

# **Sustainability Report**

# **2024**

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# Letter to Stakeholders

Dear all,

Here we are, pleased to share with you our second Atlantic Fluid Tech Sustainability Report — a reflection on 2024, a year in which **we continued our sustainability journey** within a deeply uncertain geopolitical context marked by the U.S. elections and international conflicts that affected business objectives and produced strong global uncertainty.

2024 was a year of intense debate on sustainability themes, partly due to the European Parliament elections, which led to revisions and slowdowns in the agenda of environmental, social and governance policies.

Nevertheless, we pressed ahead, confident that the path we have undertaken contains — in the short, medium and especially long term — the elements needed to carry Atlantic Fluid Tech into the international dimension that awaits it, without being subject to external influences, but by acquiring the reading tools needed to face the present and manage the future with greater calm and resilience.

Yes, we had to cope with less-than-brilliant economic performance, owing to a weak economic environment at the start of the year, but we managed to hold on — tightening our belt, as one does in such cases — and reorganised activities to meet the company's needs.

In this context, we did not abandon our sustainability objectives, proud of the work done in 2023 and certain that this is not a field to be interrupted but rather to be grown precisely in a difficult and complex context. We recalibrated our efforts, always aiming to improve our production efficiency, reduce the environmental impact of our operations, and promote sustainable innovation across all business areas.

At the same time, we completed our governance journey with the **adoption of an Organisational Management Model under Italian Legislative Decree 231/2001 (MOG 231)** and the drafting of a **Code of Ethics** — a clear commitment to protecting people's dignity and rights, ethics and corporate transparency. Finally, we did not let our support for **voluntary training** fall short, certain that only through culture, awareness and knowledge can we truly make a difference in our sector.

Our second Sustainability Report has maintained its investigation of ESG areas in line with CSRD requirements, despite the European Parliament's pause and the new guidance expected by the end of 2025.

Across all areas, we have sought to identify actions on which to develop improvement processes, the systems to measure them, and the targets to be achieved.

It was a year in which we needed to react with **"resilience"** while continuing to focus on **technological innovation** — the feature that has always distinguished us, thanks to the cultural craftsmanship and human capital of Atlantic Fluid Tech, a true forge in constant operation.

We look to 2025 with renewed confidence, aware of having pulled the right levers to secure a brighter future (or at least we will try!) for the Atlantic Fluid Tech community and for the territory in which much of our value is invested.

For this reason — for the difficult crossing we made together in 2024 — we want to thank each of you even more: employees, communities, suppliers and customers, for the essential contribution and closeness you showed throughout the year.

We invite you to consult the **2024 Sustainability Report**, attached hereto, to explore the details of our activities and the results achieved.

We remain at your disposal for any questions or further information.

Yours sincerely,

**Atlantic Fluid Tech S.r.l.**

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With the publication of the first Sustainability Report in 2023, Atlantic Fluid Tech launched a structured sustainability journey aimed at managing impacts — including financial ones — in the short, medium and long term.

A commitment that continues in 2024, with the awareness of how important it is to integrate ESG topics into the company's business model.

”

*Michele Storci*  
ESG Director



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# Atlantic Fluid Tech and the Stakeholders

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## CHAPTER 1

# Who we are

## 1.1 Mission, Vision and Company Values

**Atlantic Fluid Tech** was founded in 1979 in Modena and today is a leading company on the international stage in the design and production of hydraulic valves and components with high performance and quality standards.

Our mission is to provide innovative and customised hydraulic solutions that meet the specific needs of our customers in the agricultural, construction, earthmoving, lifting, materials-handling and drilling sectors, as well as industrial vehicles. We are committed to maintaining high quality and performance standards, now also integrating product environmental sustainability and the well-being of our employees.

Our vision is to capitalise on and enhance the entrepreneurial tradition and technical heritage of our people, our know-how and the craftsmanship of our products, continuing to be a reference partner in the global hydraulics sector. We aim to grow through innovation, sustainability, the adoption of Industry 4.0 principles and international expansion, while always maintaining a strong link with the Emilian territory — a region with a strong vocation for mechanical excellence and a long tradition in hydraulics.

The values that distinguish our company's history are:

» **Innovation:** we constantly invest in research and development to offer cutting-edge products and improve company processes, applying advanced technologies and new business model;

» **Reliability:** thanks to our technical expertise and product quality, we are recognised as a reliable partner by leading global players across various application sectors;

» **Customer orientation:** we are focused on our customers' needs, offering customised solutions and high-level technical and logistical support through our subsidiaries and a widespread distribution network;

» **Training and personnel development:** we strongly believe in the importance of continuous staff training and collaborate with major universities to educate the engineers of tomorrow, strengthening our commitment to R&D. Our Academy is a flagship in this regard, an incubator of technology and development;

» **Sustainability:** we have undertaken an important certification journey to improve and monitor our management system, obtaining, among others, the ISO 14001:2015 certification for the environmental management system. We are committed to reducing the environmental impact of our activities and, now, to spreading sustainability principles throughout the organisation.

These are the values that guide us every day and represent the foundation on which to build a journey of sustainability and success for Atlantic Fluid Tech and all our *Stakeholders*.



## 1.2 Profile and general information

It was 1979 when CHS was founded — a company producing machined aluminium, steel and cast-iron blocks for the then-emerging hydraulics sector.

In the 1990s, it specialised in the manufacture, assembly and testing of complete hydraulic valves and integrated circuits, made on the basis of third-party designs and specifications, quickly establishing itself in the market as one of the most qualified suppliers of hydraulic components for industry.

**In 2008, Atlantic Fluid Tech** was established — a company dedicated to the design, development and marketing of hydraulic valves and integrated hydraulic blocks.

**In 2011**, the two companies merged, keeping the name Atlantic Fluid Tech, giving rise to a new entity that masterfully combines modern design and decades of production experience to develop the best customised solutions for every specific industry requirement.

Today the company also offers a line of standard hydraulic products, in particular counterbalance valves and cartridges, pilot-operated check valves, motor-flange valves, pressure relief and reducing valves, flow control valves, lowering control valves, hydraulic components for winches, manifolds, coils, connectors, solenoid-operated valves and multifunction integrated groups.

We have 6 production units totalling 15,400 sqm of covered area: 2 of our own recently built facilities equipped with the most modern production technologies, and 4 belonging to as many associated companies specialising in heat treatment of metal parts, turning, and the production of cartridges and manifolds.

The land where we produce is Emilia, a region of excellence in the mechanical sector with a long tradition in hydraulics. This is why we can rely on a supply chain of highly qualified local suppliers.

Investment and innovation capability have always been, since our foundation, essential factors of our company mission, and this makes us one of the most dynamic players in the sector.

We believe in technology and IT applied to industrial processes and production according to Industry 4.0 principles, to create new business models and improve working conditions.

Thanks to our technical expertise and reliability, our customers include leading companies in important application sectors — from agricultural and service machinery, earthmoving, drilling, construction and lifting, to industrial vehicles and automation.

To be closer to our customers, we have opened 6 subsidiaries in Japan, China, South Korea, France, the United Kingdom and the Netherlands, and built a widespread distribution network in the United States, Australia and other countries, ensuring maximum technical and logistical support.



1.3 The journey and history — timeline

in Italy

worldwide



Design, development and sale of hydraulic valves and integrated circuits



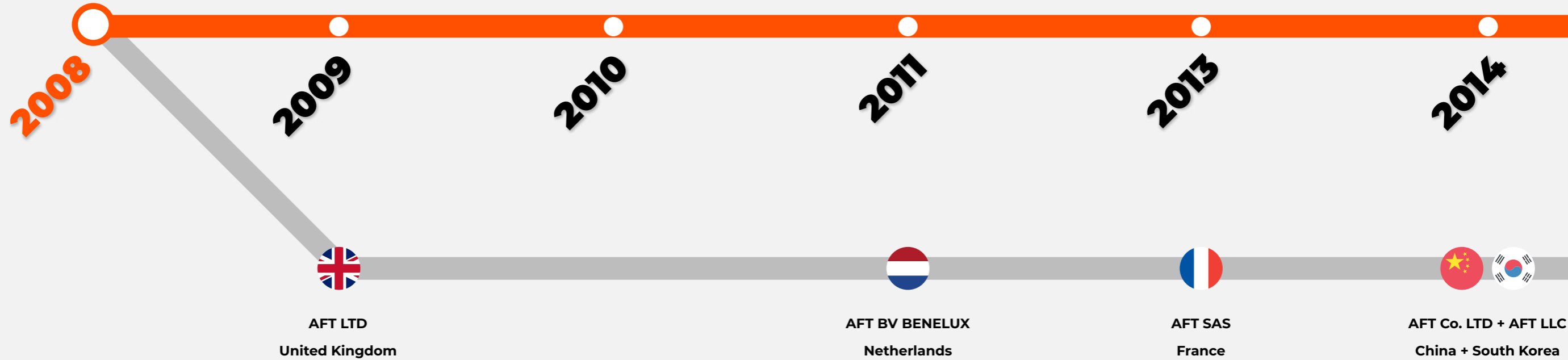
**TURNING TECH**  
Production of hydraulic components: turning, grinding and lapping



**ATLANTIC FLUID TECH**  
+ C.H.S. merger



**CARTECH**  
Production and testing of hydraulic cartridges



in Italy

worldwide



**SIMAL**  
Manifold production



**AFT 2° PLANT**  
New assembly and testing line



**TT CarTech**  
NEW TURNING TECH and CARTECH PLANTS



**AFT 3° PLANT**  
Shipments



**Atlantic ACADEMY**  
New vocational training school



**OMEGAFLUID**  
Expansion of the hydraulic-components range

2016

2017

2019

2020

2022

2023



**AFT KK**  
Japan



**AFT Sales/Technical service**  
Germany



**AFT Inc**  
United States

in Italy

worldwide

# VIBOR

VIBOR  
Sensor production



AFT 4° PLANT  
New accumulator  
production line

2024

2025

*... Believe in Better*

**1.4 Products**

The company is organised for the production of hydraulic valves and contract metalworking.

The production cycle includes the following stages:

- » raw materials reception;
- » mechanical processing with machining centres and machine tools;
- » washing;
- » dimensional inspection;
- » marking;
- » assembly;
- » functional testing;
- » finished-product storage;
- » shipment.

Working hours are distributed as follows:

<i>Shift</i>	<i>Time</i>	
Morning + Afternoon	8:00 - 13:00	14:00-17:00
Morning shift	5:30 - 13:00	
afternoon shift	13:30 - 21:00	

The Atlantic Fluid Tech product range includes:

- » **Pressure control valves:** used to regulate and maintain pressure in hydraulic systems.
- » **Directional valves:** used to control the direction of fluid flow within the circuit.
- » **Flow control valves:** enable control of fluid speed in hydraulic systems.
- » **Cartridge valves:** available in on-off and proportional versions, designed for applications requiring compactness and energy efficiency.
- » **Integrated hydraulic blocks:** customised solutions that combine multiple hydraulic functions in a single component, optimising space and performance.

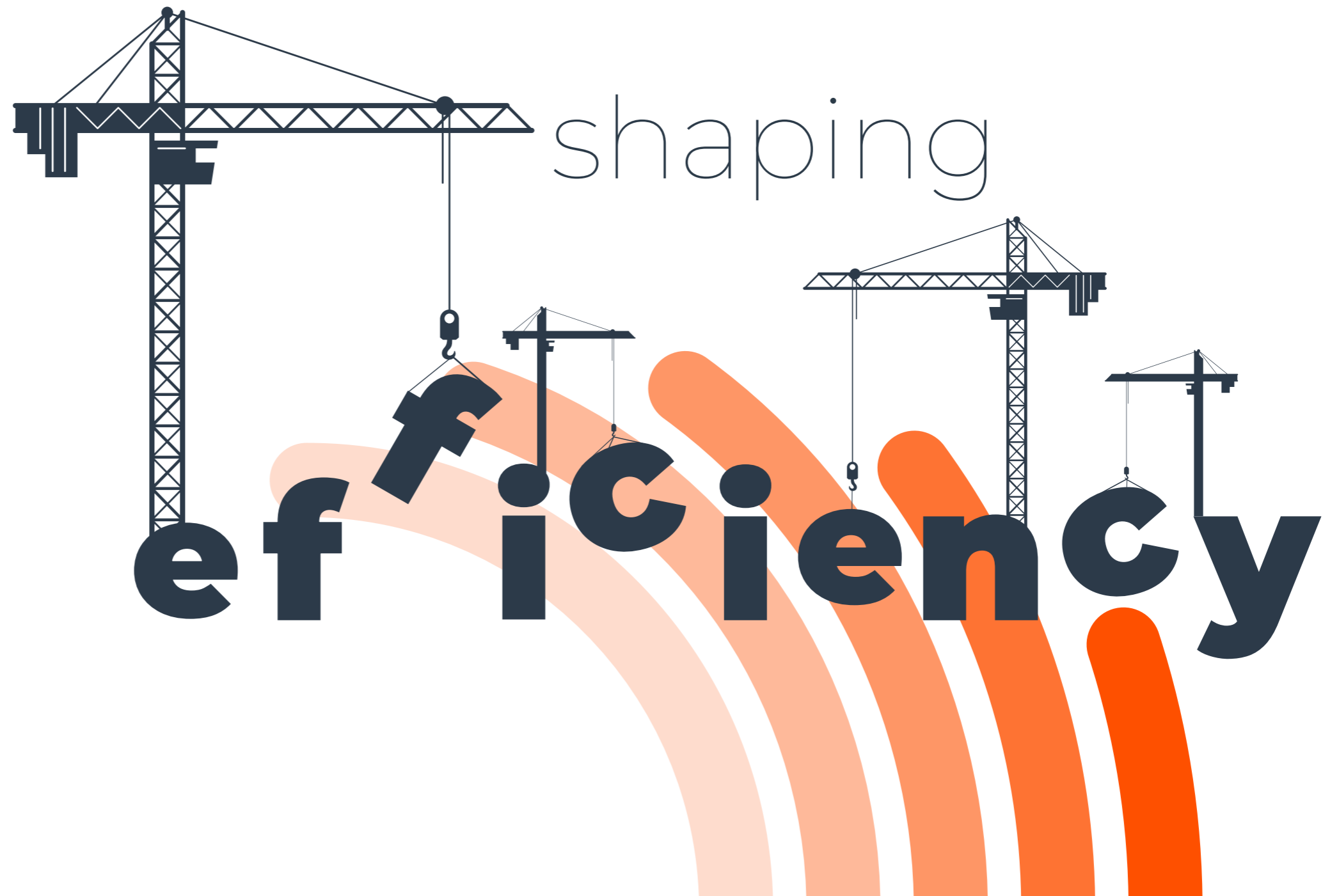


The company constantly invests in research and development, delivering over 400 new projects every year to offer innovative and tailor-made solutions to its customers.

In addition, Atlantic Fluid Tech offers a range of services complementary to production, including:

» **Assembly and testing:** ensuring that each product meets the required quality and performance standards.

» **Technical and logistical support:** through a network of subsidiaries and distributors present in several countries — including Japan, China, South Korea, France, the United Kingdom and the Netherlands — the company ensures prompt and efficient assistance.



CHAPTER 2

# ESG Sustainability and the UN 2030 Agenda

## 2.1 Agenda 2030 positioning

Atlantic Fluid Tech, with the intention of defining its long-term objectives through a global framework, has identified the Agenda 2030 Goals most aligned with the results of the materiality analysis.

Adopting international language allows the company to approach sustainable development from a broader perspective — more legible for its *stakeholders*.



» New filters installed at all sites to avoid bottled water and prevent single-use plastic.



» Continued commitment to reducing water consumption, through efficiency systems (including in restrooms) and continuous monitoring.

» Energy audit: in 2023 a very energy-intensive machine was eliminated and energy absorption per machine decreased. Automated consumption-monitoring systems are in place. Photovoltaic has been present since 1 September 2023, covering the entire roof of the Atlantic Fluid Tech headquarters. The company has installed new photovoltaic capacity, significantly increasing the amount of self-produced energy.



» Further implementation of the virtuous path of self-produced energy and purchase of 100% green energy.

» Increase in plant energy efficiency and climate resilience, through investments to lower temperatures in summer months.

» A *Mobility Management* programme has been launched.



» Installation of EV charging points in the company car park.

» Oil recovery. Rag recycling. Reduction of single-use plastic. Reduction of hazardous waste.

» Use of recycled paper and cardboard for packaging. FSC-certified pallets.



» Research on materials used in production, in order to eliminate hazardous substances.

» Use of packaging with higher recycled-material content.



» ISO 45001 in place, occupational health surveillance under workplace doctor (MDL), and prevention packages at subsidised cost. Health insurance for all employees through Metasalute.

» Numerous hours of voluntary training on hard and soft skills, with ESG training recently added.



» Promotion of internal health prevention campaigns through screenings. Attention to gender equality and commitment to reducing the pay gap. Strengthening of the training offer on ESG themes.

» Numerous meetings with local public administrations and institutions to achieve specific objectives. Strengthening of the urban bus line in the industrial area. Frequent collaborations with universities and sponsorship of youth volleyball teams. Frequent company involvement in inclusion initiatives.



» Support to public administration in the development of local initiatives. Commitment to spreading sports culture and solidarity as essential social elements within a community.



» Code of Ethics, Whistleblowing channel, smart working in cases of specific need.

» Continuous innovation on both process and product, in line with market demand. Focus on cybersecurity and anti-phishing campaigns through training and on-screen messaging.



» Definition of the ESG aspects that drive supplier-selection criteria.

» Increase in internationally recognised certifications and implementation of a process to manage innovation through financial bonuses. Greater IT security and training; raised privacy levels along the supply chain.

2.2 2024 Highlights

# Environment

**326.532** kwh

Renewable energy produced

vs. 70.218 kWh  
in 2023

**199.028** kg

Secondary raw material used in production

vs. 91.134 kWh  
in 2023

**94%**

Waste recovered

**-15.625**

Single-use plastic bottles

compared  
to 2023





# Social

**+12**

Employees

compared  
to 2023

**1.593** hours

Of voluntary training

**62.000** €

Distributed to the territory

**0**

Incidents; complaints related to discrimination or breaches of human rights; reports received via the whistleblowing system

# Governance



**34**

Countries in which AFT is present

**196**

Employees

**€ 37 million**

Revenue 2024

**€ 1,6 million**

Investments 2024

**+ urban public transport**

In the industrial areas

p  
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# ESG Topics

2

CHAPTER 3

# Context analysis, from global to local

## 3.1 Global trend analysis

The hydraulics sector finds itself navigating an international context of profound uncertainty.

Geopolitical conflicts, the climate crisis (with 2024 a record year for temperatures) and growing pessimism on future prospects — as highlighted by the *World Economic Forum* — directly affect this sector, which is crucial for industries such as agriculture, construction and manufacturing. Emerging risks, from those linked to artificial intelligence and disinformation to extreme weather events, add further layers of complexity.

Current instability could translate, for the hydraulics sector, into fragile supply chains, with disruptions and price increases for raw materials and components that put margins and deliveries under pressure.

Energy and raw-material costs are volatile, requiring careful procurement management.

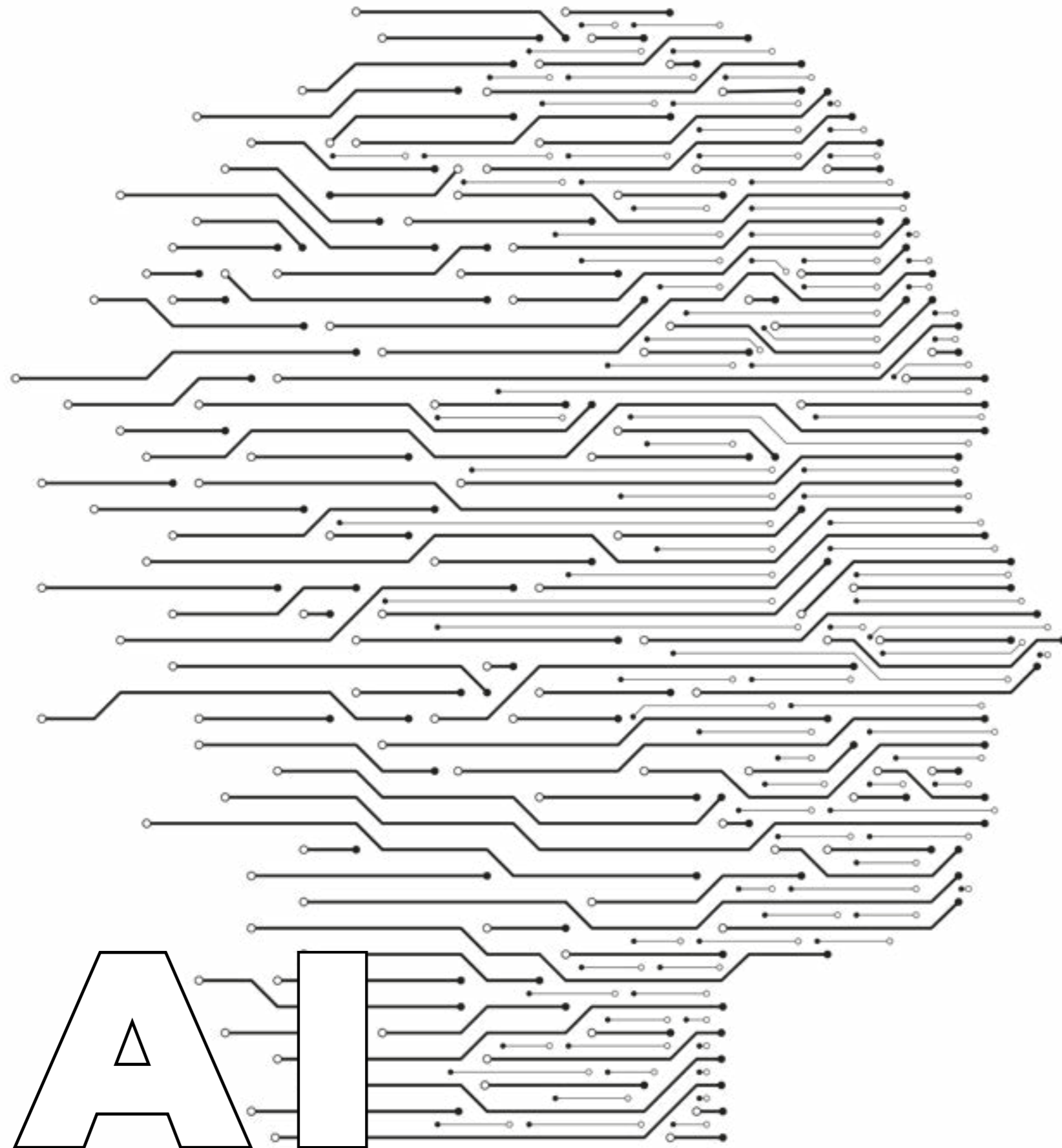
Moreover, the growing pressure for sustainability is no longer negotiable: companies must innovate with more efficient and less polluting solutions, and intelligent systems to reduce emissions, on pain of losing competitiveness.

**Risk categories**

- █ Economic
- █ Environmental
- █ Geopolitical
- █ Societal
- █ Technological

World Economic Forum Global Risks		
Perception Survey 2024-2025 (Global Risks Report 2025)		
	2 Years	10 Years
1°	Misinformation and disinformation	Extreme weather events
2°	Extreme weather events	Biodiversity loss and ecosystem collapse
3°	State-based armed conflict	Critical change to Earth systems
4°	Societal polarization	Natural resource shortages
5°	Cyber espionage and warfare	Misinformation and disinformation
6°	Pollution	Adverse outcomes of AI technologies
7°	Inequality	Inequality
8°	Involuntary migration or displacement	Societal polarization
9°	Geoeconomic confrontation	Cyber espionage and warfare
10°	Erosion of human rights/civic freedoms	Pollution





Although less direct, technological risks such as disinformation and cybersecurity in the AI domain can also destabilise markets and investment decisions. To remain resilient and competitive, hydraulics companies must adopt a proactive approach — investing in sustainable innovation, diversifying supply chains and strengthening their risk-management strategies.

All these aspects are far from secondary in Atlantic Fluid Tech's risk analysis, because they directly and indirectly affect the business, generating potential risks that must be mapped to reduce the company's exposure to external factors that could jeopardise its success.

### 3.2 National analysis

Early 2024 reveals an Italian landscape for the hydraulics sector marked by moderate economic growth and a slowdown in key sectors such as automotive. However, there are growing investments in innovation, digitalisation and automation (ISTAT), partly thanks to the National Recovery and Resilience Plan (PNRR).

The **ecological transition** is a national priority, with incentives such as Transition 5.0 pushing toward more efficient and sustainable solutions, in line with European directives such as the CSRD.

The labour market shows an employment recovery, while facing the challenge of finding advanced technological skills (INPS).

At the national risk level, the high tax burden stands out — limiting investment — along with growing vulnerability to *cybersecurity* attacks, aggravated by limited training.

Fluctuations in energy costs continue to weigh heavily on operating costs and the profitability of manufacturing firms.

To navigate this scenario, companies in the sector must invest in training and skills for their workforce, increase regulatory resilience by anticipating fiscal changes, and consider investment in renewable energy to reduce dependence on the international market.

Atlantic Fluid Tech has already launched initiatives on many of these fronts, which will be described in the following chapters.



### 3.3 Local analysis

The 2024 analysis for Emilia-Romagna and Modena reveals moderate economic growth, supported by services, while industry is slowing down.

Employment is rising, especially in micro and small enterprises, and investments in innovation and sustainability are a priority, driven by financing.

However, the high export exposure (61.8% of Modena's value added) makes the province vulnerable to global uncertainties. Major local risks include the expected economic slowdown, pressure on energy and raw-material costs, the shortage of specialised skills, and geopolitical uncertainties affecting foreign markets.

To address these challenges, companies in the hydraulics sector such as Atlantic Fluid Tech must carefully monitor the market to adapt their strategies and diversify their target markets to mitigate international risks, integrating these actions with those already planned at national and global scale.

CHAPTER 4

# Stakeholder engagement and materiality analysis

## 4.1 The engagement procedure and stakeholder selection

With the publication of its first report — the 2023 Sustainability Report — Atlantic Fluid Tech gave strong impetus to building awareness on relevant ESG topics, through a process to define the value to be integrated into business strategies.

In 2024 the company decided not to repeat the materiality analysis, since there were no substantial changes in corporate governance. The information that follows therefore reports the materiality analysis carried out in 2023, which is also valid for the 2024 Sustainability Report.

The process began with *Stakeholder Engagement*, carried out in 2024, and then continued with the definition of the Materiality Matrix.

Stakeholder engagement involved Atlantic Fluid Tech's key Customers **0,9%**

Sports associations **0,9%**

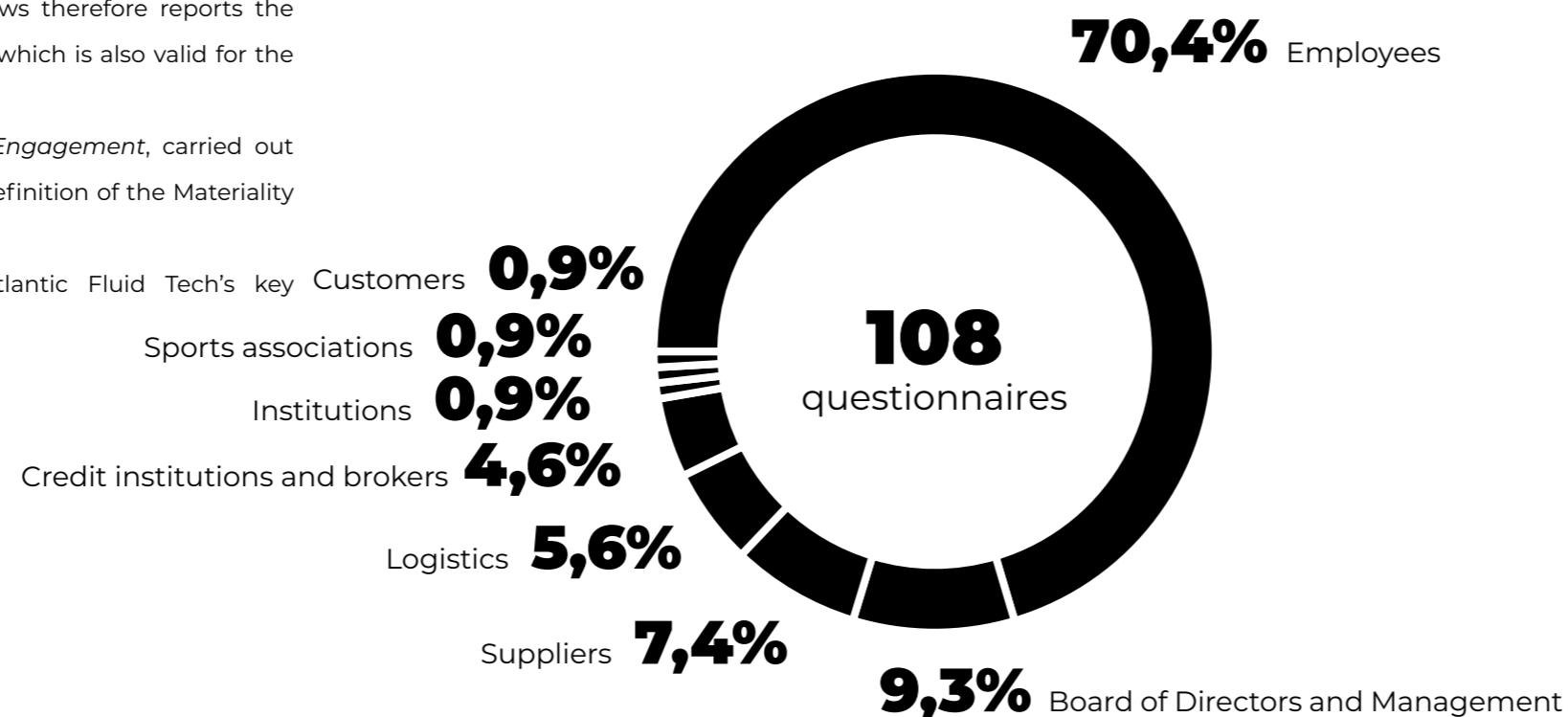
Institutions **0,9%**

Credit institutions and brokers **4,6%**

Logistics **5,6%**

Suppliers **7,4%**

**9,3%** Board of Directors and Management



interlocutors on the themes that gravitate around the UN 2030 Agenda SDGs, with the aim of verifying current positioning and defining what may become a short-, medium- or long-term objective. This was done through a questionnaire administered to key stakeholders. With a view to compliance with the relevant European regulations, the materiality analysis is consistent with the principles defined by the CSRD — the European Directive on sustainability reporting — and includes all material topics necessary to be considered complete and objective.

To establish the content of the survey questionnaire, the evidence gathered from the sustainability analysis was considered first, then integrated with emerging trends, with the UN 2030 Agenda themes and with the topics related to the most recent sustainability initiatives undertaken by the company.

The questionnaire was prepared in both Italian and English to facilitate *stakeholders* understanding, and investigates all the topics deemed relevant by the European CSRD regulation.

The *stakeholders* considered and consulted by Atlantic Fluid Tech in its *Stakeholder Engagement* cover different categories:

- » **Internal Stakeholders:** employees, Board of Directors and management;
- » **External Stakeholders:** customers, suppliers, logistics, institutions, credit institutions and *brokers*, voluntary associations, sports associations and trade associations.

All *stakeholders* considered relevant were contacted and involved in the survey to identify the material themes on which to define sustainability strategies.

### Questionnaire administration

The questionnaire was sent to 375 *stakeholders*, generating a total of 108 responses — a 29% engagement rate. Of these, 86 were from internal *stakeholders* and 22 from external *stakeholders*.

4.2 Materiality analysis and results

Materiality analysis by ESRS

The x-axis shows AFT employees' scores; the y-axis shows external stakeholders' scores.

Within the chart, the so-called "material" themes are placed according to their score — the themes considered important at European level and by the CSRD.

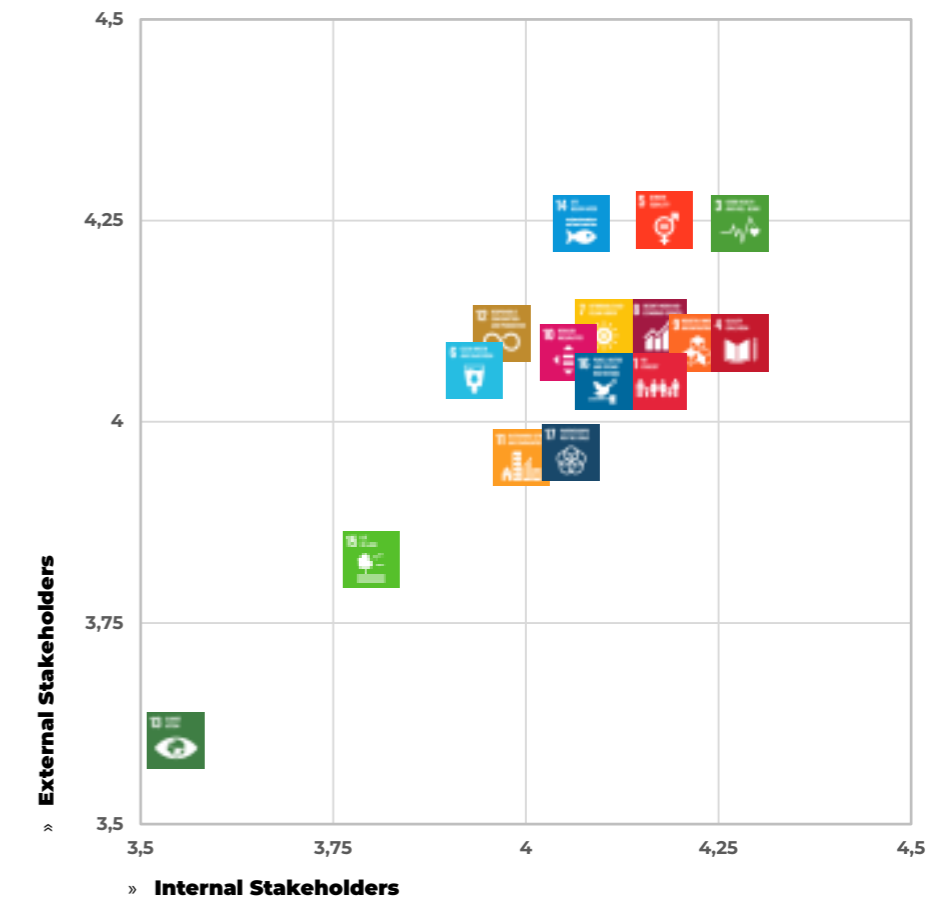
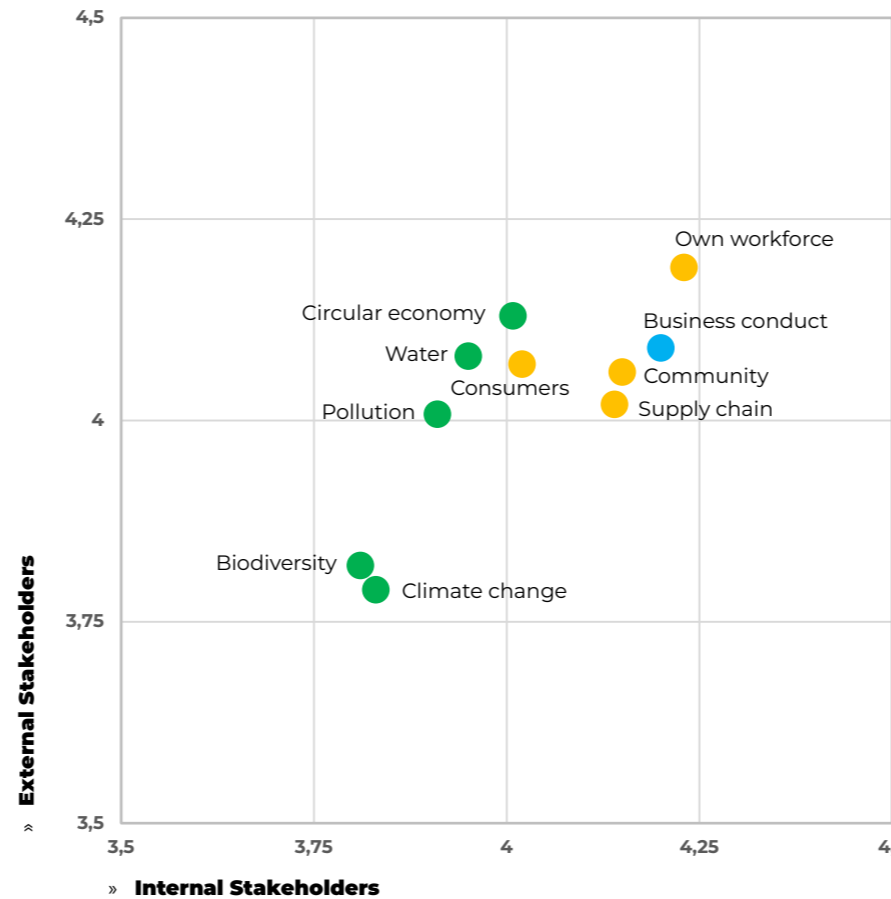
The chart shows that themes linked to social sustainability score higher than environment and governance.

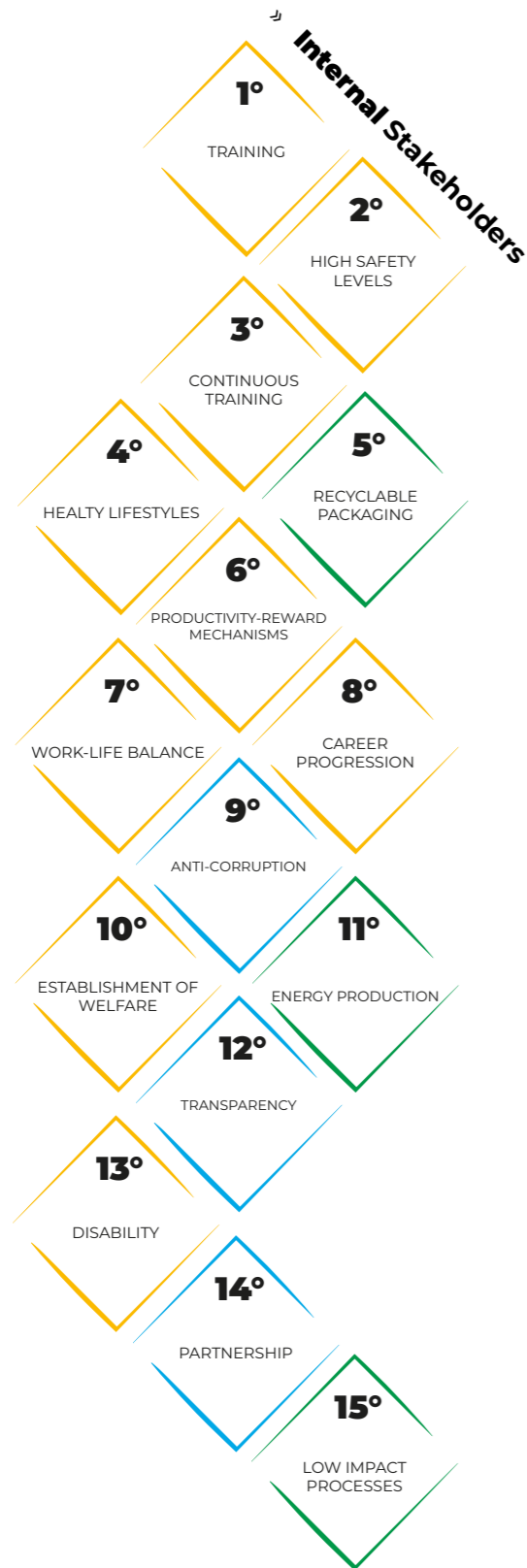
In the **social** area, themes linked to **own workforce** (employees) are particularly important. On own workforce specifically, training, occupational health and safety, work-life balance and healthy lifestyles emerged as particularly important.

Among **environmental** themes, the most relevant is **circular economy** — in particular themes related to packaging consumption and the impacts of the production process.

Finally, on **governance**, the material theme "**Business conduct**" is rather important for both internal and external stakeholders. Anti-corruption, transparency and productivity are of particular interest.

Questionnaire scores can also be reorganised against the **17 SDGs of the UN 2030 Agenda** — an important UN document tracing the path toward a fairer world. Once organised, the results are evident in the materiality matrix that follows.





**The topics**

To get an even more specific view of internal and external *stakeholders'* priorities, an analysis by *topic* was conducted.

“*Topics*” are the sub-themes, as defined by the CSRD, investigated in the questionnaire. They allow a more specific awareness of what matters to each stakeholder, so as to direct Atlantic Fluid Tech’s future actions toward shared goals.

In particular, generalised attention emerged on **social** topics, consistent with the results by ESRS and SDGs. Training, safety and well-being are priorities for both internal and external stakeholders.

**Environmental** topics appear to be more relevant for external *stakeholders*, who — like internal ones — consider sustainable packaging a priority. As we will see, this has been addressed by AFT through targeted actions on the recycling of materials used.

Finally, on **governance** themes, anti-corruption ranks first for both internal and external stakeholders. In general, then, there is a certain consistency between the specific priorities of internal and external stakeholders, underlining the link between the company and its *stakeholders* and the transparency of the company’s activity.

**Conclusions**

The materiality analysis thus made it possible to identify the relevant themes for Atlantic Fluid Tech’s activity. Beyond being useful for the company’s own knowledge, materiality analysis by ESRS is essential to define which themes will be addressed in this report.



In particular, the following **ESRS** are relevant for Atlantic Fluid Tech:

E	<b>Climate change</b>	ESRS <b>E1</b>
	In particular regarding <b>energy-production</b> themes	
S	<b>Circular economy</b>	ESRS <b>E5</b>
	In particular regarding <b>packaging, process impacts</b> and <b>raw materials</b>	
	<b>Own workforce</b>	ESRS <b>S1</b>
	In particular regarding <b>training, safety</b> and <b>lifestyles</b> .	
S	<b>Supply chain</b>	ESRS <b>S2</b>
	<b>Affected communities</b>	ESRS <b>S3</b>
	<b>Consumers / end users</b>	ESRS <b>S4</b>
G	<b>Business conduct</b>	ESRS <b>G1</b>
	In particular regarding <b>anti-corruption</b> and <b>transparency</b>	

### 4.3 Impacts, risks and opportunities analysis

To analyse double materiality, it is necessary to identify the **IROs** (Impacts, Risks and Opportunities) as defined by the CSRD, and then identify how each impact is managed. Materiality may have financial relevance or impact relevance.

**Financial materiality** — reported in the first table — covers risks and opportunities that emerge from sustainability aspects which can, from outside, influence the business (**outside-in**).

These can be:

- » **risks**, for example a *carbon tax* or regulations that may increase the company's costs, or the introduction of a new technology that, from a sustainability standpoint, may change current corporate assets;
- » **opportunities**, for example arising from improved economic and business performance, or from increased demand for a more sustainable product/service compared with a *competitor*.










**Impact materiality**, on the other hand, monitors risks and opportunities arising from the company's actions and impacting the outside world (**inside-out**).

These can be:

- » **Actual impacts** (positive and negative) caused by the company — emissions, use of primary resources, etc. — with an impact on the environment and society stemming from its business model. Effects are considered not only directly linked to the company but also to the upstream and downstream value chain;
- » **Potential impacts** (positive and negative), for example improving sustainable mobility in the industrial district, which could result in a potential (positive) impact on environment and society.

OUTSIDE-IN

Financial materiality

Material theme	Impact description (IRO)	Impact management	SDGs
Climate change	<p>Negative consequences of climate change could lead to higher adaptation costs for the company. European and national regulation could generate either costs for the company or opportunities linked to tenders and innovation. The energy situation, without investment in renewables, could cause negative consequences on prices and availability of energy, fundamental for the proper functioning of the company.</p>	<p>Atlantic Fluid Tech monitors the climate situation in the area in which it operates. It also ensures it does not cause discomfort or difficulty for employees. The company is committed to monitoring regulatory changes, also with the help of external advisors. Furthermore, Atlantic Fluid Tech contributes to reducing its energy dependence through self-production of electricity, thanks to the installed and expanded photovoltaic system.</p>	 
Circular economy	<p>Stakeholders and institutions may require greater attention to raw-material choice and increased use of secondary raw materials. Moreover, possible shortages of raw materials or international conflict and tension could result in lower production or higher prices for Atlantic Fluid Tech.</p>	<p>Atlantic Fluid Tech uses materials containing a percentage of secondary raw material, reducing its dependence on virgin raw material. It also monitors and responds to emerging international situations.</p>	
Own workforce	<p>Workers' expectations are changing radically, affecting recruitment processes. At the same time, labour legislation is constantly evolving, introducing new protections for employees.</p>	<p>Atlantic Fluid Tech is increasing year-on-year the initiatives and investments in this area, with the aim of enhancing employee well-being, especially in terms of welfare and training.</p>	 
Supply chain	<p>Ensuring environmental and social sustainability along the supply chain is increasingly important, also in terms of quality and transparency. Extending corporate responsibility and control beyond company boundaries helps prevent scandals or supply-management complexity.</p>	<p>Structuring a supplier-selection policy is an important starting point for effective management of the supplier pool. Atlantic Fluid Tech always pays close attention to geopolitical dynamics.</p>	
Community	<p>Local communities are increasingly sensitive to ESG topics and may demand greater commitment from local companies.</p>	<p>Atlantic Fluid Tech frequently engages with local institutions and deploys actions to address possible requests.</p>	
Consumers	<p>For companies, customers' consumption choices are crucial: active market listening is essential. Increasingly frequent geopolitical disruptions must also be considered.</p>	<p>Atlantic Fluid Tech is an established player in its reference market and maintains this position partly thanks to a good customer-listening strategy. The company's commitment to product quality and sustainability is evident.</p>	
Business conduct	<p>EU regulations such as CBAM and ETS impose costs for CO<sub>2</sub> emissions. At the same time, energy and water costs could rise due to geopolitical instability. Finally, credit institutions favour SMEs with a solid, high ESG rating in order to grant credit at more competitive rates.</p>	<p>The company is initiating an internal sustainability journey aimed at defining a strategy and managing impacts — including financial ones — in the short, medium and long term, aware of the importance of integrating ESG themes into the <i>business</i>.</p>	

INSIDE-OUT

Impact materiality

Material theme	Impact description (IRO)
<b>Climate change</b>	Atlantic Fluid Tech uses energy, including from non-renewable sources. This entails a negative impact on climate change. At the same time, the company is committed to energy efficiency, renewable production, monitoring and pursuit of virtuous objectives — actions with positive externalities.
<b>Circular economy</b>	Atlantic Fluid Tech generates waste that can be recovered. It also uses virgin raw material, including highly impactful ones such as steel. This has a negative impact on the planet, linked to extraction and production.
<b>Own workforce</b>	Health and safety must be managed carefully, as criticality here can generate wide-ranging risks and effects. Expectations regarding work-life balance and remuneration are increasingly substantial.
<b>Supply chain</b>	ESG initiatives carried out by Atlantic Fluid Tech risk having limited impact if not extended upstream and downstream in the supply chain.
<b>Community</b>	There are numerous initiatives and contact points that Atlantic Fluid Tech maintains with the community — a fundamental aspect to preserve proximity to the Modena territory.
<b>Consumers</b>	If the company did not consider customer feedback, it would risk losing an important driver of improvement and corporate growth.
<b>Business conduct</b>	It is important that companies guarantee business practices respecting values such as ethics, transparency, and commit to financial soundness. Transition to more sustainable models (in process and product) enables better market positioning, anticipating sector regulation.

Impact management	SDGs
Atlantic Fluid Tech is committed to reducing impact through renewable energy production and electrification.	 
Atlantic Fluid Tech's production scraps are monitored and properly recovered. Furthermore, to reduce its footprint on raw materials, the company uses secondary raw materials.	
Atlantic Fluid Tech pays close attention to health, both in production and offices, aiming to ensure well-being at all corporate levels and to prevent any externalities.	 
Responsible supply-chain management and the adoption of a supplier-selection policy are essential to monitor the actors collaborating with Atlantic Fluid Tech every day.	
From this commitment, if properly communicated, a significant reputational benefit can be obtained.	
Numerous customer-care channels allow Atlantic Fluid Tech to collect customer <i>feedback</i> and suggestions. After-sales service is one of the company's strengths.	
Drafting a sustainability report investigates ESG actions to develop and makes the company's commitment transparent. Innovation and modernisation actions, particularly on the energy front, improve productive efficiency.	

CHAPTER 5

# Enviroment

## 5.1 Enviromental policies

Atlantic Fluid Tech is aware of its role toward the country and the planet, and intends to do its part in the fight against climate change — pursuing the SDGs of the UN 2030 Agenda. For some time, Atlantic Fluid Tech has been engaged in reducing the environmental impact of its activities and considers protection of the planet an inescapable objective.

The company introduces actions and has set concrete objectives in the two material themes: climate change and circular economy. These objectives are formalised within this sustainability report, although there is currently no formal policy or plan for environmental sustainability. Atlantic Fluid Tech intends to publish one in the future, in compliance with the CSRD.

With regard to policies and certifications, Atlantic Fluid Tech has obtained the **international ISO 14001 certification** on its environmental management system.

ESRS relevant for Atlantic Fluid Tech

**Climate change**

**Circular economy**



## 5.2 Climate change

### 5.2.1 Actions

For Atlantic Fluid Tech, the energy transition and the fight against climate change have always been fundamental themes. Actions have therefore been taken to reduce consumption and produce renewable energy.

#### Consumption reduction:

- » An energy audit was carried out in 2023, to continue the path toward complete energy efficiency on an informed basis;
- » Automated consumption-monitoring systems are in place;
- » A very energy-intensive machine has been eliminated and, subsequently, average energy absorption per machine has decreased.

#### Renewable energy:

- » Photovoltaic panels are installed on Atlantic Fluid Tech's roof with a power of 311.19 kWp.
- » In 2024, Atlantic Fluid Tech installed new photovoltaic capacity on the roof of Turning Tech.

#### Mobilità sostenibile:

- » In 2024, Atlantic Fluid Tech launched a *Mobility Management* programme to analyse employee commutes and, subsequently, activate improvement actions.

### 5.2.2 Objectives

The company is aware that ensuring the well-being of people and the planet requires drastically cutting greenhouse-gas emissions — up to carbon neutrality in 2050. It has therefore set ambitious yet achievable objectives for the coming years.

#### Objective 1 - Cooling of Plant 1.

Atlantic Fluid Tech intends to install cooling systems in Plant 1, to adapt to climate change which is making the operating area increasingly warm. This is a short-term objective and will be monitored via the KPI "*presence of cooling systems*".

#### Objective 2 - EV charging stations.

Atlantic Fluid Tech intends to install EV charging stations within the company perimeter. This is a medium-term objective monitored via the KPI "*number of charging points*".

#### Objective 3 - Purchase of 100% green energy.

The company currently has an electricity contract in line with the national energy-mix percentages. However, it intends to move to 100% renewable energy procurement, through a certified contract. This is a long-term objective monitored via the KPI "*% of renewable energy on total*".

### 5.2.3 Metrics

The main objective of ESRS E1 is to provide a clear and detailed framework for reporting information related to greenhouse-gas (GHG) emissions and the management of climate-related risks and opportunities.

This standard aims to ensure transparency of corporate practices and to support the achievement of European Union climate objectives.

ESRS E1 is designed to be compatible with, and integrated into, other international sustainability reporting standards — such as the *GRI Standards* and the *Task Force on Climate-related Financial Disclosures* (TCFD). This facilitates the adoption of consistent reporting practices globally and helps companies meet the expectations of international *stakeholders*.

In particular, the metrics required by the ESRS E1 standard regarding greenhouse-gas emissions, energy used and energy self-produced have been monitored.

Atlantic Fluid Tech buys electricity from the grid, which contains 7.02% of renewable production. It also uses methane gas for production.

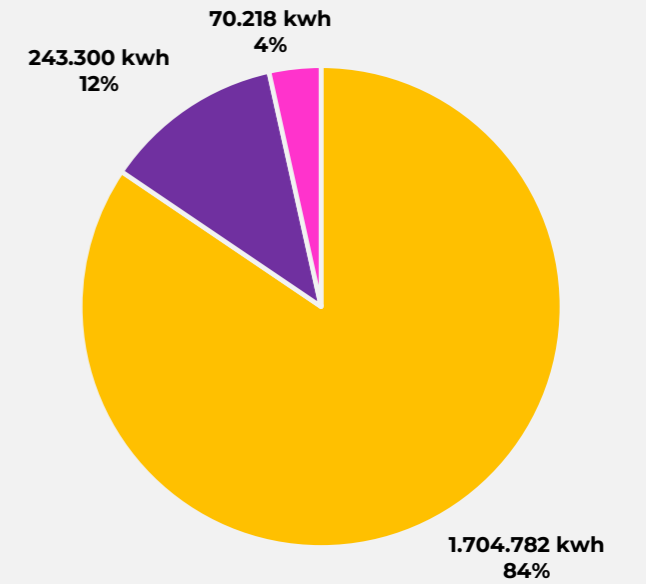
Thanks to the **photovoltaic system** installed on the roof, the company self-produces electricity. In 2024 a new rooftop photovoltaic system was installed: this brought renewable energy production from 70,218 kWh in 2023 to 326,532 kWh — production increased by 365%. Part of this was self-consumed on site, part was fed into the grid.



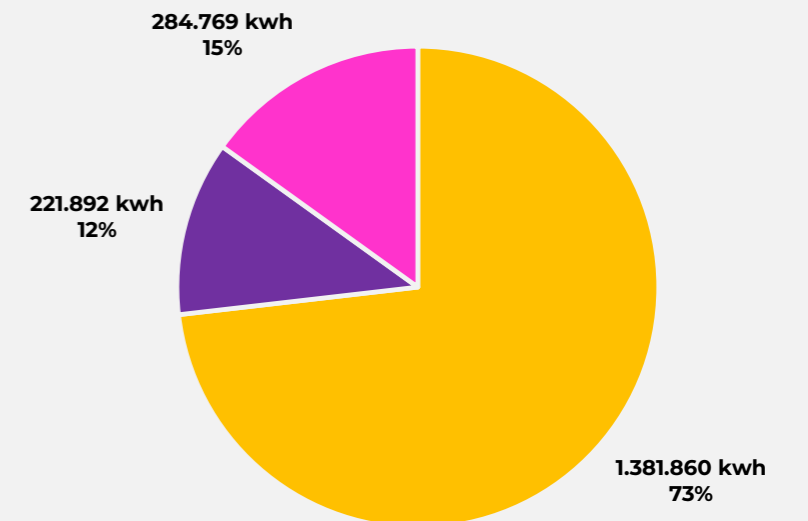
**FOCUS 1 – Quantity of energy used**

- Self-produced energy (photovoltaic)
- Gas
- Electricity

**2023**



**2024**



The table shows the quantities of renewable and non-renewable electricity used by the company. For renewable electricity purchased from the grid, the provider's values have been used — i.e. the composition of the energy mix used to produce electricity supplied by A2A Energia SpA (2023).

In general, renewable electricity consumption is 23% — a figure noticeably down compared with 2023. This difference is due to the change in A2A's energy mix, which moved from 48.88% renewables in 2023 to 7.02% in 2024.

The renewable share of Atlantic Fluid Tech's consumption is therefore the sum of grid renewable electricity and renewable self-produced electricity, which has increased significantly between 2023 and 2024 thanks to company investments.

Energy (gas + electricity)	2024
Non-renewable	1.492.423 kWh
Renewable	381.776 kWh
<b>Total</b>	<b>1.874.199 kWh</b>

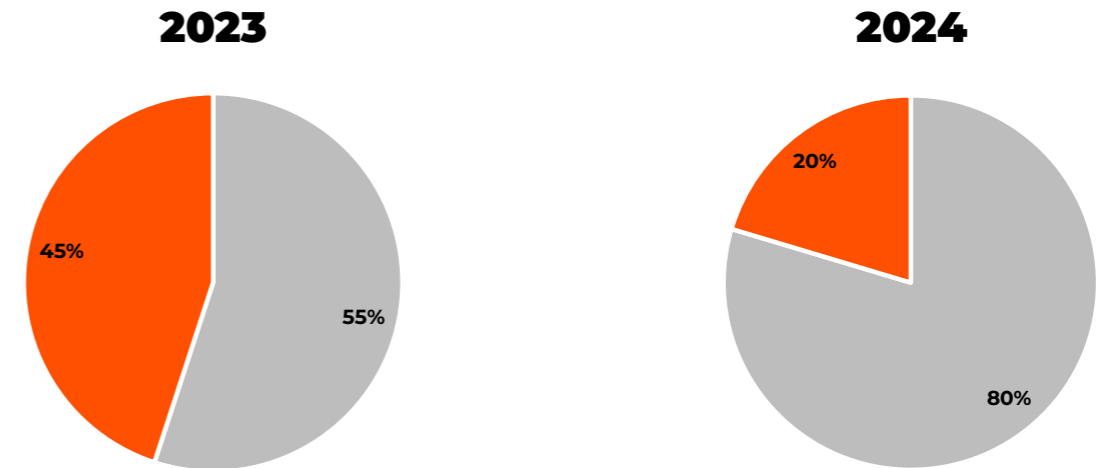
Electricity only	2024
Non-renewable	1.284.853 kWh
Renewable	381.776 kWh
<b>Total</b>	<b>1.666.629 kWh</b>



Renewable purchased: 97.007 kWh  
 Renewable self-produced (photovoltaic): 284.769 kWh

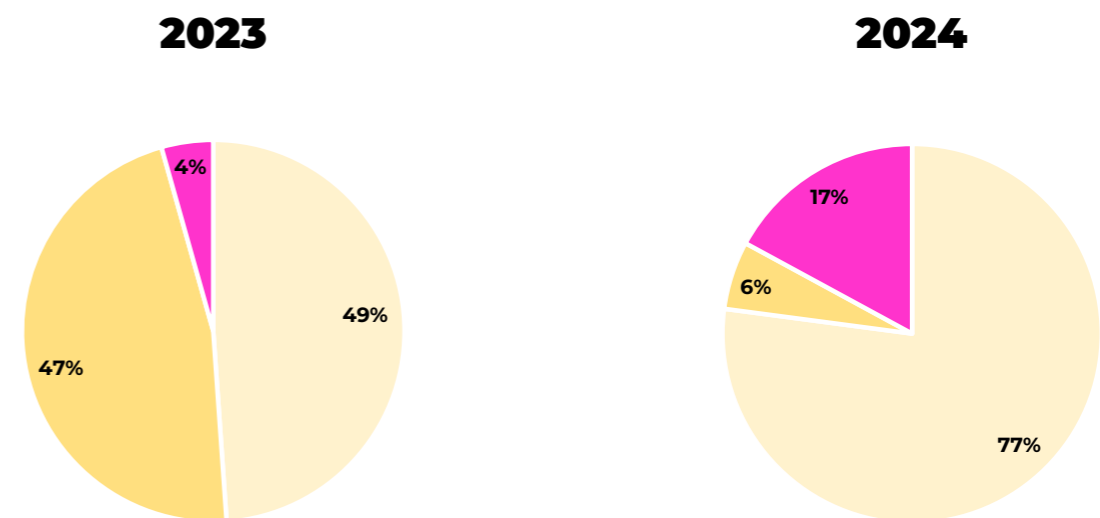
**FOCUS 2 – Renewable vs. non-renewable energy**

Renewable energy (gas + electricity)      Non-renewable energy (gas + electricity)



**Electricity renewable and non-renewable**

Renewable electricity self-produced (photovoltaic)      Non-renewable electricity  
 Renewable electricity purchased



**FOCUS 3 – Transport**

Atlantic Fluid Tech has a fleet of company vehicles used for production and commercial purposes. The active vehicles for 2024 are 31, three more than in 2023.

The fleet is varied in terms of fuel type, and an analysis has been carried out to estimate GHG production from vehicles: compared with the previous year, emissions have been reduced, going from 144 g CO<sub>2</sub>/km in 2023 to 127.9 g CO<sub>2</sub>/km in 2024.

Company vehicles	Emissions
2024	127,9 g/CO <sub>2</sub> al km
2023	144 g/CO <sub>2</sub> al km

**FOCUS 4 – F-Gas**

Atlantic Fluid Tech uses refrigeration systems containing a significant quantity of F-Gas. The systems total 32 and are regularly serviced and mapped. This figure is unchanged from 2023.

F-Gas	2023 consumption
Emissions in tCO <sub>2</sub>	170,72 tCO <sub>2</sub>

**FOCUS 5 – GHG Scope 1 and 2**

Based on emissions linked to electricity, methane gas, F-Gas and transport, it is possible to calculate greenhouse-gas emissions, also in conformity with the GHG Protocol standard.

GHG	2024 Consumption
GHG Scope 1 in tCO <sub>2</sub>	377 tCO <sub>2</sub>
GHG Scope 2 in tCO <sub>2</sub>	588 tCO <sub>2</sub>

In particular, GHG Scope 1 reported in the table consists of Atlantic Fluid Tech's **direct emissions**: these include emissions directly generated on site or for company production.

Specifically, the following sources have been included:

- » CO<sub>2</sub>-equivalent quantity from combustion of consumed methane gas;
- » CO<sub>2</sub>-equivalent quantity from F-Gas of refrigeration systems;
- » CO<sub>2</sub>-equivalent quantity from use of fuels for the company fleet.

GHG Scope 2 are calculated on the basis of the company's **indirect emissions**, in particular those related to energy consumed at the company but produced elsewhere.

Specifically, they consist of:

- » CO<sub>2</sub>-equivalent quantity from consumption of electricity purchased from the grid.

At present there are no Scope 1 and 2 emission-offset projects.

### 5.3 Circular economy

#### 5.3.1 Actions

Atlantic Fluid Tech is aware of the importance of the circular economy for a company using raw materials, *packaging* and natural resources. Circular economy emerged as an extremely relevant theme for both external and internal *stakeholders*. Although there are currently no formal policies or plans, the company's commitment in this area has always been strong. In particular, Atlantic Fluid Tech has taken actions on the following themes:

##### Packaging:

- » The *packaging* used by the company is recyclable and contains varying percentages of recycled material;
- » The pallets used are FSC certified.

##### Waste prevention:

- » Single-use plastic bottles have been eliminated from all plants and, at the same time, water filters have been installed to provide quality water to employees;
- » Hazardous waste generated in Atlantic Fluid Tech's process has been reduced.

##### Recycling and reuse:

- » A rag-reuse service is in place, operated by the supplier providing them;
- » Oil used in production and testing is recovered.

#### 5.3.2 Objectives

To make an activity fully circular, every step of the product's life — from raw material to disposal — must be undertaken according to sustainability principles, as highlighted by Goal 12 of the UN 2030 Agenda. For this reason Atlantic Fluid Tech has decided to set ambitious objectives in the field of circular economy.

**Objective 1 – Increase recycled material in packaging**, making it increasingly mono-material and free of single-use plastic. This is a short-term objective monitored via the KPI “% of recycled material in packaging on total”

**Objective 2 – Research on raw materials used**, to replace them, in the long term, with more sustainable raw materials. This is a long-term objective monitored via the KPI “euros spent on R&D”.

#### FOCUS 1 – Production circularity

##### Production circularity

N. of circular-economy projects	0	
Main product life cycle	7	years
Total quantity of products and materials	601.333	kg
Virgin raw material used in production	402.305	kg
Secondary raw material used in production	199.028	kg
Repairability	Yes	
Recyclable-content rate of products or packaging	95%	

#### 5.3.3 Metrics

The main objective of ESRS E5 is to provide detailed guidance for reporting on corporate practices related to efficient resource use and the implementation of Circular Economy principles. This standard aims to ensure that organisations can manage their resources with particular attention to product end-of-life, extending lifespan and reducing waste generation — creating an overall benefit in terms of climate-altering emissions and, not least, employment within the circular-economy industry.

In particular, the metrics required by the ESRS E5 standard regarding raw materials, waste and product lifespan have been monitored.

At present, no circular-economy projects have been launched. However, there are raw materials used in the standard production cycle containing a high percentage of recycled content, as certified by Atlantic Fluid Tech's suppliers. In particular, some steel and cast-iron supplies contain recycled material.

In total, as shown in the table, the quantity of secondary raw material used in production is 199,028 kg. In general, therefore, 33% of the raw material used is recycled.

In 2023, the kg of secondary raw material were 91,134 kg. An absolute increase is therefore recorded, accompanied by a percentage increase (from 13% to 33% of recycled material on total).

Packaging and products are almost completely recyclable.

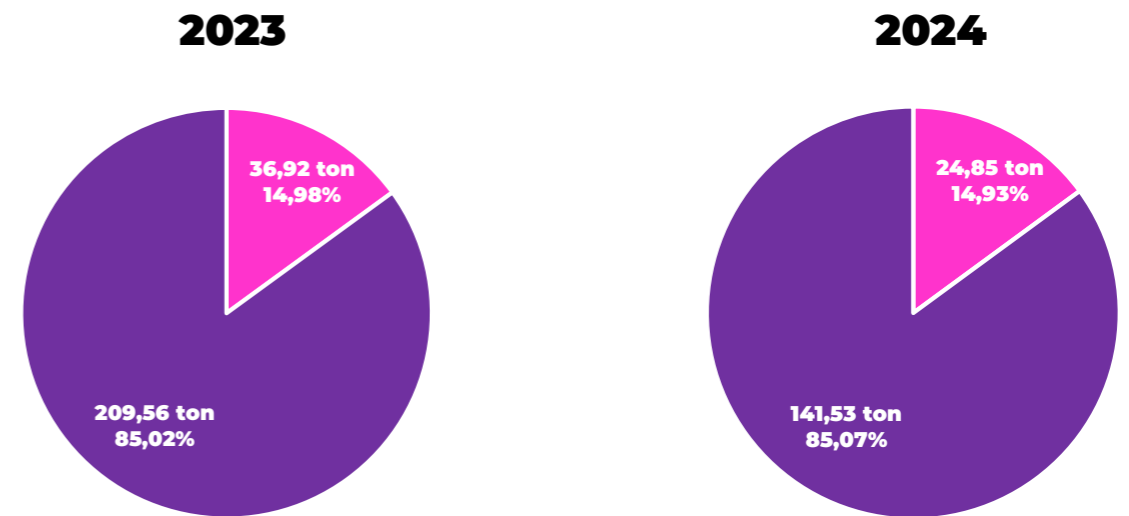
There are no certifications on raw materials, although some cast-iron suppliers are ISO 9001 and ISO 14001 certified.

**FOCUS 2 – Waste**

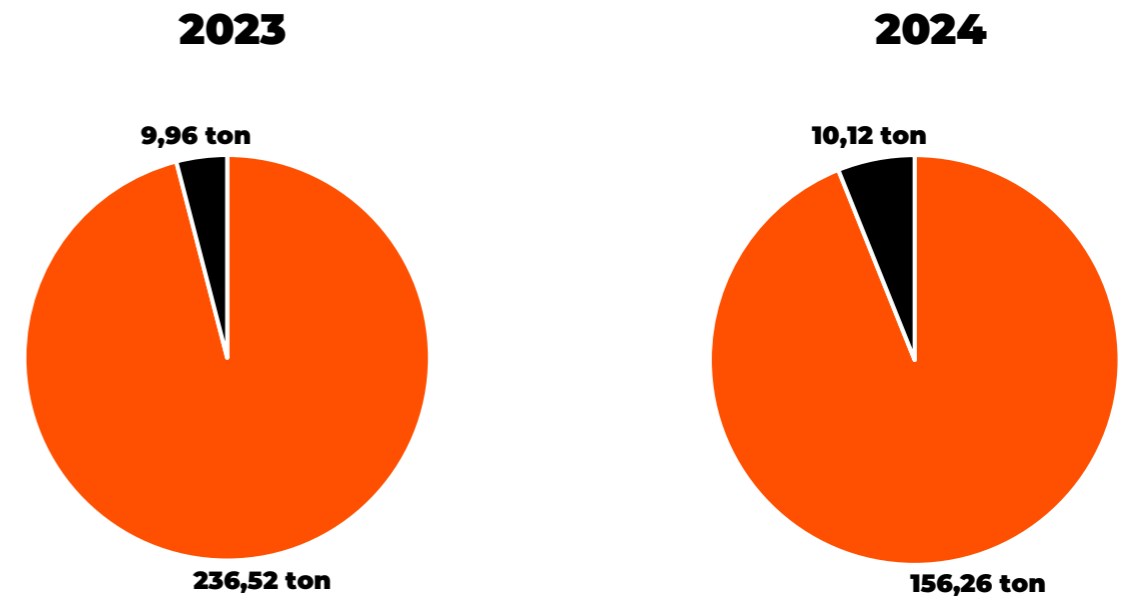
Atlantic Fluid Tech regularly disposes of its production waste and correctly maintains loading and unloading registers.

In general, **total waste production has fallen** — it was 246.48 tonnes in 2023. Hazardous waste went from 36.9 tonnes to 24.8 tonnes.

Total waste 2024	Q.
Non-hazardous	141,53 ton
Hazardous	24,85 ton
<b>Total</b>	<b>166,38 ton</b>



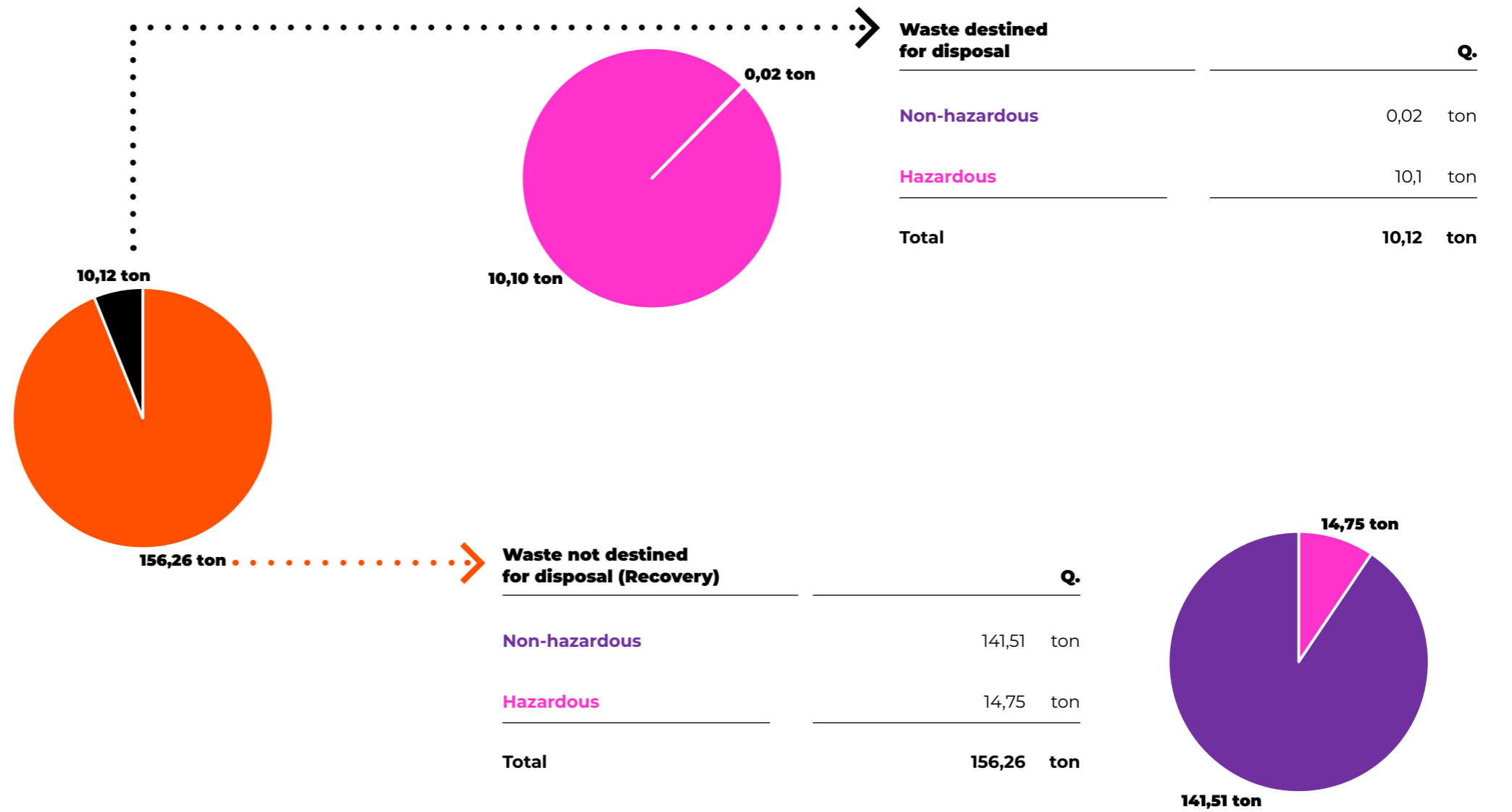
Total waste 2024	Q.
Not destined for disposal (Recovery)	156,26 ton
Disposal	10,12 ton
<b>Total</b>	<b>166,38 ton</b>



Overall, the majority of waste produced is sent to **recovery** (94%) and only 6% to disposal.

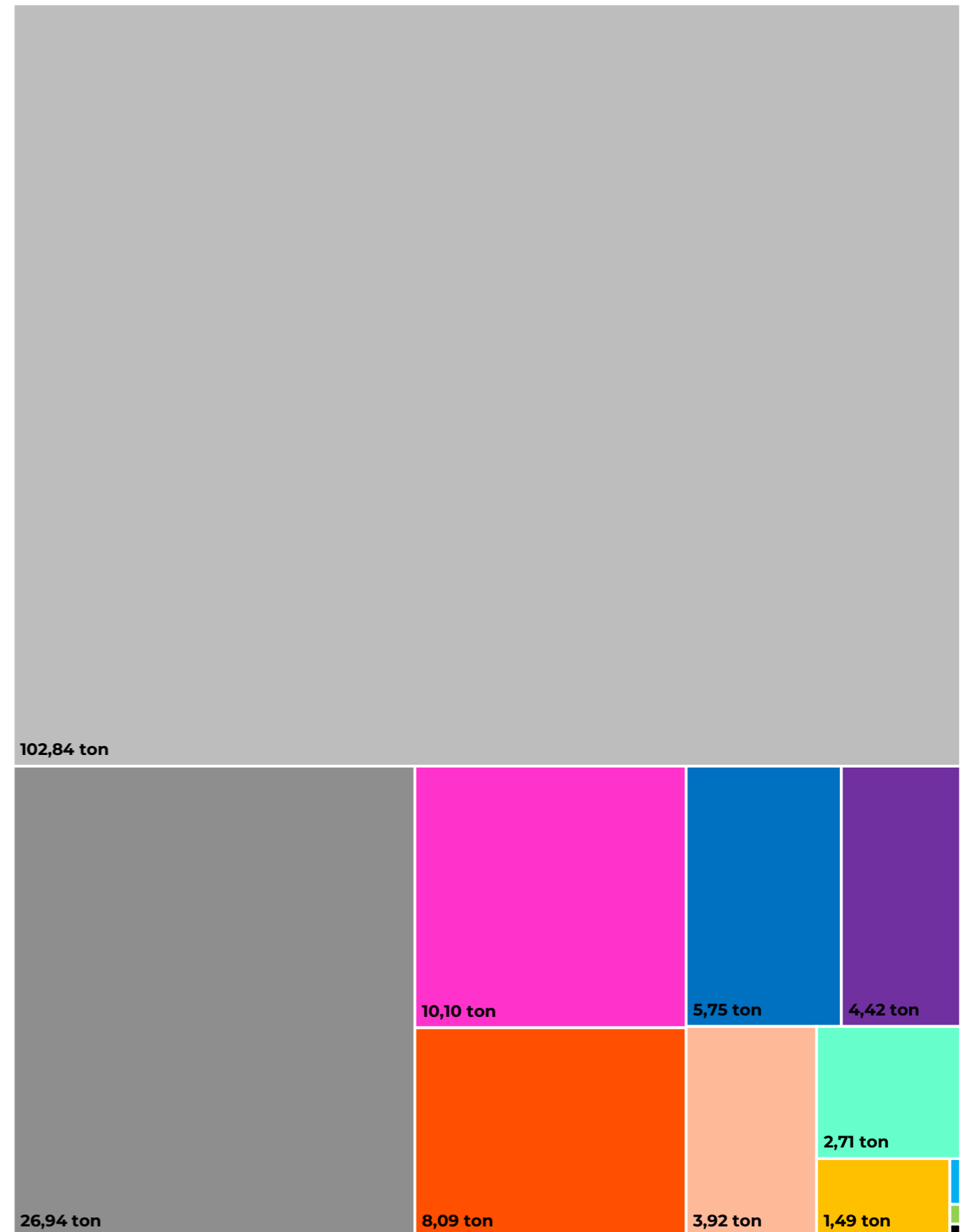
Of total waste, 15% is hazardous, while the majority — 85% — is non-hazardous.

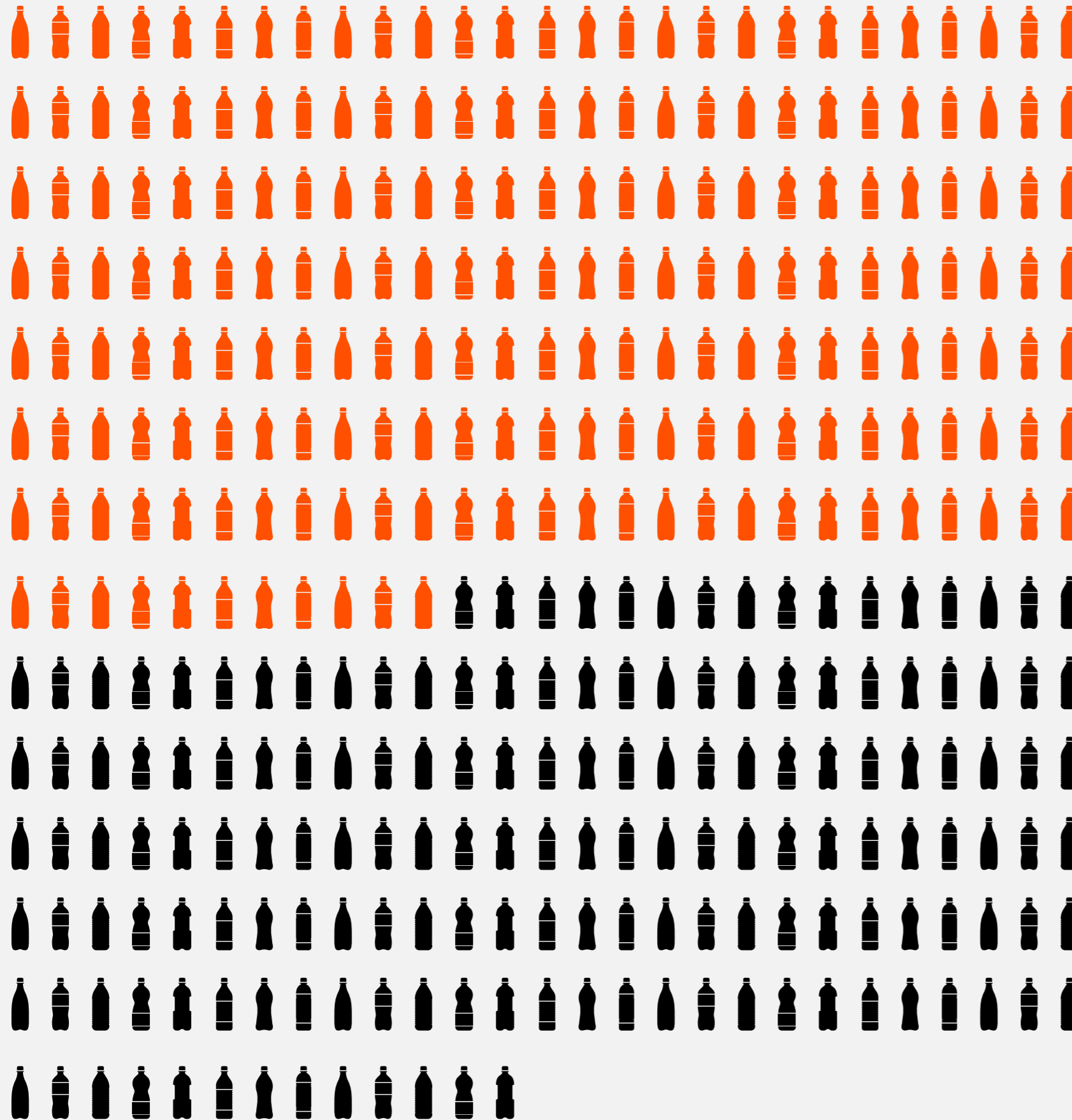
Total waste	Q.
Not destined for disposal (Recovery)	156,26 ton
Disposal	10,12 ton
<b>Total</b>	<b>166,38 ton</b>



**Waste classification**

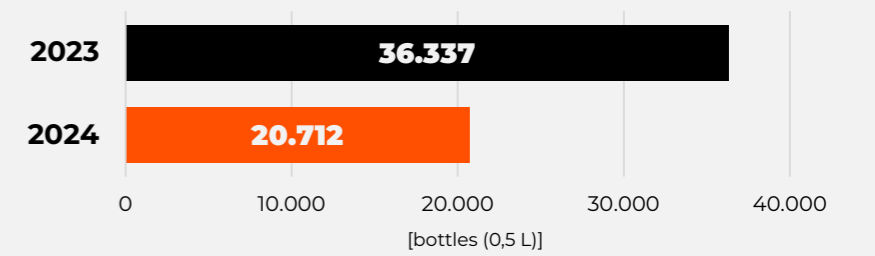
CER Code	Description	Destination	Tonnes of waste
120101	Ferrous metal filings and shavings	Recovery	26,94 ton
120103	Non-ferrous metal filings and shavings	Recovery	5,75 ton
120104	Non-ferrous metal dust and particulate	Recovery	1,49 ton
120109*	Machining emulsions and solutions, free of halogens	Recovery	8,09 ton
120117	Sandblasting residues	Disposal	0,02 ton
120118*	Grinding sludges	Disposal	10,10 ton
120199	Waste not otherwise specified	Recovery	102,84 ton
150106	Mixed packaging (not oily)	Recovery	4,42 ton
150110*	Packaging with residues of hazardous substances	Recovery	3,92 ton
150111*	Aerosol cans	Recovery	0,03 ton
150202*	Absorbents and filter materials	Recovery	2,71 ton
160604	Alkaline batteries	Recovery	0,07 ton





**FOCUS 3 - Waste prevention**

The quantity of waste produced in Atlantic Fluid Tech's offices was significantly reduced in 2024 thanks to the elimination of single-use plastic bottles and the introduction of water filters across all company sites. In total, the reduction in single-use plastic between 2023 and 2024 was 283 kg.



**-15.625**  
0.5 L bottles compared to 2023

**-43%**  
Compared to 2023

**-283 kg**  
Of single-use plastic compared to 2023

CHAPTER 6

# Society

The social sphere represents an irreplaceable pillar of sustainability for Atlantic Fluid Tech — an area the company addresses with dedication and foresight, both within and outside its organisational boundaries.

The deep awareness that **collective well-being** and **responsible development** are interconnected has led Atlantic Fluid Tech to focus on four key actors: employees, the communities in which it operates, the entire supply chain and, of course, consumers.

Currently, the company has already implemented numerous virtuous practices, for which a clear and considered growth trajectory has been defined, aimed at maximising positive impact over time.

ESRS relevant for Atlantic Fluid Tech

**Own workforce**

**Supply chain**

**Community**

**Consumers**



### 6.1 Policies, objectives and legislative compliance

Atlantic Fluid Tech places safety and ethics at the centre of its operations. The company has achieved **international ISO 45001 certification**, which attests to a rigorous management system for occupational health and safety, ensuring a protected environment for all employees.

Complementing this, a clear and shared **Code of Ethics** defines the fundamental principles that guide every business decision and relationship, acting as a moral compass for responsible and transparent behaviour.

This document also makes explicit Atlantic Fluid Tech's approach to topics regarding Gender Equality, discrimination and inclusion. In line with current regulations, the company has a **Whistleblowing system** through which management retains control over these matters.

Recently, a Supplier Qualification Policy was also defined, which will be discussed in the *Supply Chain* section.



### 6.2 Own workforce

Recognising the internal workforce as a pillar of sustainable development, Atlantic Fluid Tech has already implemented numerous initiatives and planned others for the future.

Every action undertaken for employees has been carefully mapped with precise objectives and metrics consistent with CSRD requirements.

**6.2.1 Actions**

Atlantic Fluid Tech is deeply committed to its workers' well-being, with a series of targeted policies and actions, some of which are already implemented. In particular, on **health and safety**, the company has adopted **ISO 45001 certification** and ensures periodic health surveillance.

To support **prevention**, it offers prevention packages at subsidised cost and arranges supplementary health insurance for additional employee coverage.

For several years, the company has been investing in its own **Academy**, created to attract and train new talents from universities and technical institutes. This project aims to deeply spread corporate skills and knowledge. In parallel, Atlantic Fluid Tech promotes **on-the-job continuous training** for its employees, although a more precise and structured training plan is in development.

To mitigate cybersecurity risks, Atlantic Fluid Tech relies on the collaboration of external **cybersecurity** experts. The company has also implemented *anti-phishing* campaigns targeting employees. These initiatives are structured through specific training paths and constant on-screen informational messaging, keeping security awareness high.

**6.2.2 Objectives**

The objectives set for the future are unchanged from the previous year and concern the following aspects:

**Focus 1 – Health and well-being in the company**

**Objective 1 – Company Welfare.** The company intends to adopt and formalise a Company Welfare system dedicated to all employees. Medium-term objective — KPI: *“welfare spend per employee”*.

**Objective 2 – Employee Health.** The company intends to flank individual screening campaigns with health-promotion and healthy-lifestyle activities. Short-term objective — KPI: *“total number of screenings in the company”*.

**Objective 3 – Gender Equality.** Atlantic Fluid Tech wishes to spread a culture of inclusion, apply the principles of Gender Equality and reduce the currently existing salary GAP. Long-term objective — KPI: *“salary GAP”*.

**Focus 2 – Know-how and training**

**Objective 4 – Expansion of the training offer.** The company intends to expand the offer provided by the Academy, also investing in soft skills and transversal competences. Medium-term objective — KPI: *“hours of training on soft skills”*.

**Objective 5 – ESG Training.** The company intends to strengthen the training offer dedicated to sustainability and the Goals of the 2030 Agenda. Medium-term objective — KPI: *“hours of training on sustainability”*. Finally, the possibility of collaborating with local bodies to launch projects aimed at increasing employee well-being is not ruled out.

**6.2.3 Metrics**

The average workforce in 2024 increased compared with the previous year, with better gender balance.

Indicators	Women	Men	Total
Employees	67,75	128,33	196,08
Permanent contract	60,33	123,41	183,74
Fixed-term contract	7,42	4,92	12,34
Full-time	65,75	123,33	189,08
Part-time	2	5	7

The company has a predominantly male workforce. Almost all employees have permanent contracts. There are 7 part-time employees — 2 women and 5 men — so there is no evidence of gender disparity linked to involuntary part-time. There are no employees on variable hours.

In addition, 29 non-employee workers took part in Atlantic Fluid Tech's activities during 2024.

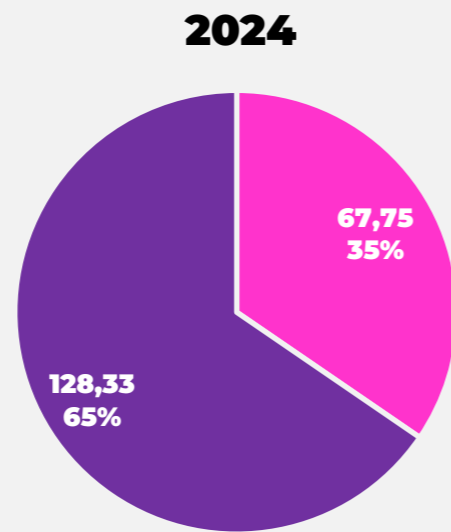
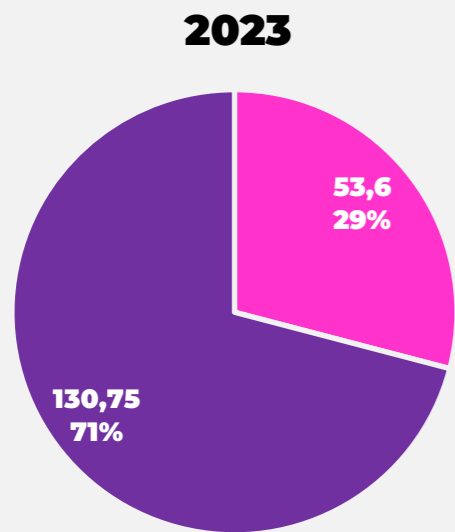
Most employees are aged between 31 and 50, and only 17% are over 50, indicating a fairly young average age.

The number of employees who left the company in 2024 is 41, but the overall turnover rate (entries + exits) was 0.34 over total employees.

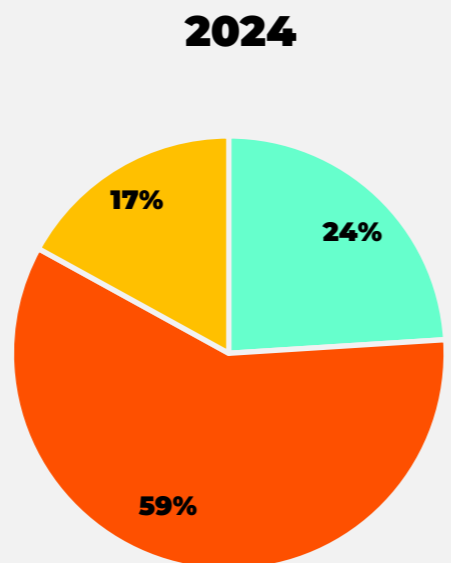
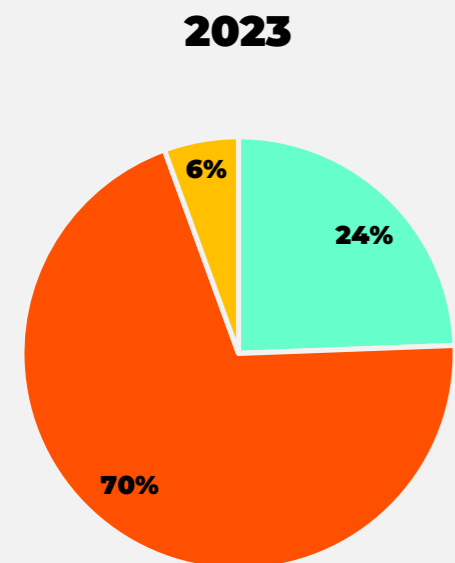
100% of employees are covered by collective bargaining. Likewise, regarding social protection foreseen for illness, unemployment, accidents and leave, 100% of the workforce is covered.

**Employees**

- █ Men
- █ Women



- █ Employees aged <30
- █ Employees aged 31-50
- █ Employees aged >50



Regarding the theme of health and **safety** in the company, during 2024 the data summarised below were collected.

The number of incidents and complaints linked to discrimination, harassment or racism is also 0. There were no reports, fines or damages on this matter.

There are 7 employees with **disability** hired in the company.

**100%**

Own workers covered by the company's health and safety management system

**0**

Deaths due to work-related injuries and illnesses

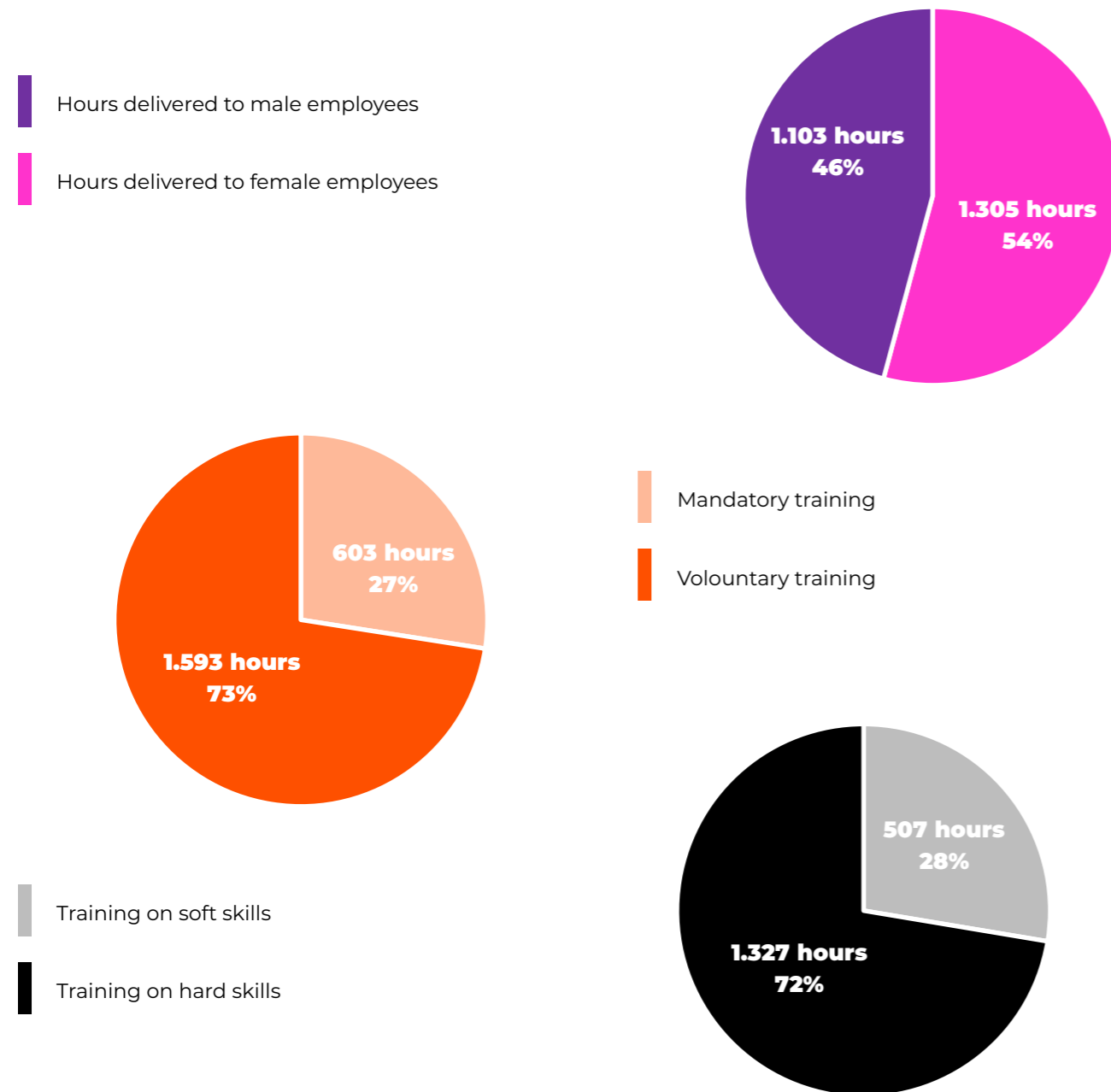
**2**

Recorded workplace injuries

**0**

Working days lost due to workplace injuries and deaths, work-related illnesses and deaths from such illnesses

Regarding the theme of **training**, an overall positive picture emerges with the following data:



In this area, the prevalence of voluntary training hours should be highlighted: in 2024 this reached 1,592.91 hours. Very often, employees themselves adhere spontaneously to training opportunities; for this reason, Atlantic Fluid Tech has not established a single annual training plan equal for all employees.

Regarding **gender equality** in management composition, the figure remained unchanged compared with the previous year — 5 men and 1 woman.

Overall, in the company, 4 women hold positions of responsibility. The male majority in corporate management is a condition that arose spontaneously over the years and is not the result of discrimination or internal dynamics; nonetheless, Atlantic Fluid Tech has decided to consider this condition in future improvement plans.

Another figure showing asymmetry concerns the pay gap between men and women. The average annual remuneration of male employees is higher than the annual female average (17%). Here too, Atlantic Fluid Tech intends to consider the matter with greater attention, as the asymmetry has widened compared with the past.

The total remuneration ratio, on the other hand, is calculated by comparing the highest remuneration in the company with the average total remuneration. The final ratio is 5,5.

At present, no analysis has been conducted to verify the adequacy of salaries received by Atlantic Fluid Tech employees, so it is not possible to establish the number of workers earning above poverty thresholds.

Regarding **work-life balance**, the following data emerge:

**Employees entitled to family-related leave**

Men	10
Women	14
<b>Total entitled</b>	<b>24</b>
Total entitled who used it	21

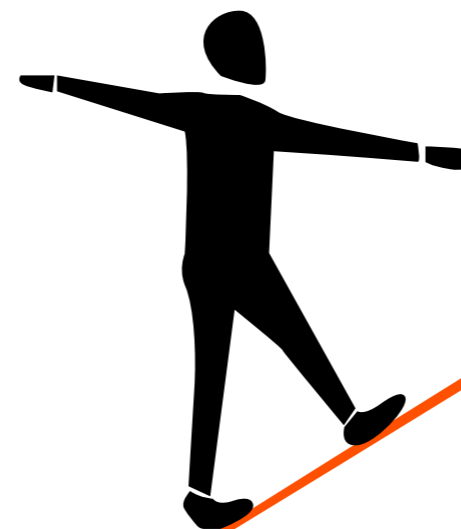
**Employees entitled to smart working**

Total	3
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The number of employees for whom corporate *welfare* is available is 0, since at present no *welfare* system or dedicated platform is used.

**work**

**private  
life**



### 6.3 Supply chain

In corporate sustainability, **supply-chain** management is crucial because it allows mapping and monitoring of all externalities — including environmental ones — generated throughout the product's entire life cycle.

#### 6.3.1 Actions and Metrics

For several years, Atlantic Fluid Tech has adopted a rigorous supplier-selection policy, based on a careful combination of qualitative, technical and economic assessments.

Contacts with *stakeholders* are numerous and frequent, both before and after engagement.

Starting in 2024, moreover, the selection process has been significantly expanded to include environmental, social and governance (ESG) criteria.

This has allowed Atlantic Fluid Tech to begin evaluating its suppliers also from a sustainability standpoint, following specific internal procedures. This introduction has enabled the company to achieve an important short-term objective set the previous year.

The selection process concludes with the dispatch of the Corporate Code of Ethics to selected suppliers, among the mandatory documents for engagement.

On human rights, to date no corrective action on the *supply chain* has been required, as no reports or non-conformities on these themes have emerged.

### 6.3.2 Objectives

The company intends to define more precisely the ESG analysis criteria it will use for supplier assessment.

**Objective 1 – Supplier ESG rating.** Atlantic Fluid Tech intends to establish a rating on the basis of scores assigned to each supplier. Medium-term objective — KPI: “% of suppliers above the threshold defined by the company as satisfactory”.

### 6.4 Community

Atlantic Fluid Tech has always cared for relationships with the local community of its reference territory and with the institutions of San Cesario sul Panaro, in an effective and beneficial way.

#### 6.4.1 Actions and Metrics

Although the community is not directly involved in business decisions, the contact points between Atlantic Fluid Tech and the territory are numerous.

**Focus 1** - Although the local community is not directly involved in day-to-day decisions, Atlantic Fluid Tech maintains a constant dialogue with local actors and institutions, as occurred during the drafting of the sustainability report. Thanks to 4 meetings held during 2024, Atlantic Fluid Tech and some local companies managed to extend the circulation perimeter of Modena buses up to the industrial area, allowing employees to reach the site via public transport. This *Mobility Management* initiative reduces distances between the industrial zone and the city centre, also extending the public-transport offering to peri-urban areas.

**Focus 2** - Atlantic Fluid Tech's bond with the Modena community has long been evident, expressed through the sponsorship of youth sports associations. The company also financially supports a project dedicated to the inclusion of people with disabilities, providing free transport service to access sports arenas during sporting events.

**Focus 3** - The company actively invests in valuing young local talent through projects such as the **MV Academy** and solid collaborations with UniBo (University of Bologna) and UniMore (University of Modena and Reggio Emilia), which have generated innovative initiatives and mutual enrichment.

Overall, Atlantic Fluid Tech’s commitment to the community can be summarised through the following metrics.

Currently, company *welfare* is not extended to employees’ family members; however, the topic is under the *board management’s* attention for future developments.

€ 62.000

Economic returns to the community

2

Initiatives dedicated to the community

10

Meetings during the reporting period with public administrations, institutions, bodies and local associations

**6.4.2 Objectives**

As highlighted in the previous paragraph, Atlantic Fluid Tech has a strong interest in sport as a tool for well-being, social aggregation, and social inclusion. Therefore, the objectives set for the future concern:

**Objective 1 – Sport promotion.** Atlantic Fluid Tech intends to continue supporting sport at local level through sponsorship of local teams and the organisation of sport-dedicated events. Short-term objective — KPI: “*spend on sport-related activities*”.

**Objective 2 – Inclusivity.** The company aims to spread a culture of inclusion and social cohesion by creating spaces and occasions to increase moments of sharing. Short-term objective — KPI: “*number of sharing events*”.

**Objective 3 – Greater contact with the territory.** Atlantic Fluid Tech intends to increase collaboration projects with local bodies to identify possible development trajectories capable of generating well-being for citizens of the Modena territory and for employees. Medium-term objective — KPI: “*number of meetings with companies, public administrations and local bodies*”.

## 6.5 Consumers

An element strategically differentiating Atlantic Fluid Tech from *competitors* is the management of customers and consumers in pre- and post-sale relationships — which is why ESRS S4 is one of the elements emerging from the materiality analysis.

### 6.5.1 Actions and Metrics

Atlantic Fluid Tech demonstrates strong attention to its consumers, actively involving them in corporate choices through customer-care and assistance services. Atlantic Fluid Tech's support and after-sales service is one of the company's strategic levers, capable of differentiating the Modena-based firm from *competitors*. For this reason, the company will evaluate the implementation of a structured *feedback-collection* system and the extension of product warranties beyond those required by law. Such interventions would significantly improve contact and customer perception of value.

### 6.5.2 Objectives

Compared with 2023, objectives remain unchanged:

**Objective 1 – Customer-base expansion.** The intention is to increase and strengthen the customer base, retaining a larger number of actors. Medium-term objective — KPI: “*number of customers*”.

**Objective 2 – Innovation drive.** The company intends to formalise and define a process to manage innovation and to incentivise it through initiatives and economic bonuses. Long-term objective — KPI: “*incentives paid for innovation*”.



CHAPTER 7

# Governance

Atlantic Fluid Tech has its registered office in Via della Meccanica 50, in San Cesario sul Panaro, which hosts company administration and the operating headquarters of unit **AFT 1**; there are two other operating units: **AFT 2** in Via della Meccanica 27–31, San Cesario sul Panaro, and **AFT 3** in Via del Lavoro 12–14.



ESRS relevant for Atlantic Fluid Tech

## Business conduct



7.1 Corporate and operational structure

Atlantic Fluid Tech has not changed the traditional governance model used in 2023, based on a Sole Director representing the only body with decision-making powers, to whom all corporate functions report.

The Sole Director is Mr Christian Storci, who holds full powers and bears responsibility for ordinary and extraordinary management, as well as defining strategic, economic-financial and sustainability guidelines. He is responsible for carrying out all activities needed to achieve the corporate purpose, save those reserved by law or articles of association to the Shareholders' Meeting.

The Shareholders' Meeting comprises 6 members: Christian Storci, Michele Storci, Salvatore Lo Porto, Ermanno Lamandini, Alessandro Alletto and the company MASTER LV S.r.l.

The Sole Auditor is Mr Gabriele Tosatti.

At the end of 2024, Atlantic Fluid Tech took an important step to strengthen corporate Governance by adopting the Organisational Management Model (MOG) pursuant to Italian Legislative Decree 231/2001 and establishing a Supervisory Body (OdV) chaired by Att. Lisa Ruini.

This model aims to prevent and reduce the risk of administrative liability for Atlantic Fluid Tech, fostering transparent, ethical and law-compliant corporate management.

The OdV — an independent and autonomous body — plays a central role in monitoring the effective application of MOG 231, verifying the adequacy and proper functioning of internal procedures. Thanks to this structure, the company not only strengthens its internal control system but also consolidates a culture of legality and responsibility, ensuring greater protection for all stakeholders and providing continuous supervision and rigorous oversight of corporate processes — with particular attention to risks linked to administrative liability and business sustainability.

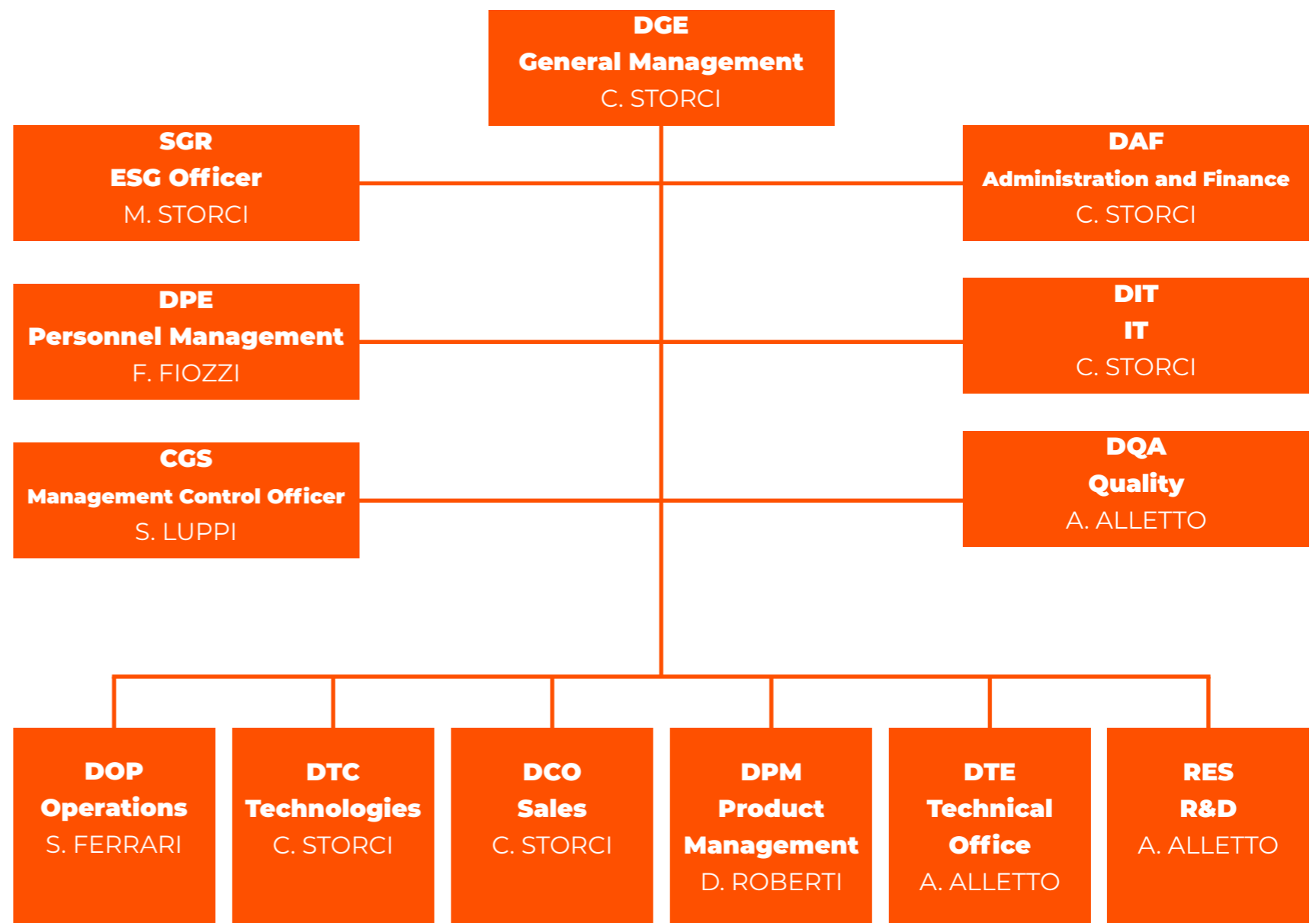
Building on this set-up, the Sole Director oversees the company and various due-diligence processes aimed at identifying and managing the company's impacts on the economy, environment and people. This occurs through the definition, application and monitoring of corporate procedures, also based on the contribution and results coming from;

» Audit firm;

- » Supervisory body
- » Technical and legal consultants;
- » Internal management-control office.

Decision-making power is exercised exclusively by the Sole Director, with no delegation to subjects outside the highest governance body. However, several support functions appointed by the governance body deal with topics that may affect the economy, environment and people.

Consequently, a reporting system to the highest governance body is in place, covering monitoring of sales, turnover, costs, financial aspects, R&D, production, human resources, environment, safety, quality — as well as the results of internal and external audits and inspections by third parties (Supervisory Body).



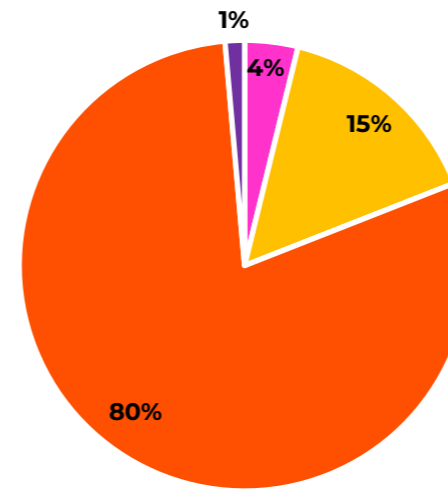
**7.2 Strategy and business model**

AFT has structured its *Corporate Governance* model on a corporate set-up able to be resilient to international best practices and to respond to *stakeholders* requests: in 2024, this dimension confirmed its commitment to sustainability, in particular by developing actions for the qualification of its suppliers in an ESG perspective and continuing its commitment to the decarbonisation of its plants. Recommendations and focus areas take on a new guise, oriented toward sustainability objectives, allowing AFT to develop a review and reorganisation that goes into the detail of qualifying elements such as the *supply chain*, which must contribute to corporate sustainability objectives.

AFT has adopted a traditional administration-and-control model. Corporate management is entrusted to the Board of Directors; supervisory functions to the Board of Statutory Auditors; statutory audit of the accounts and accounting control to the Auditing Firm appointed by the Shareholders' Meeting.

**Net revenues by geographical area**

<b>Geographical area</b>	<b>Net revenues (2024)</b>
Europe	80 %
Asia	15 %
Americas	4 %
Oceania	1 %



“

This approach allows us to integrate ESG risk elements into the corporate strategy, anticipating international trends and policies, aligning the business with leading competitors with measurable and representative indicators and targets.

”

*Michele Storci*

ESG Director

### 7.3 ESG governance and due diligence

Atlantic Fluid Tech has chosen to integrate ESG aspects within corporate governance, identifying a dedicated internal team tasked with building company awareness in line with Atlantic Fluid Tech's business and available resources. The team's role is to integrate sustainability and social-responsibility principles into corporate strategies and operations, aligning Atlantic Fluid Tech's choices with the SDGs, beginning to define policies, objectives, actions and metrics to quantify ESG impacts, risks and opportunities. Furthermore, the team is responsible for structuring the **Stakeholder Engagement path** to increase the success rate on sustainability-related themes and better orient environmental, social and governance actions.

The Atlantic Fluid Tech team is coordinated by Michele Storci and is placed within the corporate organisational chart, reporting directly to the Board of Directors. The team continues the objective started in 2023 of defining a **Due Diligence** procedure that allows the analysis-and-assessment process of performance along the value chain to be detailed, paying particular attention to compliance with sector, international and regulatory requirements, as well as the consequent monitoring and control actions with detailed analytical KPIs. From this journey will emerge the **road-map of short-, medium- and long-term actions** to be implemented.

#### 7.4 Management control, organisational model, certifications, code of ethics

Atlantic Fluid Tech has analysed compliance with the minimum safeguards, in accordance with what is stated in Article 18 of EU Regulation 2020/852 on the environmental Taxonomy.

In particular, the **OECD Guidelines** for Multinational Enterprises, the **UN Guiding Principles** on Business and Human Rights, and the principles and rights established by the eight fundamental conventions identified in the ILO Declaration and in the International Bill of Human Rights have been considered. **Nine categories** have been assessed: human rights policies, due diligence and risk assessment on human rights, human rights impact management, grievance mechanisms, consumer interests, anti-corruption, competition and taxation. Coverage of these themes occurs, in general, through the adoption of specific instruments such as policies, plans, manuals, organisational models and procedures.

For Atlantic Fluid Tech we can list:

- » **Code of ethics**, whose rules apply to all employees and to all those acting to achieve Atlantic Fluid Tech's objectives;
- » **Model 231**, in the adoption phase, to prevent offences within Atlantic Fluid Tech;
- » **Whistleblowing** procedures for reporting any violations of the Code and Models themselves;
- » **Internal regulation** published on Atlantic Fluid Tech's management system, whose rules apply to all employees;
- » **Grievance mechanisms** accessible by internal personnel and stakeholders;
- » **Privacy Policy** for coordinated management of GDPR compliance;
- » Policy and manual of the **environment-safety management system**;
- » **Quality management** policy and manual;
- » **Training** plans;
- » **Local compliance programmes** to prevent or mitigate the company's risk exposure, through internal audits.

### 7.5 Economic and financial performance

AFT's economic-financial performance allows assessment of the company's state of health and the effectiveness of operations: through its analysis, a complete view of the corporate situation can be obtained and consequent actions and strategies identified to improve performance and economic-financial stability in the medium to long term.

This process is essential for shareholders, creditors, corporate managers and other interested parties in order to take informed and conscious decisions.

Analysing the **income statement**, the contributions of the various business areas to the final result, the results of the core business and the weight of financial and tax management can be identified.

In 2024, AFT's income statement highlighted in particular:

- » Revenue slightly above €37 million, down compared with 2023 performance, following the market contraction but after a two-year period of important growth;
- » Value added of about €10 million, corresponding to 27.15% of production value;
- » Personnel cost of nearly €8.7 million, equal to 22.66% of production value;
- » EBITDA of about €1.7 million, equal to 4.49% of production value;
- » EBIT of nearly €717k, equal to 1.88% of production value;
- » Net income of nearly €295k.

These figures reflect an economic performance that had to deal with investments from past and current years, and with an unfavourable economic cycle; nevertheless, they allowed AFT to weather a complicated moment in a highly fluctuating sector, in which it was necessary to safeguard perspective for the company, organise the production unit for new needs, and consolidate strategic foreign customers.

Item	2024		2023		2022	
	€/000	%	€/000	%	€/000	%
Sales revenue	37.230,37	97%	44.948,02	98%	43.804,22	94%
Change in inventories of WIP, semi-finished, finished, and other revenue	973,77	3%	976,06	2%	2.569,49	6%
<b>Production value</b>	<b>38.204,14</b>	<b>100%</b>	<b>45.924,08</b>	<b>100%</b>	<b>46.373,71</b>	<b>100%</b>
Consumption of raw materials, ancillaries and goods	20.347,77	53%	23.751,00	52%	25.432,79	55%
Services and lease of third-party assets	7.484,57	20%	8.421,10	18%	8.173,01	18%
<b>Value added</b>	<b>10.371,80</b>	<b>27%</b>	<b>13.751,98</b>	<b>30%</b>	<b>12.767,91</b>	<b>28%</b>
Personnel costs	8.656,76	23%	9.392,33	20%	8.879,69	19%
<b>EBITDA</b>	<b>1.715,04</b>	<b>4%</b>	<b>4.359,65</b>	<b>9%</b>	<b>3.888,22</b>	<b>8%</b>
Depreciation and amortisation	948,21	2%	1.247,07	3%	1.020,09	2%
Provisions and write-downs	50,00	0%	250,00	1%	200,00	0%
<b>EBIT (operating result)</b>	<b>716,84</b>	<b>2%</b>	<b>2.862,59</b>	<b>6%</b>	<b>2.668,13</b>	<b>6%</b>
Financial management	232,21	1%	1.002,31	2%	361,48	1%
<b>Pre-tax result</b>	<b>369,78</b>	<b>1%</b>	<b>1.685,50</b>	<b>4%</b>	<b>2.226,97</b>	<b>5%</b>
Income tax	74,54	0%	387,00	1%	378,91	1%
<b>Net result</b>	<b>295,23</b>	<b>1%</b>	<b>1.298,50</b>	<b>3%</b>	<b>1.848,06</b>	<b>4%</b>

### 7.6 6 Economic responsibility (value generated and distributed)

Economic value generated describes a company's ability to produce wealth during its fiscal year, remunerating all *stakeholders* who contributed resources, services or programmes of social and/or public utility.

With the 2024 financial statements, AFT generated wealth of €39 million, recording a decrease of about 15% compared with 2023. 95.50% of value generated — just over €37 million — was distributed to *stakeholders*, with a percentage rate up 4 percentage points compared with 2023.

Most of the wealth produced was distributed to suppliers — 70.24%, for a total of €27.4 million — and to staff — 22.17%, equal to €8.7 million.

€1 million was distributed to financiers and shareholders, and €75k went to the Public Administration.

€62k was redistributed to the community in the form of activities supporting sport, cultural and social initiatives.

Category and details		31/12/2024		31/12/2023		31/12/2022	
		€/000	%	€/000	%	€/000	%
	Revenue	38.204	97,86%	45.924	100,00%	46.374	100,00%
	Financial income	834,5	2,14%	0,02	0,00%	0	0,00%
	Other income/charges	-	0,00%	-	0,00%	-	0,00%
Wealth generated	Total economic value generated	39.039	100,00%	45.924	100,00%	46.374	100,00%
Value distributed to suppliers	Operating costs	27.421	70,24%	31.087	67,69%	34.882	75,22%
Value distributed to employees	Personnel remuneration	8.657	22,17%	9.392	20,45%	8.880	19,15%
Value distributed to banks and shareholders	Credit capital	1.067	2,73%	1.002	2,18%	362	0,78%
Value distributed to Public Administration	Taxes and levies	75	0,19%	387	0,84%	379	0,82%
Value distributed to the community	Donations	62	0,16%	67	0,15%	25	0,05%
<b>Total economic value distributed to Stakeholders</b>		37.281	95,50%	41.936	91,32%	44.527	96,02%
<b>Economic value retained by AFT</b>		1.758	4,5%	3.988	8,68%	1.846	3,98%

## 7.7 Governance objectives

## Launch of new product lines

OBJECTIVE

1

Launch of new product lines  
Atlantic Fluid Tech intends to activate new product lines, investing in research and development, to expand the customer base and strengthen its market presence. Short-term objective — KPI: “*number of new customers*”

## ESG journey

OBJECTIVE

2

Atlantic Fluid Tech intends to launch a path of ESG-competence strengthening within the company, in order to align corporate management with environmental, social and governance sustainability. Medium-term objective — KPI: “*number of employees trained on ESG themes*”.

## New plant

OBJECTIVE

3

In the long term, Atlantic Fluid Tech intends to change and modernise its plant, with a view to greater efficiency and productivity. Long-term objective — KPI: “*productivity increase*”.

# Integrated sustainability and the improvement path



8.1 Short-, medium- and long-term objectives and KPIs to monitor

ESG	ESRS	Objective	Horizon	KPI	
<b>Environment</b>		Photovoltaic expansion	Short-term	Increase in PV electricity production	kwh
		Adaption to climate change (cooling)	Medium-term	°C reduction inside the company	°C
		Sustainable mobility actions	Medium-term	No. of EV charging points	
		100% renewable energy	Long-term	% renewable energy on total	%
		Recycled material in packaging	Short-term	% recycled material in packaging on total	%
		Research on sustainable raw materials	Long-term	Euros spent on R&D	€
<b>Social</b>		Employee health	Short-term	Total number of screenings in the company	
		Company welfare	Medium-term	Welfare spent per employee	€
		Expansion of training offer	Medium-term	Hours of training on soft skills	h
		ESG training	Medium-term	Hours of training on sustainability	h
		Gender equality	Long-term	Salary gap	
		Supplier ESG rating	Medium-term	% suppliers above defined satisfactory threshold	%
		Sport promotion	Short-term	Spend on local sports-related activities	€
		Inclusivity	Short-term	No. of sharing events	
		Greater contact with territory	Medium-term	No. of meetings with companies, PA and local bodies	
		Customer-base expansion	Medium-term	No. of customers	
		Innovation drive	Long-term	Incentives paid linked to innovation	€
<b>Governance</b>		Whistleblowing	Short-term	No. of reports received	
		Risk management	Short-term	No. of risks identified and managed via internal controls	
		Ethics	Medium-term	% suppliers evaluated against ESG criteria	%
		ESG in governance	Medium-term	% budget dedicated to ESG objectives	%
		ESG policies	Medium-term	No. of policies introduced	
		Transparency	Long-term	% compliance with ESRS	%

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We look to the future with confidence, determined to build a more solid tomorrow for our community and for the territory that hosts us.

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*Christian Storci*

CEO

