

Group ESG Policy



Introduction

As a family-owned group of companies with a long-term perspective, Moovimenta has always placed high attention towards our reputation: within wider society, within our customer and supplier base, and within our employee community. Maintaining the long-term sustainability for our business has been a prominent driver for our actions. This **Environmental, Social and Governance ('ESG') Policy** formalizes much of the pre-existing activities of Moovimenta, adopting the language and concepts now becoming standardized within the wider business community. It also seeks to fill relevant gaps in our ESG activities, converting sometimes ad-hoc, organic activities into systematic ones with a completeness of coverage.

We define the individual components of ESG in the following way:

The **Environmental** component looks at how our business performs as a custodian of our natural world. It encompasses carbon emissions and climate change, and includes energy consumed, water used and waste discharged in the sourcing, making and using of our products. The world's natural resources our business uses, and the consequences for our planet.

The **Social** component addresses the relationships and reputation fostered with people and institutions in our company and the impact we have within wider communities. It includes working conditions, labor relations, diversity, and inclusion, and the role we take in the communities where we have our business activities.

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The **Governance** component refers to the internal system of practices, controls, and procedures adopted around the economic perspective of our business. How we make effective decisions to deliver profitable growth without jeopardizing our reputation and core values, or negatively impacting our long-term sustainability.

The importance of Environmental, Social and Governance sustainability topics has increased within the wider business environment within which the Moovimenta Group operates.

- *There is a growing societal demand for businesses to play a leading role in ESG topics, no longer leaving these to regulators and law-makers. Sustainability has become the defining issue of our age. Individual businesses are expected to do more than protect their own sustainability (i.e., their own continuity), they must act for wider sustainability or risk being left behind.*
- *Customers, employees, and other stakeholders increasingly look to ESG performance when choosing whether to work with/for Moovimenta*
- *ESG disclosures and ratings are a growing trend. Risk scores/ratings relating to a company's ESG performance affect access to finance, to supplier relationships, etc.*

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1. ESG and Corporate Strategy

The Moovimenta Group does not carry a separate ESG Strategy because we believe these issues are central to our core Corporate Strategy. For the Moovimenta Group, ESG is not an afterthought: it is central to what we do.

It is Group policy that ESG strategies are incorporated into all our Divisions Business Strategies.

- Our Group Strategy establishes Sustainability as the key issue facing society.
- Our Group Strategy establishes as one of its six strategic pillars: *Invest in our Employees*, recognizing that the continuity and growth of our business is dependent upon developing the next generation of experts and innovators for our industry.
- Our Core Values include *Highest Ethical Standards - our credo, we respect diversity and strive for sustainability in all areas*

*Moovimenta believes that ESG activities succeed when they also create economic value as this ensures their 'internal viability' (i.e., the activities are themselves sustainable). **Furthermore**, we believe that ESG activities do create value, especially given our long-term perspective. ESG activities bring growth opportunities, efficiency improvements along the whole supply chain, they promote innovation, and they promote employee engagement.*

For the Moovimenta Group, Sustainability incorporates all 3 components of ESG (the **E**nvironment, **S**ocial and **G**overnance), and all must receive the attention of our Divisions and their subsidiaries. All 3 components rank equally. It is accepted, however, that in order to have a high-performance level across the 3 components, focus of attention may shift into those areas requiring the greatest attention.

2. Scope and Responsibilities

All activities of all Divisions and subsidiaries of the Moovimenta Group are within the scope of this ESG Policy.

The Group functions are responsible for devising and maintaining ESG policies, within the forum of the Group Leadership Team where inputs, approvals and adoption are agreed.

Moovimenta separates the 3 components to allow for the most efficient and appropriate organizational set-up, allocation of resources; and to allow dedicated resources for each component. The three components come together in our ESG Reporting framework.

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Overall responsibility for the 3 components of ESG Policy and monitoring of its implementation is as follows:

- Environmental → Group Sustainability Ambassador.
- Social → Group Head of Human Resources.
- Governance → Group Chief Financial Officer.

These 3 components report into the Group CEO, and each will present on ESG at least annually to the Group Board of Directors.

ESG Policy is defined by the Group Management Team and validated by the Group Board of Directors. Divisional CEOs are responsible for the implementation of the policy within their respective Division.

3. Contextual Statements and Alignment with the United Nations SDGs

*The United Nations has created and published **17 Sustainability Development Goals ('SDGs')**.*

Moovimenta believes there is value to align ourselves with these UN Goals, because:

- *They provide a bridge between our actions and the wider societies in which we operate. Our ability to collaborate with others will be improved if we 'talk a common language'.*
- *They will provide a shorthand for our communications: both internally and externally.*
- *It may bring ready-made resources, frameworks and processes to assist our internal ESG activities.*

*The United Nations also published it's **UN Global Compact Ten Principles** (the 'UN 10 Principles'). These form a set of 'minimum standards' which form a foundation upon which the SDGs can then be pursued.*

The UN 10 principles cover 4 areas: Human Rights; Labor; Environment and Anti-Corruption.



1. Business should support and respect the protection of internationally proclaimed human rights, and
2. Make sure that they are not complicit in human rights abuses.



3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation.

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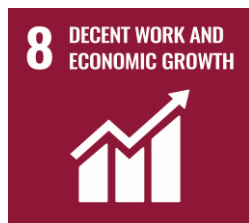
7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies



10. Businesses should work against corruption in all its forms, including extortion and bribery.

Moovimenta **adopts all** the UN 10 principles without exception and embeds them within its Core Values. These ensure we first “do no harm”, doing business responsibly observing these minimum standards before we then pursue further opportunities to solve the challenges presented within the 17 SDGs.

The Group has adopted the five United Nations Sustainability Goals below, restating the second-tier straplines to tailor them to our specific circumstances. Selecting five from the 17 goals allows us to focus our efforts where we can have most impact. **Divisions are free to add additional Goals if very relevant to their specific business circumstance**, always maintaining appropriate focus.



Our commitment to pursue growth whilst nourishing people safeguarding our planet



Our commitment to focus upon innovation activities in the field of sustainable solutions



Our commitment to improve resource usage in our own and our customers' processes



Our commitment to reduce carbon emissions in our own and our customers' processes



Our commitment to engage in partnerships across the value chain in achieving the goals

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4. Environmental Policy Statements

We believe that the two aspects of the natural environment and economics are not mutually exclusive:

- *Environmentally attractive solutions for customers add value to our P&L through the growth in our offering, and our revenues.*
- *Any reduction in our use of the Earth's resources can add value to us through efficiency/productivity gains.*
- *Safeguarding our environment will protect the medium- and long-term viability of our business.*

The Group believes that we can have a positive impact in the environmental sustainability of our customers applications: reducing the energy they use, reducing the water they consume, reducing wasted materials.

We will consider the longer Value-Adding-Chain (up- and downstream activities) when considering Environmental impacts. We are committed to apply life cycle assessments of our products. It is overall not optimal, for example, to reduce materials used in the manufacture of our products, if the products then utilize more energy in the customers applications. We apply a holistic view: 'our own and our customers processes'. The definition of our own processes includes the choices we make over raw materials, the suppliers of those raw materials and how they choose to produce them.

We measure and reduce our own resource usage and carbon emissions according to the GHG Protocol. We will focus our reporting on Scope I and II of the GHG Protocol, while progressively adding elements of Scope III. Our reporting will include data on water consumption, waste disposal, pollution prevention as well as responsible sourcing. All Divisions will report the Group Environmental Sustainability Metric (GESM) based upon CO₂ emission and energy consumption.

It is the Group target to become Net-Zero (as per SBTi definition) regarding Scope I and II by the year 2030. Targets regarding Scope III will be defined in due course. We will achieve this target by:

1. Energy saving measures, which will receive highest priority.
2. **We will progressively switch to genuine renewable energy sources;** either from 3rd party energy suppliers or in-house provision (e.g., solar panels).
3. Carbon-offsetting. CO₂ emissions that we cannot avoid in time will be compensated by supporting climate protection projects at other locations.

We will determine and provide Product Carbon Footprint (PCF), measured at point of dispatch to the customer, for all our component products.

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All our Divisions adopt product life cycle assessments including of the carbon footprint of our products in the key applications at our customers.

The Group recognizes that it operates with many varied and diverse applications at customers, and it is not possible to undertake the life cycle assessments for all at once. Our Core Value of Continuous Improvement and our Group strategic pillar 'Focus on Critical Applications' provides for a prioritized program over time.

Each Division offers product End of Life programs, such that the burden of the environmental impact of the disposal of our products once their economic life has ended rests with our Divisions and not with the Customer.

We compile an Annual Environmental Sustainability report containing defined metrics that reflect our Policy document with commentary on trends and initiatives undertaken. The report is consolidated into an overall ESG report.

Our managerial reward and objectives systems contain a meaningful component towards improvement in our environmental perspective of ESG.

Our divisional purchasing policies include an environmental sustainability assessment of suppliers to be applied through the regime of Supplier Audits. Purchased products and services should be selected, and the supplier chosen, based in part upon their own PCF and their applied sustainability standards.

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5. Social Policy Statements

We balance the Social needs of our stakeholders (employees, customers, local communities, shareholders, etc.) **with our own Economic desires in an equitable manner.** We are motivated and driven by our shared Core Values and Vision, challenging and rich job contents and family oriented, safe, and friendly work environment.

The Group believes that societal needs and our economic desires are not mutually exclusive: Our economic desires are best served when employees and local communities are engaged in a positive manner with our approach to doing business. Motivated employees will stay longer, will be more innovative and act as 'Brand Ambassadors' in front of our customers.

Our corporate contribution to the wellbeing of society is both towards (i) Our internal communities, i.e. employees, and (ii) external societies local to our operations.

Our Internal communities (i.e. employees)

Our Group Compensation Philosophy documents our commitment to fair remuneration and rewards to employees.

We provide secure employment to our colleagues. We do not have zero hours contracts, and no temporary employment contracts where clearly the role has a permanency in its nature.

The Group promotes Global Employee Mobility. Our international footprint creates opportunities for employees to relocate, either temporarily or permanently (and subject to governmental regulations). All Divisions have Relocation policies to support employees financially and logistically with international placements. **It is Group policy to advertise job vacancies on internal Intranet (or equivalent) visible to all worldwide employees.**

We value inclusion and diversity of ideas and experiences because these broaden our expertise and fuel our innovation. As such:

- **It is Group Policy to have a diverse selection of first round interview candidates** (e.g. diversity by nationalities, genders, ages and physical ability, etc.).
- **It is Group Policy to include an assessment of the diverse experiences and ideas that candidates bring** and include this in the overall candidate scoring in the recruitment decision
- **It is Group Policy to select the best candidate for any role.**
- **The Group measures and monitors the diversity of its managerial teams and Board of Director compositions.**

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All Divisions undertake Employee Surveys at least annually. The results of the surveys will be summarized and made available to employees. Employee surveys are always anonymized.

We undertake Exit Interviews with all employees leaving the company.

We recognize that challenging and rich job contents makes work rewarding, increases morale and improves employee retention. **All employees have open channels with managers for feedback, performance appraisal and personal development planning. Personnel development plans promote our Core Values of Continuous Improvement, Collaboration, and of Highest Ethical Standards.**

All employees should have some access to cross-functional and/or cross-divisional teams. We believe that collaboration is fostered by helping employees build relationships and connections, such that they have a diversity of interactions and experiences.

We are committed to Health and Safety and all Divisions have Health and Safety Policies. Workplace safety was the catalyst for our Founders initial innovations in belting products. We support dedicated local initiatives to increase employee well-being, including but not limited to nutrition, fitness and sports offerings, etc.

Societies local to our operations

We are committed to a positive impact upon the local communities where we have our operations and where our employees and their families live.

- **We identify and endorse volunteering opportunities in their community and make a proportion of total employee time available for such activities.**
- **We make donations to local charity(s)** through systematic proposal by employees with then local AC BoD approval.
- **We explore opportunities for providing education or employment to those disadvantaged persons in local communities**

We, believe in paying the full taxes due in the countries/locations where we operate. It is through such taxation that Governments fund environmental and societal sustainability programs **We will compile an Annual Social Impact report** with metrics and commentary on trends and initiatives undertaken.

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6. Governance Policy Statements

We define Governance as the way we direct and control our activities to meet the desires for ourselves and our shareholders. How we lead, manage and conduct our business. As such, it has a mainly internal perspective.

*Governance directs and controls our activities by defining how we make decisions, by setting the authority levels and accountability structures of our organization (including our Boards of Directors), by establishing policies, and by promoting our Core Values. To contrast, 'Compliance' has an external perspective: being the regulations, rules, laws and other demands from external authorities which provide the general guardrails for doing business. In many ways the two overlap, but Governance includes how we act when following our **strategic** desires (which do not feature in Compliance).*

We have a Governance Model which is applied to all Divisions, tailored for their specific size and circumstances (maturity, complexity, etc.). Our Governance Model is designed to ensure:

- a) The mitigation of risks to our reputation
- b) The mitigation of risks to our business continuity.
- c) The realization of our economic, strategic aims for profitable growth.

The Key elements of our Governance Model are summarized in the following Policy statements:

- **Board of Directors ('BoD') for key* companies within our Divisions include both Group personnel (i.e. Moovimenta AG personnel with cross-Divisional responsibilities) and external Non-Executive Directors** alongside Divisional/Affiliate Company management. This ensures a good balance of resources: those with full time engagement in the business [close knowledge]; Group roles [full time oversight roles] and external members [external experiences, high independence]. *Key companies include the highest consolidation layer of each Division and any other AC considered material to Group level results.
- **There is a consistency across BoD agendas**, with standing items that include ESG topics.
- **Policies are established and set by Group functions**, in collaboration with Divisions via the Group Leadership Team. **Implementation of policies is the responsibility of Divisional management.** Boards of Directors are responsible for monitoring the implementation and effectiveness of policies.
- **Our Core Values form a part of our Governance.** In the increasingly volatile, uncertain, complex and ambiguous (VUCA) environment in which we operate, our rules-based policies cannot cover for all situations that arise in day-to-day business. Contrastingly, our Core Values can guide employees decision making in almost all choices they must make. As such

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Our Board of Directors place a focus upon monitoring the alignment of individuals, teams and Divisions with our Core Values.

- **The Board of Directors for each Division establishes levels of decision-making authority levels for the management within the Division.**

We have a **Group Code of Conduct** which covers aspects of ethical business behaviors, anti-bribery, anti-corruption, etc. and our whistleblower policies (i.e. 'Speak Up') where **employees can raise concerns and issues outside of their direct line reporting.**

- a) Mitigating Reputational Risk

"It takes 20 years to build a reputation and 5 minutes to ruin it"

*We believe that a strong positive reputation is fundamental, and will become more so, to business success. Our shareholder values the strong positive reputation already established over the eight decades since the Group's foundation. **We proactively manage and protect the good reputation of our Group.***

We systematically monitor social media / press for items with potential for reputational damage. Significant adverse media items (along with the mitigation plans) are communicated to Group CEO with immediacy.

Quality of our product and service is central to our reputation in front of customers, and Quality is one of our Core Values. **Our Divisions and their Affiliate Companies monitor and report on key metrics for quality of product and service.**

Senior personnel make visits to customers; scheduled, regular and frequent, with the purpose of checking on our reputation. Customers are chosen proactively by relevance, recent service levels, or if sales are significantly up/down. These are primarily non-operational visits, but rather relational.

We do not undertake political lobbying and/or make donations to political parties.

Our Divisions undertake Supplier Audits for ESG risks (ensuring no bad reputation by association) for those critical and/or materially relevant suppliers.

- b) Mitigating Business Continuity Risks

The Group has a long-term perspective to how it conducts its business activities.

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We undertake Business Continuity Planning incorporating the following aspects: Physical risks through climate change (flooding, drought, fire, etc.); Supply chain resilience, including product (raw material) obsolescence/availability; and Cyber security risk mitigation.

We believe in having a strong financial foundation through maintaining a strong Balance Sheet which ensures the Group can ride out frequent market/macro-economic cycles. The Group is averse to high debt gearing and is conservative in the distribution of dividends.

The quality of financial management and reporting underpins Business Continuity. **All Affiliate Companies undertake annual financial audits, undertaken by independent, adequately qualified professional audit firms. It is Policy that all audit firms report on the quality of financial controls to Group Finance and the relevant Board of Directors** (and or shareholders).

We have a policy for Operating in **Conflict Zones and areas of Political Unrest** which focuses primarily upon protecting our employees and their families above all else, and maintaining wherever possible neutral political stances.

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7. Reporting Framework

It is our desire to 'walk the talk' and not be tempted into easy PR, for example with 'green-washing' of our operations.

- *Our Core Value Highest Ethical Standards guides us towards honest and frankness in our achievements on ESG topics. **We report "as it truly is", fact-based and without spin.***
- *Our Core Value Continuous Improvement allows us to accept that we will not be perfect today, so long as we are acting towards being better tomorrow and each subsequent day that follows. **We use trendlines in ESG reporting, coupled with a focus upon action plans.***

We share our Key Performance Metrics for ESG openly and transparently with our employees, our Board of Directors, our Shareholders. But we do so in a systematic and controlled manner, such that information is made available in a timely manner, is relevant and accurate, and is complete (it reaches all interested parties, and covers all aspects of ESG).

We are a privately owned group with little requirements (today) to publish its financial or ESG related information. We anticipate, however, the sharing of ESG information with our most interested external stakeholders: customers, suppliers, local communities. Again, **in a controlled, systematic and confidential manner.**

An Annual ESG Report will be compiled as a consolidation of the three separate reports:

- Annual Environmental Sustainability Report
- Annual Social Impact Report
- Annual Governance Report

8. Effective date

This ESG Policy is effective as of 1 March 2023.

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