), with the result of making continuous and significant improvements.

This has allowed Agrati to enter a new digitization context and to encourage the collection of information for a structured management of big data, to the advantage of continuous and structured improvements, for the benefit of the company, the environment and safety at work.

INNOVATION DAY

Nowadays, innovation has become a key factor in the company strategic plan and some studies have confirmed that at least 90% of companies believe that innovation is a priority. Innovation is the driver of ATC and Innovation day is a celebratory moment that involves customers, suppliers and external partners, with the aim of showing how innovation, new technologies and the continuous pursuit of high performance solutions can be the winning strategy in a competitive market. Through this event, Agrati can compare itself with the other industrial realities in the automotive sector and obtain input on trends and technological evolutions in progress. This allows us to identify new opportunities from various points of view.

FUTURE OBJECTIVES

To continuously meet the expectations of the auto sector, Agrati will continue to work to improve its products and propose effective fastening solutions.

The Agrati efforts will aim at components and materials, functional characteristics, technical specifications, etc. to be able to offer customers innovative and competitive products and services.





Highlights 2017



238,694
Added value



658,077Net revenues

(k€)



44,926Total CAPEX (k€)



2.34 m3/Ton

Efficiency in water consumption



23.40
Hours of training per capita



89.62 Tep/kTon
Energy efficiency



160,000 Ton
Total production



2,597
Agrati Group
Employees

Our philosophy

Agrati Group's strategy focuses business on employee health and safety and that of the environment in which the company operates.

This commitment is one of the keys that allow the company to maintain its position as market leader, which is not only based on the quality of the products, but in founded on the Group's philosophy. A philosophy that has its roots in the following principles:

- develop the business in a logic of continuous improvement and aim to produce excellent products and services with "Zero defects", "Zero environmental damage", "Zero accidents";
- enhance the active and proactive participation of the people who work in Agrati, with particular attention to the development of skills;
- preserving and protecting the environment, health and safety of workers and the surrounding population, in full compliance with the safety regulations applicable to individual production companies;
- be a global supplier for customers;
- always keep the customer listening policy active and develop a relationship of close collaboration and trust with them;
- improve productivity, increase the efficiency of the production chain and reduce environmental impact through the use of cutting-edge technologies.

The competitive context in which the Agrati Group operates, the challenges of sustainable development and the need to take into account the interests of all stakeholders, reinforce the importance of clearly defining the values and responsibilities that the Agrati Group recognizes, accepts, shares and assumes, helping to build a better future for all.



Commitment to quality and safety

The Agrati Group today consists of 12 production units and 5 logistics platforms, as well as several commercial and technical offices located at major customers.

In 2016 Agrati acquired CMG, an American group composed of 4 production units. Unlike the latter, which each provide a single and exclusive quality system, the rest of the group's units have a "Corporate" quality system, where the main functions are centralized in the Veduggio con Colzano Headquarter. The main processes are defined by the "Quality System Management Manual" which precisely defines, also indicating how to measure the extent of their effectiveness and effi-

ciency, the rules of the Quality Management System, so as to ensure compliance with the laws, relevant standards and to meet the requirements of customers and stakeholders.

The Agrati Quality Manual complies with ISO 9001: 2015 and IATF 16949: 2016: Corporate has already had all its units / processes certified, in CMG, the Medina and Tiffin plants have already been certified IATF while inspections of Park Forest and Valparaiso are planned for the summer of 2018.

Country	Legal Entity	Plant	ISO 14001	OHSAS 18001
ITALY	A AGRATI SPA	Veduggio	Ø	Ø
		Dolzago (Urama)	Ø	Ø
		Cornate d'Adda	×	Ø
		Trezzo sull'Adda	Ø	•
ITALY	AGRATI FSP srl	Verona	Ø	Ø
ITALY	CVB srl	Tronzano Vercellese	Ø	Ø
FRANCE	Agrati Vieux Condé SAS	Agrati Vieux Condé SAS	Ø	Ø
	Agrati Fourmies SAS	Agrati Fourmies SAS	igstar	igstar
	Agrati La Brindoire SARL	Agrati La Brindoire SARL	igoremsize	•
USA	CMG	Park Forest	Ø	8
	(Continental Midland LCC)	Valparaiso	Ø	×
		Medina	Ø	8
		Tiffin	Ø	8
CHINA	YAF Ltd. (Yantay Agrati Fasteners)	YAF	•	Ø





Each company process includes a Process Manager - PO: the Manual indicates how each person whose job is identified in the General Organizational Chart has the responsibility and authority to apply the provisions of the Manual in the area under his responsibility. A Process Manager can then delegate the execution of his tasks to the personnel of his department. The responsibility, however, cannot be delegated.

It is the responsibility of each Management to establish the fundamental requirements of the personnel to be assigned to a specific task and to evaluate the training needs, based on the skills necessary to perform a specific task/activity, measuring, where possible, the effectiveness through the activity carried out. (Quality Manual internal procedure P.1729)

Every year Top Management, in agreement with the main Departments, reviews the "Quality Policy" which defines, for the whole Group, the mission, objectives in the short and medium term.

In compliance with the statements in the Policy documents and in the Agrati Group Code of Ethics. The management systems applied to the various Group plants have been implemented and are maintained in accordance with international standards.

The expected outcomes from these systems are:

- Improved EHS performance
- Fulfillment of the obligations of compliance with the Laws and Regulations
- Achievement of the EHS objectives

The EHS policy issued at Group level reports, among other commitments:

- provide excellent products and services through the use of cutting-edge technologies;
- be a global supplier for its customers;
- listen to customers and develop a relationship of close cooperation and trust;
- pursuing the primary objective of "Zero accidents", "Zero environmental damage" through a logic of continuous improvement;
- appreciate the proactive participation of staff with a strong focus on the development of skills;
- preserve and protect the environment, health and safety of workers and the surrounding population, in full compliance with the safety regulations applicable to individual production companies;
- prevent environmental pollution, accidents and occupational diseases as much as possible.

Background analyses were conducted taking into consideration internal and external factors that could potentially influence the outcomes of the EHS management system or which may be affected by it.

The primary sources used to draft the document were the different corporate functions, managers and staff whose activities may have relevance to the factors analysed. These functions were the subject of interviews during the year 2017 and also in 2018, aimed at data collection and involvement of the organization in the project.

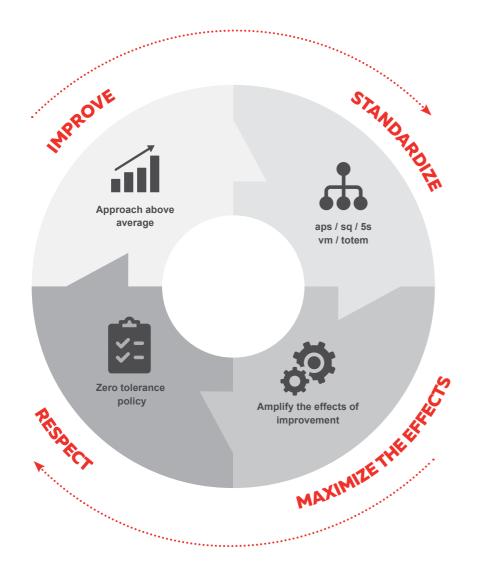


The Quality Policy shared and approved by the Agrati Group management staff has as objectives:

- Zero defects
- Zero delays
- "Lean Thinking" approach in all plants

For 2018 the planned steps are:

- IPB (customer claims) <50
- On time deliveries > 95%
- Systematic reduction of quality costs
- Reduction of any scrap or waste from internal processes



Commitment to suppliers

The Agrati Group is committed to developing valuable relationships with suppliers that share the principles and respect the high ethical standards that Agrati is inspired by.

The Group constantly reviews the suppliers with whom it collaborates, and is always looking for partners that can help it achieve its goals.

For this reason, Agrati has defined its own rules of conduct with suppliers in the Group Supplier Quality Manual: the Agrati Group recommends all its suppliers manage EHS issues with management systems based on ISO 14001 and OHSAS 18001.

All the Group's suppliers, prior to qualification, must sign the Sustainability Chart, a document expressing their intention to commit themselves to adhering to the Group's Code of Ethics and to the other requirements established by the REACH Group, Conflict Minerals, Labor Standard.

The supplier qualification process itself requires that it be subjected to a Risk Assessment check, which includes the verification of the application of EHS activities.

A team of 7 auditors is responsible for submitting the suppliers to periodic audits in which the topics of EHS importance within the activities of the supplier are subject to verification. To date, 94 out of the 189 Group suppliers have been audited.

Every six months, all suppliers are subject to the Vendor Rating assessment: an assessment variable of this rating is the Business Sustainability Analysis, with which particular emphasis is placed on EHS topics.

The Group's production activities involve the use of a large variety of qualified suppliers, mainly for the following materials:

- STEEL

that comes in rods of various diameters for product cold forming

- COATINGS

to protect products against corrosion

- MECHANICAL PROCESSES

such as turning

- CHEMICALS

used in various internal phases of the production process

- TOOLS

used primarily in cold forging and product rolling





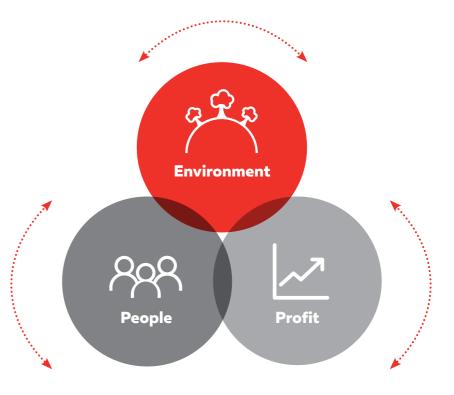
Complying with the Environment, Health and Safety prerogatives is essential for Agrati's sustainable development worldwide.

In order to proactively shape the global fastening solutions market and be recognized as a leader in its sector, Agrati must ensure that its business produces profitability, but at the same time is sustainable, meaning that it focuses on the health, safety and well-being of its employees, as well as the environment in which it operates.

At the same time, Agrati is committed to integrating the ambitions and expectations of its employees and all concerned stakeholders.

By combining sustainability with its strategy and processes, the company is able to anticipate social and environmental challenges, manage risks and the opportunities they involve and ensure a long term growth. The first operational steps to follow this path have already been made, actively involving executives, employees and business partners - individually and collectively - and publishing the guidelines of this new company policy on the intranet.

This policy reconciles economic objectives with social and environmental objectives, with a view to sustainability.



SUSTAINABILITY

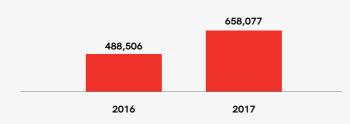




2017 Highlights

In 2017, the Company exercised its right to voluntarily adopt the international accounting standards (hereinafter also referred to as "International Financial Reporting Standards" or "IFRS") issued by the International Accounting Standards Board ("IASB") with the aim of increasing the comparability of annual financial disclosures with respect to national and international competitors with clear advantages in terms of greater transparency and legibility of economic and financial information, and in particular greater ease of access to the credit market.

Net revenues (k€)



In 2017 the Agrati Group was able to benefit from the contribution of the acquisition of the Continental Midland Group in the United States for the entire year, while in 2016 the consolidation of the American subsidiary had taken place for only 4 months. The Group therefore posted consolidated sales for € 658,077k in 2017, up 34.7% over 2016, while the growth would have been 10.1% on a like-for-like basis.

The process of progression in acquisitions also involved the European sites, in fact on October 3, 2017 the parent company Agrati S.p.A. purchased the remaining 48.57% of the subsidiary Agrati France Sas from the minority shareholder FAA (Fonds Avenir Automobile).

The operation completes the acquisition process of the French ex-Acument plant, started in March 2010, which involved the French subsidiaries in a thorough industrial reOrganization process that allowed them to return to average profitability conditions, starting from a situation of serious financial difficulty.

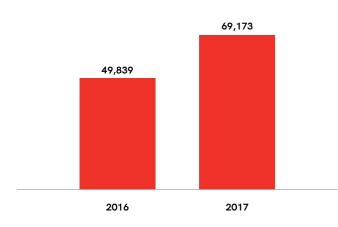


ECONOMIC



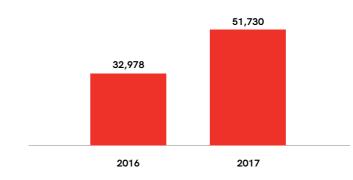


Operating income (EBIT) (k€)



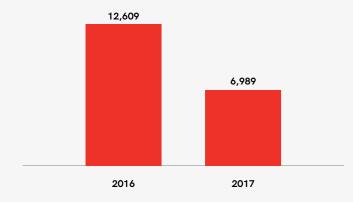
Operating income of € 69,173k was posted at 10.5% of net revenues, slightly up on the previous year at € 49,839k with an incidence of 10.2% and an increase in absolute value of approximately € 19 million, confirming its position above the average of the reference competitors in the sector.

Net profits (k€)



Net profit is up from € 32,978k to € 51,730k compared to the previous year and is strongly influenced by the reduction in taxes and other economic and financial factors described

⊕ Taxes for the period (k€)



Income taxes decreased from \leqslant 12,609k to \leqslant 6,989k compared to the previous year, mainly due to the benefits of the "Trump" tax reform.

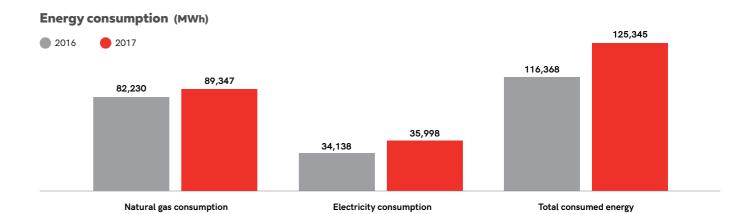


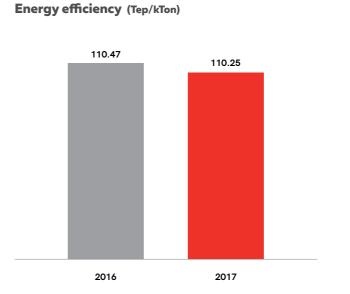








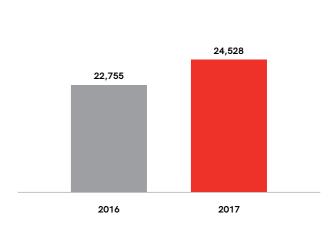




ENVIRONMENTAL

SUSTAINABILITY

CO2 emissions from energy consumption (Ton/CO2 eq)



Italian production between 2016 and 2017 rose from 70,500 tons to 76,752 tons. The production processes are concentrated in the production sites of Veduggio, Dolzago and Tronzano Vercellese. The overall energy efficiency improves and shifted from 110.47 tep/kTon to 110.25 tep/kTon in 2017. Equivalent CO2 emissions increase in correlation with the amount of energy used.



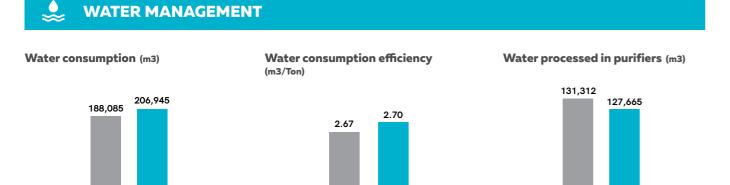
2016

2017



2016 2017

processes



Between 2016 and 2017 there was an increase in the use of water equal to 10% compared to the value of 2016. The increase is lower than the increase in production, which increased by 11% in the same period of reference. These values are also confirmed with respect to a slight worsening of efficiency in the consumption of water resources, which records a change from 2.67 m3 / Ton to 2.70 m3 / Ton. There is also a decrease in the amount of water sent to the purification plants: in 2016 they amounted to 131,312 m3 and in 2017 they became 127,665 m3, equal to a decrease of 2% compared to the previous year. This data reveals Agrati Group's focus on the use of water, a vital resource for the context in which it operates.

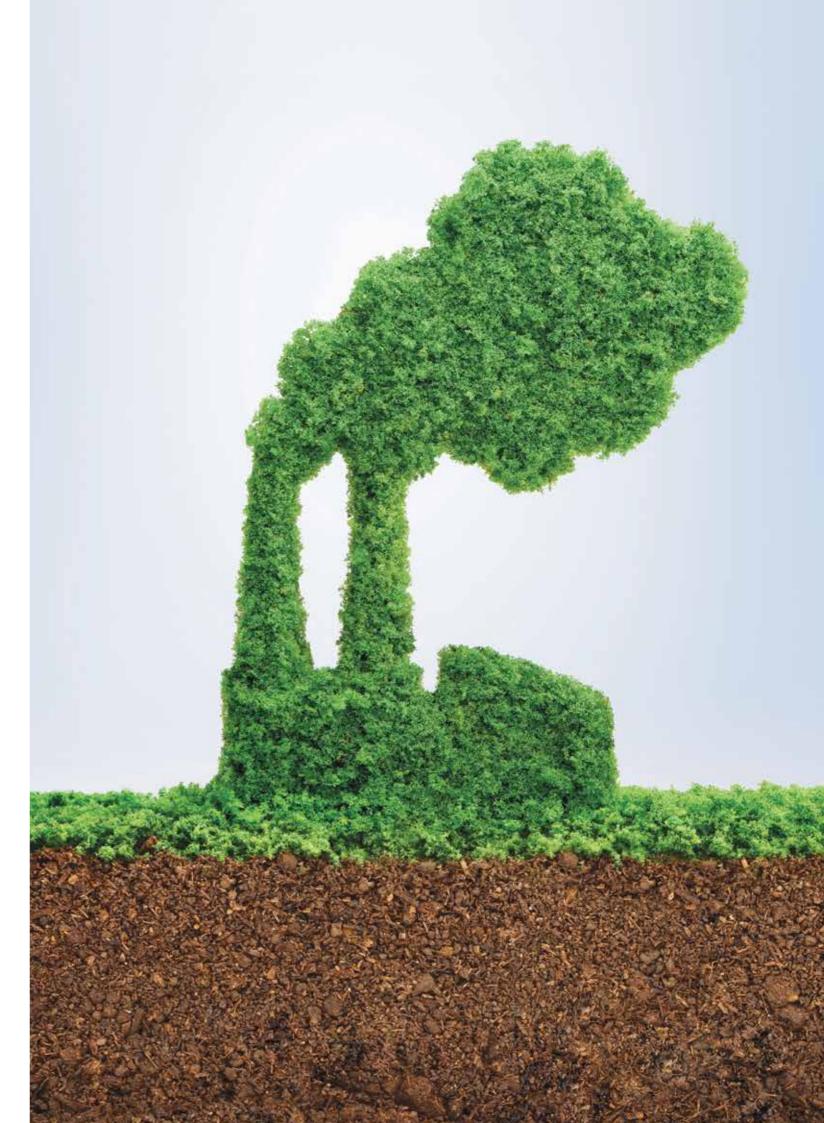
2017

2016

WASTE Waste production efficiency Solid waste production (Ton) (Ton/Ton of forged product) Hazardous waste Non-hazardous waste 0.24 0.22 12,975 11.843 3,326 2,495 2016 2017 2016 2017 Recycled materials (Ton) **2016 2017** 9,226 1,151 Metal scraps recycled Oil recycled in internal Sulphuric acid intended

Between 2016 and 2017, the production of hazardous and non-hazardous waste has increased. Hazardous waste has increased from 2,495 tons to 3,326 tons and also includes waste water and non-hazardous waste, which is the largest element, rising from 11,843 tons to 12,975 tons and also including non-recyclable paper and wood. The total quantity of waste produced per ton produced at the forge increased by 4%, remaining practically constant with respect to production. It is noted that waste and components destined for recycling and reuse clearly increased: the oils destined for recycling rose from 6 tons in 2016 to 91 tons in 2017, metal scraps from 9,226 tons in 2016 became 10,163 tons in 2017 and the sulphuric acid destined for recycling rose from 761 tons in 2016 to 1151 in 2017 with an increase of 51% compared to the previous year.

for internal/external reuse



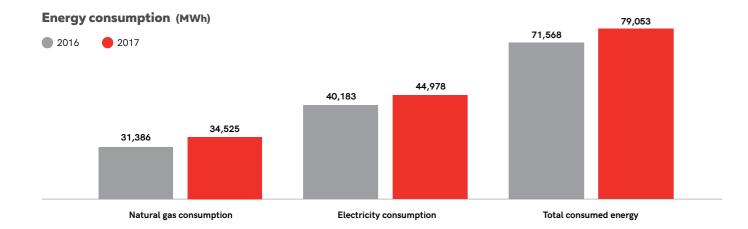




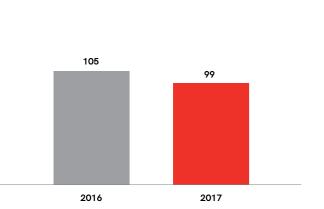
France



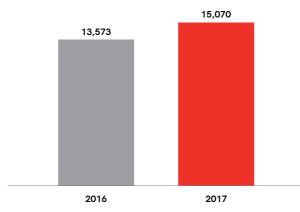
ENERGY



Energy efficiency (Tep/kTon)

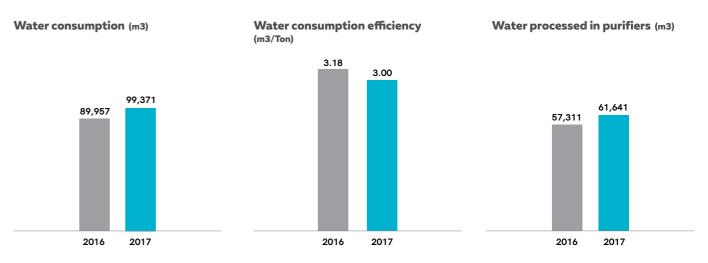


CO2 emissions from energy consumption (Ton/CO2 eq)



There are three French Agrati Group production sites located in La Bridoire, Fourmies and Vieux Condé. Production rose from 28,290 tons in 2016 to 33,069 tons in 2017. The thermal processes were increased in 2017, consequently increasing the use of furnaces and, in addition to Fourmies, a new cleaning plant was introduced, which is heated with natural gas. Since the increase in energy used is not only related to material production, energy efficiency improved in 2017 compared to the previous year, while carbon dioxide emissions increase very slightly.

WATER MANAGEMENT



The increase in water consumption is directly related to the increase in production. In two sites, Fourmies and Vieux Condé, even the efficiency of water consumption improved compared to the increase in production. Instead, the third site, La Bridoire, increased water use per ton produced from 5.1 m3 / Ton to 6.4 m3 / Ton. The result is a slight improvement in the efficiency of water use in production processes, which altogether passes from 3.18 m3 / ton to 3.00 m3 / ton in 2017. On the other hand, the volume of water sent to purification plants remains in direct proportion with the increase in quantity produced.

WASTE Solid waste production (Ton) Waste production efficiency (Ton/Ton of forged product) Hazardous waste Non-hazardous waste 3,862 3.620 3,355 0.24 0.22 3,092 2016 2017 2016 2017 Recycled materials (Ton) **2016 2017** 3.598 3,368

The quantity of waste has increased as a whole, but it should be noted that in the Fourmies site, the amount of non-hazardous waste has decreased progressively, thanks to the elimination of cardboard packaging. It is also noted that the percentage of waste per ton produced has improved between 2016 and 2017. The processes of recovery of waste from the collection of metal scraps inside the plants implies a greater attention to the environment and care in the collection and enhancement of these elements. Sulphuric acid is not recyclable and is therefore intended for disposal as hazardous waste.

Oil recycled in internal

processes

Metal scraps recycled for internal/external reuse



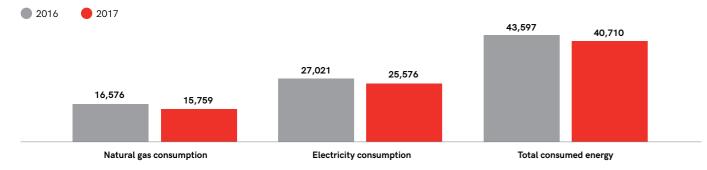




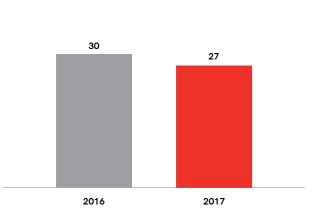


O ENERGY

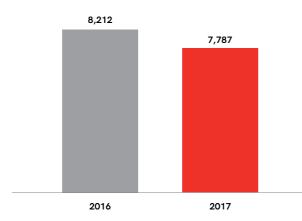
Energy consumption (MWh)



Energy efficiency (Tep/kTon)



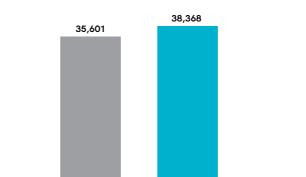
CO2 emissions from energy consumption (Ton/CO2 eq)



CMG plants located in Medina, Tiffin, Park Forest, Valparaiso between 2016 and 2017 decreased their consumption of natural gas and electricity. The consumption of natural gas is correlated with the trend of external temperatures and weather conditions. On the other hand, the use of electricity is in direct relation with the production efficiency processes and energy efficiency has indeed improved from 30 tep/kTon to 27 tep/kTon and the carbon dioxide emissions related to industrial processes have decreased correspondingly with an improvement of the impact in terms of climate-altering gases.

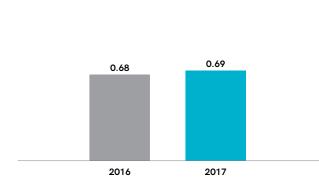
WATER MANAGEMENT





2017

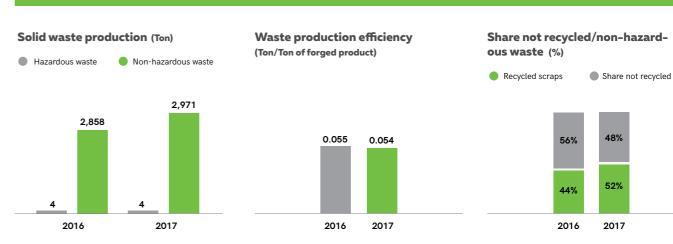
Water consumption efficiency (m3/Ton)



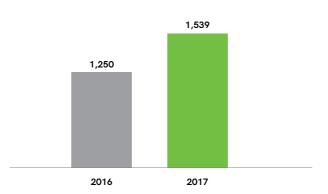
Regarding water consumption in production processes, absolute values increased between 2016 and 2017 and the efficiency of water consumption decreased compared to the value of finished product production, due to greater use of water for the increase of surface treatments and heat treatments.

WASTE

2016



Recycled materials (Ton) Metal scraps recycled for internal/external reuse



99% of the waste produced by CMG companies in the US consists of non-hazardous waste and for a very small fraction of waste classified as hazardous by the United States environmental legislation, equal to 4 tons in 2016 and 2017.

The production of non-hazardous waste increased from 2,857 tons in 2016 to 2,971 tons in 2017, but also the quantity of metal scraps produced and recycled for internal use or for sale on the market increased from 1,251 tons in 2016 to approximately 1,539 tons in 2017. It is clear that around 44% of non-hazardous waste in 2016 was destined for recycling in the same production process or similar industrial processes and in 2017 this figure increased to 52%.

For these reasons the efficiency of waste production compared to the finished product has improved between 2016 and 2017



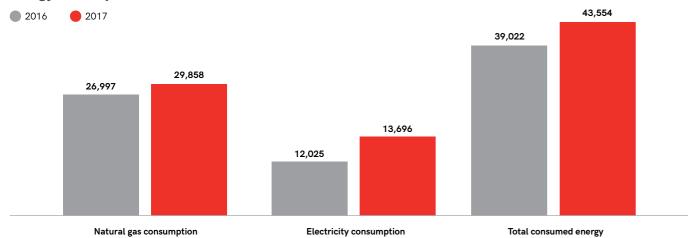




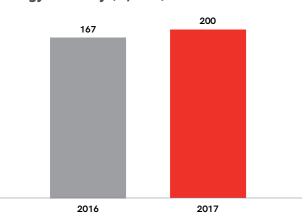


ENERGY

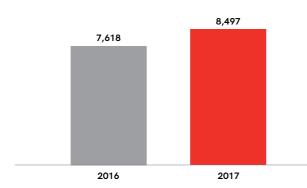
Energy consumption (MWh)



Energy efficiency (Tep/kTon)



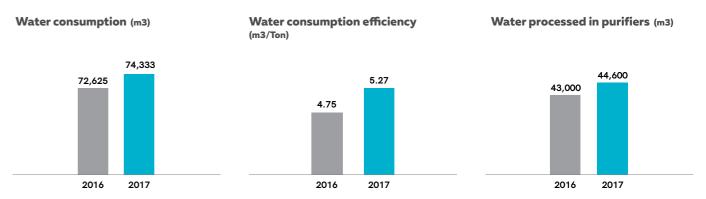
CO2 emissions from energy consumption (Ton/CO2 eq)



Production at the Chinese production site (YAF) rose from 13,694 tons produced in 2016 to 14,107 tons of total production in 2017.

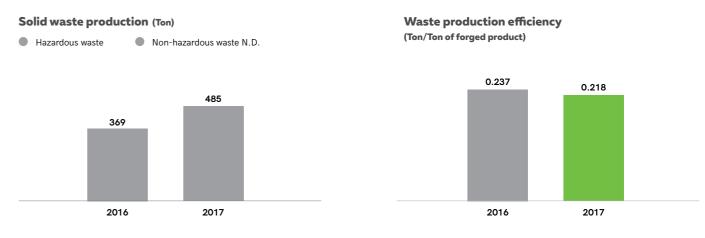
The energy consumed in terms of natural gas increased, but the quantity of gas per unit produced remained unchanged: the average natural gas consumed is equal to 0.23 m3 / kg. As for electricity, the average rose from 0.88 kwh / kg to 0.92 kwh / kg because the calculation also includes the addition of an air conditioning system in a commercial area of Yantai Agrati Fasteners Co Ltd. Energy efficiency decreased slightly from 167 tep/kTon in 2016 to 200 tep/kTon in 2017.

WATER MANAGEMENT

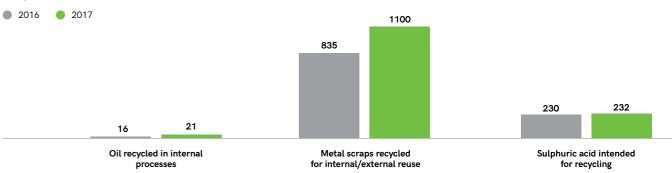


The consumption of water used in the production system increased in absolute value of 1,708m3 between 2016 and 2017. If we consider the average consumption of water, however, we note that if consumption in 2016 was 4.75 m3/ton in 2017, consumption rose to 5.27 m3 / Ton. The water treated in purification plants is related to the increase in production and an increase of 1,600 m3 between 2016 and 2017.

WASTE



Recycled materials (Ton)



The waste produced increased by 116 tons between 2016 and 2017 in a way related to the increase in production. Only hazardous waste is measured, whereas the production of non-hazardous waste is only measured since 2017. The overall recycling process is undergoing constant improvement: the recovery of oil from processes increased by 4.8 tons and the recovery of metal scraps rose from 5.7% in 2016 to 6.8% in 2017. The recovery of sulphuric acid presents an important value of 232 tons in 2017 and 230 tons in 2016. Efficiency in waste generation improved between 2016 and 2017 in line with these measures.

Agrati Group

In 2016 Agrati Group produced 166.503 tons of production at the forge and in 2017 production increased to 179.227 tons overall, with a breakdown of production in the various production plants located in Italy, where the largest quantity produced is recorded, and in the United States, which ranked second followed by France and China.

In every country where the Group operates, the laws in force in environmental matters are respected and ISO 14001 certifications are adopted. In defining the Agrati Group's areas of environmental commitment, consumption and impacts were subdivided according to the territory in which the plants are located - the United States, Italy, France and China - and with a final evaluation of the Group in its entirety.

Furthermore, the monitoring and analysis areas were divided into the main sectors of interest and impact of the energy, water and waste production activities.

The data concerning these specific sectors have been collected in the single plant and therefore include both the information regarding the productions and the general management activities.

In this first edition of the sustainability report, we analysed two years, 2016 and 2017 with the aim of using 2016 as the reference year and presenting the evolution of five years of production activities and their environmental impact.

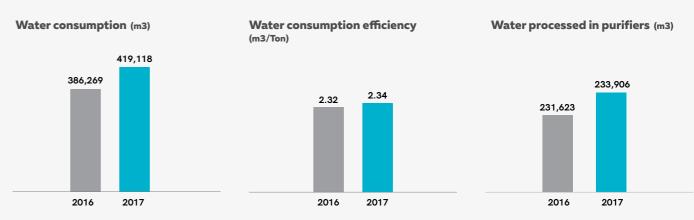
ENERGY Energy consumption (MWh) 2016 2017 288,664 270,555 169,490 157,189 120.248 113,366 Natural gas consumption **Electricity consumption** Total consumed energy **Energy efficiency** CO2 emissions from energy **Energy from renewable sources** (Tep/kTon) consumption (Ton/CO2 eq) (photovoltaic panels) (MWh) 55.882 52.158 406 89.62 89 47 2017 2016 2017 2016 2017 2016

In production processes, the forging phase represents the most energetic point of the entire work cycle. Natural gas and electricity are used in the combustion processes. In the overall assessment of energy consumption, it can be seen that the total consumption rises in absolute terms and energy efficiency has decreased slightly between 2016 and 2017. The emissions of carbon dioxide related to production processes are in line with energy consumption: the plants have maintained the same technological structure over the two years and no significant changes have occurred.

In the Italian sites where the Agrati Group operates, it produces energy from renewable sources using photovoltaic panels positioned on the plant roofs. The quantity produced is sold to the electricity grid for quantities equal to 409 MWh in 2016 and 406 MWh in 2017. The Group's decision is to support choices of environmental sustainability in its business facilities and the production of energy from the solar source is a step in this direction.

WATER MANAGEMENT

SECOND PART - REPORT 2017



Water consumption related to production processes are inherent to surface treatments and thermal processes. They are in a form that is coherent with other consumption and the greater consumption of water corresponds to an increase in overall production. The water is processed in downstream purification systems and then returned to the water bodies from which it was taken to allow for other uses. It is noted that between 2016 and 2017 the efficiency of water usage remained almost the same, sign of the attention and protection given to this important natural factor in all the countries where Agrati operates.

WASTE



The production of hazardous and non-hazardous waste has increased in absolute terms between 2016 and 2017. The data relative to the proportion of waste per ton produced has slightly increased with the same trend of the factors consumed (energy and water). It is important to note that the recycling processes of some waste categories have increased significantly.

steel production processes, fuelling the constant recycling process. The recov-

ered quantity of sulphuric acid, which is part of the hazardous waste produced, increases by about 33% between 2016 and 2017.

The strategy followed by the Agrati Group is the progressive recycling of substances that have a strong impact on the environment and which, on the other hand, are processed and reused in production processes, on the one hand saving The same trend is also found in metal scrap recycling, which is reintegrated into on new resources and on the other reducing waste that have significant environ-

41



Our materials towards the circular economy

STEEL

The steel used by the AGRATI Group for cold forming is basically of two types:

- **Steel from SCRAPS**, produced through fusion of high quality scrap metal recovered from the production processes in electric arc furnaces (EAF process Electric Arc Furnace)
- MINERAL steel, product for iron ore reduction with Carbon Coke (BOF process - Basic Oxygen Furnace)

The EAF process intrinsically requires less use of natural resources and is therefore preferred where process technology allows the use of such material.

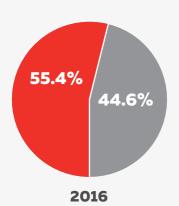
PACKAGING

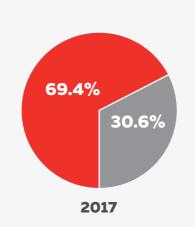
The Agrati Group uses metal drums to handle its products in the various production phases. Product packaging for shipments to end customers is instead made of reusable plastic containers (KLT) or of cardboard packaging collected on wooden pallets.

For cardboard and wood, recycled and reusable materials are preferred.





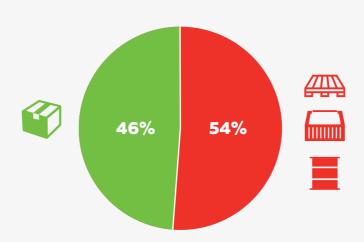




The strong change in % in the use of scrap material between 2016 and 2017 is determined by the entry into the CMG Group.

Finished product packaging

packaging and handling.



Ton sold in cardboard (recyclable material)

reusable packaging like plastic containers (KLT) or metal drums.

 Ton sold in Returnable (plastic) and Reusable (wood) packaging

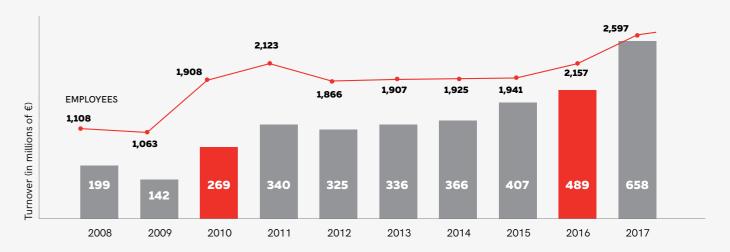
At the group level, the material sold in 2017 was mainly distributed using recyclable, reusable or returnable materials. This is just one example of the attention paid to the packaging used for the finished product, with a view to a circular economy inside and outside the company's walls.



People

Human resources represent the fundamental patrimony of the Agrati Group. Skills, motivation and passion are the mix of quality that the people who work in Agrati place in their daily work.

Employees and turnover



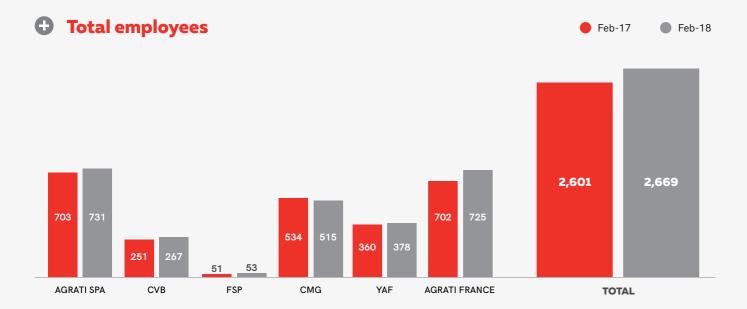
Staff representation at 31.12

The Company is committed to providing safe, stimulating and rewarding work environments, offering ample space for personal growth, professional learning opportunities and, above all, a working environment where there is constant attention to people and respect for their work.

In the last 10 years the composition and numbers of employees have evolved and changed in harmony and consistency with the growth of the Agrati Group. Particularly significant from the standpoint of growth in the workforce were the years 2010 and 2016, respectively the years in which the Group expanded with the entry of the subsidiary Agrati France and the American Agrati CMG.

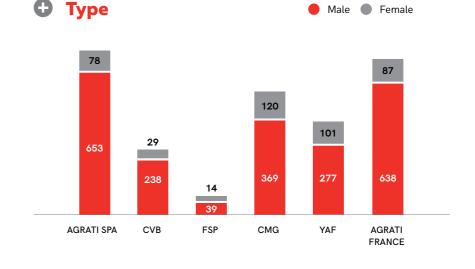


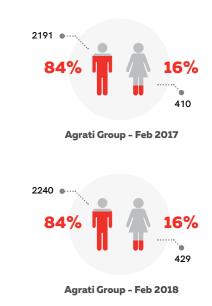




A survey is conducted at Group level every year in March, in which the Group's workforce (with the exception of the commercial branches) is analysed to understand the general evolution in terms of numbers, types of contracts and type.

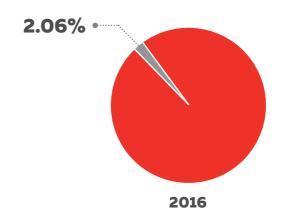
In the two-year period examined in this Report, the number of employees increased: in the two-year period 2016/2017 at Group level, the net balance was 70 new employees, equal to 2.6% of the total.



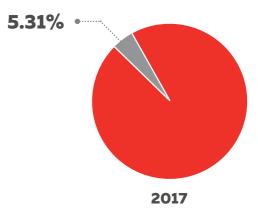


It is the Group's intention to implement certain measures that will allow a better balance of the workforce composition.

Employee turnover

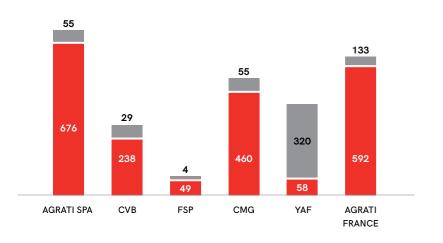


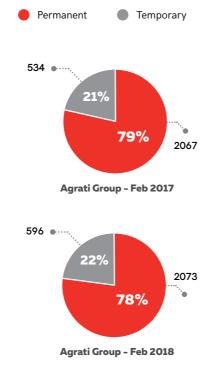
The employee turnover, measured in terms of voluntary resignation of personnel on the average workforce, reveals comforting trends and certainly below the general average of the sector. This is one of the most qualified parameters for assessing the well-being of staff in the Agrati Group and is, among other things, the result of the numerous personnel management policies that the Company puts into place to encourage the development of a positive business climate.



During 2017, the turnover figure for the company recorded an increase that is determined by the inclusion of the US subsidiary: this is therefore not a sign that the state of personal well-being has worsened because it is known that work mobility in the United States of America has a historically much higher level than that recorded in Europe.

Type of contract







Vocational development and training

It is a fundamental point of Agrati's corporate policy to offer equal opportunities for learning and professional growth for all employees.

The Agrati University was established as a testimony of this commitment to training and development of human resources in 2007.

Agrati University is a permanent corporate structure that takes care of transmitting the core skills of the various processes to employees through the work of qualified and certified internal trainers.

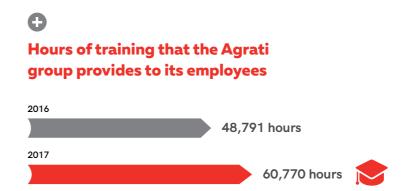
In 2016, 76 courses were provided for 1,122 employees, while in 2017 Agrati University organized 71 courses involving 677 employees.

As can be deduced from the graph presented on the next page, the second training area is related to employee safety and health. The Group is particularly committed to the definition and implementation of a policy that safeguards the safety and health of people. Within this framework there is a massive training activity that contributes to raising awareness and building a widespread and pervasive culture in all the Group's units.

The pursuit of the goal of "zero accidents", in fact, from which the Group is still a bit far away, means making available both procedures and machinery that guarantee safety, but also to distribute cultural tools and approaches to this philosophy.







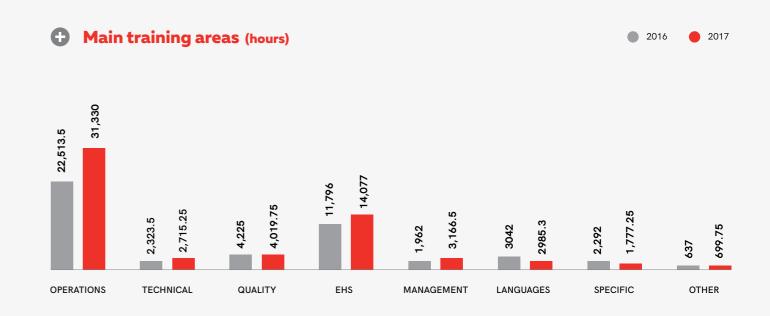












Λ

Talents in Agrati

Constant attention is given to those that Agrati defines business talents: Key people and potential young people.

The company follows these talents with custom processes that monitor their career and development within the company to promote their professional growth within the Group, enhance their commitment and their skills.

In terms of promoting young people for some years, the Agrati Group has developed a series of partnerships with local schools and universities in order to anticipate their future needs for resources and to ensure privileged access to the best talents leaving schools and universities..



Agrati Care

The Agrati Group has always considered it essential to guarantee the involvement and satisfaction of its employees.

Agrati Care is the name of the project that includes all the activities developed by Agrati and conducted to take care of employees and to make sure they are satisfied with their work and their company.

Some of the activities implemented by Agrati Care to guarantee a good "quality of life" in the company are:

- clear, transparent, objective and meritocratic interpersonal relations management;
- the implementation of corporate welfare policies that integrate national and contractual interventions and which enable them to act for the benefit of employees and their families. These policies include, for example, income support, health promotion and work-life balance;
- the commitment to provide safe, stimulating and rewarding workplaces;
- the use of two-year surveys conducted on staff to understand their feelings and the improvements necessary to ensure their serenity.

Agrati evaluates the effectiveness of Agrati Care on people in a simple and clear way, measuring the company turnover, the percentage of surveys, the improvement proposals generated by the employees and the level of overall satisfaction.





Health and safety

The Agrati group can boast good cultural bases on the environment, health and safety.

There are many active prevention programs, just to name a few: the assessment of health and safety risks, continuous training interventions, motivational and control programs, the sharing of results and actions with internal stakeholders, the investments made in these years, certainly essential to provide new productive leaps, but also useful to make workplaces safer. Of fundamental importance in this context is the role played by senior management, both motivationally and materially.

These premises represent the starting point to ask the internal and external specialists to propose new management tools, selected and proven, with a view to continuous improvement. Work towards ever higher safety standards is a process that is enriched from time to time by new tools.

Some of these tools are now being launched, for example the Behavioural Observations, the planned General Inspections to be carried out by the operators themselves, the "EHS Games" to involve all workers.

Other new tools will be adopted in the coming months and years. The culture of prevention, as well as the activities aimed at changing wrong behaviours, are transformations that take time, but the Agrati Group is working in the right direction in order to achieve them.

Everyone's commitment is essential, without it, any improvement is impossible. There is a slogan in Agrati: "Everyone has a role to play in EHS", in other words every business environment, every person can and must contribute to the EHS cause. This principle is referred to today by the new certifications (referred to in chapter "Commitment to quality and safety") ISO 14001 and ISO 45001, meaning an approach to the shared subject is required based on the objectives, policies and actions of EHS.

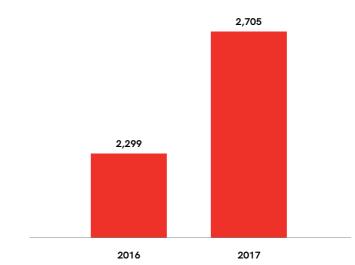
The EHS Organizational Model of Agrati Companies in the world has been modified over time to identify the main EHS referent in the Plant Director. An EHS specialist, delegated by Plant management, coordinates the health and safety risk prevention measures, as well as the environmental impacts of one or more Plants.

At the end of 2017, the figure of the Group EHS Coordinator was included in the Agrati Organization, with the aim of strengthening the culture of prevention through the involvement of the entire Organizational structure, also thanks to the adoption of new prevention methods and tools. Some examples in this sense - already implemented or being launched - are:

- accurate analysis of incidents (promotion of problem solving methods with involvement of several corporate actors under the guidance of EHS managers);
- production of REX, with the idea of capitalising and sharing negative experiences;
- production of Good Practices, with the idea of capitalising and sharing positive experiences;
- planned General inspections that directly involve the operators, to perform simple checks on compliance with standards in a limited area of work;
- behavioural observations with the involvement of non-operative people in behavioural verification activities, to increase the culture of safety in a positive and non-coercive way.



⊕ CAPEX EHS - Capital expenditures (k€)



As evidence of Agrati's commitment, we report the investments for environmental protection and safety of workers and the community that the Group has sustained for the years 2016 and 2017.

Capex (from CAPital EXpenditure, ie capital expenditures) indicates the amount of cash flow that a company uses to purchase, maintain or implement its operating assets such as buildings, land, plant or equipment.

52 F





The Agrati Group is strongly and constantly committed to pursuing its path of change and innovation.

In particular, significant improvement targets have been set with the aim of achieving a further and drastic reduction in the ISR and IFR indices. The defined plan concerns interventions on technical, procedural and behavioural aspects.

Group	severity	v index	(ISR)	١
GIOUP	Sevenie	, illuex		,

oup severity index (ISR)	201	16	2	017	
	Days lost	ISR*	Days lost	ISR*	
rati Group	840	0.17	1371	0.28	

Accident frequency in the Group (IFR)

Accident frequency in the Group (if it)	2016		2017	
	LTAs	IFR**	LTAs	IFR**
Agrati Group	49	10	59	12

The Safety Result indicators increased in 2017 compared to 2016. No further statistical consideration can be made regarding the lack of a common database that can be compared: before 2016, in fact, the rules for summarizing and calculating the data of the individual plants in the world differed.

^{*} ISR = n. of days lost/Hours worked x 1,000

^{**} IFR = n. of accidents with more than 24 hours lost / Hours worked x 1,000,000



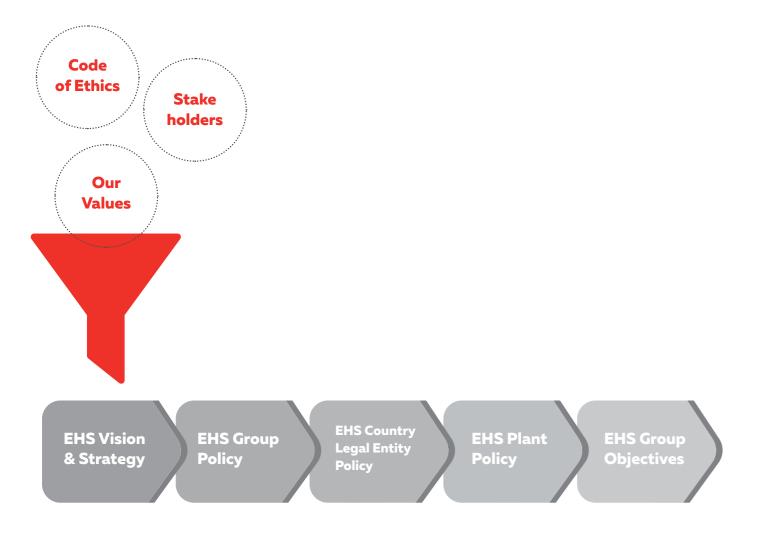


EHS strategy and policies

For the definition of the Vision and the long-term EHS strategy, Agrati has based itself on the following input elements: stakeholder needs, the Code of Ethics and Values of the Agrati Group.

After the definition of vision and strategy, the EHS and CSR policy documents were defined at Group level, and therefore the specific policy documents for each country and each individual Plant.

The EHS objectives have been defined taking into account the outcomes of the analysis of the health and Safety risks assessment, environmental impact, risks and opportunities in general.



Communication in Agrati

Internal communication represents an important element in Agrati for the development and sharing of activities.



The main initiatives, the periodic thematic information are amplified through IT totems, closed circuit televisions or bulletin boards present in the plants located all over the world. For PC owners, access to the company intranet is guaranteed, where documentation is freely viewable and available to all employees.

Internal communication is an instrument validly used by Agrati also to increase cohesion among people through popular tools, such as the Agrati Magazine: a quarterly journal drawn up in Italian, French and English distributed throughout the Group where the latest Agrati Group new, the main projects, a summary of possible customer and supplier audits, curiosities from the fasteners and automotive world are communicated. Issues such as those concerning corporate welfare initiatives and communication with the outside world, such as the announcement of participation in fairs or other events, are also addressed.





Notes

Indicator name	Unit of measure	Definition	Definition	page no.	Source documents
Net revenues	k€	Data Line In the Income Statement	Economic Sustainability	27	2017 Annual Financial Report
Operating income (EBIT)	k€	Operating result (rows A + B + C + D + E + F + G)	Economic Sustainability	28	2017 Annual Financial Report
Taxes for the period	k€	Data row M Income Statement	Economic Sustainability	28	2017 Annual Financial Report
Energy gas consumption	MWh	Quantity of natural gas, supplied by a connection to an external supply network, exploited by stationary emission sources measured in MWh (MWh), excluding the energy exported from the site.	Environmental sustainability	31,34,36,38,40	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
Electricity consumption	MWh	Amount of electricity consumed for the activities of the production site (plant) measured in MWh	Environmental sustainability	31,34,36,38,40	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
Total energy consumption	MWh	Sum of the quantities of electricity and gas used in the production site	Environmental sustainability	31,34,36,38,40	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
Energy efficiency	Tep/kTon	Tep/Kton forge with the following equivalence formula TEP / kWh 0,000187 TEP / mc gas 0,00082	Environmental sustainability	31,34,36,38,40	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
CO2 emissions from energy consumption	Ton CO2 eq	CO2 emissions from direct energy sources (fuel used in production sites controlled by the Agrati Group) in tons	Environmental sustainability	31,34,36,38,40	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
Water consumption	m3	Total volume of water consumed calculated in cubic metres (m3)	Environmental sustainability	32,35,37,39,41	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
Efficiency in water consumption	m3/Ton	Water consumption / forge production	Environmental sustainability	32,35,37,39,41	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
Water processed in purifiers	m3	Total volume of water sent to internal or external processing plants	Environmental sustainability	32,35,37,39,41	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
Hazardous solid waste production	Ton	Amount of hazardous waste produced in tons	Environmental sustainability	32,35,37,39,41	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
Non-hazardous solid waste production	Ton	Quantity of non-hazardous waste produced in tons	Environmental sustainability	32,35,37,39,41	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
Total solid waste production	Ton	Total waste production	Environmental sustainability	32,35,37,39,41	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
Waste production efficiency	Ton	Total waste production / forge production	Environmental sustainability	32,35,37,39,41	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00

Indicator name	Unit of measure	Definition	Definition	page no.	Source documents
Recovered materials: oil reused in internal processes	Ton	Amount of oils recovered in plants and reused in production processes	Environmental sustainability	32,35,37,39,41	Balance Score Card active for each plant an on the Group level;
Recycled materials: Recycled metal scraps	Ton	Quantity of metal scraps recycled and sold	Environmental sustainability	32,35,37,39,41	Balance Score Card active for each plant an on the Group level;
Recycled materials: sulphuric acid intended for recovery	Ton	Quantity of sulphuric acid recovered and transferred to processing plants	Environmental sustainability	32,35,37,39,41	Balance Score Card active for each plant an on the Group level;
Raw material composition: mineral and scrap	%	Purchased raw material composition	Environmental sustainability	42	Balance Score Card active for each plant an on the Group level;
Packaging quantity of the finished product sold	Ton	Quantity of cardboard and metal material contained in the packaging of the finished product measured by the parent company at the plant in Veduggio and sold to the market	Environmental sustainability	43	Calculation applied to the Veduggio plant (IT) year 2016
Net revenues	million Euro; no.	Value of net revenues from the approved budget next to the total workforce number	Social sustainability	45	Approved financial statements; calculation of the total workforce (workers on permanent contracts and temporary workers) for the period 2008-2017
Employee turnover	%	Voluntary resignation of staff on the average workforce	Social sustainability	47	Internal Files
Total staff	No.	Sum of the number of workers with permanent contracts + number of workers with temporary contracts	Social sustainability	46	Balance Score Card active for each plant an on the Group level;
Type of contract	No.	number of workers on permanent contracts + number of workers on temporary contracts	Social sustainability	46	HR Data Base; HR Report
Туре	No.	Type analysis of the total workforce	Social sustainability	47	HR Annual Survey
Hours of training provided to employees	No.	Amount of training hours	Social sustainability	49	Balance Score Card active for each plant an on the Group level;
Hours of training / employee	No.	Average of the amount of training hours per employee	Social sustainability	49	Formula (line 26 / line 23)
Training areas	type		Social sustainability	49	Internal Files
Capex Capital expenditure - EHS	k€	Capital expenditure included in the annual budgets and allocated to the EHS sector	Social sustainability	53	Environment Health and Safety Budget 2016 and 2017
ISR	No.	The number of days lost due to accidents related to a 1 000 hour joint exposure. Employees of the Agrati group + temporary workers	Social sustainability	55	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00
IFR	No.	The number of injuries and accidents at work suffered by Agrati Group employees + temporary workers with one day lost or more, referring to a common exposure of 1 000 000 hours.	Social sustainability	55	Balance Score Card active for each plant and on the Group level; Environment, Health and Safety Reporting Manual rev00

SUSTAINABILITY REPORT 2017

