



sustainability report

2024







*We engineer dreams*



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# Executive Chairwoman's message

Dear readers,

I am delighted to present the Bonfiglioli Group's 2024 Sustainability Report.

This document affirms our dedication to a sustainable, inclusive and responsible future, manifested through practical actions, measurable results, and a strategic approach that is designed to create value for everyone.

The year 2024 was complex and challenging for many reasons, yet we faced it with a proactive spirit and strengthened our sustainability strategy, which has become ever more integral to Bonfiglioli's business model and corporate culture.

Our dedication to ESG performance and its assessment earned us the Silver Medal from EcoVadis, a global leader in evaluating company sustainability across environmental impact, health and safety, ethics, and responsible sourcing. This honor not only underscores the tangible impact of our efforts but also boosts our reputation as a dependable and conscientious partner in creating economic, social and environmental value.

Over the year, we enhanced our Sustainability Plan, considering existing regulations and future requirements. The Plan fosters organizational synergies across all company departments, engaging them in identifying areas for improvement and setting clear goals, ensuring a unified, cohesive and long-term outlook.

Environmental protection is a clear choice in line with our values, resulting in real-world actions to lessen the impact of our activities. In this vein, we are also careful and responsible in the management of our entire supply chain, fostering innovation and respect for resources.

Buying energy from renewable sources, reducing emissions, designing energy-efficient and sustainable buildings and production plants, and sending zero waste to landfill are all goals that we have cemented in our Roadmap.

Through our Supplier Code of Conduct, we have therefore engaged our suppliers in our goals, providing clear guidelines to foster environmental and social responsibility across the value chain. This ensures that every stage of production proceeds with the highest regard for the environment and local communities.

Another pillar of our sustainability strategy is our commitment to people and sense of social responsibility, which is chiefly demonstrated through our focus on health and safety—a priority we pursue through consistent and comprehensive procedures across all our facilities. A central team, trained specifically for the task, oversees and standardizes internal policies to guarantee a healthy and safe work environment for all staff. We have also introduced systematic monitoring of safety indicators and events to improve prevention and significantly decrease work-related injuries and illnesses.

In 2024, our Governance systems were further improved in order to guarantee the utmost integrity and accountability. For example, we introduced practical tools like Whistleblowing procedures to ensure issues and concerns can be reported with complete confidentiality and safety.



In this context, we brought in our Diversity & Inclusion (D&I) Policy, which is centered on fairness, respect and inclusiveness. This not only creates a more welcoming workplace but also encourages innovation and creativity.

Our Gender Equality and Anti-Discrimination Committee remains pivotal in guaranteeing fair hiring and career progression, with a focus on equal pay and opportunities for professional advancement.

The Anti-Harassment Policy, applicable to all employees of the Group, has been revised. In line with global standards, this initiative aims to create a workplace free from harassment, where everyone feels safe and respected.

Once again this year, training remained key to driving innovation and growth within the Group, with the understanding that skill development is essential in a fast-changing market.

Over the past two years, our Academy has provided more than 160,000 hours of training worldwide. In 2024, two key management training initiatives continued: the People Manager Program and the Manufacturing People Manager Program. Both courses aim to equip participants with essential management skills to foster a sustainable leadership model.

Thanks to these initiatives, we have proudly earned the TOP EMPLOYER certification for Italy for the second year running, achieving a 10% increase in our overall score from last year. Our aim is to exponentially improve our performance while extending the geographical scope of this important recognition.

As always, our commitment to people extends to the surrounding communities, with investments to improve environmental quality and living standards. We have supported initiatives that positively influence different facets of community life, emphasizing culture, education, charity work and environmental conservation. The CSR Team annually assesses the effectiveness of the year's initiatives and sets priorities for the coming year, aiming to concentrate human and financial resources on the most impactful issues.

I understand that the path to true sustainability is never-ending and complex. Working together with partners, customers and communities allows us to make a positive and enduring difference in people's lives and the environment.

I want to thank all who have played a part in our success in 2024: our people, for their daily commitment and enthusiasm in driving our growth; our partners, for embracing our vision and values; and our communities, who inspire us to excel in all our endeavors.

Together, we can build a sustainable, inclusive and prosperous future. We are excited to continue this journey with all of you.

Sonia Bonfiglioli

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# ESRS 2: general disclosures

## criteria for drafting

### **BP-1 – General criteria for drafting the sustainability disclosure**

### **BP-2 – Disclosure regarding specific circumstances**

#### **[ESRS 2 BP-1 3, 4, 5.a, 5.bi, 5.c, BP-2 10.a, 10.b, 10.c, 11.a, 11.b, 11.c, 13.a, 13.b, 13.c, 14.a, 14.b, 14.c, 15, 16]**

As part of its sustainability journey, for the current year, Bonfiglioli Group (hereinafter also referred to as "the Group" or "Bonfiglioli") has drafted a Sustainability Report, with reference to the European Sustainability Reporting Standards (ESRS), developed by EFRAG and introduced by Directive (EU) 2022/2464 (CSRD), implemented in Italy with Legislative Decree no. 125 of 6 September 2024. This Sustainability Report has been prepared on a voluntary basis. On 26 February 2025, the European Commission presented the Omnibus regulatory package, containing measures to simplify ESG compliance, including the introduction of the so-called "Stop the Clock" directive, which provided for a two-year postponement of the entry into force of the obligation for large unlisted companies. Within this context, our Group has chosen to consistently continue its commitment to sustainability, voluntarily drafting a report inspired by the ESRS Standards. The "ESR driven reporting" within the Group will be progressively refined over the next few years, in order to ensure compliance with all the qualitative and quantitative requirements of the Standards, in view of the mandatory application beginning in 2027, with publication in 2028.

The data and information in the 2024 Sustainability Report relate to the period from 1 January to 31 December 2024, in line with the Group's financial reports. As such, the report is produced annually, and where possible, includes a comparison with the year 2023. **[ESRS 2 BP-1 3]**

The perimeter of the report includes Bonfiglioli S.p.A. and all fully consolidated companies within the consolidated financial statements **[ESRS 2 BP-1 5.a, 5.bi]**. The information in the report, with particular reference to Policies, Actions, Targets (PATs) and Metrics, refers to the entire reporting scope.

In any case, any limitation of the perimeter relating to specific data and/or information is clearly indicated and justified on the basis of the relevant criteria.

When drafting the Sustainability Report, the information presented therein considers the most significant sustainability issues for the Group and its stakeholders, as defined by the principle of Double Materiality introduced by the ESRS 1 standard, "*General Requirements*". As required by the ESRS 2 standard, "*General Disclosures*", this document provides a detailed overview of the sustainability issues deemed "material" for the Group, as identified by the Double Materiality Assessment. The latter identifies the impacts, risks and opportunities specifically faced by our Group (also referred to as' IROs) during the performance of our work. For more detail and insights with regard to the concept of "materiality",



please see paragraph IRO-1 "Description of the processes to identify and assess material impacts, risks and opportunities".

In addition, again as indicated in paragraph IRO-1 "Description of the processes to identify and assess material impacts, risks and opportunities", updating the Double Materiality Assessment will require an in-depth analysis of impacts, risks and opportunities, up to and including the Group's value chain.

However, for some indicators, the qualitative-quantitative information reported only refers to the Group perimeter, given that the information relating to the value chain is not currently available. The relative limitations are clearly indicated in the document. It should also be noted that the Decree provides for the possibility of omitting information on the value chain for the first three years of reporting, provided that adequate reasons are provided for this. In addition, if it has not been possible to collect the required information regarding the value chain, any use of proxy estimates or variables, where available, can be reported, provided these are based on reasonable and verifiable data. If this estimated information relates to metrics, the assumptions, the basis of the estimates and the level of accuracy thereof are indicated. At present, the quantitative data available for the value chain refer to Scope 3 emissions **[ESRS 2 BP-1 5.c, BP-2 10.a, 10, 10.c, 10.d]**, but the Group reiterates its commitment to integrating and expanding the necessary data in the coming years.

Any estimated data reported in the Sustainability Report are accompanied by appropriate supporting information, to enable the reader to understand the most significant uncertainties that affect these. In this regard, for each quantitative amount identified, information is provided on the possible causes of the uncertainty in the measurement

**[ESRS 2 BP-2 11.a, 11.bi]** The information is also accompanied by any assumptions, approximations and judgments made during the assessment **[ESRS 2 BP-2 11.bii]**

In the event of any changes to the draft and presentation of the sustainability-related information with respect to the Sustainability Report 2023, these changes shall be highlighted and justified. In addition, where possible, any revised comparative data between the two periods as well as any differences from the original data shall be disclosed. On each occasion the evidence cannot be provided, this shall be disclosed **[ESRS 2 BP-2 13.a, 13.b, 13.c]**

Any significant errors in the previous reporting periods shall also be communicated, explaining the nature of the error, any corrections necessary and the potential effects of the latter on the contextual data previously provided.

Where corrections cannot be made, the circumstances that caused the error shall nonetheless be highlighted **[ESRS 2 BP-2 14.a, 14.b, 14.c]**

Where deemed necessary, and without compromising the completeness and comprehensibility of the Sustainability Report, information is included as references, which are appropriately indicated each time this occurs **[ESRS 1 122]**.

When applying this principle, the ESRS disclosure obligations or specific elements of information (so-called data points) provided for by the latter that have been included as references shall be communicated and listed

**[ESRS 2 BP-2 16]**

It should be noted that the current or future financial resources allocated to the action plans have not been indicated in this report where they were deemed non-significant and/or supported within the scope of their work.

**[ESRS 2 MDR-A 69.a, 69.b, 69.c]**

When preparing the Sustainability Report, the essential qualitative characteristics of the information were taken into consideration - namely the relevance and faithful representation thereof - together with the qualitative characteristics that improve the usefulness of this information, such as comparability, verifiability and comprehensibility. These principles are defined and described by the ESRS 1 Standard, "General Requirements", in Appendix B, which covers the "Qualitative characteristics of information".

The details of the reported indicators are set out in the ESRS Content Index, which can be found in the "Appendix" section of this document. This section also contains the table "Appendix B" linking the information prescribed by other regulations stipulated by the EU with the reporting obligations on sustainability and the ESRS reporting obligations – transversal and thematic – disclosure of which is provided in the Group's 2024 Sustainability Report. **[ESRS 2 BP-2 15]**

In conclusion, the process of drafting this Sustainability Report saw the involvement and collaboration of the heads of the main corporate functions of the Group, both throughout the Double Materiality assessment (described in depth in the dedicated chapter) and in the compilation of the qualitative-quantitative content. More specifically, the data collection process followed a centralized approach, which saw the functions of the Group Headquarters play a coordinating and supervisory role, both in terms of data collection and the subsequent consolidation thereof from the offices located across the different regions.

The Sustainability Report is published on the company website, under the "Sustainability" section.

# sustainability governance

## GOV-1 – Role of administrative, management and control bodies

[ESRS 2 GOV-1 19, 20.a, 20.b, 20.c, 21.a, 21.b, 21.c, 21.e, 22.a ]

We adopt a **system of corporate governance** that is based on compliance with current legislation, internal regulations and the Articles of Association, created with a view to ensuring an organic segmentation of roles and responsibilities, as a primary safeguard for the principles of transparency, loyalty and fairness. The activities carried out by the various corporate bodies aims to create value in the medium to long term, protecting the company's assets, respecting the rights of shareholders and monitoring and controlling corporate risk.

The Bonfiglioli Group corporate governance system is structured in accordance with the stipulations of the traditional administration and control system, and includes the bodies listed below:

- the Shareholders' Meeting;
- the Board of Directors (BoD), within which a Chairperson (and Executive Director), and non-executive Directors are appointed;
- the Board of Statutory Auditors.

In particular, as the body responsible for the decision-making process, the Board of Directors of the Parent Company is entrusted with the powers of management. Meanwhile, supervisory functions fall to the Board of Auditors, and accounting control and auditing activities are entrusted to the auditing company engaged by Bonfiglioli.

## board of directors

The Board of Directors is elected by the Shareholders' Meeting. It comprises **seven members**, [GOV-1 20.a] including the Chairwoman, Sonia Bonfiglioli, who holds the highest position. Currently, the Chairwoman is the only executive director vested with powers, while the remaining members hold a non-executive role, [GOV-1 21.a] Of the seven members of the Board of Directors, **four** (i.e. **57%**) are **independent Directors**. They do not hold executive positions and help ensure that corporate decisions are made for the benefit of all shareholders. [GOV-1 21.e] All directors have sufficient experience relating to the company's sectors, products and geographical areas. [GOV-1 21.c]

This structure is intended to ensure transparency, fairness and correctness in business decisions, avoiding external influences that could compromise the integrity of the management of the Group.

Members of the Board of Directors are appointed for a term of **three fiscal years** and can subsequently be re-elected. The directors must meet the requirements of eligibility, professionalism and integrity, as provided for by law. At the time of appointment, the absence of potential conflicts of interest is confirmed. Furthermore, if, after the appointment, and during the course of the management activity, a director finds him or herself in a situation of conflict of interest in relation to a certain operation, this must be presented to the Board of Directors. [GOV-1 20.b]

The structure of the Board of Directors is indicated below<sup>1</sup>:

Name	Gender	Role	Executive/Non-Executive	Independence
Sonia Bonfiglioli	F	Chairperson of the Board of Directors and Director	Executive	Not Independent
Luciano Bonfiglioli	M	Non-executive	Non-executive	Not independent
Tommaso Tomba	M	Non-executive	Non-executive	Independent
Roberto Carlo Testore	M	Non-executive	Non-executive	Independent
Giampiero Bergami	M	Non-executive	Non-executive	Independent
Roberto Tunioli	M	Non-executive	Non-executive	Independent
Massimo Sarti	M	Non-executive	Non-executive	Not independent

[GOV-1 19, 20.a, 20.b, 20.c, 21.a, 21.d, 21.e]

<sup>1</sup> The information shown in the table refers to the Board of Directors as at 31.12.2024.

86% of members of the Board of Directors are male. **[GOV-1 21.d]** Furthermore, while we are constantly committed to ensuring dialog with and representation of our employees, the Board of Directors does not currently provide for the direct presence of a Group employee representative. **[GOV-1 20.a, 21.b]**

The Board of Directors of the Parent Company is vested with the broadest powers for the ordinary and extraordinary administration of the company, without prejudice to the need for authorization in cases required by law or stipulated by the Articles of Association. Specifically, the powers of ordinary and extraordinary management of the company have been attributed to the Chairperson of the Board of Directors; some may be exercised with a single signature, while others must be jointly signed with the Chief Executive Officer.

The Board of Directors is also responsible for supervising the analysis and monitoring of the impacts, risks and opportunities related to sustainability issues, making use, at operational level, of the support of the Group's

**Sustainability Team.** This is described in greater depth in the paragraph dedicated to the "2024 Sustainability Plan", the content of which was approved during a plenary conference attended by the Chairwoman and CEO of the Group, in order to assess its feasibility and understand its consistency with Bonfiglioli's medium-long term strategic guidelines.

#### **[GOV-1 22.a, 22.d]**

Furthermore, each foreign subsidiary, regardless of its company name, appoints a **Country Manager** and a **Finance Manager** as senior executives; they act according to specific delegations within a **governance model imposed**

**by the Parent Company.** This model, approved by the subsidiary company's Administrative Body and signed for acceptance by the Country Manager and the Finance Manager, imposes a series of controls and limits on their work.

Finally, it is important to remember that the members of the Board of Directors, thanks in part to the support provided by external consultants in managing ESG issues, **[GOV-1 23.a]** can draw upon a combination of professional skills in order to ensure compliance with regulations: this reduces the likelihood of regulatory violations and reputational damage.

#### **[GOV-1 23.b]**

## board of statutory auditors

As an independent body, the Board of Statutory Auditors is responsible for overseeing the company's management to ensure proper conduct, and opines on the adequacy of the organisational, administrative and accounting controls put in place by the directors. Through this process of monitoring to ensure compliance with the law and the Articles of Association, the Board of Statutory Auditors helps to ensure that the company is managed in a responsible, sustainable manner, and that the interests of shareholders and stakeholders are protected.

#### **[GOV-1 20.b, 22.a].**

Through its supervisory function, the Board of Statutory Auditors plays a fundamental role in promoting efficiency and a well-founded culture of responsibility, promoting the adoption of an integrated and transparent approach to corporate management **[GOV-1 20.b, 22.b].** To this end, it monitors the processes and procedures the company has in place, assessing the effectiveness of internal control measures. **[GOV-1 22.d].**

The composition of the Board of Statutory Auditors of Bonfiglioli S.p.A. is set out below:

Name	Gender	Role
Alessandro Gualtieri	M	Chairman of the Board of Statutory Auditors
Monica Marisaldi	F	Statutory Auditor
Biones Ferrari	M	Statutory Auditor
Stefania Ricchieri	F	Deputy statutory auditor
Paolo Azzolini	M	Deputy statutory auditor

#### **[GOV-1 19, 20.a, 20.b, 21.a, 21.d, 21.e]**

The composition of the Board of Statutory Auditors is reviewed periodically to guarantee compliance with the requirements of independence, integrity, good reputation and professionalism, thus ensuring a fair and transparent representation. Indeed, 40% of the members of the Board of Statutory Auditors are women. **[GOV-1 20.a, 21.d]**

## supervisory body

The Supervisory Body<sup>1</sup> is responsible for monitoring the application of and compliance with the Code of Ethics, and was appointed by the Board of Directors. In light of the nature of the Company's business and organizational structure, the Board of Directors decided to adopt a collegial model for the Supervisory Body.

The Supervisory Body is composed of three members, chosen on the basis of strict criteria: autonomy, independence, professionalism and integrity. Members must have specific skills in the areas of inspection, consultancy and risk analysis, as well as in-depth knowledge of regulations and administrative-accounting techniques. Women make up 33% of the Supervisory Body. **[GOV-1 20.a, 21.d]** The Supervisory Body (SB) of the Parent Company is tasked with ensuring that the Organization, Management and Control Model is adopted and implemented correctly, preventing the offenses referred to in Italian Legislative Decree 231/2001 from occurring. **[GOV-1 19]**

To ensure full compliance with Italian Legislative Decree 231/2001, the Supervisory Body reports directly to the senior management of the Company, whilst also maintaining constant contact with the Board of Statutory Auditors. Furthermore, the Supervisory Body is fully independent of all company operations and from any hierarchical relationships, thus ensuring maximum autonomy and independence when exercising its functions. Indeed, members of the Supervisory Body are bound by strict independence requirements and must not hold executive positions on the Board of Directors, nor have significant relationships with the Company or with the managing directors.

Where necessary, Supervisory Body decisions are supported by the relevant company functions company functions, and may involve external consultants for specialized tasks or for special requirements. In order to enable it to perform its functions in full, the Supervisory Body has autonomous powers of initiative and control.

Name	Gender	Role	Executive/Non-Executive
Gianvincenzo Lucchini	M	Chairperson of the Supervisory Body	Non-executive
Maurizio Ruschetta	M	SB Member	Non-executive
Simona Bonini	F	SB Member	Non-executive

**[GOV-1 19, 20.a, 21.a, 21.d, 21.e]**

The Group has also adopted a whistleblowing channel, a key system designed to ensure transparency and integrity within the organization. This channel allows employees, collaborators and third parties to report any violations or illegal conduct that may compromise the company's operations and violate current legislation, including Italian Legislative Decree no. 231/2001 and the new Legislative Decree no. 24/2023 on Whistleblowing.

The Group's Supervisory Body is responsible for consistently monitoring and verifying the effectiveness and adequacy of these information channels. This commitment ensures that the company operates in an environment where violations can be promptly identified and corrected, thus preserving the values of legality and ethics.

## remuneration committee

The Remuneration Committee was established internally by the Board of Directors and has advisory and proposing functions: indeed, the proposals put forward by this Committee are used by the Board of Directors to establish the policy for the remuneration of executive directors or those in other specific roles, as well as managers with strategic responsibilities.

The Committee is composed of at least three members, none of whom hold executive roles in the Company. The Committee must meet at least once a year and, in order for such meetings to be valid, the presence of a majority of the members is required. Specifically, it is always the task of the committee to assess the adequacy and consistency of the remuneration policy, as well as to submit proposals or opinions to the Board.

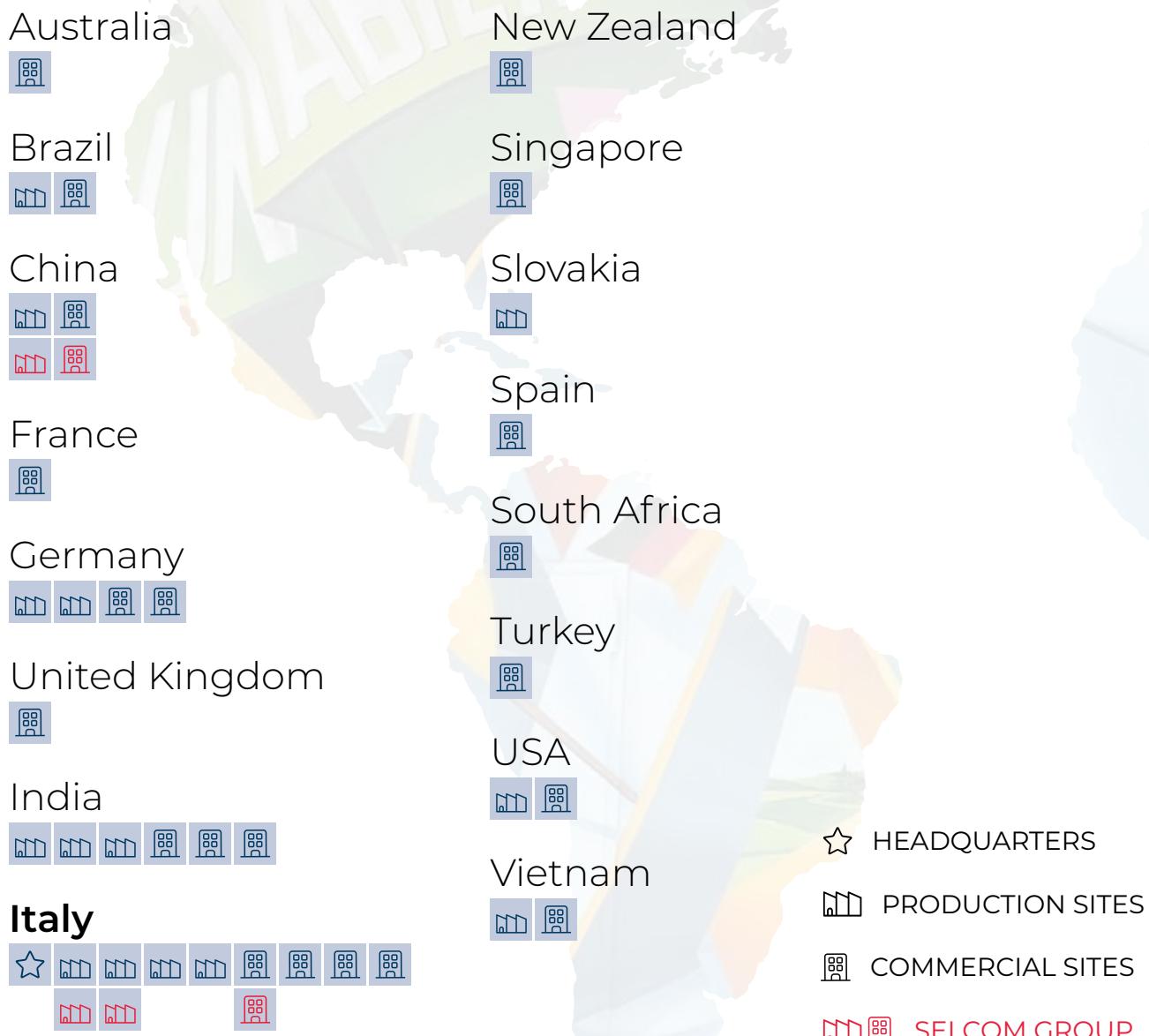
<sup>1</sup> The information shown in the table refers to the SB as at 31.12.2024.

# sustainability strategy and objectives

## SBM-1 - Strategy, business model and value chain (Sustainability Plan)

### [ESRS 2 SBM-1 40.a, 40.e, 40.f, 40.g, 40.a]

Our Group designs, manufactures and distributes a wide range of gearboxes, gearmotors, drive devices and inverters to meet the most complex demands in the automation, mobile machinery and renewable energy industrial sectors. Founded in 1956 by Clementino Bonfiglioli as Costruzioni Meccaniche Bonfiglioli, our company distinguished itself from the outset for its production of screw reducers, designed by the founder for local industries in the packaging sector.



The Bologna-based company quickly achieved considerable success, becoming a leader in several sectors within the space of a few years, including industrial automation, mobile machinery and wind energy.

Today, an international network of production plants and sales subsidiaries enables us to offer highly-innovative solutions, dominating the market with high quality products and personalized customer service. We reiterate our leadership across 80 countries with a direct presence in local markets, operating through 17 production sites, 23 commercial branches, and a global network of over 550 distributors.

In 2024, we celebrated two important milestones in India - namely, the groundbreaking ceremony for the new factory in Cheyyar, Tamil Nadu, and the inauguration of the Bonfiglioli Technology Space in Chennai.

The new plant bears testament to our dedication to consolidating our leading role in the Indian market, in line with last year, and will contribute to the creation of around 150-200 job opportunities. Meanwhile, the Technology Space represents a significant technological milestone, playing host to 180-200 engineers who will be engaged in research and development activities.

**17**

production sites

**23**

commercial sites

**550**

distributors

**80**

countries

**~5.000**

people

*We lead the world market with complete and efficient solutions, supporting our customers with dedicated services ranging from co-engineering to after-sales service.*

# our mission



*“ We have a relentless commitment to **excellence**, innovation and **sustainability**. Our team creates, distributes, and supports **power transmission and control solutions** to keep the world in motion.*

*”*

# our drivers



Excellence



Innovation



Sustainability



The values that guide our day-to-day activities are:



## Challenge

*We search for limits, then overcome them through innovative ideas, cutting-edge products, and unrivaled performance.*



## Respect

*We explore different cultures, religions, and experiences to turn diversity into a resource and pursue sustainable economic growth in harmony with the environment.*



## Accountability

*We put our heart into everything we do, to improve ourselves and set an example for others, because the efficiency of a team begins with that of the individuals in it.*



## Winning Together

*We foster talent to generate and share the knowledge that leads to success.*

Our approach to sustainability is a core component of the Group's mission, where it plays a leading role, together with the principles of qualitative excellence and technological innovation. Indeed, our Research and Development, Quality and Production departments are constantly committed to ensuring the highest quality standards, from research into new technologies and solutions to the production of each individual component.

For some time, we have been working on a new business model, which is no longer based on simply selling products, but rather on offering integrated, vertical solutions for individual markets. Our goal in this is to further improve the value offered by our products, and accordingly, we decided to consolidate the two business areas - **Discrete Manufacturing & Process Industries** and **Motion & Robotics** - into the new **Industry & Automation** business unit.

As such, our three business areas, **Industry & Automation Solutions (I&A)**, **Mobility & Wind Industries (M&W)** and **Selcom Group (SEL)**, now integrate all the expertise and experience necessary to support the growth of our customers, enabling us to fully meet their application requirements.

The Industry & Automation Solutions business area responds to the ever-changing needs of industrial processes and automation. Our technologically-advanced production plants and dedicated services coupled with our focus on sustainability and innovation allow the company to serve more than 20 industrial sectors, including packaging, logistics, food and beverage processing, materials processing, mining, recycling and biogas production.

Finally, the Mobility & Wind Industries Business Unit offers the widest range of gearmotors currently available on the market. Its portfolio includes drives for translation, rotation, winches and other possible applications, all of which can be customized to meet any customer requirement.

Accordingly, the concepts of excellence, innovation and sustainability are fundamental to the Group's strategic objectives, highlighting our daily commitment to creating shared value with all of our stakeholders.

Following the acquisition of Selcom Group, which took place in 2023, we also operate in the market as manufacturers of custom electronic solutions for various industrial sectors<sup>1</sup>. Indeed, Selcom is a mechatronic services partner which designs and manufactures custom electronic solutions.

<sup>1</sup> In the first half of 2023, Bonfiglioli completed the acquisition of 100% of the capital of Selcom Group S.p.A. Unipersonale. Selcom Group is a global EMS (Electronic Manufacturing Services) and ODM (Original Design Manufacturing) company that designs, tests and manufactures custom electronic solutions for various applications, including the industrial automation, biomedical equipment, home appliance and electric mobility industries.



industry &  
automation  
solutions



mobility  
& wind  
industries

We are fully aware of the importance of our contribution with regard to environmental and social responsibility, and as a result, we have chosen to strengthen the alignment of company strategy with the SDGs, through a specially-developed policy and a structured action plan. The Sustainability Policy, approved in 2023, includes a series of commitments that have been broken down into specific targets that we aim to meet over the course of the following year, through the provision of a Sustainability Plan. For more details on this, please refer to the sub-paragraph "Sustainability Plan 2024".

**EcoVadis**, one of the world's leading agencies in assigning corporate sustainability ratings, awarded us the **Silver Medal in Sustainability** in 2024, reiterating our commitment to measuring the Group's ESG performance. The assessments carried out by EcoVadis demonstrate the efficiency of a company in integrating sustainability principles into its operating and management system. The evaluation focused on four areas: **Environment, Health and Safety, Ethics and Sustainable Procurement**. This recognition not only highlights the concrete nature of our initiatives; it also strengthens our position as a reliable partner committed to generating economic, social and environmental value.

Finally, the Group's ongoing commitment to promoting an inclusive and sustainable working environment has let to us receiving a further important recognition, namely the "**Special Social Impact and Inclusion Award**", presented at the **Innovation HR Award 2024** by Networking Circle. This award reflects the vision of a more equitable and participatory future for everyone who is part of the Bonfiglioli family.



Selcom  
group

## 2024 sustainability plan

The Sustainability Plan has been prepared in consideration of the content of the Group's Sustainability Policy, current and future regulatory requirements and the business models we are in the process of creating, including through the implementation of new projects and research and development activities. The ultimate purpose of the Plan is to create a tool that guides Bonfiglioli's strategic vision at corporate level, promoting new organizational synergies.

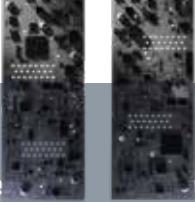
More specifically, a structured "**bottom-up**" pathway was initiated, which saw the main corporate functions (Legal & Corporate Affairs, R&D, Strategic Purchasing, QHSE...) engaged in identifying specific areas for improvement, both with regard to internal operations and along the value chain: with respect to each of these, **specific objectives** were established for each issue deemed "material". The (qualitative-quantitative) targets identified were then correlated to the three areas into which the concept of sustainability is divided: Environmental, Social and Governance. This has allowed us to ensure that the Group maintains a coherent and integrated vision: this is fundamental to the achievement of medium-long term objectives, and is designed to ensure that every action implemented is concretely aimed at achieving the targets set out in the Sustainability Plan. **[MDR-T 80.a, 80.h]** The Bonfiglioli Sustainability Plan was shared with Group Chairwoman Sonia Bonfiglioli in December 2024. In any case, the targets subject to a periodic review process, in order to evaluate the implementation thereof and implement corrective actions, where necessary.

Within each chapter, a table is provided which summarizes the targets established for each ESG and ESRS reference standard **[MDR-T 80.a]**, with details regarding the level of the target to be achieved ("Target" column) **[MDR-T 80.b, 81.b]**, the perimeter of the target ("Perimeter" column) **[MDR-T 80.c]**, the base value and the base year from which progress is measured ("Base line" and "Base year" columns) **[MDR-T 80.d, 81.bii]**, as well as the period to which the target applies ("Target year" column) **[MDR-T 80.e]**

**[SBM-1 40.e, 40.f, 40.g]**

# our business model: innovation and quality for the benefit of customers

Below are the main product families of our Group:

<b>Gearmotors for industrial applications</b> 	<b>Electric motors</b> 
<p>The gearmotor is an indispensable device in the industrial and engineering field, which enables a reduction in the energy that the motor receives in order to obtain a greater driving torque. We offer an extensive range of models specific to each intended use, beginning with industrial applications. The models with parallel, coaxial and orthogonal axes guarantee efficiency, resistance and precision for optimal adaptation to specific requirements (<i>photo shows an A-Series Gearmotor</i>).</p>	<p>We produce high-performance electric motors which can meet the most varied needs in terms of precision, dynamism and speed. Other key features of our electric motors include customization and safety: in indeed, there are numerous options to choose from, and they all guarantee a safe electrical connection regardless of the environment in which they are used (<i>photo shows a BCR Series Motor</i>).</p>
<b>Inverters and servo-drives</b> 	<b>Gearboxes for rotation</b> 
<p>We offer a wide range of standard and premium inverters as well as servo-drives and regenerative units, compatible with the most diverse types of machinery. These products offer maximum control whilst optimizing performance, resulting in solutions that are extremely advantageous both from an economic and application perspective (<i>photo shows an Active Cube Inverter</i>).</p>	<p>For machines with rotational movement employed in the construction, agriculture, mining or renewable energy fields, we manufacture gearboxes for rotation. These allow high levels of torque to be achieved within the smallest spaces, maximizing the performance of the machinery and requiring minimum maintenance (<i>photo shows a 700TW Series Reducer</i>).</p>
<b>Precision gearboxes and gearmotors</b> 	<b>Electronic and mechanical components</b> 
<p>Excellence and reliability are the characteristics that all of the precision devices we make have in common. Numerous gearbox and gearmotor options that stand out for their versatility, compactness, high load capacity, optimized torque speed and ease of adaptation to different applications. (<i>photo shows a TQ Series Reducer</i>).</p>	<p>Finally, through Selcom Group, we manufacture electronic and mechanical components for all the main industrial sectors, such as Home &amp; Professional Appliances. Furthermore, we also work in the industrial automation and packaging sectors, providing electronic and mechanical solutions to optimize production processes and improve operational efficiency.</p>

For more information on the solutions developed during the course of 2024, please refer to chapter S4 "Consumers and end users". **[ESRS 2 SBM-1 40.ai]**

Gearboxes, gearmotors and inverters are used in a wide range of industrial sectors and applications, thanks to their ability to improve efficiency, control speed and optimize mechanical operations. Below are the main markets in which our products are used:

- Industrial automation, where they can be used in robots for handling materials, assembly lines and transportation systems;
- Automotive sector;
- Food & beverage sector, where they are used to operate packaging, mixing and material transportation systems;
- Logistics and intralogistics sector;
- Material handling;
- Marine and offshore sector, for the construction of lifting machines and port cranes;
- Mining industry, with specific applications for earth handling, extraction and sludge processing;
- Agriculture;
- Wind power sector, in the construction of wind generators;
- E-mobility, where they play an essential role in the power transmission of electric vehicles;
- Recycling, in the collection, sorting, resizing and shredding of waste materials, including through activities in close collaboration with the user.

Our clients range from large multinationals with thousands of operating entities to family businesses with one or two sites. **[ESRS 2 SBM-1 40.aii]** Thanks to the skills of our 4,585 employees in 2024 alone, we are able to create crucial devices to improve efficiency, precision and safety in many industrial areas. For more information on the distribution of personnel by geographical area, please refer to chapter S1 "Own workforce". **[ESRS 2 SBM-1 40.aiii]**

## SBM-2 Interests and views of stakeholders

**[ESRS 2 SBM-2 44, 45.a]**

As a Group, we place considerable importance on **safeguarding relationships with our stakeholders**, providing feedback sessions of various kinds, such as meetings with trade union representatives, with customers and business partners, and with associations and representatives of the communities concerned.

The goal of these meetings is to encourage an exchange of ideas, to the benefit of both parties, highlighting expectations and needs that would otherwise risk remaining in the background.

The involvement of our stakeholders is essential in order to benefit from the contributions that these subjects or entities can bring to our Group, as well as to promote a fair distribution of the value generated through the performance of our business activities. **[ESRS 2 SBM-2 44, 45.aiv]**

Below is a list of the main categories of stakeholders involved, accompanied by their respective tools and feedback methods:

**[ESRS 2 SBM-2 45.ai, 45.aii, 45.aiii]**

Stakeholder Category	Engagement methods	Frequency
Employees	Training activities (e-learning and face-to-face) Performance management and feedback analysis Company portal	Continuous
Suppliers	Qualification and assessment during on-site audit One-to-one meetings E-mail/phone calls	Periodic
Customers	Trade Exhibitions In-person and online meetings Audit and evaluation by clients	Periodic
Trade associations	Meeting and events Newsletters	Periodic
Local communities	Membership of local associations Organization of events	Periodic
Investors	One-to-one meetings with investors	Periodic
Shareholders	Periodic meetings with shareholders	Periodic
Partners and distributors	Distributors' audit and qualification One-to-one meetings E-mail/phone calls Events	Periodic
Universities and research centers	Open days Collaboration in research projects and education	Periodic
Trade Unions	Meetings and briefings Working tables	Periodic
Local government administrations	Meetings and briefings Working tables	Periodic

The opinions and interests that emerge following these meetings represent a starting point in the definition and updating of our strategy, promoting the establishment of concrete, personalized development plans which respond to the needs of the stakeholder groups involved. **[ESRS 2 SBM-2 45.av]**

In particular, we place the needs and rights of our employees - who we consider to be a key stakeholder group - at the heart of our business strategy. We recognize the importance of building a working environment that is based on respect for human rights, and we promote an ethical approach to human resource management. Through active listening to employees and trade union representatives, we integrate these principles into our business model, as discussed in greater detail in S1 "Own workforce". **[ESRS 2 S1 12, RA 4, 5]**

Workers in the value chain are another important stakeholder group for Bonfiglioli. As such, year on year, we reiterate our commitment to the creation of sustainable practices along the entire supply chain, increasing the number of partnerships and meetings with suppliers and partners. **[ESRS 2 S2 9, RA 4]** This approach reflects the desire

of the Group to integrate sustainability into the management of its supply chain, helping to create a positive impact on the entire company ecosystem (see chapter S2 "Workers in the value chain").

We also stand out for our dedication to the communities within which we work, promoting collaboration through specific initiatives as described in chapter S3 "Affected communities". Indeed, working at global level, we seek to improve living standards both in Italy and abroad, tailoring our commitment to the needs of local communities. **[ESRS 2 S3 7, RA 3]**

Finally, customers and end users are at the heart of our business strategy: their involvement, both indirect and direct, thus constitutes an integral part of our business model, allowing us to develop products and solutions that meet their needs, including through co-engineering and testing activities, as described in S4 "Consumers and end users". **[ESRS 2 S4 8, RA 3]**

## managing impacts, risks and opportunities

### **IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities**

**[ESRS 2 GOV-2 26.b, SBM-3 S1 13.b, S2 10.b, S4 9.b, IRO-1 51, 52, 53.a, 53.bii, 53.cii, 53.h, IRO-2 56, 59]**

From the very first year in which we began non-financial reporting, we have attributed primary importance to the identification of sustainability issues that are relevant to stakeholders, and to which, by extension, we must necessarily give greater attention.

In 2024, the *materiality analysis* process evolved, broadening its perspective: from an approach focused exclusively on the analysis of impacts, it now takes a more structured approach, in line with the principle of **Double Materiality**, as referred to in the ESRS 1 "General Requirements" standard.

The concept of Double Materiality requires two distinct dimensions to be taken into account: the significance or materiality of the impact (inside-out perspective) and the financial significance (outside-in perspective). In the first instance, a sustainability issue is considered material when it generates significant impacts, negative or positive, actual or potential, on people or the environment in the short, medium or long term. Conversely, a sustainability is considered material in financial terms when it produces significant financial effects; that is, consequences on the economic-financial performance, either current or future, of an organization.

The Double Materiality Assessment carried out by our Group followed a process that was divided into several phases, as briefly described below, including at methodological level. **[ESRS 2 IRO-1 53.a]**

The goal here is to provide an overview of the approach used in identifying, assessing and monitoring impacts, risks and opportunities, as well as putting these in order of priority. The topics deemed material after this assessment are reported in this Sustainability Report, in the introduction to each chapter.



## identification of material impacts, risks and opportunities

In the initial phase of the Double Materiality Assessment, a preliminary review of the Materiality Assessment (previously carried out in accordance with GRI standards) was conducted. This activity has made it possible to:

- Identify any gaps with respect to ESRS not considered in the previous report
- Assess the validity of the themes already mapped, integrating these with recent trends and best practices
- Refine and update emerging themes, including new information and identified requirements.

Subsequently, a process for mapping IROs (Impacts, Risks and Opportunities) was initiated, with a view to creating a long list of topics relevant to the Group. The steps followed in order to do this were as follows:

- **Preliminary identification** of sustainability issues, based on the results of the previous materiality assessment and on the analysis of the main sector and context benchmarks;
- **Correlation** with ESRS standards, i.e. alignment of the issues identified with the requirements of Annex A Application Requirements 16 of ESRS 1 ("General Requirements"),
- **Mapping of impacts, risks and opportunities** (IROs, so-called "long list impact" and "long list financial"), through an analysis of the Group's business and its value chain to identify direct and indirect impacts deriving from internal operations (own operations), suppliers (upstream), strategic customers (downstream). For each impact, the "perimeter of the impact" has been identified, or indeed, "where the impact is generated" (Own Operations and Value Chain). During the next financial year, we are committed to assessing the value chain more closely, through a quantitative sectoral analysis ("sector heat map");
- **Sharing and validation** of the long list with the Working Group and the Chairperson, for further refinements and final approval.

The actual and potential impacts were identified following the sustainability due diligence procedures, thus focusing on the activities carried out by the Group, on its commercial relationships, and on the value chain

[\*\*\[ESRS 2 IRO-1 53.b, 53.bii\].\*\*](#)



## assessment of material impacts, risks and opportunities (iros)

The process of assessing the Impacts, Risks and Opportunities (IROs) for the 2024 Sustainability Report was conducted with the involvement of the senior leadership team and first line managers in the company.

Each IRO was evaluated according to two main criteria, **Magnitude** and **Probability**, using scales of specific values for each criterion. More specifically, the magnitude was differentiated by impacts, based on the *extent*<sup>1</sup>, *scope*<sup>2</sup> and *irremediability*<sup>3</sup>, and by risks/opportunities, taking *economic-financial, qualitative and reputational aspects* into consideration. Meanwhile, the probability criterion took into account the historical frequency of the event (event occurring in the last 3 years), the expected frequency (event that could occur in the next 3 years) and the percentage of incidence on all cases. **[ESRS 2 IRO-1 53.b, 53.cii]**.

In accordance with the ESRS standards, an "inherent" assessment of the Impacts, Risks and Opportunities was adopted, i.e. net of the safeguards already implemented within the Group. During the assessment, various aspects were considered in line with the guidelines and indications of ESRS 2 "**General Disclosures**", including:

- **Perimeter:** Impacts, risks and opportunities were divided according to their origins: own operations and value chain.
- **Factors impacted:** Impacts were assessed in relation to the factors affected, such as the environment, communities and workforce.

<sup>1</sup> Extent/ degree of materiality effectively means "how serious is the negative impact or how many benefits does the positive impact entail for people or the environment?"  
<sup>2</sup> The scope/perimeter means "how widespread are the positive or negative impacts?" In the case of environmental impacts, the scope can be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope can be understood as the number of people negatively affected  
<sup>3</sup> Irremediability means "whether and to what extent it is possible to remedy the negative impacts, that is, by returning the environment or the people concerned to their original state". It should be noted that the degree of remediability was applicable exclusively for negative impacts.

## validation of material impacts, risks and opportunities (iros)

To identify the material Impacts, Risks and Opportunities (IROs), a threshold mechanism was used, which provided for the positioning of all IROs within an evaluation matrix.

This enabled a materiality threshold to be identified, allowing the IROs below the materiality threshold and therefore not material for our Group to be pinpointed, in an appropriate, reasonable manner.

The materiality threshold - that is, the minimum level of significance for an IRO and the related sustainability issue required in order for it to be considered material for Bonfiglioli - was established in line with the indications provided by the technical references available at the time of drafting the document (*Implementation Guidance - 3.5 Deep dive into impact materiality - Setting thresholds*). **[ESRS 2 IRO-2 59]** This approach has also made it possible to identify which IROs are below the materiality threshold and therefore not material for the Group.

The identification of the materiality threshold has made it possible to select the most significant IROs, drawing up a short list of these and aggregating and identifying the sustainability issues that were material for the Group.

## formalization of the final results

Once the first line managers have been engaged in the process of assessing Impacts, Risks and Opportunities, we drew up a final list of significant sustainability issues for the Bonfiglioli Group.

The results of the Double Materiality Assessment were presented to Chairwoman Sonia Bonfiglioli, who approved them on 26 March 2024. This allows them to be taken into account in business strategy, significant operational decisions and the risk management process. **[ESRS 2 GOV-2 26.b]**

The Double Materiality Assessment will be periodically reviewed in order to assess the degree to which it is consistent with the evolution of the internal and external context of the organization. It is expected to be updated for the 2025 financial year.

**[ESRS 2 IRO-1 53.h]**

The Annex contains a list of the disclosure obligations which the Group has fulfilled through the drafting of the 2024 Sustainability Report, on the basis of the Double Materiality Assessment results. The paragraphs of the Report in which the related information can be found shall be precisely indicated. **[ESRS 2 IRO-2 56]**



# enterprise risk management

Beginning in the first half of 2024, we implemented a risk mapping activity ("Enterprise Risk Management"), in order to improve the structure of business risk management activity, in accordance with specifically-designed logic and assessment scales, which include qualitative-quantitative criteria. The risk assessment activity, both in terms of the process itself and for the purposes of Legislative Decree 231, was supervised by the Legal & Corporate Affairs Department, and concerns all the business processes of our Group. With a view to ensuring greater stakeholder engagement, the assessment activity required a series of interviews to be held with stakeholders both within and outside of the Group: **17 of these involved management figures** (9 with departments belonging to Headquarters, 3 with Business Unit Managers, 5 with Regional Managers) and **6 external interlocutors** (members of the Board of Directors, the Group's most important customers and distributors).

Various types of risk were examined: strategic, operational, legal and regulatory and financial compliance. Of these, the most significant were related to geopolitical changes (especially in the Group's target markets), cybersecurity and data protection, as well as any critical issues in the procurement process of the materials used in the production process. Where possible, the results **of the Enterprise Risk Management have also been re-examined in the light of the Dual Materiality assessment carried out in 2024 and integrated with the sustainability issues considered most significant**. In 2025, the results of the ERM carried out will be further accompanied by the results that emerge after the update of the Double Materiality Assessment. **[ESRS 2 SBM-3 S1 13.b, S2 10.b, S4 9.b]**

Once the analysis process was complete, the Group's management team also provided for the establishment of the Internal Audit function, which, as of next year, will be responsible for the implementation of improvement measures resulting from the risk assessment activity, as well as monitoring the correct execution of internal audits within the Group.

## IRO-2 Reporting obligations of ESRS covered by the declaration on the sustainability of the company

For a list of the significant impacts, risks and opportunities that have contributed to determining the material issues covered by the disclosure obligations provided for by the ESRS **[ESRS 2 IRO-2 26.c, SBM-3 48.a, IRO-2 54, 46]**, please refer to the tables at the beginning of each chapter. The level of involvement of the Group in the generation of impacts is also indicated **[ESRS 2 SBM-3 48.civ]**.

# environment





# ESRS E1: climate change



*Reducing the environmental impact of our activities is a challenge we simply can't ignore.*

*To achieve this goal, we have made sustainability a shared philosophy, a guide for all our business activities, through responsible management of the entire production chain.*



Protecting the environment is a key priority for us: we are constantly committed to responding to climate challenges, making choices that can reduce our environmental impacts and implementing improvements during the design, development and manufacture of our products.

## impacts, risks and opportunities



Material topic	IRO	Material IRO description	Perimeter
<b>E1</b> <b>Climate change</b>	Current Negative Impact	Contribution to climate change through the generation of greenhouse gas (GHG) emissions in the performance of business activities (scope 1 and 2). Climate change mitigation activities are designed to implement actions that can hinder and reduce the magnitude of the negative impact of emissions	Bonfiglioli Group
	Current Negative Impact	Production of emissions along the value chain (scope 3), with negative impacts in terms of contribution to climate change.	Value Chain
	Current Negative Impact	Consumption of natural resources for energy production	Bonfiglioli Group
	Risk	Changes in climatic conditions and/or extreme climate events (e.g. storms, landslides, floods and coastal flooding, extreme rainfall, extreme heatwaves, etc.) with negative impacts in terms of raw material supply and impacts on the organization's establishments	Bonfiglioli Group
	Risk	Obsolescence risks related to the transition to a low-carbon economy with risks related to regulatory, technological, market or reputational changes, with particular reference to the products of the D&P BU that may no longer be marketable due to regulatory changes (greater energy efficiency)	Bonfiglioli Group
	Opportunity	Self-production of renewable energy (photovoltaic energy) at a lower cost.	Bonfiglioli Group

#### **[ESRS 2 SBM-3, IRO-1]**

Please refer to ESRS 2 "Managing Impacts, Risks and Opportunities" for more information on the process used to identify impacts, risks and opportunities related to the use of resources and the circular economy.

# transition plan for climate change mitigation

[E1-1 15, 17]

Our **commitment to sustainability** is embodied through a series of strategic activities and projects, developed over the two-year period 2023-2024. Of particular note is the "**Energy Transition Roadmap**", created with a view to **progressively increasing the Group's energy supply from renewable sources**. The implementation of this development plan is broken down into the following phases:

- taking a "snapshot" of each plant/branch of the Group from an energy perspective (e.g. identification of the energy carriers employed and their uses, etc.);
- identification of the **best available efficiency technologies** and evaluation of their applicability to each plant/branch;
- Establishment of a **Scope 1 & 2 decarbonization plan** for the Group.

In parallel to this, we have also started collecting data and consequently preparing the "**Emissions Inventory**", with a view to mapping and quantifying all emissions on a company scale, ensuring a clear and detailed view of our environmental impact. The goal of the data collection and related inventory is to develop an **overall decarbonization plan**, which integrates the results of previous initiatives in order to set out a structured path towards **emission reduction and energy transition**. This Plan will be published during 2025. [E1-1, 17]

In 2024, we consolidated the development of a strategic project at Group level for the creation of a **roadmap** designed to promote **energy transition** and **decarbonization**. In particular, in addition to direct emissions, we have also started to **track indirect emissions (Scope 3)** based on **2023 data**, in order to implement more efficient environmental practices.

More specifically, we carried out an **analysis of all our sites** regarding the energy sources used, as well as the energy uses and energy consumption, and their overall contribution to greenhouse gas (GHG) emissions. The next steps require us to:

- identify **potentially applicable technologies** for the improvement of energy performance;
- carry out a **pre-feasibility analysis** in order to assess economic sustainability and impact in terms of reducing energy consumption and emissions.

The results of these evaluations will allow us to establish an **overall decarbonization plan for the Group**, with concrete, scalable interventions.



# policies related to climate change mitigation and adaptation

[MDR-P 63, 64, 65.a, 65.b, 65.d, 65.e, 65.f; E1-2 22, 23, 24, 25.a, 25.c, 25.d]

Over the years we have remained committed to reducing the negative impacts of our activities and generating lasting environmental and social value.

In particular, inspired by the "UN 17 Sustainable Development Goals", we are dedicated to ensuring sustainable growth in the long term: this requires us to integrate ESG objectives into the Group's business model.

## Sustainability Policy

Indeed, the Sustainability Policy sets out our commitments on several issues, dividing the various aspects of business management into the three spheres of sustainability: **Environmental, Social and Governance**. [MDR-P 64, 65.d, E1-2, 22, 24] This document, which consolidates and expands upon previous initiatives, is based on our core values of innovation, excellence, prevention and resource optimization, and represents a pillar of our sustainable growth model.

The **environmental activities** require a deep commitment to the responsible management of the entire supply chain. This Policy is configured as a strategic tool to address **climate change**, promoting the reduction of the impact of our activities, processes and services on **greenhouse gas emissions**. Our commitment covers both direct emissions (**Scope 1**) and **indirect** emissions related to **energy consumption (Scope 2)** and the **extended supply chain (Scope 3)**. [MDR-P 65.a, 65.e]

The main objectives identified by the Policy concern **energy efficiency** and increasing the use of renewable energy, including through the design of sustainable workplaces. [E1-2, 25.c, 25.d]

This Policy applies to the entire Group, as well as extending to third parties who have professional and collaborative relationships with Bonfiglioli, and to the value chain. The concrete implementation of the Policy is the responsibility of the Supervisory Body, and includes the sending of periodic information flows. [MDR-P 65.b, 65.c] It is also available on the company bulletin boards, on BCclose, on the website (under the "Sustainability" Section) and on the Zucchetti portal for dissemination to suppliers. [MDR-P 65.f]



**Business  
Management  
Systems**

To ensure high quality standards and adequate governance on environmental issues, we have chosen to progressively implement and maintain various environmental and energy management systems, including the **ISO 14001 Environmental Management** system and the **ISO 50001 Energy Management** system. In 2024, these certifications were confirmed, serving as testament to our unwavering commitment to improving the Group's environmental performance and energy efficiency.

Below is a list of the companies and establishments that currently hold the certification:

Region	Country	Company/Branch
EMEA	Italy	<b>Bonfiglioli Riduttori SpA Unipersonale</b> (5 plants), <b>Selcom Group SpA Unipersonale</b> (3 plants)
APAC	India	<b>Bonfiglioli Transmissions PVT LTD.</b> (3 plants)
APAC	China	<b>Selcom Electronics (Shanghai) Co. Ltd</b>
APAC	Vietnam	<b>Bonfiglioli Vietnam Ltd.</b>

In 2024, **we developed a strategy designed** to increase the share of electricity taken from renewable sources, with a view to reaching the **environmental targets set for 2030**, consolidating our role as a responsible player in the energy transition. The strategy we have developed is taking shape, thanks to the actions reported in the next paragraph. **[E1-2, 25.a]**

## actions and resources related to climate change policies

**[MDR-A 66, 67, 68.a, 68.b, 68.c; E1-3 26, 27, 28, 29.a, 29.b, E1-4 30, 31, 32, 33]**

Thanks to a systematic measurement and monitoring process, over recent years, we have become increasingly aware of the environmental impact generated by our activities. Within this context, in 2024, we completed the **inventory of greenhouse gas emissions for the entire Group**, in accordance with the leading international standards. This result represents an essential step for the **identification of priority intervention areas and for the planning of actions designed to reduce emissions**.

Below are the main actions that have been carried out or are in progress or planned, in order to achieve the Group's objectives and manage IROs in the following areas: **promotion of energy efficiency, energy transition and renewable energies**. **[E1-3, 26, 27, 28]**

Main actions [MDR-A 68.a]	Scope of actions (value chain, stakeholders) [MDR-A 68.b]	Time frame [MDR-A 68.c]
<b>Optimization of the use of electricity within the plants</b>	Own operations	Constant
<b>Installation of photovoltaic panels</b>	Own operations	Constant

## Energy efficiency

Of all the actions we have chosen to take, the **optimization of electricity usage** in our plants is among the most significant, as the main decarbonization lever. **[E1-3 29.a]** Indeed, at several of our sites, we monitor energy consumptions and verify energy efficiency, with a view to ensuring that all sites consume energy in proportion with their needs, and that energy management can be constantly optimized.

This activity has allowed us to develop **operational objectives** related to climate change at Group level, involving production plants and subsidiaries located around the world. Through the adoption of a metric which concerns the **consumption of electricity for each hour of production**, we seek to ensure that this KPI remains **below a certain threshold**, which is different for each plant or branch, in light of their different sizes and energy needs. **[E1-4, 30, 31]**

Monitoring this metric allows us to understand the actual consumption of electricity, and introduce measures designed to reduce its use. On the basis of this, measures are implemented to achieve the desired results, which involve: **[E1-3.27]**

- The adoption of energy consumption monitoring systems;
- Measurement of the energy consumption of machines/plants/equipment to identify waste and any anomalies;
- Improving efficiency;
- Comparison of electricity consumption with other companies through benchmarking;
- Assessment of the use of alternative energy sources in local markets.

## Photovoltaic systems and district heating

Our green infrastructure upgrades continued in 2024. More specifically, the photovoltaic system installed on the parking lot of the Calderara plant in Reno, with an installed power of 1,335 kW, produced 1,496,852 kWh of electricity in 2024, and together with the system already in operation on the roof of the new warehouse, this covers 23.2% of the total electricity consumption of the Calderara plant in Reno. At the Forlì plant, the project to connect the site to the district heating network was also completed to ensure the coverage of the winter air conditioning, with the consequent decommissioning of two thermal power plants.

**[MDR-A 68.e, E1-3, 29.b]**

## Energy efficiency

Examples of energy efficiency activities completed in 2024 include:

- Installation of presence sensors in the corridors of the office building at the Forlì plant, which has allowed savings on electricity consumption attributable to lighting of 20,202 kWh/year, contributing to the achievement of corporate sustainability targets. The installation of the new presence sensors is also helping to lower operating costs and reduce waste;
- The installation of new thermostats in the production area at the Rovereto plant. Overall, this operation has led to an estimated saving of 4,659 kWh/year, thanks to the option to fix the set point, adjusting the temperature and reducing heat loss.

In addition, since 2024, we have established quarterly meetings within the Group between the representatives responsible for the environmental activities of each plant/branch, in order to align the activities across the various different sites and improve the effectiveness and sharing of the actions taken. This also allows us to verify that each site is in line with the objectives established, and when this is not the case, to ensure that corrective actions are implemented

# targets related to climate change mitigation and adaptation

[MDR-T 78, 79.a, 79.b, 80.a, 80.b, 80.c, 80.d, 80.e, 80.g]

As confirmation of our commitment to mitigating the material risks related to climate change, we have set ourselves the **goal** of obtaining **100% of electricity from renewable sources by 2030**. This objective is consolidated by a **Transition Plan** that we developed in 2024 and which will be formalized during 2025. [E1-5 30]

The sustainability objectives related to climate change are established annually by the Group, and are based on structured planning processes. Once approved, the targets will flow into the Group's ESG strategy, applying to the entire business perimeter.

On a quarterly basis, the degree of compliance with the defined objectives is analyzed internally by the QH&SE function during meetings with the HSE managers of the various locations, in order to evaluate the company's performance with respect to achieving the target, as well as to present possible ideas for improvement. The targets are established and monitored, on the basis of the data collected at Group level, in a specific internal database. In particular, the information provided by individual companies is monitored both at plant level and in aggregate form, and is available with different levels of detail (e.g. annual or monthly data, by individual plant, by type of branch, etc.). [MDR-T 79.a, 80.g]

Target	Brief description of the target	ESRS	Perimeter	Base year	Base line	Target year
<b>Climate Change</b>						
Achievement of target of drawing 100% electricity from renewable sources	A plan is currently being established to achieve the target of drawing 100% electricity from renewable sources, contributing to the fight against climate change whilst also reducing dependence on fossil fuels	ESRS E1-4 Metrics and targets, E1-5 ( <b>Energy Consumption and Energy Mix</b> )	Own operations	2023	-	2030
Establishment of a Scope 1 and Scope 2 decarbonization strategy	A decarbonization strategy is being established which covers the entire Group perimeter, and which includes Scope 1 and Scope 2 emission categories	ESRS E1-4 Metrics and targets, E1-6 ( <b>Gross Scope 1, 2, 3 GHG Emissions and total GHG emissions</b> )	Own operations	2024	-	2025
Establishment of a Scope 3 decarbonization strategy	A decarbonization strategy is being established which covers the entire Group perimeter, and which includes Scope 3 emission categories	ESRS E1-4 Metrics and targets, E1-6 ( <b>Gross Scope 1, 2, 3 GHG Emissions and total GHG emissions</b> )	Value Chain	2024		2026

The implementation of these ambitious targets reflects our commitment to climate change mitigation and adaptation, addressing climate-related impacts, risks and opportunities.

[\[E1-4, 31, 32, 33\]](#)

## metrics

### [\[E1-5\] Energy consumption and energy mix](#)

Following the project relating to the Group Emissions Inventory, we have **mapped all the sources of energy consumption across the various plants**. This activity is fundamental to understanding the Group's energy consumption as a whole, and has also proved useful in terms of reducing emissions and **constantly improving the energy mix**, allowing us to carry out our main activities in a more sustainable manner. [\[E1-5, 35, 36\]](#)

The following table shows our energy consumption and the Group's energy mix in MWh:

**Table 1**

[E1-5, 35, 37, 38, 39, RA 32, 33, 34](#)

MWh	2023	2024
a) Consumption of fuel from coal and coal products (MWh)	0	0
b) Consumption of fuel from crude oil and petroleum products (MWh)	3,826.00	2,110.55
c) Consumption of fuel from natural gas (MWh)	17,652.38	13,939.62
d) Consumption of fuels from other non-renewable sources (MWh)	0	1,556, 62
e) Consumption of electricity, heat, steam and cooling energy from fossil sources, purchased or acquired (MWh)	59,304.08	64,672.37
<b>f) Total energy consumption from fossil sources for sectors with high climate impact (a+b+c+d+e)</b>	<b>80,782.47</b>	<b>82,279.15</b>
<b>Proportion of fossil fuels in total energy consumption (%)</b>	<b>93%</b>	<b>93%</b>
<b>g) Consumption from nuclear sources (MWh)</b>	<b>0</b>	<b>0</b>
<b>Proportion of nuclear sources in total energy consumption (%)</b>	<b>0</b>	<b>0</b>
h) Consumption of fuels for renewable sources, including biomass (also includes industrial and urban waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	0	0
i) Consumption of electricity, heat, steam and cooling energy from renewable sources, purchased or acquired (MWh)	2,939.59	1,624.18
l) Self-produced renewable energy consumption without the use of fuels (MWh)	3,073.62	4,250.65
<b>m) Total energy consumption from renewable sources (h+i+l)</b>	<b>6,013.21</b>	<b>5,874.83</b>
<b>Proportion of renewable sources in total energy consumption (%)</b>	<b>7%</b>	<b>7%</b>
<b>n) Total energy consumption (f+g+m)</b>	<b>86,795.68</b>	<b>88,153.98</b>

## [E1-5] Energy consumption and energy mix

Table 2

E1-5, 40, 41, RA 36, 37, 38

	MWh / mln €	2023	2024
Total energy consumption of activities in sectors with high climate impact (MWh)	86,795.68	88,153.98	
Net revenues from activities in sectors with a high climate impact (€ million)	€1,311.6m	€1,190.9m	
<b>Total energy consumption of activities in sectors with a high climate impact compared to net revenues deriving from these activities</b>	<b>€66.18 MWh/mln</b>	<b>€74.02 MWh/mln</b>	

## [E1-6] Greenhouse gas emissions

Table 3 and 4

E1-6, 44.a, 44.b, 45.a, 45.b, 46, 47, 48.a, 49.a, 49.b, 50.a, 50.b, 52.a, 52.b

	t CO2eq	2023	2024 <sup>7</sup>
<b>Scope 1 GHG emissions</b>			
<b>Gross GHG emissions from Scope 1</b>	3,777	3,220	
Percentage of GHG emissions from Scope 1 covered by regulated emission allowance trading schemes (%)	0	0	
<b>Scope 2 GHG emissions</b>			
<b>Gross GHG emissions from Scope 2, location-based</b>	25,436	29,951	
<b>Gross GHG emissions from Scope 2, market-based</b>	31,227	35,921	

7 The conversion factor used for the calculation of Direct Emissions (Scope 1) is DEFRA 2024.

8 The conversion factor used for the calculation of Location-Based Indirect Emissions (Scope 2) was made public by the IEA (International Energy Agency) regarding country-by-country emissions, while the conversion factor used for the calculation of Market-Based Indirect Emissions (Scope 2) was published by the IEA or AIB (Association of Issuing Bodies).



Total GHG emissions (t CO <sub>2</sub> eq) *	2023	2024 <sup>8</sup>
Total GHG emissions (location-based) (t CO <sub>2</sub> eq)	29,213	33,171
Total GHG emissions (market-based) (t CO <sub>2</sub> eq)	35,004	39,141

\* The sum of emissions includes Scope 1 and 2 emissions.

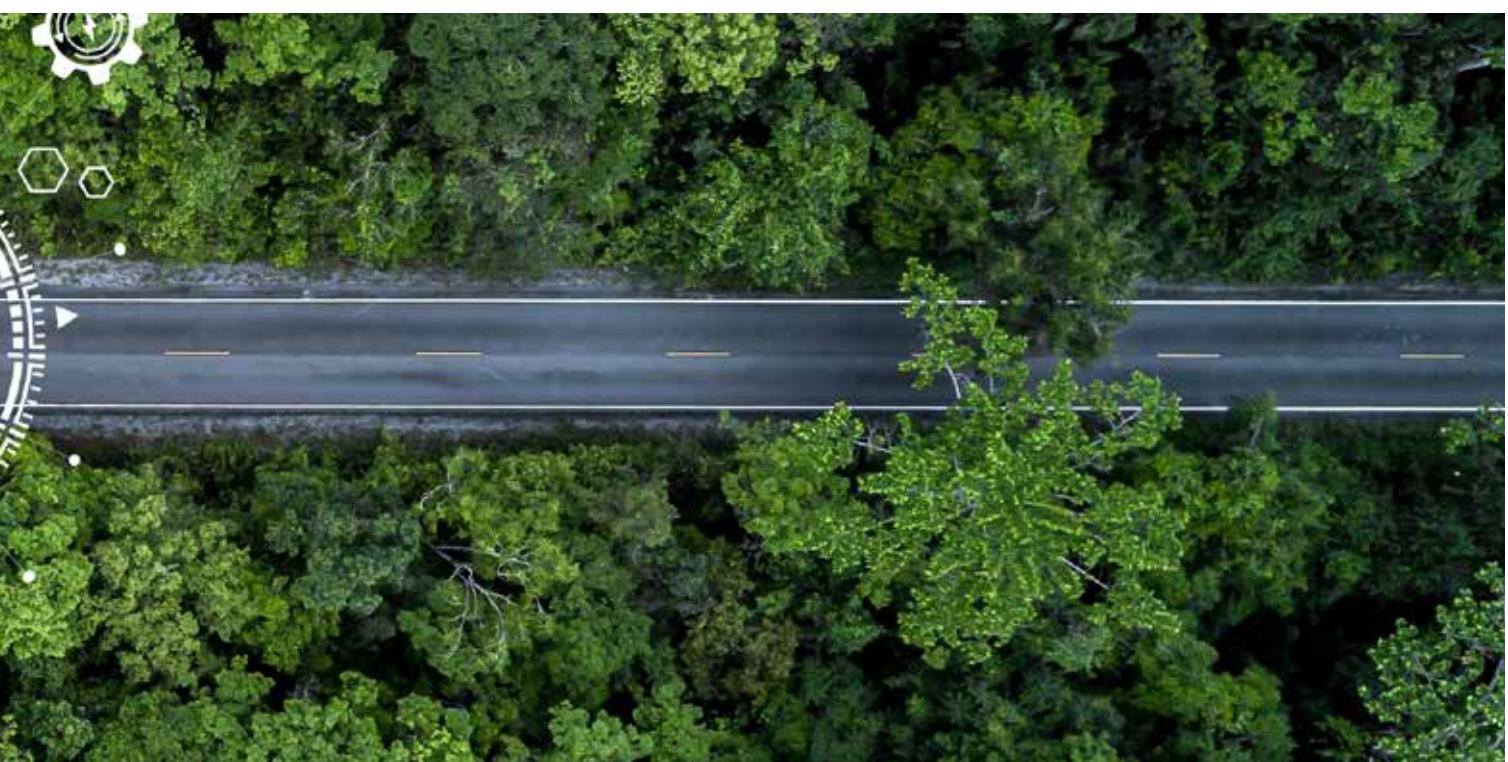
## [E1-6] GHG intensity based on net revenues

**Table 5**

**E1-6, 53, 54, RA 53, 54**

GHG intensity based on net revenues (t CO <sub>2</sub> eq / mln €) *	2023	2024
Total GHG emissions (location-based) (t CO <sub>2</sub> eq)	29,213	33,171
Total GHG emissions (market-based) (t CO <sub>2</sub> eq)	35,004	39,141
Net revenues (€ m)	€1,311.6m	€1,190.9m
Total GHG emissions (location-based) versus net revenues	22.27 ton CO <sub>2</sub> eq/ mln €	27.86 ton CO <sub>2</sub> eq/ mln €
Total GHG emissions (market-based) versus net revenues	26.68 ton CO <sub>2</sub> eq/ mln €	32.86 ton CO <sub>2</sub> eq/ mln €

\* The sum of emissions includes Scope 1 and 2 emissions.



# ESRS E5: Use of resources and the circular economy

*In line with the highest quality standards, we* encourage the use of recyclable, renewable, reusable materials from local suppliers, with a *view creating a sustainable and circular economy.*

*Supplier Code of Conduct.*

The **circular economy is a priority for our Group**. For this reason, we renew our commitment daily, through **strategic choices aimed at reducing our environmental impact**. We take a responsible and sustainable approach during every stage of our activities, from design to development and manufacture of our products. Thanks to a **process of continuous improvement**, we implement innovative solutions that allow us to **optimize resources, minimize waste and actively contribute to the protection of the environment**.



# impacts, risks and opportunities

Material topic	IRO	Material IRO description	Perimeter
E5 <b>Circular economy</b>	Current Negative Impact	Use of natural resources with consequent impact on their availability	Bonfiglioli Group
	Current Positive Impact	Appropriate recycling techniques and internal reuse of raw materials and waste materials deriving from the production process enables the Group to achieve a lower environmental impact in terms of consumption of resources.	Bonfiglioli Group
	Current Negative Impact	Creation and inadequate management of hazardous and non-hazardous waste related to production, including how to dispose of this, with possible negative impacts on the environment and on the health of living organisms.	Bonfiglioli Group Value Chain
	Risk	Decreased availability and increased costs of consumables used, as a result of geopolitical events and regulatory changes	Bonfiglioli Group
	Opportunity	Implementation of initiatives in the field of circular economy: use of recycled materials (100% aluminum, cast iron and 40-60% steel), resulting in a reduction in the use of virgin raw materials; recovery of production waste for recycling; projects aimed at ensuring an extension of the useful life of the product and improvement of maintenance	Bonfiglioli Group
	Opportunity	Opportunities related to the transition to a circular economy approach, connected to regulatory, technological, market or reputational changes	Bonfiglioli Group
	Risk	Incorrect waste disposal and release of substances that are harmful to the environment and employees	Bonfiglioli Group Value Chain

## [ESRS 2 SBM-3, IRO-1 11]

Please refer to ESRS 2 "Managing Impacts, Risks and Opportunities" for more information on the process used to identify impacts, risks and opportunities related to the use of resources and the circular economy.

## policies related to resource use and circular economy

[MDR-P 63, 64, 65.a, 65.b, 65.c, 65.d, 65.e, 65.f; E5-1 12, 13, 14, 15.b, 16]

In order to manage the impacts, risks and opportunities related to the use of resources and the circular economy, the Group has provided its **Sustainability Policy**, previously presented in chapter E1 "Climate Change", and the **Supplier Code of Conduct**, outlined in more detail within G1, "Business Conduct".

[MDR-P 63, 64, 65.c, 65.f; E5-1 12]

**Supplier Code of Conduct** Specifically, the **Supplier Code of Conduct** is an official document that can be found on our website ([Bonfiglioli Supplier Code of Conduct EN](#)) and contains all the indications and rules that Group suppliers are required to follow to ensure the creation of a profitable and lasting relationship. Of all the rules in the document, those relating to **waste management** are of particular note; indeed, our suppliers are required to scrupulously comply with all laws and regulations in force on waste management, whether **hazardous** or **non-hazardous**, ensuring that every phase of the storage, transportation and disposal of such waste takes place in compliance with **regulatory** requirements and in full **respect of the environment**.

Recipients of the Supplier Code of Conduct are required to comply with international, national and local provisions relating to the use of dangerous substances, and must refrain from marketing products that may harm health and safety along the entire value chain. In particular, it is the responsibility of these parties to acquire and store all the necessary information regarding the management of waste generated during the entire production process, ensuring the correctness of the process as a whole.

As part of our belief in the importance of a sustainable approach, we actively encourage our suppliers to take measures to promote the **sorting, recycling and reuse of materials**, thus contributing to the transition towards an increasingly **circular and responsible** economic model. [MDR-P 65.a, 65.b; E5-1 14, 15.b]

The Supplier Code of Conduct also aims to raise awareness of the "upstream" value chain with regard to environmental protection issues, promoting sustainable values and ethical principles, including in commercial relations. [E5-1 16]

## actions and resources related to resource use and circular economy

[MDR-A 66, 67, 68.a, 68.b, 68.c; E5-2 17, 18, 19, 20.d, 20.e, 20.f, RA 13]

### Product life cycle extension initiatives

To ensure an extended product life and an efficient management of the end of life process, we pursue several strategies aimed at optimizing maintenance, repair and responsible disposal.

**Replacement of components under warranty:** If a product requires the replacement of parts covered by the warranty, the customer can carry out this operation directly on site. Alternatively, the product can be sent to one of our locations, where we will replace the damaged parts.

**Maintenance and repair services:** Our customers have the opportunity to benefit from technical assistance even beyond the warranty period, by taking out maintenance contracts. Regular maintenance is essential in order to maintain the efficiency and service life of our products, reducing the risk of failure and optimizing performance over time.

**Repair and regeneration in our plants:** Products that require more complex interventions can be sent to our sites, where they undergo repair or regeneration processes to restore them to optimal conditions and extend their useful life.

**Responsible disposal:** When a product is no longer repairable or has reached the end of its life cycle, we ensure its correct disposal, collaborating with partners specialized in the recovery and recycling of materials, in compliance with environmental regulations.

Through these initiatives, we are committed to increasing the useful life of our products, making improvements in terms of mechanical and energy performance and offering efficient solutions to our customers.

**[MDR-A 68.a, 68.b, 68.d, E2 20.d]**

## Further initiatives

During the course of 2024, we took several steps designed to optimize the use of our resources and improve the waste disposal processes. The actions implemented are subject to constant monitoring, and have been designed at individual production site level, due to the fact that these have different critical issues to address.

The table below shows the actions taken in 2024 at individual plant level in order to achieve the Group's objectives and to manage IROs in the areas related to the circular economy and waste management. **[MDR-A 68.a, 68.b; E5-2 17, 19, 20.e]**

Main actions [MDR-A 68.a]	Scope of actions (value chain, stakeholders) [MDR-A 68.b]	Time frame [MDR-A 68.c]
<b>Scrap yard improvement project</b>	Own operations	End of 2024
<b>Waste management improvement</b>	Own operations	Constant
<b>Waste flows analysis</b>	Own operations	Constant
<b>#RICICCAMI</b>	Own operations	Constant
<b>CLOSER</b>	Own operations	Constant
<b>CLOSER</b>	Own operations	End of 2027

### Scrap yard improvement

The "**Scrap yard improvement**" project was implemented at the production site **in Chennai, India**. During the last few months of 2023, various problems were detected in waste disposal, as a result of the increase in the amount of waste generated in the plant and the management of oils from waste products.

Accordingly, we attempted to increase the storage capacity of the site according to the forecasts for 2024, in order to enable better waste disposal and the collection of waste oils in a separate well through a pump system. The oils are then filtered and disposed of in the normal manner.

**[MDR-A 68.a, 68.b, 68.c; E5-2 20.f]**

## Waste management improvement

We rolled out a new project at our plant in **Slovakia**, with a **view to improving waste management** and reducing environmental impact. The initiative was inspired by the need to manage a number of issues that emerged during the audits, and focuses on four main areas: **labeling of containers** for separate waste collection within the plant, improvement of **waste separation**, identification of the **main sources of waste and reduction of the amount of waste per hour of production**. The project, which launched in November 2024, saw the design of a new collection point labeling system optimized in accordance with real production needs, as well as the monitoring of the volume of waste generated in the different company areas. **[MDR-A 68.a, 68.b, 68.c; E5-2 20.f]**

## Waste flow analysis

At the **Forlì**, meanwhile, we launched an analysis of waste flows, in order to gain an understanding of these flows and carry out an analysis of the associated costs. After mapping the waste flows and their values, we will introduce a project to **improve and optimize these flows**. **[MDR-A 68.a, 68.b, 68.c; E5-2 20.f]**

## #RICICCAMI

At the Selcom plant in Via Serenari, we joined the **#RICICCAMI** campaign, in order to raise awareness among colleagues who smoke of the importance of proper cigarette butt disposal: statistics on smoking behavior show that, on average, 2/3 of smokers throw their **cigarette butts** ground, causing enormous damage to biodiversity<sup>9</sup>. This project will see the installation of special ashtrays in Selcom plants, made from resistant materials and equipped with two compartments, each dedicated to one of the two answers to a ballot question that may vary periodically. The pilot project rolled out at the end of 2024 at the plant located in Via Serenari was successful, and was extended from 2025 across all Selcom production plants in Italy.

Thanks to the commitment to collecting this waste, the butts, which have strong thermal insulating properties, can be transformed into new products, such as a padding material for use in eco-sustainable fashion, thus creating a circular economy involving cigarettes. The indicator (KPI) that will help HSE managers to monitor the project in 2025 will be the quantity of butts collected in kg. **[MDR-A 68.a, 68.b, 68.c, 68.d; E5-2 20.e, 20.f]**

## CLOSER

The **CLOSER** project, which was launched in October 2024 and is set to last 36 months, aims to create a **European supply chain** for the **recovery and reuse of secondary semiconductor raw materials from electronic and industrial waste**, reducing Europe's dependence on imports of critical materials such as silicon, gallium, indium and germanium. Through a pan-European network of stakeholders, the initiative promotes recycling, "urban mining" and circular manufacturing, supporting strategic industries such as the automotive, aerospace and renewable energy sectors. The project we have embraces places us at the cutting edge in terms of identifying possible circular solutions for the process of electronic waste disposal and the sustainable recovery of materials. **[MDR-A 68.a, 68.b, 68.c; E5-2 20.d]**

<sup>9</sup> It is estimated that 40% of the pollution on Mediterranean beaches is due to cigarette butts.

# targets related to the use of resources and the circular economy

[MDR-T 78, 79.a, 79.b, 79.d, 80.b, 80.c, 80.d, 80.e; E5-3 21, 22, 23, 24.a, 24.e, E5-5 33, 34.a, 34.b]

As a Group, we are committed to implementing targets that favor the **circular economy** and to **managing waste responsibly**, reducing its production and minimizing its disposal in landfill. To achieve these targets, the active **collaboration** of our **workers** and the conscious choices of our **business partners** are key elements for effective waste management.

To this end, we are determined to pursue **waste minimization initiatives throughout the entire production process**, promoting **recycling** and **reuse** as sustainable alternatives to disposal. In this regard, several local projects, launched in 2022 and 2023, continued in 2024, with a particular focus on the reuse of wood, paper and cardboard packaging. Some of these initiatives have also seen the active involvement of our suppliers, further strengthening our commitment to a circular economy model.

[MDR-T 78, 79.e, 80.c, 80. e]

In order to lend greater substance to this strategy, we have introduced specific objectives at **production site** level, establishing measurable parameters that connect the amount of waste generated with the hours of production. This structured approach allows us **to monitor progress effectively**, enabling the **continuous improvement** of our environmental management practices.

Finally, the projects that we have developed include those related to **improving management of our products at the end of their useful life** and **extending their useful life** where possible, prioritizing the repair of products and components. [MDR-T 78, 79.b, 80.b, 80.c, 80.e; E5-3 21, 22, 23, 24.a, 24.e]

The table below shows the main objectives we identified in 2024.

Target	Brief description of the target	ESRS	Perimeter	Base year	Base line	Target year
<b>Circular Economy</b>						
Reduction of the rate of waste generated during production (Tonnes waste/Hours worked by machinery) by 3%	Systematic approach that will result in a significant reduction of waste generated, while improving operational efficiency	ESRS E5-5 <b>(Resource outflows)</b>	Own operations	2024	-	2025
Zero waste to landfill by 2030	"ZERO LANDFILL WASTE" - target linked to achieving zero waste sent to landfill from plants/branches" by 2030, with a view to promoting an increasingly circular economy	ESRS E5-5 <b>(Resource outflows)</b>	Own operations	2024	-	2030

Formalization of product end-of-life guidelines (recycling, reuse and disposal) and implementation of a pilot project	Formalize product end-of-life guidelines by 2027 Implement a pilot project across a range of products by 2028	ESRS E5-5 <b>(Resource outflows)</b>	Own operations	2024	-	2027 2028
Improvement of condition monitoring systems, IoT technologies, which enable the usage phase in the life cycle of the product to be extended	Refine the Condition Monitoring models already in use, guaranteeing an extension of the product usage phase and ensuring that product performance (in terms of efficiency, durability, etc.) remains in line with that declared by the manufacturer	ESRS E5-5 <b>(Resource outflows)</b>	Own operations	2024	-	2027
Increase the number of repaired products by 10%	Promote the repair service for products on the market for longer than the warranty period. Increase the number of products repaired compared to the previous year.	ESRS E5-5 <b>(Resource outflows)</b>	Own operations	2025	-	2026

In 2024, we introduced our **first measurable target** for waste management, focusing on reducing the rate of waste generated during production. More specifically, we have set ourselves the ambitious goal of reducing the amount of waste produced by **3% in a year**, a commitment that reflects our determination **to reduce the environmental impact of our operations** and **optimize the use of available resources**.

This target not only serves as confirmation of the Group's desire to progressively reduce waste production, but is also part of a broader strategy aimed at **improving operational efficiency**, promoting increasingly sustainable and responsible industrial practices.

By adopting a proactive approach, we can ensure a **constant reduction in** the amount of waste generated compared to the production volumes of the previous year. This structured approach will allow us to monitor progress over time and consolidate an increasingly virtuous approach to resource management.

**[MDR-T 80.c, 80.d, 80.e; E5-3 21, 22, 23, 24.e, 24.f; E5-5 33, 34.b]**

A further target that we have established as part of our sustainability strategy is **achieving zero waste to landfill by 2030**. This ambitious goal requires all waste generated in our plants and subsidiaries to **be directed towards reuse in other production processes or recycling**, thus guaranteeing a second life for discarded materials.

Achieving this result represents a significant challenge, which requires a **structured approach and a constant commitment** from the entire Group.

The next five years will be crucial for the success of this initiative and for the consolidation of the path towards **sustainability and environmental responsibility** undertaken by the Group. Thanks to careful planning and collaboration between all the players involved, we are committed to turning this target into a reality, contributing to an increasingly **circular and efficient** industrial future. **[MDR-T 80.c, 80.d, 80.e; E5-3 21, 22, 23, 24.e, 24.f]**

In 2024, we started out on a strategic pathway, aiming to **redefine the way our products are managed at the end of their useful life**, with the aim of maximizing the **recycling, reuse and responsible disposal** of these products.

By **2027**, we are committed to formalizing **clear and structured guidelines** to ensure sustainable end-of-life management of our products. By **2028**, this initiative will be followed by the implementation of a **pilot project** across a selection of products, with a view to testing innovative and scalable solutions. This path represents a fundamental step towards our vision of a fully **circular economy**, helping to reduce our environmental impact and promote a more efficient use of resources. **[MDR-T 80.c, 80.d, 80.e; E5-3 21, 22, 23, 24.a, 24.e, E5-5 34.a, 34.b]**

Beginning in **2024**, we have rolled out an ambitious program to **perfect our Condition Monitoring Systems**: advanced IoT technologies that allow us to **optimize the life cycle of our products**. Our goal, which we hope to achieve by **2027**, is to **refine and enhance the models already in use**, guaranteeing a significantly **longer usage phase** and ensuring that the **performance** of products in terms of efficiency, durability and reliability remains perfectly in line with the specifications declared by the manufacturer. This commitment represents a decisive step towards greater sustainability and a smarter, more responsible industry.

**[MDR-T 80.c, 80.d, 80.e; E5-3 21, 22, 23, 24.a, E5-5 35]**

Finally, the last objective that we have established, set to be start in **2025**, consists of creating a more sustainable and responsible strategic path for the Group. Our goal is to **increase the number of repaired products by 10%**, extending their life and reducing the need for new production resources. This initiative is part of a broader vision of a fully circular economy, focusing on innovation, quality and maximum efficiency in the use of materials, for a more sustainable and conscious future. **[MDR-T 80.c, 80.d, 80.e; E5-3 21, 22, 23, 24.a, E5-5 35]**

## resource inflows

**[E5-4 28, 29, 30, E5-3 AR 18]**

### Selection of materials and raw materials

We attach great importance to **the choice of materials** used in our production processes. In order to ensure **responsible supply chain management**, we identify potential risks and the environmental and social impacts associated with these. In addition, through careful **analysis and evaluation of suppliers**, we monitor their activities and translate our commitment into concrete actions, promoting ethical and sustainable practices based on the principles of economic, environmental and social responsibility **[E5-4 28]**

In recent years, we have adopted a clear and targeted strategy, establishing medium and long-term objectives and focusing on key aspects to improve the sustainability of our work. In particular, we are committed to:

- **Increasing the standardization of products**, where possible, favoring the large-scale use of standardized solutions to reduce consumption and environmental impact, whilst improving efficiency in terms of economic resources.
- **Integrating materials with an increasing percentage of recycled raw materials**, favoring the use of materials certified by third parties to strengthen our commitment to a circular economy and to improved corporate sustainability.
- **Localizing supplies**, reducing the distance between our suppliers and production sites to minimize environmental impact and reduce CO<sub>2</sub> emissions related to transportation.
- **Implementing process solutions with a low environmental impact**, adopting a gradual approach that allows us to identify the best alternatives, balancing economic needs and sustainability objectives.

Furthermore, by designing our products internally, we achieve a certain degree of strategic and operational autonomy; which allows us to combine the advantages deriving from a greater awareness of the dynamics of the sector with **internal management of Research & Development activities** (for more information, please refer to chapter S4 "Consumers and end users"). Indeed, today, an international network of production plants and sales subsidiaries enables us to offer highly-innovative solutions, dominating the market with high quality products and personalized customer service.

In general, purchases can be classified into two main groups, distinguishing between "indirect" and "direct" purchases.

#### Criteria for choosing partners and suppliers

The first of these refers to purchasing processes that concern suppliers of goods and services that are not directly involved in product development (for example, suppliers of offices or outsourced facilities and services). Meanwhile, "direct" purchases are those that involve goods and services that are necessary for the creation of the final products, such as materials and goods for production. Most **indirect purchases are managed centrally**; conversely, **direct purchases are managed by BUs** (Business Units) due to their importance, and are centrally supervised by the Strategic Purchasing team, which works in synergy with the other parties in the supplier selection process.

Accordingly, our goal has always been **to be able to rely on responsible partners and suppliers**, encouraging them to adopt the most modern process solutions which comply with the highest and most rigorous standards. Collaborative relationships with companies that comply with the sustainability certifications relating to the industrial area in question are also prioritized. For example, we have introduced the purchase of 100% recycled FSC (Forest Stewardship Council®) paper and cardboard packaging material and PEFC wood packaging (which guarantees the use of certified paper made with cellulose or wood from forests managed in an environmentally-friendly, sustainable manner, from an ecological, economic and social perspective).

Finally, to prevent the use of such minerals, we ask suppliers to provide certification as to whether their products contain them or not, and to declare compliance with the Conflict Minerals regulations.

As reiterated by the Supplier Code of Conduct, ensuring full traceability of raw materials and semi-finished products along the supply chain is essential in order to collect information relating to the places of production and processing of such materials and products. While the Group works with approximately 1,700 suppliers across the globe, **we seek to prioritize geographical proximity where possible**, with 60% of suppliers located in the EMEA in 2024. This allows us to generate a positive impact, fostering the growth of the local economy and improving the economic and social conditions of the resident community.

In the following chart, the percentage of products purchased locally is shown (data consider only direct expenditures, generated by production plants).

## Percentage of spending on local suppliers in 2024<sup>10</sup>

Country	Value (%)
Italy	74%
China	92%
Brazil	63%
India	80%
Vietnam	56%
Germany	51%
USA	33%
Slovakia	5%

### Production process

Our production ranges from the assembly of standard and customized solutions to the construction of gearmotors, inverters and advanced motors, but the common denominator of all of our processes is **excellence** and **innovation**.

During the production process, we pay special attention to optimizing the use of materials. We make use of engineering expertise and optimization tools to maximize the efficiency of materials such as iron, aluminum, copper and others. This means that we only use the amount of material necessary in order to make our products, reducing waste and minimizing environmental impact.

Below is a brief description of the raw materials we buy, divided by type: **[E5-4 29, 30]**

- **Metals** (steel, aluminum, bronze), essential for the construction of gears, motors and device structures;
- **Plastic materials**, used for components such as casings, bearings and seals;
- **Electric and hydraulic motors**;
- **Electrical materials**, for the manufacture of electronic control boards;
- **Oils and lubricants**;
- **Wooden pallets**;
- **Paper and cardboard**.

<sup>10</sup> Purchases made from suppliers in the same country as the plant were considered local; the data only refer to expenditure on direct suppliers. The world average of 98 was determined on the basis of the value of purchases made by the individual country, including the countries considered in the analysis.

# resource outflows

**[E5-5 33, 34.a, 34.b, 35, 36.a, 36.b, 37.a, 40]**

## Products and materials

We design and develop our products in accordance with circular economy principles, focusing on durability, reusability, repairability, disassembly, reconditioning and recycling. In line with industry standards, gearmotors (hydraulic and electric) have an average life span that depends on the application sector; this makes it difficult to standardize them<sup>11</sup> **[E5-5 35]**. Furthermore, their design facilitates disassembly, allowing the replacement or repair of specific parts, thus extending their life cycle. This feature also facilitates the recycling of specific components and, where possible, the reconditioning of the entire product, contributing to a more efficient use of resources. Indeed, during the disposal of these resources, we can recover precious materials such as iron, aluminum, copper, plastic and other components, reintroducing these into the production cycle, thus contributing to a more circular and sustainable economy. For more information on the products made by the Group, please refer to paragraph SBM-1 "Strategy, business model and value chain".

**[E5-5 36.a, 36.b]**

As a Group, we are committed to careful waste disposal management, strictly complying with national and local regulations on both municipal and special waste.

We produce two main categories of waste:

- **Special waste**, resulting from production processes and the scrapping of products or spare parts. We adopt practices designed to optimize waste sorting in both categories. With regard to special waste, most of it consists of plastic, wood and cardboard packaging. Some special waste is classified as hazardous, including synthetic mineral oils (used for lubricating and cooling machines), empty packaging with chemical residues, contaminated rags, batteries, sludge and hazardous electronic waste.
- **Municipal waste**, generated by office-based activities. Municipal waste is separated into paper, plastic, organic, solid waste and glass. **[E5-5 38.a, 38.b]**

<sup>11</sup> For example, with reference to the M&W BU, the average lifespan of a product varies between 5 and 20 years depending on the field of application of the finished product.

Table 1, 2, 3

**E5-5 37.a**

E5-5	u.m.	2023	2024
<b>Waste produced</b>	t	<b>14,322.20</b>	<b>11,589.38</b>
<b>E5-5</b>	<b>u.m.</b>	<b>2023</b>	<b>2024</b>
<b>Recovered waste</b>		12,989.40	10,732.17
<b>Waste disposed of <sup>12</sup></b>	t	1,332.79	857.21
<b>Waste produced</b>		<b>14,322.19</b>	<b>11,589.38</b>
<b>E5-5</b>	<b>u.m.</b>	<b>2023</b>	<b>2024</b>
<b>Hazardous waste</b>		2,535	2,100.35
<b>Non-hazardous waste</b>	t	11,787	9,489.03
<b>Total</b>		<b>14,322.19</b>	<b>11,589.38</b>
<b>E5-5</b>	<b>u.m.</b>		<b>2024*</b>
<b>Type of waste</b>			
<b>Total hazardous waste produced</b>	t		2,100.35
<b>Total radioactive waste</b>			<b>0</b>

\* Full comparability of the data with respect to 2023 cannot be guaranteed, as these are the first financial statements inspired by ESRS standards.

To calculate the quantities related to resource outflows and waste, we constantly monitor the corresponding data, through the use of internal databases for the collection of information at Group level. **[E5-5 40]**

We continue to improve our waste management processes, in order to reduce environmental impact and optimize resource recovery.

<sup>12</sup> Unrecycled (disposed of) waste represented 3.26% of the total in 2024 (E5-5 37.d). Data as of 2024 relating to disposal methods for the sites of Carpiano, Selcom Group S.p.A.Unipersonale, Selcom Electronics (Shanghai) Co. Ltd, Bonfiglioli Redutores Do Brasil e Comercio LTDA, Bonfiglioli Deutschland GmbH, Bonfiglioli Transmissions (Aust.) PVT Ltd, Bonfiglioli Transmissions SAS, Bonfiglioli Transmissions PVT LTD. (India), Bonfiglioli Power Transmission & Automation Technologies JSC, Bonfiglioli Vectron GmbH, O&K Antriebstechnik GmbH were estimated based on the 2023 disposal methods.

social

2





# ESRS S1: own workforce

*I believe that the Bonfiglioli of today, and especially that of tomorrow, cannot be based on a single person.*

*WE are the strength of Bonfiglioli.*

*Sonia Bonfiglioli*

*Bonfiglioli was inspired by a dream.  
The dream of creating something innovative, concrete,  
for a new world.*

*Dreams appear all the time, but to achieve them requires expertise,  
talent and practical, forward-thinking people.*



# interests and views of stakeholders

For an examination of the ways in which the interests, opinions and rights of the Group's own workforce guide strategy and the business model, please refer to paragraph SBM-2 "Interests and opinions of stakeholders", under ESRS 2 "General Disclosures".

# impacts, risks and opportunities

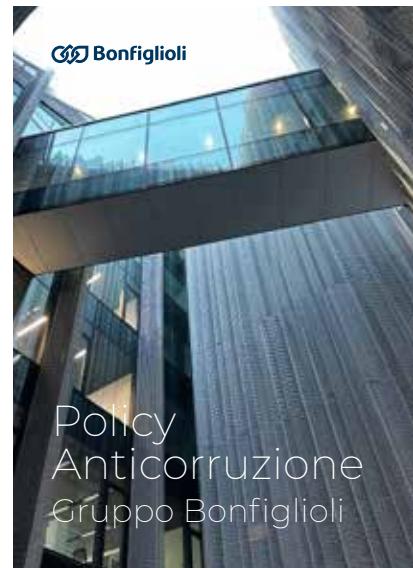
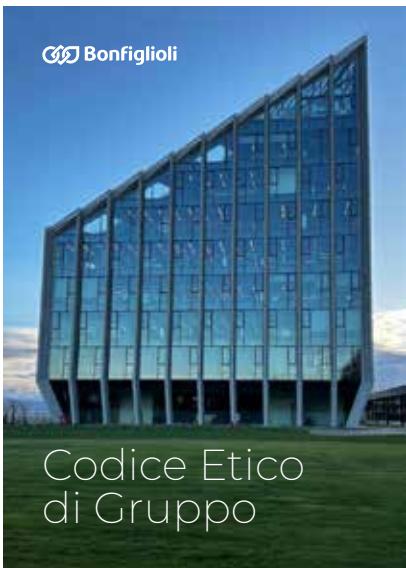
## [S1 ESRS 2 SBM-3]

For more information on the interaction between the material impacts, risks and opportunities and the Group's strategy and business model, please refer to ESRS 2 "Managing Impacts, Risks and Opportunities".

Material topic	IRO	Material IRO description	Perimeter
<b>S1</b> <b>Own workforce</b>	Potential Negative Impact	Episodes of accidents, injuries and illnesses at work, with possible negative impacts in terms of the health and safety of the workforce	Bonfiglioli Group
	Current Positive Impact	Gender equality and equal pay for work of equal value, employment and inclusion of people with disabilities, equal access to training, enhancement of diversity and local cultures and adoption of measures against violence and harassment in the workplace, with positive impacts on motivation, well-being and employee satisfaction	Bonfiglioli Group
	Current Positive Impact	Satisfaction of the workforce as a result of the development of professional skills through training activities (including OHS training) provided to employees and collaborators	Bonfiglioli Group
	Current Positive Impact	Satisfaction, motivation and increased well-being of the workforce as a result of secure employment, adequate wages, active dialog, freedom of association, the right to information, consultation and participation of workers, work-life balance and respect for working hours and overtime, where applicable	Bonfiglioli Group



Material topic	IRO	Material IRO description	Perimeter
<b>S1</b> <b>Own workforce</b>	Potential Negative Impact	Violation of the human rights of employees and collaborators (forced and child labor)	Bonfiglioli Group
	Potential Negative Impact	Management of own workforce data, with possible negative impacts in terms of loss of personal data.	Bonfiglioli Group
	Risk	Exposure to sanctions and litigation related to incidents of accidents, injuries and illnesses at work	Bonfiglioli Group
	Risk	Exposure to sanctions and litigation related to incidents of discrimination	Bonfiglioli Group
	Opportunity	Improvement of company performance and development of innovative ideas, thanks to the satisfaction of the workforce as a result of the development of professional skills	Bonfiglioli Group
	Opportunity	Improvement of company performance guaranteed by workforce satisfaction and the creation of a fair and inclusive work environment	Bonfiglioli Group
	Risk	Exposure to sanctions and litigation related to human rights violations (child labor)	Bonfiglioli Group
	Risk	Exposure to sanctions and litigation related to human rights violations (forced labor)	Bonfiglioli Group
	Risk	Exposure to sanctions and litigation related to incidents of breach of personal data of employees and collaborators	Bonfiglioli Group



# own workforce policies

**[MDR-P 63, 64, 65.a, 65.b, 65.c, 65.d, 65.e, 65.f; S1-1, 17, 19, 20.a, 20.b, 20.c, 21, 22, 23, 24.a, 24.b, 24.c, 24.d, RA 12, RA 15]**

In order to manage the material impacts, risks and opportunities, our Group adopts a Code of Ethics and a range of other company policies and procedures. The **Code of Ethics**, updated in January 2024, together with the **Sustainability Policy**, serves as confirmation of the key values of conduct and the principles underlying our corporate culture. Moreover, diversity and inclusion have long been part of our daily commitment, and this was consolidated with the signing of the "Protocol for the protection of women and against all forms of discrimination"; the Group's principles on this front are perfectly expressed in two distinct policies: the **Diversity & Inclusion Policy** and the **Anti-Bullying Policy**. Finally, our commitment to occupational health and safety and the achievement of the "zero accidents" target is reiterated in the Sustainability Policy, and confirmed once again by the existence of a series of specific **company management systems**. The policies described below apply to all employees of the Group, unless otherwise specified.

**[MDR-P 65.a, S1-1, 17, 19, 23, 24.a]**

## Code of Ethics

The Group Code of Ethics is a fundamental pillar of the company, encapsulating the values that have guided the company's activities for almost seventy years. This document not only serves as a reference point for all employees and collaborators, but also promotes appropriate, transparent relationships with partners, customers, suppliers and institutions. It is an act of self-discipline that brings together a set of social, moral and environmental values and rules, thus guaranteeing the safeguarding of Bonfiglioli's corporate integrity and testifying to the commitment made by our Group to its stakeholders, both internal and external. It reaffirms Bonfiglioli's **four key values: Challenge, Respect, Accountability and Winning Together**. Among these is the value of respect, namely "Respecting diversity, local cultures, religions and the environment with uncompromising ethics". To this end, the Code of Ethics condemns any form of unequal treatment based on gender, religious belief, culture or any other form of discrimination covered by international law or national regulations.

**[MDR-P 65.a, 65.b, S1-1, 17, 19, 24.a, 24.b, RA 15]**

It establishes general principles of fairness, transparency and compliance with the law in the conduct of business, as well as contributing to the responsible management of corporate assets and the protection of industrial and intellectual property. It addresses key corporate governance issues, including privacy and data protection, ensuring that information is handled with the utmost confidentiality and security. **[MDR-P 65.e]**

Finally, the Code of Ethics prohibits the use of child labor in all the countries in which the Group operates, expressly prohibiting the employment of persons under the minimum age for admission to work as provided for by law, as well as prohibiting any form of compulsory work.

**[S1-1, 22]**

We manage our actions in accordance with the key principles expressed in the **Sustainability Policy**, developing a long-term sustainable business model, establishing clear objectives and implementing concrete interventions.

## Sustainability Policy

With reference to the social areas of the business, social responsibility has always represented a fundamental commitment for our Group; we support a range of projects and initiatives, actively involving both internal and external stakeholders. We focus on three main pillars: young people, development in the region and stem disciplines (Science, Technology, Engineering and Mathematics), investing in information, training and education activities. This allows us to provide our workers with the necessary skills and promote their personal and professional growth, fully protecting their interests. **[MDR-P 65.a, 65.b, 65.d, 65.e]**

For more information on the Sustainability Policy, please refer to chapter E1 "Climate change".

## Diversity& Inclusion Policy

With a view to reaffirming the importance of the values of non-discrimination and equal opportunities in professional development for all staff, our Committee for Gender Equality and Anti-Discrimination approved the **D&I Policy** in June 2024, which reaffirms the values of pay equity and gender equality, in line with international standards and principles on this issue. This approach values diversity and seeks to build a culture of respect and dignity, where every employee feels valued and an integral part of the collective success of the Group. In this regard, employees of our Group are encouraged to make use of internal mechanisms and tools where necessary, which enable them to report real or suspected violations of the principles of diversity and inclusion. **[MDR-P 65.a, 65.b, 65.d]**

The Group's commitment to this issue is also confirmed by the signing of the Protocol for the protection of women and against all forms of discrimination with the main trade union representatives. The document stipulates that a Gender Equality and Anti-Discrimination Committee must be formed, meeting at least three times a year and is engaging in the annual update of the Diversity & Inclusion (D&I) Plan. **[MDR-P 65.e, S1-1, 24.a, 24.c, 24.d]**

## Anti-Bullying Policy

Finally, our Group's commitment to promoting a corporate culture based on respect and the enhancement of skills is also evident from the introduction of the **Anti-Bullying Policy**, revised during 2024 and applicable to all those who have working and collaborative relationships with the Group, including any third parties, including partners, suppliers and customers. In synergy with the main standards recognized at international level - including the United Nations Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, we consider respect for people's fundamental rights to be an essential prerequisite for all our activities. We do not tolerate any form of gender discrimination, violence or harassment in the workplace, either by our employees or by suppliers, subcontractors or partners. Indeed, the Policy is designed to prevent and combat all forms of abuse, in line with Law no. 4 of 15 January 2021, which ratifies the International Labor Organization Convention no. 190 of 2019, offering adequate support to those who report harmful events, protecting them from acts of retaliation. **[MDR-P 65.a, 65.b, 65.d, S1-1, 20.a, 20.b, 20.c, 21, 24.a, RA 12]** Knowledge of the Policy is facilitated through specific training opportunities and communication to workers, promoting a sense of shared responsibility in promoting a fair and inclusive working environment. **[MDR-P 65.e]**

The Anti-Bullying Policy, the Code of Ethics, the Sustainability Policy and the D&I Policy are available on the company website and on Bclose. **[MDR-P 65.f]** The Supervisory Body, together with the Equal Opportunities Committee <sup>13</sup> are responsible for ensuring the implementation of the Anti-Bullying Policy and the D&I Policy <sup>14</sup>. **[MDR-P 65.c]**

<sup>13</sup> The Equal Opportunities Committee consists of four union representatives, two employees chosen by the company, the HR Director, the Industrial Relations Representative (as Diversity Manager), the General Managers and the Head of the Legal & Corporate Affairs Department.

<sup>14</sup> For reference to Italian offices

## Business Management Systems

With reference to occupational health and safety, many of our production sites are equipped with the **Health and Safety Management System**, certified in accordance with the **ISO 45001 Standard**; we are extending the number and perimeter of certified Group sites year on year. Below is a list of sites that are currently certified, separated by country of origin: **[MDR-P 65.a, 65.d, 65.e, S1-1, 23]**

Region	Country	Company/Branch
EMEA	Italy	<b>Bonfiglioli Riduttori SpA Unipersonale</b> (5 plants), <b>Selcom Group SpA Unipersonale</b> (3 plants)
APAC	India	<b>Bonfiglioli Transmissions PVT LTD.</b> (3 plants)
APAC	China	<b>Selcom Electronics (Shanghai) Co. Ltd</b>
APAC	Vietnam	<b>Bonfiglioli Vietnam Ltd.</b>

**Golden  
Rules HSE**

The "HSE **Golden Rules**" were created as a set of guidelines designed to strengthen the environmental and safety measures already implemented in Group plants, in compliance with national and international rules and regulations on health and safety. These rules provide various suggestions with regard to the behaviors that all employees should adopt if faced with specific situations, with a view to reducing risky conduct and by extension, to preventing accidents and safeguarding the environment.

These 10 rules are applied across all of our plants around the world, and must be used as a "guide" during the planning, performance and control of Group activities, in accordance with an approach based on continuous improvement.

**[S1-1, 17, 19, 23]**

**The Bonfiglioli Golden Rules are:**

<b>1ST RULE</b>	<b>LIFTING OPERATIONS</b> to provide accurate information and instructions regarding manual handling, lifting and carrying activities using mechanical equipment and lifting with slings and chains
<b>2ND RULE</b>	<b>PERSONAL PROTECTIVE EQUIPMENT</b> to communicate to employees, external workers and visitors how to choose and manage the proper personal protecting equipment for their activities
<b>3RD RULE</b>	<b>SAFE DRIVING</b> to provide indications on how to drive safely, identifying potential hazards, checking the overall car's conditions and respecting the highway code and local traffic laws
<b>4TH RULE</b>	<b>ISOLATION AND LOCKOUT-TAGOUT</b> to explain how to properly conduct isolation and lockout-tagout (LOTO) operations and apply the required procedures after completing the "last minute risk assessment checklist"
<b>5TH RULE</b>	<b>WASTE MANAGEMENT</b> to spread preventive behaviors and minimize accidents and injuries related to waste management operations
<b>6TH RULE</b>	<b>PREVENTION OF LEAKS</b> to provide information on how to contain and control incidents related to chemical leaks and spills so as to minimize the effects and to limit danger to persons, the environment and property
<b>7TH RULE</b>	<b>WORK PERMITS</b> to inform the workers on the possible dangers related to working at heights, which are commonly related to falling from height and falling objects
<b>8TH RULE</b>	<b>MOBILE AND ENERGIZED EQUIPMENTS</b> to explain the potential electrical hazards in the work environment that are linked to electrical current which includes electric burns, shock, fire and electrocution
<b>9TH RULE</b>	<b>CONFINED SPACES</b> to provide indications on the necessary steps to ensure worker safety around confined spaces, avoiding fires, explosions, unconsciousness, asphyxiation, or drowning
<b>10TH RULE</b>	<b>WORK AT HEIGHT</b> to set out the precautions required to complete the work safely, authorizing certain people to carry out specific work within a specified time frame

Finally, in order to protect ourselves from negative impacts and risks related to the potential loss of employee and collaborator data, we have adopted a Regulation for the use of IT tools, applicable to the Group's Italian offices. **[MDR-P 65.a, 65.b, S1-1 18]** This document was created with a view to avoiding criminal and financial penalties deriving from incorrect use of IT tools, with possible repercussions on the company's employees. For more information, please refer to chapter S4 "Consumers and end users", Cybersecurity and Privacy section.

**[MDR-P 65.b]**

processes for engaging with own workers and workers' representatives about impacts

*We build relationships and listen to our people across two channels: individual and collective.*

*This listening-based strategy aims to build a future of shared success for our company.*



**[S1-2, 25, 26, 27.a, 27.b, 27.c, 27.d, 27.e, 28, RA 18, 21, 24.a, 24.b, 24.c; S1-3, 30, 31, 32.a, 32.b, 32.c, 32.d, 32.e, 33]**



**Bilateral  
Technical  
Commissions**

Our main employee engagement activity is part of the "participatory system" adopted by the Group's Italian companies, which derives from the stipulation of a **Supplementary Company Contract** with the representatives of the main trade unions. This contract has been renewed for the three-year period 2022-2024.

It provides for the establishment of specific **Bilateral Technical Commissions**, which serve as spaces for dialog and discussion between the parties, on issues of mutual interest. The committees are designed to promote employee engagement, giving them the opportunity to express their opinions and actively contribute to the improvement of the working environment.

**[S1-2, 25, 26, 27.a, RA 18]** They operate with **advisory, propositional and investigative functions**, without negotiating power, but with a view to promoting dialog between the parties, in accordance with a calendar of meetings that is established by the members of the Committees themselves. Before the committees are established, a specific training course has been created defined for those taking part.

The committees provided for by the Supplementary Agreement, each composed in the same manner, are as follows:

- **Training and skills development committee.** In recognition of the fundamental importance of training as a key tool for the professional growth of employees, we have provided for the establishment of this committee, whose objective it is to further strengthen the **Bonfiglioli Academy** e-learning platform, proposing significant improvements in terms of content quality with a view to transforming it into a real center of competence for the Bonfiglioli Group.
- **Equal opportunities and inclusion committee.** The committee, which comprises workers' and Group representatives, explores fundamental issues with a view to promoting an inclusive working environment, with a specific focus on the ratio of male-female employees; its aim is to implement positive actions that facilitate the **inclusion of women in the company** and contribute to eliminating gender inequalities. Another crucial aspect also concerns the targeted inclusion of **disabled workers**; in this regard, the Group is increasingly committed to removing architectural barriers and ensuring fair access to company structures.
- **Work organization and improvement systems committee.** The main tasks undertaken by this committee concern the implementation of actions designed to improve the quality of products, the efficiency of processes and, in general, the organization of the work. This requires an in-depth analysis in the event of the **development of new products and new industrial projects**, as well as the **impacts these could have on production activities**. In addition, the committee is also responsible for **monitoring the relevant KPIs** for the allocation of performance bonuses.
- **Welfare and sustainability committee.** The objective of this committee is to monitor the results obtained by the **Bonfiglioli Welfare System**, a set of services offered with a view to improving the well-being and psycho-physical health of employees.

Of the listed committees, only the **Work Organization and Improvement Systems Committee** operates at individual site level: the others are unified and chaired by representatives of the Italian offices. In addition, the committees meet in accordance with a schedule that is established between the parties on the basis of the priorities identified, or at the request of one of the parties within a two-week time frame. **[ESRS 2 SBM-2, 12; S1-2, 25, 26, 27.a, 27.d, 28, RA 24.c]** During the course of 2024, **12 meetings** were held; this number is in line with 2023, a year in which 13 meetings were organized in total. The Head of Industrial Relations, in their capacity as Diversity Manager, plus the site HR managers, ensure that such engagement takes place. **[S1 27.c, RA 24.a]**

Meetings take place during working hours, on the basis of the availability of employees coming from other locations. The topics addressed range from the collection of information from trade union representatives to the management of specific initiatives and improvement actions at Group level, and the systematic analysis of requests from specific company functions through the so-called "ambassadors", i.e. Individuals tasked with collecting the needs of the company.

**[S1-2 27.b, RA 24.b]**

As testament to our commitment to promoting an inclusive working environment, including through the actions of specially designed committees, in December 2024 at the Milan Stock Exchange, we were awarded **first place in the industrial relations category of HR**

**Innovation 2024**, organized by the Italian Staff Management Association, for the initiative developed by the company that spans industrial relations, diversity and inclusion.

## Employee listening

Our **Employee Listening** policy also offers **individual listening** channels, which enable the Group to collect employee needs and requirements. Below is a summary of the key channels:

- the **Bonfiglioli Academy platform** enables our staff to create their own training plan and propose possible areas for further study. In addition, at the end of each training course (e-learning, in-person or mixed), the employee is given space to provide suggestions, reviews and ideas for improvement;
- through the **e-ngenious channel**, employees can share their professional aspirations and desires for geographical and cross-functional mobility with the Group.
- Finally, Bclose is the portal through which we promote connections between the people who are spread across our offices worldwide. This channel actively engages employees, through surveys and questionnaires on a wide range of content. For example, in 2024, we launched **two surveys** to get feedback on some e-ngenious features from our employees. More than 93% of respondents use the platform on a regular basis, and 90% find the relevant IT modules sufficiently accessible. **[S1-2, 25, 26, 27.a, 27.e, RA 21]**

Finally, in addition to the above, please note that the main trade unions to which the employees of the Italian companies of the Group belong (CGIL, CISL, UIL) adhere to the European Framework Agreement <sup>15</sup>. **[S1-2, 27.d, RA 20]**

<sup>15</sup> This is a type of agreement negotiated between multinationals and international trade union federations to establish minimum standards in terms of workers' rights, working conditions, health and safety and industrial relations at global level.



## Whistleblowing channel and reports

Over the course of the past year, in order to implement European Directive (EU) 2019/1937 and promote the values of ethics and integrity, we have launched a specific internal reporting channel for the Group's European companies, where employees can report regulatory violations and illegal conduct (whistleblowing). The "**Whistleblowing Management – Integrity Line**" system can be reached through the following link, which is published on the Group's website: <https://bonfiglioli.integrityline.com/>, as specified in more detail in the Whistleblowing Policy, also available on the website.

Any reports received are managed by an external "manager" who is expressly appointed by the Group; the whistleblower is guaranteed full confidentiality and anonymity. In order to ensure the effectiveness of this channel, however, the reports must detail facts and events, and contain with a degree of precision sufficient to allow the substantiation or otherwise of the reported facts or circumstances. This enables the Group to ensure accurate and timely management of reports, and to resolve the problem and respond to the whistleblower. **[S1-3, 32.a, 32.b, 32.e]** For more information on the Whistleblowing Policy, please refer to chapter G1 "Business Conduct". **[S1-3, 33]**

In addition, we have chosen to strengthen our safeguarding, with the introduction of an additional reporting channel for incidents of gender discrimination, violence or harassment at work. These are collected by the relevant member of the **Gender Equality and Anti-Discrimination** Committee (Steering Committee), who undertakes to ensure their confidentiality; they can be contacted directly at the email address [pari.opportunita@bonfiglioli.com](mailto:pari.opportunita@bonfiglioli.com). **[S1-3, 30, 31, 32.a, 32.c, 32.d, 38.a, 40.a]**

We also take care to inform our employees of the existence of suitable internal complaint tools, through specific training activities.

## taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities, and effectiveness of those actions

**[MDR-A 66, 67, 68.a, 68.b, 68.c, 68.d; S1-4, 35, 36.a, 36.b, 38.a, 38.b, 38.c, 39, 40.a, 40.b, 41, 42, 43, RA 38, 47]**

In order to manage the material impacts, risks and opportunities for the Group's workforce, the main actions that have been implemented, are currently being rolled out or are planned in order to achieve the Group's objectives and manage IROs in the following areas are listed below: **Employment and empowering people, Equity & Inclusion, Remuneration and pay equity, Welfare & Well-being, Training, Health and safety of employees**.

**[S1-4, 36.a, 36.b]** The analysis of risks related to the Group's own workforce is extended in the context of the Enterprise Risk Management activity carried out by the Group in 2024 (for more details please refer to G1 "Business Conduct"). **[S1-4, RA 47]**

The initiatives described are currently being implemented, or were implemented during 2024, including where these are designed to enable the targets set out in the Group Sustainability Plan to be achieved. These are periodically reviewed by the Human Resources Department in order to achieve the objectives of the Plan. **[S1-4, 39]** For each of these initiatives, we have indicated the monetary amount where this was considered significant.

Main actions [MDR-A 68.a]	Scope of actions (value chain, stakeholders) [MDR-A 68.b]	Time frame [MDR-A 68.c]
<b>Top Employer Certification</b>	Own operations	2026
<b>Talent Workbook</b>	Own operations	Constant
<b>Review of Talent Acquisition Procedure</b>	Own operations	-
<b>Drafting of the D&amp;I Plan</b>	Own operations	-
<b>Role mapping</b>	Own operations	2028
<b>Compensation Policy</b>	Own operations	2025
<b>Smart Working</b>	Own operations	Constant
<b>Bonfiglioli Welfare System</b>	Own operations	Constant
<b>Mandatory training activities</b>	Own operations	Constant
<b>Further training activities (D&amp;I, management training, hiring diversity)</b>	Own operations	Constant
<b>SAS App</b>	Own operations	Constant
<b>Bonfiglioli Health Care Project</b>	Own operations	Constant

## employment and empowering people

In 2023, as confirmation of our commitment to promoting and ensuring an inclusive and collaborative working environment for our people, we were awarded Top Employer Country Italy certification, as recognition within the field of Human Resources.

### Top Employer



For the second consecutive year, the auditing activity carried out in October 2024 confirmed the Group's commitment to its people, once again recognizing the Human Resources practices put in place, and attesting to an improvement in the total rating for Italian offices by 10% over the previous year. In addition, we are already working on the Top Employer Country Italy recertification process for 2026. **[MDR-A 68.b, 68.e; S1-4 RA 38]**

Indeed, with this certification, we join the other 148 Top Employers at national level (2,299 worldwide), where we stand out for our cutting-edge company policy focused on the management of human resources. For the Group, this recognition represented a moment for introspection as well as a watershed moment; a survey phase that bore testament to the management standards we uphold and allowed us to review, enhance and update our processes. In fact, at the end of the certification process, we worked with the Top Employer Institute to identify processes that could be improved, as well as the gaps to be filled in order to achieve the maximum score. **[MDR-A 67, 68.c; S1-4, 35, 36.b, 38.d, 40.b, 42]**

### Talent Management Plans – Talent Workbook

In addition, in order to improve the Group's integrated human resource management at global level, in May 2024 we introduced the **Talent Workbook**, which is the Bonfiglioli Talent Management manual. This is based on **eight key principles**: Transparency, Equity, Self-determination, Sustainability, Development and management of talent, Responsibility, Internationality, Freedom within the context.

The goal of the manual is to establish a **talent management process within the Group**, which enables the identification of the **company's key people**, through the following steps:

- Definition of **individual objectives**
- **Evaluation** of these
- **Performance Appraisal** (assessment of soft skills, potential and overall assessment of the resource), available to the employee on the e-ngenious platform
- Implementation of **professional development programs** for all staff.  
**[MDR-A 68.a, 68.b, 68.c; S1-4, 35, 36.a, 36.b, 38.b, 40.b]**

Individual development plans are established by the employee together with their manager, and later shared with the Human Resources Department. They are designed to ensure the growth of internal resources, both vertically (same task, at a higher level) and horizontally (different task but same level). Usually, a development plan has an average duration of about 3-6 months, up to a maximum of 12 months, incorporating on-the-job learning and specific training activities.

Internal career opportunities, for example, are presented to the entire company population, and are available **on** e-ngenious and **Bclose**. Indeed, through International Job Posting, we advertise open positions in the company, in a similar way to external job postings. Employees, who are informed through the Bclose platform, can then apply through e-ngenious. The selection involves several stages of interviews, feedback and finally onboarding, just like the external selection process.

Finally, at the end of the Performance Appraisal process, the succession planning process is started: on an annual basis, key roles are identified which are potentially at risk of disappearing, for which possible "successors" can be appointed from other functions, other business areas and other countries.

The actions described contribute to the strengthening of the impacts that emerged from the Materiality Analysis performed (*Satisfaction, motivation and increased well-being of the workforce as a result of secure employment, adequate wages, active dialog, freedom of association, the right to information, consultation and participation of workers, work-life balance and respect for working hours and overtime, where applicable*). **[S1-4, 39]**



The screenshot shows a job posting page on the Bclose platform. At the top, there are navigation links for 'Bonfiglioli' and 'SharePoint', a search bar, and user profile icons. The main header features the Bclose logo and the text 'International Job Posting'. Below this, a large image shows a diverse group of people standing in front of a globe. The job title 'International Job Posting: Procurement Specialist' is prominently displayed. A descriptive text block follows, stating: 'Tutti abbiamo delle ambizioni: migliorare le proprie competenze in una determinata area, perseguire un interesse in un settore diverso da quello in cui si sta attualmente lavorando, oppure crescere a livello personale, interagendo con culture diverse. Qualunque sia la vostra ambizione, l'esperienza di mobilità interna a livello internazionale vi consentirà di affrontare nuove sfide e di crescere insieme a Bonfiglioli.' At the bottom, there are links for 'Candidati' and 'Inglese'.

# equity & inclusion

Given our global presence, creating an inclusive culture is a key value for our Group. To reiterate our commitment to D&I, in 2024 we obtained **UNI PDR 125:2022** certification for three Italian legal entities (BFG, BRI, Selcom Italia). This shared victory testifies to the robust nature of our policies and processes, as well as a focus on participation and a degree of sensitivity to the issue at hand.

**[S1-4, 38.b, 40.b]**

In this sense, respect for the diversity and uniqueness of people is reflected in the choice to promote and protect the beliefs, ideas and experiences of our employees and collaborators, viewing them as a source of added value, rather than a constraint.

## Talent Acquisition Procedure Review

In line with the provisions of the Code of Ethics, we have introduced a well-established practice, which adheres to the obligation not to ask candidates disrespectful, discriminatory or intrusive questions, nor to make references to race, age, religious beliefs or other discriminatory factors, during the interview. This commitment is reaffirmed in the **Talent Acquisition Procedure**, reviewed during the course of the year, and designed to establish the minimum standards to ensure a fair and inclusive selection and recruitment process, valid for the entire Group.

**[MDR-A 68.a, 68.c; S1-4, 38.a, 38.b, 40.a]**

In 2024, the Group also set up a **Gender Equality and Anti-Discrimination Committee**, **coordinated by the** Chief Human Resources Officer and comprising ten members with expertise and sensitivity in this field. The Committee's mission is to analyze analytical data (qualitative and non-qualitative) in the light of regulatory updates, and identify specific objectives to be achieved in terms of diversity and inclusion. In addition, opportunities for dialog and training must be promoted, including through the involvement of external stakeholders (e.g. universities, public bodies). **[S1-4, 38.c, 40.b]**

## D&I Plan

During 2024, the Committee also drafted a **Diversity & Inclusion Plan**, taking into account the specificities of our company in order to establish objectives related to the **Thematic Areas indicated by the UNI 125:2022 Reference Practice (PdR)**. The Plan will be updated annually to assess its effectiveness on internal resources.

For each thematic area, we have set achievable, realistic, time-bound targets assigned to specific responsibilities with a view to ensuring their implementation. We have identified six thematic areas, namely:

- Selection and hiring (recruitment)
- Career management
- Equal pay
- Parenting and care
- Work-life balance
- Activities to prevent all forms of physical, verbal and digital abuse (bullying) in the workplace

The D&I Plan reiterates the provisions of the Framework Agreement on Harassment and Violence in the Workplace as signed by our Group in November 2023, namely: "All Bonfiglioli Group companies consider any act or behavior that constitutes harassment or violence in the workplace unacceptable and shall take appropriate measures against the person or persons who have committed such acts". **[MDR-A 68.a, 68.b, 68.c]**

Training projects for the inclusion of protected categories of employees were also implemented, as well as projects with social cooperatives<sup>16</sup> and partnerships with other bodies and subjects in the project "Together for Work in the metropolitan city of Bologna", created to promote the inclusion in the world of work of vulnerable individuals and those with a low level of autonomy in search of employment. **[S1-4, 38.c]**

<sup>16</sup> Pursuance to article 22 of Law 68 of 1999

As confirmation of our female leadership model, we have achieved the **WEConnect International Certification** as a female-owned company.<sup>17</sup> WEConnect celebrates the skills of companies with female leadership, guaranteeing access to the **WeCommunity**, an exclusive platform where profiles are visible to over 200 WEConnect international member buyers and more than 20,000 female-owned companies.

The certification also offers preferential access to networking events, conferences of WEConnect International and its partners, and matchmaking opportunities reserved exclusively for certified companies.

The actions described contribute to the strengthening and/or mitigation of the impacts that emerged from the Materiality Assessment (*Improvement of company performance and development of innovative ideas thanks to the satisfaction of the workforce as a result of the development of professional skills and Exposure to sanctions and litigation related to episodes of discrimination*). **[S1-4, 39]**

## remuneration and equal pay

### Roles, Skills Mapping and Salary Review

In order to contribute to the reduction of the gender pay gap, we have chosen to implement a position **grading system** for each Group company, which will allow us to map roles and degrees of responsibility worldwide and compare these with internal and external market benchmarks, on the basis of the remuneration surveys in which our Group participates. The mapping activity described will cover the entire company population and will be completed by 2028. Subsequently, this will be periodically updated in order to ensure that the **annual salary review process** complies with external and internal benchmarks, and will be made available to employees in order to provide them with the opportunity to report any pay gaps **[MDR-A 68.a, 68.b, 68.c, 68.d, 69.a, 69.b, S1-4, 38.a, 38.d, 40.b, 43]**

### Compensation Policy

In addition, we are working on the preparation of a Group **Compensation Policy**, with a view to establishing a globally-valid remuneration model and setting out guidelines for uniform and consistent management in all of the countries in which we operate. Furthermore, the establishment of a shared and integrated approach helps to promote the mobility of people within the Group, fostering the exchange of skills and the international growth of the organization.

The model in question is based on five principles: merit, skills, competitiveness, equity and sustainability. In addition to these, the Compensation Policy aims to ensure a **correct balance of monetary and non-monetary elements** in order to recognize and adequately remunerate the contribution of the individual and ensure a high level of motivation and engagement. The Compensation Policy will be published on the company website in the first half of 2025. **[MDR-A 68.a, 68.b, 68.c, 68.d; S1-4 40.b]**

With regard to the inclusion of ESG indicators in remuneration, the **Severity Index**<sup>18</sup> has been included since 2024 as one of the performance indicators for the **Long Term Incentive Plans (LTIP)** aimed at Top Management. **[S1-4, 38.c]**

The actions described contribute to the strengthening and/or mitigation of the impacts that emerged from the Materiality Assessment (*Gender equality and equal pay for work of equal value, employment and inclusion of people with disabilities, equal access to training, enhancement of diversity and local cultures and adoption of measures against violence and harassment in the workplace, with positive impacts on motivation, well-being and employee satisfaction*). **[S1-4, 39]**

<sup>17</sup> WEConnect International is a global network that connects female-owned businesses with qualified buyers and partners around the world, supporting female entrepreneurs in the competitive environment at global level.

<sup>18</sup> The Severity Index is calculated as the number of days lost per accident/total hours worked by employees\* 1,000,000

# welfare & well-being

The economic, social and psycho-physical well-being of our people is fundamental to our Group.

For this reason, we have chosen to dedicate time and energy to the establishment of a "holistic" strategy in the field of welfare and well-being, which is based on the individual, and divided into three fundamental pillars:

- The development of skills
- Work-life balance initiatives
- Creating comfortable and smart working environments for employees

More specifically, **our well-being program is focused on the overall well-being of our employees**, with work-life balance initiatives designed to balance professional and personal life. It gives absolute priority **to care and comfort in the workplace**, a factor that is crucial to the well-being of our employees. As part of the Group's Welfare and Well-being policies, we submit surveys to our employees via Bclose, in order to receive ideas for improvement for the future. **[S1-4, 38.d]**

## Smart Working

In particular, the area relating to "Work-life balance" is monitored through the introduction of a specific policy designed to manage **Work by Objectives**, to be understood as a way of working "remotely". The **Remote Working Policy**, which is applicable to the Group's Italian offices as well as to some foreign offices (in the form of home working)<sup>19</sup>, introduces standards and guidelines for smart working, for employees who are able to benefit from this. In addition, we offer the possibility of enjoying greater flexibility in working hours and shifts (for both office workers and manual workers), as established in the Supplementary Company Contract. **[MDR-A 68.a, 68.b; S1-4 40.b]**

Finally, we promote the conclusion of specific agreements to allow part-time work for those who request it, in line with business requirements. **[S1-4, 38.c]**

## Bonfiglioli Welfare System and benefits for Italian offices

As testament to our commitment in this area, we offer our employees a "package" of specific measures designed to ensure physical and psychological support, as well as providing access to sports, cultural and leisure services and initiatives. These benefits flow into the **Bonfiglioli Welfare System**, which is active in the Group's Italian offices and available to the Group's permanent employees. **[MDR-A 68.a, 68.b, 69.b; S1-4, 40.a]**

The benefits described - both those related to the Work by Objectives and those related to the Welfare System - are an integral part of company policy and are subject to constant monitoring, in order to evaluate their effectiveness and possible improvements for the future. **[S1-4, 38.d]**

With reference to the Italian context, we have opted for an expansion of the range of services focused on the well-being and care of people's psycho-physical health, through **Fitprime**, the Bonfiglioli partner for well-being. This platform includes a wide range of sport and home fitness services and nutritional plans, both for employees and their families. We have also signed a convention dedicated to supporting the psychological-emotional well-being of our employees, through the Fitprime Therapy platform.

Within the context of our welfare policies, we have chosen to rely on **Habacus**, an Italian social impact company that supports students in accessing sustainable financial resources, a post-graduate study initiative dedicated to the children of employees of Bonfiglioli's Italian offices. The project, which involves students aged between 18 and 25 who wish to undertake a postgraduate course of study (e.g. Bachelor's Degree, Master's Degree, higher education qualifications), is designed to provide economic and general support to new generations on their journey of academic and professional growth, as well as promoting the improvement of technical-professional skills within the country. This is complemented by the possibility of verifying the requirements for access to a sustainable student loan provided by a Habacus partner financial institution, via the "Habacus Certification".

<sup>19</sup> Smart Working is also guaranteed at locations in Germany, Spain, India, USA, Slovakia and France.

For the two-year period 2023-2024, our Group has enabled 100 people per year to benefit from the <sup>20</sup> initiative. **[MDR-A 68.a, 68.b; S1-4 40.b]**

In addition to these benefits, a new **503 Tper bus line**, has been implemented, with 20 daily trips and 9 stops between the Calderara plant in Reno and the Osteria Nuova station, with a view to responding to the mobility needs of employees who live and work in the area by means of an intermodal train/bus connection. **[MDR-A 68.a, 68.b; S1-4, 38.c, 40.b]**

#### Parental equality

In addition, we have chosen to set up **specific maternity and paternity** programs in order to support parents (including training programs during the reintegration of employees into the working environment). Indeed, we have always supported the reintegration of new parents at the end of their leave, bringing them back into the company in the same role, level, job and salary. To this end, we have also introduced ways of communicating organizational and management changes that take place in the workplace to employees during paternity or maternity leave.

The Bonfiglioli Welfare System also provides for specific **measures to support parental equality**, through a 10% increase in the allowance provided by INPS, bringing this to 40% <sup>21</sup> for employees in Italian offices. In addition to this, we are committed to offering an extension of leave to parents working in Italian offices for specialist medical visits for their children (up to 12 paid hours per year for employees with children up to 8 years old) or for the placement of children in nursery or kindergarten (up to 24 paid hours per year). **[MDR-A 68.a, 68.b; S1-4, 40.b]**

The actions described contribute to the strengthening and/or mitigation of the impacts that emerged from the Materiality Assessment (*Satisfaction, motivation and increased well-being of the workforce as a result of secure employment, adequate wages, active dialog, freedom of association, the right to information, consultation and participation of workers, work-life balance and respect for working hours and overtime, where applicable*). **[S1-4, 39]**

## training

#### Bonfiglioli Academy

Innovation and training are transversal objectives for the growth of the Bonfiglioli Group, and every skill, piece of knowledge and area competence we develop represents an added value for all those with whom we collaborate. In order to contribute to the professional development of our employees by increasing the hours of non-compulsory training, we rely on the **Bonfiglioli Academy**, a digital learning platform accessible to all staff regardless of their geographical location or professional role. Indeed, courtesy of the Bonfiglioli Academy, we can facilitate the insertion of new colleagues, managing and monitoring the entire onboarding process and training upon entry into the company. Over the past year, we have delivered over 90,000 hours of training globally, focusing on four main areas:

- **Bonfiglioli Culture:** courses designed to spread our corporate culture and key messages around the world;
- **Leadership Gym:** in this area, we support our employees in developing new skills and improving existing ones, promoting continuous learning on various topics;
- **Professional Schools:** through these courses, we share the expertise related to the different professional families present in Bonfiglioli, creating specific training courses to meet the needs of the Group;

<sup>20</sup> The granting of the amounts and the duration may be differentiated on the basis of the course of study and its length

<sup>21</sup> Provided that the optional leave is taken for a minimum period of one continuous month and that the other parent has taken at least one continuous month of optional leave

- **Technical Toolbox:** these training courses help us increase the skills of our employees in the use of new tools and technologies. **[MDR-A 68.a, 68.b; S1-4, 40.b]**  
At the end of each course (both online and in-person), we always provide our employees with satisfaction survey, the results of which are aggregated and shared with the HR Department with a view to enabling ongoing improvement. Every year, all managers are involved in assessing the training needs of their people, which then contribute to the creation of the company training plan. **[S1-4, 38.d]**

#### Other training activities

In addition, **two management training projects** started the previous year continued in 2024, namely the **People Manager Program and the Manufacturing People Manager Program**.

The first of these, aimed at the new **Bonfiglioli People Managers**, is designed to provide common managerial skills and support professional growth, in order to foster a sustainable leadership model. During 2024, the program involved People Managers in both Italy and abroad, and will continue during 2025.

The **Manufacturing People Manager Program**, meanwhile, is aimed at all the team leaders in the production area in Italy. The course, which lasts a year, seeks to develop a "common" language among the team leaders from the various different production plants, generating a two-way dialog between the Bonfiglioli values and the transversal and managerial skills of our stakeholders (strategic thinking, responsible leadership and active listening). **[MDR-A 68.a, 68.b, 68.c]**

2024 also saw the involvement of sales staff in a Sales Excellence pathway, with a 36-hour classroom-based program which explored topics such as negotiation, pricing, intercultural management and key account management.

As a reflection of the value we place on diversity and inclusion, we have planned training opportunities designed to develop and improve professional leadership skills for the underrepresented gender. For example, we have promoted the course "**Bullying and violence in the workplace: from information to operating models**", as well as other e-learning training modules. For 2024, 1,585 employees from the Groups Italian offices were engaged in in-person training; divided into 55 sessions, this covered violence and bullying, and was managed in collaboration with the Equality Plan of the Metropolitan City of Bologna and with six anti-violence centers in the Emilia-Romagna Region.

With regard to this, we have committed to launching a **training campaign aimed at managers** involved in the selection processes, with a view to improving their recruiting skills and exploring the issues related to **hiring diversity**. An initial pilot project has been planned for 2025: the course will be managed by the Human Resources Function and will involve managers who have a role in active selection. The training, which is theoretical and experiential nature, aims to ensure the involvement of all the Group's branches, sharing the guidelines on hiring diversity. **[MDR-A 68.a, 68.b, 68.c; S1-4, 38.b, 40.b]**

Finally, further training initiatives dedicated to the topics of Cybersecurity and data security are detailed in chapter S4 "*Consumers and end users*".

The actions described contribute to the strengthening and/or mitigation of the impacts arising from the Materiality Assessment (*Satisfaction of the workforce as a result of the development of professional skills through training activities (including OHS training) provided to employees and collaborators*).

**[S1-4, 39]**

# occupation health and safety

Ensuring occupational health and safety is one of the Group's key principles. Over the years, we have increased safeguards aimed at reducing the potential risk of accidents or occupational diseases in the workplace: a key element in the creation of a real safety-based culture within the Group is the decision to standardize the procedures and regulations at the various sites, through a centralized **HSE Team**, which is responsible for establishing the policies and guidelines to be applied to all Group companies. The activities carried out by the team are not limited to the harmonization of safety measures - they also take the form of on-site audits/inspections, in order to verify the correct adoption of the recommendations and the implementation of effective HSE measures. Indeed, in each production plant, there is a **specific group of people who are responsible for managing and supervising health and safety concerns** and carrying out risk assessments; in addition, the workers' representatives regularly take part in formal joint management-worker committees, while guidelines and policies are managed at Group level. **[S1-2 27.a; S1-4, 38.d, RA 47]**

With a view to achieving a positive impact on the health, safety and environment targets set at the beginning of the year for each Group site, a mechanism for sharing indicators, projects and events within the Group has been designed with the aim of disseminating the effective solutions put into practice. This activity is based on a portal, specifically created to share and store any *lessons learned* within the Group.

## **[S1-4, 38.d, 40.a]**

**SAS App: how to prevent accidents at work** In order to facilitate the participation of all employees in the reporting of safety issues and in the recording of any unsafe behavior, we have also developed an internal **SAS App**: this technology, which is currently implemented across the main Italian sites (Forlì, Calderara di Reno and Rovereto), enables a significant increase in the number of safety and environmental reports, to be analyzed from a preventive perspective. Indeed, these reports are used as a tool for analyzing and monitoring future trends in the HSE sector. **[MDR-A 68.d; S1-4, 38.d, 40.a, 41]**

Since the very first tests carried out in 2022, the app has been fully operational over the last two years. Currently, the project to extend the scope of applicability of the technology to some foreign plants is underway, with a view to enabling increasingly centralized control of aspects in the Health, Safety and Environment field. **[MDR-A 68.a, 68.b, 68.c]**

The main objectives that this application has allowed us to achieve are as follows:

- Increase in the number of reports of **Unsafe Conditions** and **Unsafe Acts** (+60% in Forlì alone, in the two-year period 2023-2024 compared to 2017-2022);
- Greater **awareness of the importance of Health and Safety aspects** in Group employees at all levels;
- Reduction of **issue resolution times** and reports from sites.

From point at which these activities were rolled out until December 2024, we have received **2,404** reports on HSE aspects for the Forlì plant, **509** for Calderara di Reno and **263** for Rovereto.

The image shows two screenshots of the SAS App interface. The left screenshot displays the reporting form with fields for 'Modalità' (Anonymous or Non-anonymous), 'Nome Cognome' (Name), 'Postazione / Impianto' (Workstation / Plant), 'Area / Reparto' (Area / Department), and a large text area for 'Descrizione' (Description). The right screenshot shows the management interface with buttons for 'CONVALIDA SEGNALAZIONE' (Validate Report), 'APERTURA SEGNALAZIONE' (Open Report), 'AUDIT HSE', 'ELENCO SEGNALAZIONI' (List of Reports), 'CONTATORE' (Counter), and 'INVIO' (Send).

## Bonfiglioli Health Care Project (BHCP)

Since 2022 we have been offering the **Bonfiglioli Health Care Project** to our people: an initiative designed to develop prevention plan that is integrated with National Health System initiatives (guidelines of the National Prevention Plan 2022-2025) of the Ministry of Health, and with the prevention packages provided by the sector's health care fund. More specifically, with the support of the company's health staff and the HSE and Human Resources departments, we have designed an annual health prevention program involving staff from all Italian offices (EVO, Forlì, Rovereto, Carpiano and Selcom). This program includes cardiovascular risk screenings as well as special prevention projects selected by the Competent Physician and focused on people's requirements. **[MDR-A 68.a, 68.b]**

For the **BHCP for 2024**, we carried out a joint analysis of the possible projects deemed potentially suited to our company and not covered by other forms of health insurance, before engaging our employees through surveys which enabled them to choose the project of greatest interest to them. Following the survey, we offered an **optometrist check to the Group's Italian employees who decided to join the initiative**, accompanied by a personalized report. **[S1-4, 38.b, 38.d]** This check included an auto-refractometer check, the option of taking the Ishihara test to detect potential cases of color blindness, and the use of testing instruments such as corrective glasses to assess the difference in vision with and without use.

During the course of 2024, a total of **820 checks** were carried out on employees who joined the initiative. In light of the success achieved, during 2025, the BHCP will be dedicated to the second cycle of cardiovascular checks. **[MDR-A 68.c]**

Further projects aimed at increasing monitoring of the main Health and Safety KPIs, which have contributed to the improvement of the Group's H&S performance, have been implemented at individual plant level. The following are of particular note:

- The **KAIZEN** project at Bonfiglioli Vietnam, active from October 2024, which introduces a specific tool that collects and analyses reports and/or proposals for improvement in the HSE field from workers. By simply scanning the QR Code, employees can access a reserved area in which they can submit proposals for improving the working environment. The introduction of this new technology renders it possible to optimize the monitoring of the plant's health and safety risks, with a positive impact on the frequency and severity of accidents.
- Improvement of the **safety of forklifts** for the Bonfiglioli Brazil plant, through a specific project that launched in November 2024 and will draw to a close in October 2025. Following the occurrence of a near-miss, an annual action plan was rolled out, with the implementation of specific training activities and the installation of safety lights on forklifts to highlight the surrounding area. The aim of this initiative was to improve awareness of risks in working environments, particularly those in which forklifts are used.
- Creation of a **standard for the management of non-routine maintenance activities** in Forlì, through the introduction of a checklist in February 2024 that is designed to ensure that maintenance activities are performed correctly, both by internal operators and external companies. This standard was subsequently extended to the other Italian companies in the Group.
- Project for the extension of ISO 45001 certification to Selcom Italia, which started in June 2024 and ended in May 2025. Obtaining this certification will enable the correct mapping of HSE risks (accidents, occupational diseases, accidents, near-misses), improving worker safety. **[MDR-A 68.a, 68.b, 68.c; S1-4 38.a, 38.b, 38.c, 40a]**

The actions described contribute to the strengthening and/or mitigation of the impacts that emerged from the Materiality Assessment (*Episodes of accidents, injuries and illnesses at work, with possible negative impacts in terms of the health and safety of the workforce*). **[S1-4, 39]**

# targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

**[MDR-T 78, 79.a, 79.b, 79.e, 80.a, 80.b, 80.c, 80.d, 80.e, 80.f, 80.g, 80.j; S1-5, 44.a, 44.b, 44.c, 45, 46, 47.a, 47.b, 47.c]**

The sustainability targets relating to the Group's own workforce are established annually on the basis of consolidated planning and control processes at Group level, and, once approved, these flow into the Sustainability Plan. They apply to workers throughout the organization.

Below are the main targets related to the Group's own workforce, accompanied by a description of the actions implemented during the course of the year. These targets are designed to enable the management of the Group's workers and address the material impacts, risks and opportunities. The defined objectives are periodically reviewed internally by the Human Resources function, in order to evaluate the company's performance with respect to achieving the target, as well as possible ideas for improvement. **[MDR-T 78, 79.a, 79.b, 79.e, 80.a, 80.b, 80.c; S1-5, 47.a, 47.b, 47.c]**

Target	Description	ESRS	Perimeter	Base year	Base line	Target year
Reduce the voluntary resignation rate of new hires (with seniority <2 years) compared to 2023 (23% <sup>22)</sup> by up to 15% in 2029	Reduction of the outbound turnover rate by around 2/3% points per year, up to a rate of 15%, compared to the baseline (23%)	ESRS S1-5 Metrics and targets, S1-6 <b>(Characteristics of Company Employees)</b>	Own operations	2023	23%	2029
Top Employer Certification Extension	Expand the number of employees covered by the Top Employer certification to at least 60% of the company's population by 2026.	ESRS Metrics and targets S1-5	Own operations	2024	36%	2026
Roll-out of performance appraisal process to at least 1500 employees by 2025	Roll-out of the performance appraisal process to at least 1500 Group employees by the end of 2025	ESRS Metrics and targets S1-5	Own operations	2024	-	2025
Implement a Group Global Mobility Policy	Create and apply a Group Policy to encourage internal mobility, job rotation and international experiences	ESRS Metrics and targets S1-5	Own operations	2024	-	2026

<sup>22</sup> The figure refers only to white collar workers.

Target	Description	ESRS	Perimeter	Base year	Base line	Target year
<b>Equity &amp; Inclusion</b>						
Ensure a minimum of 30% female candidates in the first selection step ("Short list") for Blue Collar positions by 2028	Increase the % of women in operational positions, beginning with the list of candidates, which must include a minimum % of women, to be increased by a % value every year	ESRS Metrics and targets S1-5, S1-9 <b>(Diversity Metrics)</b>	Own operations	2024	-	2028
Ensure a minimum of 35% female candidates in the first selection step ("Short list") White Collar positions by 2028	Increase the % of women in office-based positions, beginning with the list of candidates, which must include a minimum % of women, to be increased by a % value every year	ESRS Metrics and targets S1-5, S1-9 <b>(Diversity Metrics)</b>	Own operations	2024	-	2028
Ensure a minimum of 35% female candidates in the first selection step ("Short list") for management positions by 2028	Increase the % of women in managerial positions, beginning with the list of candidates, which must include a minimum % of women, to be increased by a % value every year	ESRS Metrics and targets S1-5, S1-9 <b>(Diversity Metrics)</b>	Own operations	2024	-	2028
Increase female representation in management by 20% by 2030	Increase in % of women in managerial positions through hiring and promotions	ESRS Metrics and targets S1-5, S1-9 <b>(Diversity Metrics)</b>	Own operations	2024	-	2030

Target	Description	ESRS	Perimeter	Base year	Base line	Target year
<b>Equal pay</b>						
Mapping of the wage gap of the global female population and keep it below 10% by 2028	Mapping, assessing and intervening globally on the gender pay gap with equal roles and competences	ESRS Metrics and targets S1-5, S1-10 <b>(Adequate Wages)</b>	Own operations	2024	-	2028
<b>Training and skills development</b>						
Increase in average non-mandatory per capita training hours at Group level, up to a total of 20 hours in 2028	Increase in non-mandatory per capita training hours by Group companies, up to an average of 2.5 training working days per year for all employees by 2028	ESRS Metrics and targets S1-5, S1-10 <b>(Training and Skills Development Metrics)</b>	Own operations	2023	-	2028
Implementation of an International Trainee Program project	Involve at least 10 people internally and externally in the international trainee program project over the next 6 years (2 three-year cycles involving an average of 5 people)	ESRS Metrics and targets S1-5, S1-10 <b>(Training and Skills Development Metrics)</b>	Own operations	2024	-	2030
<b>Occupational Health and Safety</b>						
Reduce the Accident Frequency Rate (No. of Accidents/Total Hours Worked by Employees x 1,000,000)	Reduce the accident frequency rate by 10% compared to the average over the previous three years (3.72) - Group perimeter	ESRS Metrics and targets S1-5, S1-14 <b>(Health and Safety Metrics)</b>	Own operations	Three-year average 2022 - 2024	3.72	2025
Reduce the severity rate (No. of days lost per single injury/Total hours worked by employees x 1,000,000)	Reduce the accident severity rate by 10% compared to the average of the previous three years (0.14) - Group perimeter	ESRS Metrics and targets S1-5, S1-14 <b>(Health and Safety Metrics)</b>	Own operations	Three-year average 2022 - 2024	0.14	2025

## [MDR-T 80.a, 80.b, 80.c, 80.d, 80.e; S1-5, 44.a, 44.b, 44.c, 45, 46]

Below are the sources and calculation methodologies used for the main targets identified with reference to the workforce:

### • Empowering people

- **Reduce the turnover of new hires: the target is established on the basis of the data on hires and terminations contained on e-ngenious and collected in a BI.** We calculate the turnover as the sum of voluntary resignations that occurred within 24 months of hiring divided by the total number of hires in the same period; for both values we look at the last 12 months. The data is monitored on a monthly basis by Management and HR Business Partners.
- **Extension of Top Employer Certification:** following an audit process carried out in October 2024, we were able to improve our total rating by 10% a year after the introduction of the various initiatives. On the basis of this result, we have set a target of 60% of the company population by 2026.
- **Global Mobility Policy:** in 2025, we will roll out the new Global Mobility Policy at Italian level, before extending it to the entire Group in 2026. This will engage our employees in the commitment to creating a culture of international mobility, which embraces different locations, favoring the development of new skills and the sharing of expertise and creating structured career paths. [\[MDR-T 80.f, 80.g, 80.j\]](#)

### • Equity & Inclusion

- **Guaranteeing a minimum percentage (%) of women among the candidates in the first selection step ("Short list"):** the definition of a "Short list" of candidates that includes a minimum percentage of women presupposes the implementation of a personnel selection process which uses the **e-ngenious IT platform**, used for the extraction of qualitative data sets, including gender. The Talent Acquisition function is responsible for monitoring the percentage of women (number of women/number of total candidates) through the use of a dedicated BI. Subsequently, it provides the Hiring Manager, who is directly responsible for hires, with a shortlist of at least three people. Every six months, the Talent Acquisition team shares the results achieved with the Group Management, establishing corrective actions where necessary.
- **Increase female representation in management by 2030:** the target was established on the basis of the information contained within the e-ngenious database, with regard to the role played by employees (Manager, White Collar and Blue Collar worker) and their contractual situation. To date, the % of women in the population classified as management is equal to 16%, or 38 women out of 242 employees at Group level. This data is monitored monthly with the support of the company management team. [\[MDR-T 80.f, 80.g\]](#)

### • Equal pay:

- **Mapping the wage gap of the female population worldwide:** the objective is defined by the Compensation function and reviewed annually, beginning with an analysis of the pay levels within the organization and ensuring that among employees of the same company with similar roles and responsibilities, there is no wage gap attributable to gender. **The wage gap is calculated as the ratio between the average salaries of the female population and the reference population for each of the roles held**, taking into account factors such as the organizational level, company seniority and age. In calculating the salary, the sum of the ABS (Annual Base Salary, fixed portion of the salary) and the MBO (Management by Objectives, variable portion) is considered. **Payroll data is downloaded directly from e-ngenious**, which is monitored and populated monthly by the Human Resources functions of each Group company. On an annual basis, the Compensation team shares the results with the Group Management, establishing corrective actions where necessary. [\[MDR-T 80.f, 80.g\]](#)

### • Training and skills development

- **Increase in training hours:** the Learning & Development department downloads and monitors training data from the **Bonfiglioli Academy portal** on a monthly basis, so that it can intervene in case of need.
- **International Trainee Program:** established as an international training course dedicated to young talented

graduates in STEM disciplines, this program is designed to train highly specialized young professionals. The program, which lasts approximately 36 months, comprises four short-term six-month assignments in different roles and countries, followed by a 12-month experience to consolidate the skills acquired prior to entering their assigned role. In 2024, Bonfiglioli selected six young people, both among our employees and from external candidates, creating a tailor-made professional and educational pathway for each individual. Throughout the entire program, participants are supported by mentors selected from among the company's senior leaders, who will guide them in their professional and managerial development. The results obtained are reviewed annually to assess the Group's performance. **[MDR-T 80.f, 80.g]**

- **Occupational Health and Safety**

- **Reduction in the frequency and severity of accidents:** the target is established based on the data collected by the Q&HSE function at Group level, in a specific internal database. In particular, the information provided by individual companies is monitored both at plant level and in aggregate form, and is available with different levels of detail (e.g. annual or monthly data, by individual plant, by type of branch, etc.). The availability of constantly-updated quantitative information enables the Group to intervene promptly in the event of "near-miss" incidents or accidents in the workplace. **[MDR-T 80.f, 80.g]**

## metrics

### [S1-6] Characteristics of company employees

**Table 1**

**S1-6 50.a, RA 55\_1**

Gender	2023	2024
Female	909	881
Male	3,871	3,704
Other*	-	-
Not provided*	-	-
<b>Total</b>	<b>4,780</b>	<b>4,585</b>

**Table 2**

**S1-6 51, RA 55\_2**

Area	2023	2024
EMEA	2,955	2,814
AME	252	234
APAC	1,573	1,537
<b>Total</b>	<b>4,780</b>	<b>4,585</b>

**Table 3****S1-6 50.b, 51, RA 55\_3**

	Female		Male		Other*		Not provided*		Total	
	2023	2024	2023	2024	2024	2024	2023	2024	2023	2024
<b>Number of employees</b>	<b>909</b>	<b>881</b>	<b>3,871</b>	<b>3,704</b>	-	-	<b>4,780</b>	<b>4,585</b>		
Number of permanent employees	666	646	3,458	3,352	-	-	<b>4,124</b>	<b>3,998</b>		
Number of fixed-term employees	243	235	413	352	-	-	<b>656</b>	<b>587</b>		
Number of employees with variable hours	-	-	-	-	-	-	-	-		
Number of full-time employees	873	837	3,857	3,684	-	-	<b>4,730</b>	<b>4,521</b>		
Number of part-time employees	36	44	14	20	-	-	<b>50</b>	<b>64</b>		

\* The full comparability of the data with respect to 2023 cannot be guaranteed, as these are the first financial statements inspired by ESRS standards.

**Table 4****S1-6 52.a, 52.b, RA 55\_4**

	EMEA		AME		APAC		Total		
	2023	2024	2023	2024	2023	2024	2023	2024	
<b>Number of employees</b>	<b>2,955</b>	<b>2,814</b>	<b>252</b>	<b>234</b>	<b>1,573</b>	<b>1,537</b>	<b>4,780</b>	<b>4,585</b>	
Number of permanent employees	2,897	2,783	252	234	975	981	4,124	3,998	
Number of fixed-term employees	58	31	0	0	598	556	656	587	
Number of employees with variable hours	-	-	-	-	-	-	-	-	
Number of full-time employees	2,908	2,752	249	232	1,573	1,537	4,730	4,521	
Number of part-time employees	47	62	3	2	0	0	50	64	

**Table 5****S1-6 50.c, RA 59**

Turnover rate	2023	2024
Number of employees	4,780	4,585
Number of employees terminated	616	626
<b>Employee Turnover Rate</b>	<b>13%</b>	<b>14%</b>

### Methodology and assumptions

The number of employees refers to the total number of people with an active contract as at 31.12.2024 (headcount). The data is timely and reflects the situation at the end of the year. **(S1-6 50.di, 50.dii)** The company's workforce decreased during 2024, in line with the decline in total revenue, a phenomenon that affected the composition of the workforce. **(S1-6 50.e)**

The data used for this calculation were extracted from our "e-ingenious" management system, a piece of software that allows all the personal information of employees to be accurately monitored, in full compliance with GDPR regulations and the trade union agreements in force. It should be noted that the company O&K is an exception, as the data relating to its employees are managed locally and then communicated in aggregate form, as required by the agreements with local unions.

## [S1-7] Characteristics of non-employees in the company workforce

**Table 6**

**S1-7 56, RA 62**

	2023	2024
<b>Total number of non-employee workers in own workforce</b>	<b>477</b>	<b>517</b>
Total number of non-employee workers in own workforce - self-employed	1	1
Number of workers provided by companies carrying out research, selection and supply of personnel (administered)	470	511
Other types relevant to the company (interns and other types of contracts)	6	5

### Methodology and assumptions

The figure for the number of non-employees refers to the total number of people with an active contract as at 31.12.2024 (headcount). The data is timely and reflects the situation at the end of the year. **(S1-7 55.bi, 55.bii)** With regard to administration, which indicates workers hired through temporary or temporary employment contracts, the company's workforce recorded a decrease during 2024, in line with the decrease in total turnover. **(S1-7 55.c)**

The data used for this analysis were extracted from our "e-ingenious" management system, a piece of software that allows all the personal information of non-employee workers to be accurately monitored, in full compliance with GDPR regulations and the trade union agreements in force. Please note that the company O&K is an exception: the data relating to its non-employee collaborators are managed locally and subsequently communicated in aggregate form, as required by the agreements with local unions.

## [S1-8] Collective bargaining coverage and social dialog

Table 7

**S1-8 60.a, 60.b, 60.c, 63.a, RA 70**

2024	Collective bargaining coverage		Social dialog
Coverage rate	Employees – EEA (for countries with > 50 employees representing > 10% of total employees)	Employees – Non EEA (estimate for regions with > 50 employees representing > 10% of total employees)	Workplace representation (EEA only) (for countries with > 50 employees representing > 10% of total employees)
0-19%			
20-39%		India, China	
40-59%			
60-79%			
80-100%	Italy		Italy

2023	Collective bargaining coverage		Social dialog
Coverage rate	Employees – EEA (for countries with > 50 employees representing > 10% of total employees)	Employees – Non EEA (estimate for regions with > 50 employees representing > 10% of total employees)	Workplace representation (EEA only) (for countries with > 50 employees representing > 10% of total employees)
0-19%		India, China	
20-39%			
40-59%			
60-79%			
80-100%	Italy		Italy

### Methodology and assumptions

The data were provided in aggregate form by the managers in charge of trade union relations for each company. In addition, the main Italian trade unions (CGIL, CISL, UIL) with which our employees are registered are members of the European Works Council (EWC). **(S1-8 63.b)**

The countries with a number of employees considered significant are Italy, China and India.

## [S1-9] Diversity Metrics

**Table 8**

**S1-9 64, 65, 66.a, RA 71**

2024					
Diversity metrics	Male	Female	Other	Not provided	Total
Senior management employees	202	40	-	-	<b>242</b>
<b>Total number of employees</b>	<b>3,704</b>	<b>881</b>	-	-	<b>4,585</b>
Percentage	5%	5%	-	-	<b>5%</b>

2023					
Diversity metrics	Male	Female	Other	Not provided	Total
Senior management employees	157	28	-	-	<b>185</b>
<b>Total number of employees</b>	<b>3,871</b>	<b>909</b>	-	-	<b>4,780</b>
Percentage	4%	3%	-	-	<b>4%</b>

**Table 9**

**S1-9 66.b**

Job Category	2023				2024			
	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Total	Under 30 years old	Between 30 and 50 years old	Over 50 years old	Total
Executives & Senior managers	0	94	91	<b>185</b>	0	128	114	<b>242</b>
Middle managers and office workers	420	1,364	552	<b>2,336</b>	328	1,372	523	<b>2,223</b>
Blue collar workers	379	1,294	586	<b>2,259</b>	264	1,253	603	<b>2,120</b>
<b>Total</b>	<b>799</b>	<b>2,752</b>	<b>1,229</b>	<b>4,780</b>	<b>592</b>	<b>2,753</b>	<b>1,240</b>	<b>4,585</b>

### Methodology and assumptions

Employees in roles with strategic and managerial responsibilities are considered part of the Group's senior management team. (**S1-9 RA 71**)

The data has been extracted from our "e-ngenious" management system, which allows all the personal information of employees to be accurately monitored, in compliance with GDPR regulations and trade union agreements. Information related to the organizational structure, such as the distinction between Blue Collar workers, White Collar workers and Managers, is also monitored. The O&K company is an exception; here, the data is managed locally and communicated in aggregate form, in accordance with agreements with local trade unions.

## [S1-10] Adequate wages

### S1-10 69

We recognize the importance of employee satisfaction, and value the time, effort and commitment of our people. For this reason, we are dedicated to ensuring they receive an adequate and decent salary, in line with the principles of equity and respect.

In accordance with the supervisory provisions, the remuneration structures for Group staff may consist of a fixed and a variable component. The fixed salary, which is the main component of the economic value distributed to employees, is aligned with the provisions of the collective labor agreement for the sector and the company agreements in force from time to time.

With regard to the analysis relating to the living wage and more generally to the verification of the remuneration of employees with respect to the living wage, salaries paid to Group employees respect all of the contractual minimums provided for by law or by collective bargaining agreements, and are in any case higher than the minimum wage where this exists.

## [S1-11] Social protection

### S1-11 74, 76, RA 75

We comply with the local legislation of each country with regard to the social protection of employees. Sickness, maternity and retirement protection programs are in place in all countries. In many cases, we supplement legal provisions with medical insurance, company check-ups, vaccinations and social security funds.

2024			
Employees with social protection	4,585	Non-employees with social protection	517
Total employee workforce	4,585	Total non-employee workforce	517
<b>Percentage</b>	<b>100%</b>	<b>Percentage</b>	<b>100%</b>

2023			
Employees with social protection	4,780	Non-employees with social protection	953
Total employee workforce	4,780	Total non-employee workforce	953
<b>Percentage</b>	<b>100%</b>	<b>Percentage</b>	<b>100%</b>

## [S1-12] People with disabilities

Table 10

### S1-12 77.78.79

	2023	2024
People with disabilities	137	138
Total Employees	4,780	4,585
<b>Percentage</b>	<b>2.90%</b>	<b>3%</b>

### Methodology and assumptions

It was left to the discretion of individual companies to establish the global definition within the various national contexts, in an attempt to apply objective criteria recognized by local legislation. People with disabilities have independently communicated their situation to the Group companies, in accordance with the provisions of national labor legislation. For example, for Italian companies, persons belonging to the categories protected due to disability were taken into consideration.

The data were communicated in anonymous and aggregated form by the HR managers of the individual companies. **(S1-12 RA 76)**

### [S1-13] Training and Skills Development Metrics

**Table 11**

**S1-13 82, 83.b, RA 78**

2024					
Average number of training hours by employee category and gender	Male	Female	Other*	Not provided*	Total
Executives and senior managers	13	28	-	-	<b>16</b>
Middle managers and office workers	18	22	-	-	<b>19</b>
Blue collar workers	18	20	-	-	<b>18</b>
<b>Total</b>	<b>17</b>	<b>21</b>	-	-	<b>18</b>

\* The full comparability of the data with respect to 2023 cannot be guaranteed, as these are the first financial statements inspired by ESRS standards.

**Table 12**

2023					
Average number of training hours by employee category and gender	Male	Female	Other*	Not provided*	Total
Executives and senior managers	17	27	-	-	<b>18</b>
Middle managers and office workers	18	21	-	-	<b>19</b>
Blue collar workers	13	19	-	-	<b>14</b>
<b>Total</b>	<b>16</b>	<b>21</b>	-	-	<b>17</b>

\* The full comparability of the data with respect to 2023 cannot be guaranteed, as these are the first financial statements inspired by ESRS standards.

**Table 13**

**S1-13 81**

Training hours for training areas	2023	2024
Employees and Managers	1,064	5,670
Leadership Gym	9023	6,910
Bonfiglioli Culture	1148	16,962
Professional School	15484	17,626
Technical Toolbox	38552	37,758
Health and safety	14387	6,177
<b>Total</b>	<b>79,658</b>	<b>91,103</b>

## Methodology and assumptions

Data regarding company training activities were collected through the Bonfiglioli Academy platform for training in Italy and for asynchronous training in the rest of the Group locations, while for synchronous training abroad, we consulted the local Human Resources functions.

The data refer to the training carried out throughout the year 2024, from 01/01/2024 to 31/12/2024, even where this was completed by people no longer employed by the company as at 31/12.

## [S1-14] Health and Safety Metrics

**Table 14**

**S1-14 88, RA 80, 83**

Employees	2023	2024
Percentage of workers who are covered by a health and safety management system based on legal requirements and recognized guidelines	-	69%
Number of deaths related to accidents at work	0	0
Number of deaths related to occupational diseases	0	0
Total number of hours worked	9,265,116	9,114,579
Number of recordable accidents at work	38	21
Rate of recordable accidents at work	4.10	2.30
Number of recordable accidents at work with serious consequences	1	6
Rate of recordable accidents at work with serious consequences	0.11	0.66
Number of cases of recordable occupational diseases	-	0
Number of days lost due to accidents at work	-	1,093
Number of days lost due to occupational diseases	-	0

*The full comparability of the data with respect to 2023 cannot be guaranteed, as these are the first financial statements inspired by ESRS standards.*

**Table 15**

Non-employees	2023	2024
Percentage of other workers who are covered by a health and safety management system based on legal requirements and recognized guidelines	-	0%
Number of deaths related to accidents at work	0	0
Number of deaths related to occupational diseases	0	0
Total number of hours worked	1,247,352	1,717,891
Number of recordable accidents at work	1	0
Rate of recordable accidents at work	0.8	0
Number of recordable accidents at work with serious consequences	0	0
Rate of recordable accidents at work with serious consequences	0	0
Number of cases of recordable occupational diseases	-	0
Number of days lost due to accidents at work	-	0
Number of days lost due to occupational diseases	-	0

*The full comparability of the data with respect to 2023 cannot be guaranteed, as these are the first financial statements inspired by ESRS standards.*

### Methodology and assumptions

The number of accidents at work recorded as having serious consequences only takes into account accidents that have resulted in more than 60 days of work lost.

With regard to occupational diseases, only complaints that were actually accepted by INAIL were considered. The data were communicated by the Group's Italian and foreign sites and subsequently aggregated.

## [S1-15] Work-Life Balance Metrics

**Table 16**

**S1-15 93.a**

Percentage of employees entitled to parental leave (%)	2024
Women	100%
Men	82%
Other	100%
Not provided	100%
Total	100%

**Table 17**

**S1-15 93.b, RA 96**

Percentage of eligible employees who took used family leave (%)	2024
Women	18%
Men	17%
Other *	-
Not provided*	-
Total	17%

\* The full comparability of the data with respect to 2023 cannot be guaranteed, as these are the first financial statements inspired by ESRS standards.

### Methodology and assumptions

The data was provided by the HR functions of each location with more than 20 employees.

With regard to the regulations concerning family leave, the Bonfiglioli Group follows local legislation, seeking, where possible, to extend the days or supplementary compensation, in agreement with the workers' representatives. A significant example of this is seen at the Italian branches, where additional leave is granted with respect to the national collective agreement for situations such as nursery placement, hospitalization of the spouse or cohabitant and specialist medical visits for children. The only case where there is no leave for men concerns companies based in India.

## [S1-16] Pay Indicators

**Table 18**

**S1-16 95, RA 98**

Job Category	2023	2024
	Gender Pay Gap	Gender Pay Gap
Executives & Senior managers	5.8%	2.82%
Middle managers and office workers	2.6%	2.39%
Blue collar workers	3.4%	4.26%

**Table 19**

**S1-16 95, RA 98**

	2023	2024
Ratio of the total annual salary of the highest paid person to the median total salary of all employees (excluding the highest paid employee)	26.50%	23.90%

### Methodology and assumptions

The Gender Pay Gap 2024 also takes into account the employees of Selcom Group, unlike the previous year (see the paragraph "Criteria for drafting"). The slight increase in the pay gap in the "Workers" category is mainly due to the enlargement of the reference perimeter to Selcom Italia, a company that has lower average second-level bargaining and a higher percentage of female workers (CIA). **(ESRS 2 BP-2 13.a)**.

The gender pay gap is calculated as *(Average Gross Hourly Compensation of Male Employees – Average Gross Hourly Compensation of Female Employees) / Average Gross Hourly Compensation of Male Employees* **(ESRS S1-16 RA 98.b)**. The annual remuneration rate is calculated as *total annual remuneration for the person with the highest company salary/Median total annual remuneration of employees (excluding the person with the highest salary)* **(ESRS S1-16 RA 101.c)**.

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

**Table 20**

**S1-17 103 a, 103 b, 103 c, 104 a, 104 b, RA 103, 105**

During 2024, our Group encountered three incidents of discrimination that resulted in human rights impacts. The three events took place at the offices in Calderara di Reno (Evo) and Castel Maggiore (Selcom).

The event that occurred in Selcom was reported via the Whistleblowing platform.

The Group took the opportunity to reiterate the gravity of the behavior in question, imposing sanctions on the parties involved. Indeed, in each of the circumstances, we ordered sanctioning measures to be imposed which saw the suspension from work of the individual in question, without pay for the lost day.

Indeed, the uniformity of this treatment enables us to ensure that no differentiation is made between employees, even with reference to incidents of this kind.

# ESRS S2: workers in the value chain

*Within the value chain, we act as the "supply chain leader", heading up specific projects, in support of and in collaboration with all stakeholders, from the suppliers upstream to the customers downstream.*

*Sustainability Policy*





## interests and views of stakeholders

For an examination of the ways in which the interests, opinions and rights of workers in the value chain guide strategy and the business model, please refer to paragraph SBM-2 "Interests and opinions of stakeholders", under *ESRS 2 "General Disclosures"*.



# impacts, risks and opportunities

SR  
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Material topic	IRO	Material IRO description	Value Chain
S2 <b>Workers in the value chain</b>	Current Positive Impact	The satisfaction of the value chain workforce as a result of gender equality and equal pay for work of equal value, employment and inclusion of people with disabilities, enhancement of diversity and adoption of measures against violence and harassment in the workplace	Value Chain
	Potential Negative Impact	Episodes of accidents, injuries and illnesses at work, with possible negative impacts in terms of the health and safety of the workforce in the supply chain	Value Chain
	Current Positive Impact	Gender equality and equal pay for work of equal value, employment and inclusion of people with disabilities, equal access to training, enhancement of diversity and local cultures and adoption of measures against violence and harassment in the workplace, with positive impacts on motivation, well-being and the satisfaction of the value chain	Value Chain
	Current Positive Impact	Satisfaction of the workforce as a result of the development of professional skills through training activities (including OHS training) provided to suppliers and business partners	Value Chain
	Potential Negative Impact	Violation of the human rights of suppliers and business partners (forced and child labor)	Value Chain
	Potential Negative Impact	Own workforce data management, with possible negative impacts in terms of loss of personal data. Data management of own suppliers and business partners, with possible negative impacts in terms of loss of personal data, as well as loss of trust with regard to the Group	Value Chain
	Risk	Reputational and operational risk related to the incorrect management of human resources along the value chain	Value Chain
	Risk	Occupational accidents and diseases for workers in the value chain	
	Risk	Reputational and operational risk due to sanctions linked to incidents of discrimination	Value Chain
	Risk	Incorrect training of workers along the value chain (suppliers, business partners and others)	Value Chain
	Risk	Potential human rights violations within the value chain (e.g. child labor, human trafficking practices, slavery and similar practices, forced labor) resulting in reputational impacts and operational impacts that may be linked to the closure of the factories of strategic suppliers	Value Chain
	Risk	Exposure to sanctions and litigation related to incidents of personal data breach of suppliers and competitors along the value chain	Value Chain

## [S2 ESRS 2 SBM-3]

For more information on the interaction between the material impacts, risks and opportunities and the strategy and business model, please refer to ESRS 2 "Managing Impacts, Risks and Opportunities".

# policies related to workers in the value chain

[MDR – P 63, 64, 65.a, 65.b, 65.c, 65.d; S2-1, 14, 15, 16, 17.a, 17.b, 17.c, 18, 19, RA 14]

We take a structured approach to identifying and managing impacts, risks and opportunities relating to workers within our value chain. This commitment is reflected in several company documents and practices, the most relevant of which is the **Supplier Code of Conduct**.

### Supplier Code of Conduct

The Group Code of Ethics is aimed at all those who work on behalf of our Group, who collaborate with the Group, or in any case, who have any form of professional relationships with the Group. On the basis of this document, we have prepared the Supplier Code of Conduct: the objective of this is to integrate the principles of environmental sustainability and social responsibility into corporate strategies, both at Group level and in the value chain, increasing the value and competitive advantage of all the players involved. The Code - the adoption of which is the responsibility of the Purchasing Director - is addressed directly to suppliers, but also indirectly involves their employees, suppliers, external collaborators and other subjects. [MDR-P 63, 64, 65.A, 65.b, 65.c; S2-1, 16]

Among the main issues addressed in the Code are those related to business ethics and integrity and human rights. Our Group promotes compliance with the principles of transparency and fairness along the entire value chain. In accordance with the internationally-accepted guiding principles (ILO Declaration on Fundamental Principles and Rights at Work), the Group rejects any form of discrimination and potential violations of human rights along the entire value chain, encouraging the recipients of the Code to adopt and promote internal mechanisms and tools that enable their employees to report real or suspected violations of human rights, including labor and workers' rights. Indeed, we reiterate the absolute condemnation of the Group of any form of forced or child labor. [MDR-P 65.d; S2-1, 17.a, 18, 19]. The principles enshrined in the Code aim to prevent any violation of the fundamental rights of the individual throughout the supply chain.

We also invite suppliers to adopt specific measures to ensure respect for human rights, including in the workplace; these may include training on gender equality and anti-discrimination issues, the adoption of ordinary and overtime working hours in line with the provisions of the relevant international conventions and the provision of an adequate salary to ensure decent living standards. [S2-1, 17.b, 17.c].

No cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises, have been reported during 2024 involving workers in the value chain, or upstream and downstream of the value chain [S2-1, 19].

For more details on the Supplier Code of Conduct, please refer to chapter G1 "Business Conduct".

## processes for engaging with value chain workers about impacts

**[S2-2, 24, S2-3 25, 26, 27.b, 27.c, 27.d, 28, 36]**

Our Group recognizes the importance of the active involvement of workers in the value chain and their representatives in addressing and managing the impacts, both actual and potential, that affect them. While to date no specific processes have been implemented in this regard, we highlight our commitment to the implementation of initiatives and opportunities for dialog along the company's value chain. **[S2-2, 24]**.

### Whistleblowing

We also have a Whistleblowing reporting channel managed by an external provider in an autonomous and independent manner. **[S2-3, 27.b, 27.c]**. This channel, as specified in greater detail in the Whistleblowing Guidelines, can be used by anyone who has a collaborative or working relationship with our Group, including but not limited to the staff of contractors or subcontractors, or in any case by anyone who becomes aware of possible violations within an employment relationship, even where this has been terminated or has not yet started. **[S2-3, 27.b]**.

Through the reporting channel, we also give workers in the value chain the opportunity to express concerns and receive assistance, whilst safeguarding their confidentiality: the privacy protection measures also extend to any third party collaborators of the reporting party, where present (e.g. facilitators, colleagues...). In order to ensure the effectiveness of the reporting channel, disciplinary sanctions are also adopted to counter possible retaliation against whistleblowers. **[S2-3, 25, 26]**. For more information on this, please refer to chapters S1 "Own workforce" and G1 "Business conduct".

During 2024, no serious human rights problems and incidents were reported in relation to workers in the value chain **[S2-4, 36]**.

## itaking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions

**[MDR-A 66, 67, 68.a, 68.b, 68.c; S2-4, 31.a, 31.b, 32.a, 32.b, 33.a, 34.a, 35, RA 34]**

In order to manage the impacts, risks and opportunities relevant to workers within the value chain, the main actions that have been implemented, are currently being rolled out or are planned in order to achieve the Group's objectives and manage IRO in the following areas are listed below: **System of procedures to protect the value chain and Health and Safety Prevention within the supply chain**. **[S2-4, 31.a, 31.b]**

The initiatives described are currently being implemented, or were implemented during 2024, including where these are designed to enable the targets set out in the Group Sustainability Plan to be achieved.

Main actions [MDR-A 68.a]	Scope of actions (value chain, stakeholders) [MDR-A 68.b]	Time frame [MDR-A 68.c]
<b>Procedural system</b>	Value chain (Upstream)	Constant
<b>Supply Chain OHS Audit</b>	Value chain (Upstream)	Constant

## System of procedures to protect the value chain

In order to ensure proper management of impacts and risks affecting workers in the "upstream" value chain, we have introduced a structured system of operating procedures, which also allow us to monitor the Group's approach to negative and positive impacts over time. **[MDR-A 67, 68.a, 68.b, 68.c; S2-4, 32.a, 34.a]**

These procedures, briefly listed below, accompany the Supplier Code of Conduct, and are designed to ensure proper management of supplier relationships, with particular reference to the promotion of fair working conditions and respect for human rights, including workers' rights:

- **Supplier assessment procedure**, which governs the evaluation activity carried out, both during the new approval and continuous monitoring phases. The audit checklist is an annex to the procedure;
- **Validation procedure of the suppliers' production processes**, which regulates the process at a later stage than the initial approval;
- **Guidelines for the evaluation of supplier performance**, through the Vendor Rating system.

## Health and safety prevention in the supply chain

Beginning in 2020, our Group began to carry out on-site audits on the supply chain, through the Audit Quality Team. These audits, designed to monitor the performance of direct suppliers with whom we have been collaborating for at least two years, provide for the introduction of several assessment criteria, including **occupational health and safety**. They are carried out at the suppliers' production sites, following email communication of the audit agenda. Each audit is followed by a report which is sent to the supplier, with the request to implement a plan for improvement.

On receipt of this plan, it is then reviewed, and further action may be taken where necessary. Once this phase is completed, the audit is considered closed and the supplier receives an assessment accompanied by a rating.

The implementation of an audit plan, which will be gradually integrated with environmental and social aspects, allows us to minimize the negative impacts and risks associated with unethical work practices on staff employed in the supply chain. **[MDR-A 67, 68.a, 68.b, 68.c; S2-4, 32.a, 32.b, 34.a, 35, RA 34]**

The actions described contribute to the strengthening and/or mitigation of the impacts, which emerged from the Materiality Assessment (*Violation of the human rights of suppliers and business partners (forced and child labor and Incidents of accidents, injuries and diseases at work, with possible negative impacts in terms of health and safety of the supply chain workforce)*). **[S2-4, 33.a]**

# targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

**[MDR-T 78, 79.a, 79.b, 80.a, 80.b, 80.c, 80.d, 80.e, 81.a; S2-5 39.a, 39.b, 39.c, 40, 41, 42.a]**

On an annual basis, we establish a series of sustainability objectives relating to workers in the value chain, on the basis of consolidated planning at Group level. Although these do not have quantitative targets, these will be established in the near future by the Strategic Purchasing function, with reference to impacts, risks and opportunities related to workers employed in the supply chain.

Below is a table showing the key objective established during 2024, associated with a brief description, the base year and the target year, i.e. the year by which the objective should be achieved. The goal of the latter is to increase the quality of the supply chain audit, implementing ESG criteria in line with the provisions of the Supplier Code of Conduct. The objective will be periodically reviewed internally by the department concerned, in order to evaluate company's performance with respect to achieving the target, as well as possible measures for improvement.

Target	Brief description of the target	ESRS	Perimeter	Base year	Base line	Target year
<b>Protection for workers in the value chain</b>						
<b>Update of the checklist used in the supply chain audit activity (T1), including ESG criteria</b>	Include ESG assessment criteria in the supply chain audit activity checklists	ESRS S2-5 Metrics and targets	Value Chain	2024	-	2025



# ESRS S3: Affected communities

*We believe that our commitment to people goes beyond the company, extending to the local communities in which we operate.*

Bonfiglioli views the community as a network of relationships with stakeholders, which not only includes customers, but also local communities, which are supported in their development and growth.



## interests and views of stakeholders

For an examination of the ways in which the interests, opinions and rights of the affected communities guide strategy and the business model, please refer to paragraph *SBM-2 "Interests and opinions of stakeholders"*, under ESRS 2 *"General Disclosures"*.

## impacts, risks and opportunities

Material topic	IRO	Material IRO description	Perimeter
<b>S3 Affected communities</b>	Potential	Creation of added value - generated directly and through suppliers - for the local area, ensuring employment and community involvement, for example	Bonfiglioli Group
	Positive Impact		Value Chain
	Risk	Reputational risk linked to over-exploitation of natural resources and impoverishment of local communities	Bonfiglioli Group
	Opportunity	Improving the Group's reputation by building stronger relationships with local communities and generation wealth for them	Bonfiglioli Group

### [S3 ESRS 2 SBM-3]

For more information on the interaction between the material impacts, risks and opportunities and the strategy and business model, please refer to ESRS 2 *"Managing Impacts, Risks and Opportunities"*.

## affected communities

### [MDR-P 63, 64, 65.a, 65.b, 65.c, 65.d, 65.e, 65.f; S3-1, 12, 13, 14]

<b>Sustainability Policy</b>	<p>In light of the global scope of our activity, we are constantly committed to promoting the development of the territory in which we work, improving living conditions and paying close attention to the environment. In this regard, our commitment is inspired by the work of our founder Clementino; our Chairwoman Sonia Bonfiglioli leads us on the path of corporate <i>social responsibility</i>, supporting initiatives and projects around the world on the basis of <b>three main pillars: young people, development in the region and STEM disciplines</b>. These pillars are indicated and described in the Sustainability Policy. [S3-1 12,13,14] This reaffirms our commitment to ensuring the full protection of communities both in Italy and abroad, through projects and contributions to the local economies, as well as through partnerships with institutions, universities and local authorities, implementing initiatives designed to promote cultural heritage, deliver health care services and support other relevant causes. <b>[MDR-P 65.e]</b></p> <p>The Sustainability Policy is published on the Group's website (<a href="https://www.bonfiglioli.com/italy/it/sostenibilita">https://www.bonfiglioli.com/italy/it/sostenibilita</a>) and is freely accessible to the affected communities<b>[MDR-P 65.f]</b></p> <p>For further information on the Sustainability Policy and the Code of Ethics, with regard to the protection of human rights, please refer to Chapter E1 <i>"Climate change"</i> and S1 <i>"Own workforce"</i>. <b>[MDR-P 63, 64, 65.a]</b></p>
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## processes for engaging with affected communities about impacts

[S3-2 24, 19, S3-3, 25, 26, 27.b, 27.c, 27.d, 28, 36]

### Whistleblowing channel and reports

The **Whistleblowing** reporting channel also offers affected communities the opportunity to report concerns or issues in a confidential and protected manner. [S3-3, 25].

The Whistleblowing system and corresponding regulations are easily accessible through the company's website, in the "Sustainability" section under the "Governance" area (for more details, please see the Governance section of the company website). [S3-3, 28]. For further information on the Whistleblowing channel, please refer to Chapter S1 "Own workforce" and G1 "Business conduct". [S3-3, 26, 27.b, 27.c, 27.d, 28].

During 2024, no significant incidents or human rights issues were recorded in relation to the affected communities [S3-4, 36].

## taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions

[MDR-A 66, 67, 68.a, 68.b, 68.c, 68.d; S3-4, 30, 31.a, 31.b, 32.a, 32.b, 32.c, 34.b, 37, 38]

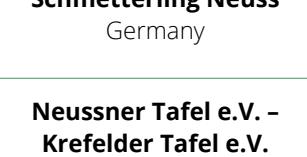
Social responsibility is an issue that is particularly close to our hearts, and every year we invest significant resources in improving the quality of the environment and the living conditions of the people around us. In 2024, we supported numerous initiatives, with a total contribution of 280,000 euros provided for key sectors such as culture, education, charitable causes and environmental protection. On an annual basis, our CSR Team looks at the activities planned for the Italian offices and evaluates the effectiveness of the initiatives carried out over the course of the year, as well as establishing the priorities for the following year and seeking to focus both human and financial resources on the issues with the greatest impact for our Group and the global communities.

The key actions carried out during 2024 are listed below. [MDR-A 68.a, 68.c; S3-4, 30, 31.a, 31.b, 32.a, 32.b, 32.c].

# initiatives at national level

Main actions	Brief description
	<p>Dedicated to Clementino Bonfiglioli, Malpighi La.B was founded in 2016 as a multi-purpose space open to all students in Bologna that is also home to a mechatronics laboratory, in partnership with Bonfiglioli. In 2024, we contributed to the organization of the "Mechatronic Contest", inside this very laboratory. This competition involves around 70 students who, over the course of two full days, must work together to create physical models, configure a control system and organize their competition entry; this event is designed to arouse interest in the topics of robotics, IT and 3D design.</p>
	<p>We support students as part of an event that involves different companies in the area, offering them the opportunity to participate in a stimulating team challenge to develop the best business idea. This initiative provides young people with the opportunity to work within a real context, applying their theoretical knowledge to solving business problems.</p>
	<p>On September 10, we welcomed the young men and women of Ragazze Digitali and Summer Camp Green to Bonfiglioli. The initiative was first launched in 2023 as a project co-financed by the European Social Fund Plus 2021-2027 and the Emilia-Romagna Region, and continued in 2024. From visiting our plant to brainstorming with HR and HSE staff, we've seen how the future of STEM and sustainability can take shape through the talent and passion of the next generation. For everyone at Bonfiglioli, supporting these initiatives means investing in a future in which environmental protection and the inclusion of girls in the STEM world becomes a reality.</p>
<b>Clementino Bonfiglioli Scholarships</b> 	<p>We want to ensure that the fundamental principle of education is respected, and that students are not exposed to discrimination on the basis of income. For this reason, we continue to support the education of the youngest students throughout the entire school cycle, providing several five-year scholarships to cover school tuition fees in their entirety. The three scholarships, each worth €5,000, are intended for students enrolling in the first year of the Scientific High School and the Applied Sciences High School of the Malpighi Institute in Bologna, and are awarded on the basis of academic merit.</p>
<b>PROMOTING SUSTAINABLE MOBILITY</b> 	<p>As part of the Bicipolitana project, we have helped to promote the bicycle as a smart, clean and safe means for home-school travel amongst students in the first few years of high school, as well as celebrating its benefits in terms of free, sustainable mobility. Bicipolitana is a network of bike paths that connects all the main town centers, production plants and educational and functional centers of the metropolitan area, providing a valid alternative to traveling by car, even outside Bologna. This initiative, to which we have donated €12,295, serves as confirmation of our dedication to minimizing our impact on the surrounding area, for the benefit of our employees and the local community, as well as to promoting e-mobility projects launched in previous years, such as the construction of a cycle path in the municipality of Calderara di Reno.</p>
	<p>Since 2018 we have been supporting the Emilia-Romagna Epilepsy Association (AEER), through a project dedicated to patients aged between 6 and 16 years which promotes activities designed to raise awareness of this neurological condition, as well fostering more in-depth knowledge of cognitive and emotional functions in patients who suffer from it. The project, which is valid for two years, has allowed us to contribute €15,000 in 2024 and the same in 2025</p>
<b>Mus-E Musique Europe</b> 	<p>Also in 2024, we donated €10,000 to MUS-E activities in a number of primary school classes in the Bologna region. MUS-E Musique Europe is a European multicultural project designed to accompany children in the discovery of themselves and others through artistic disciplines.</p>
	<p>In collaboration with the Plastic Free volunteer organization, we participated in 2 clean-up events in Bologna and Forlì, where we were joined by employees and family members of Bonfiglioli sites in Italy. The initiative, to which we donated an amount of €5,000, promotes the dissemination of greater awareness of environmental and local protection issues.</p>

# international initiatives

Main actions	Brief description
<b>Smart Industry 4.0 Hackathon 2024</b> India 	<p>The 48-hour event, organized in collaboration with the CIT (Chennai Institute of Technology), gave students from all over India the opportunity to demonstrate their skills and talent, presenting innovative and inspiring projects. An award was also given to the projects with most merit: the most deserving students had the opportunity to undertake specialist courses in the field of digital transformation with a contribution made by our Group, which donated a sum of €12,000.</p>
<b>Boys Home Girls Home</b> India 	<p>We have made donations to two important projects, Press Vasam and Clementino Bonfiglioli Trust, in support of the initiatives, 'Boys Home', with a contribution of around €57,000 and 'Girls Home', with a contribution of €34,000. Currently, the 'Boys Home' program supports between 40 and 45 boys, whereas the 'Girls Home' program currently supports 15 girls, with this number set to increase to 40 in the coming months. Both initiatives provided vulnerable young people with accommodation, daily meals and education until graduation, as well as medicines and health care, with a contribution of €10,000.</p>
<b>Medicines for Prema Vasam</b> India 	<p>We help cover the costs of medicines for people assisted by Prema Vasam, an organization dedicated to supporting vulnerable people. Currently, about 200 people benefit from this program.</p>
<b>Special Employment Center</b> Europe – Spain 	<p>We work alongside two companies that operate as special work centers, offering opportunities to people who are struggling to enter the world of work. The initiative, which was first rolled out in 2023, continued this year, providing support to Opteam, an expert partner in the organization and management of employee travel, and Trabajos Solidarios, an entity engaged in the supply of office equipment and personal protective equipment.</p>
<b>Vereda Night Run</b> Slovakia 	<p>A charity race to support local communities and promising young athletes, with a view to fostering their development and improving the quality of sports training. The company and its employees contribute to the initiative, both by making a donation of €3000 and by actively taking part in the race through the streets of the city. The project, which has now been running for several years, has allowed us to raise significant funds in the past, to be allocated to people in need.</p>
<b>Kockaci</b> Slovakia 	<p>We have made a donation of €500 to a local association, for a project run by young volunteers who offer free tutoring to children and students from disadvantaged backgrounds and marginal communities. The project is designed to promote financial literacy, digital skills and more generally, to support childrens' interest in education, development and the creation of good study habits.</p>
<b>Ho Chi Minh City School</b> Vietnam 	<p>We support the Ho Chi Minh school with an annual contribution of €9,220, offering educational tools to young students in situations of economic difficulty. The school has also started working with a number of universities, whose students dedicate part of their free time to tutoring on a voluntary basis.</p>
<b>Schmetterling Neuss</b> Germany 	<p>We support this charity with a donation, which in 2024 was €3,000. This association offers economic and social support to families with children suffering from serious illnesses.</p>
<b>Neussner Tafel e.V. – Krefelder Tafel e.V.</b> Germany 	<p>We have worked with local associations, collecting food for people in need and donating €3,000.</p>

<b>Rio Grande do Sul Flooding</b> Brazil	We have coordinated fundraising activities amongst our employees for the communities affected by the flood that hit Rio Grande do Sul in April 2024, resulting in various injuries, deaths and missing persons. We have pledged our support to the affected population (around 2.4 million people), ensuring the availability of basic necessities.
<b>North West Youth Alliance</b> <b>Curzon Ashton</b> UK 	Throughout the 2024/25 season, we had the privilege of being the main shirt sponsor for the North West Youth Alliance Curzon Ashton football team (U17 and U18). The club, which is committed to promoting diversity and inclusivity, supports teams of girls and boys with disabilities, promoting social integration through sport. As part of this sponsorship, the club selects a "Player of the match" every week. We contributed an amount of €1,200, consolidating our commitment to supporting the community and fostering social values.
<b>Circus Star</b> 	We supported the Circus Starr initiative with a contribution of €800. This project offers circus performances to children with physical, mental or poverty-related disabilities, promoting inclusivity and social well-being.

Of the projects designed to mitigate negative environmental impacts, **Plastic Free** is also of particular note - an initiative run from our Italian offices, with a view to engaging employees and communities on issues relating to respect for the environment. Indeed, participants were asked to make a few hours of their time available to improve the places where they live on a daily basis. **[S3-4 32.a, 32.b]** Through initiatives such as **Smart Industry and Boys Home Girls Home**, meanwhile, we actively support the communities that surround our international sites, ensuring access to resources designed to improve their life prospects. **[MDR-A 66, 67, 68.a, 68.b, 68.c; S3-4 32.c, 34.b]**

## targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

**[MDR-T 78, 79.a, 79.b, 79.e, 80.a, 80.b, 80.c, 80.d, 80.e, 80.j; S3-5, 39.a, 39.b, 39.c, 40, 41]**

Below are the main objectives established at Group level.

Target	Description	ESRS	Perimeter	Base year	Base line	Target year
<b>Climate Change</b>						
Definition and implementation of the "Charity & Donations" Policy	Develop and formalize a comprehensive policy for charitable initiatives and donations at Group level, outlining guidelines for employee engagement and selection criteria for beneficiary organizations	ESRS S3-5 Metrics and targets	Own operations	2024	-	2025
Carrying out 1,000 hours of volunteering per year	Identify a voluntary activity for each branch, aimed at fostering commitment in the community, promoting corporate social responsibility and improving the Group's positive impact on local communities. This goal assumes 1,000 annual volunteer hours at Group level	ESRS S3-5 Metrics and targets	Own operations	2024	-	2026

**[MDR-T 78, 79.a, 79.b, 79.e, 80.a, 80.b, 80.c, 80.d, 80.e, 80.f, 80.g, 80.j; S3-5, 39.a, 39.b, 39.c, 40, 41]**

# ESRS S4: consumers and end users

customer management: customer satisfaction  
and innovative and sustainable solutions



*Our two business units, Industry & Automation Solutions and Mobility & Wind Industries, encapsulate all the skills and experience necessary to support the growth of our customers. In fact, thanks to the worldwide network we have, we can assist customers anywhere and at any time.*

We design, produce and distribute effective, tailor-made solutions for all types of applications: from industrial automation to mobile machinery and wind energy.



# customer satisfaction

## interests and views of stakeholders

For an examination of the ways in which the interests, opinions and rights of consumers and end users guide strategy and the business model, please refer to paragraph SBM-2 "*Interests and opinions of stakeholders*", within ESRS 2 "*General Disclosures*".

## impacts, risks and opportunities

Material topic	IRO	Material IRO description	Perimeter
<b>S4</b> <b>Consumers and end users</b>	Current Positive Impact	Improved customer experience through access to information and ensuring proper complaint handling	Bonfiglioli Group Value Chain
	Current Positive Impact	Commercial practices in compliance with regulations with consequent customer satisfaction	Bonfiglioli Group Value Chain
	Current Positive Impact	Increased customer trust through the safeguarding of customer health and safety	Bonfiglioli Group Value Chain
	Opportunity	Improved company reputation through secure access to information and effective complaint handling	Bonfiglioli Group
	Risk	Creation of expectations in the customer that are not fully respected and/or that are unexpected from the quality standards	Bonfiglioli Group
	Opportunity	Improving company reputation through responsible business practices	Bonfiglioli Group
<b>Product and process innovation and sustainability</b>	Risk	Reputational risks and exposure to sanctions or litigation related to non-compliance with regulations on product safety	Bonfiglioli Group
	Current Positive Impact	Development of innovative products and solutions through R&D activities, positively impacting customer requests	Bonfiglioli Group
	Opportunity	Improving company reputation through product development innovative and more efficient	Bonfiglioli Group

### [S4 ESRS 2 SBM-3]

For more information on the interaction between the material impacts, risks and opportunities and the strategy and business model, please refer to ESRS 2 "*Managing Impacts, Risks and Opportunities*".

# policies related to consumers and end users

**[MDR-P 63, 64, 65.a, 65.b, 65.c, 65.d, 65.e, 65.f; S4-1, 13, 14, 15]**

In order to better manage the impacts, risks and opportunities related to customers, consumers and end users of our product, we have made two policies available: the Code of Ethics and the Sustainability Policy. Operating at B2B level, our main interlocutors are companies in the industrial sector. **[S4-1 14]**

## Code of Ethics

The **Group Code of Ethics** **[MDR-P 65.a]** devotes a specific section to dealing with the relationship with customers, highlighting the following: *"For the Bonfiglioli Group, customer satisfaction is the key to success, and this is why a great deal of attention is paid to customer needs and requirements"*.

This awareness drives us to constantly strive for excellence in our customer relationships, which can only be achieved through respect for ethical values and the company procedures inspired by them. This translates into an unwavering focus on excellence and quality of the final product: our checks and controls allow us to market safe, reliable, high-performance products. In this regard, we require our employees and collaborators to comply with current legislation and internal procedures relating to customer relations.

Our commitment is also reiterated by the **Supplier Code of Conduct**, in which innovation, excellence and sustainability are identified as fundamental drivers in the relationship with our customers.

## Sustainability Policy

Finally, our **Sustainability Policy** serves as further evidence of our commitment to safeguarding the customer; we "lead" sustainability projects that benefit the entire value chain, including customers.

For more information on the Code of Ethics and the Sustainability Policy, please refer to chapter S1 "Own Workforce" and E1 "Climate Change".

## Business Management Systems

In addition to the above, the Bonfiglioli **Quality Management System** ensures compliance with the relevant ethical principles and quality standards, supporting the continuous improvement of our products. As confirmation of our dedication to providing solutions that meet our customers' needs and comply with regulatory requirements, we have undertaken a series of initiatives that have led to Bonfiglioli Management Systems obtaining **ISO 9001 certification** at Group level. **[S4-1 14]**

# processes for engaging with consumers and end-users about impacts

**[ESRS 2 SBM-2, 8; S4-1 17; S4-2 18, 19, 20.a, 20.b, 20.c, 20.d; S4-3 23, 24, 25.a, 25.b, 25.c, 25.d, 26; S4-4 32.b]**

Engaging customers and collecting their feedback are of fundamental importance, as they allow our Group to continuously improve the quality of the products and services offered, ensuring that user requirements are fully met. Indeed, in order to continuously improve the services we offer, we listen to our customers, through specific surveys that monitor the performance of our products, their strengths and weaknesses and possible areas for improvement. In light of the intrinsic characteristics of the business, we interact both with **the customers of the I&A BU** (that is, manufacturers of industrial machinery belonging to the packaging, food & beverage, recycling and material handling sectors) and with those **of the M&W BU** (manufacturers of self-propelled machines – machines for earthmoving and construction, agricultural machines, intralogistics vehicles and wind generators).

Engagement is achieved through **Customer Satisfaction Surveys**, carried out **every two years** and designed to assess the degree of satisfaction with the product, in order to implement measures for improvement on the basis of the feedback provided by the customer. These analyses are aimed at all customers above a minimum turnover threshold, in the main sectors, and mainly concern the following aspects:

- Performance in the Pre-Sales phase;
- Product quality;
- Delivery;
- After Sales. **[ESRS 2 SBM-2, 8; S4-2 18, 19, 20.a]**

These involve 100% of the Group's customers, albeit divided into several clusters, in accordance with the sector to which they belong. Customer engagement through surveys is divided into four main phases: **[S4-2 20.b]**





The results of the analysis are aggregated into an indicator called the **Net Promoter Score (NPS)**; this allows us to measure and monitor how and why our customers would recommend Bonfiglioli to their colleagues. The data collected is then analyzed and used to implement the suggestions provided by customers. We have planned to send a Customer Satisfaction form to customers for the two-year period 2025-2026: the feedback received will then be analyzed in a structured manner. Indeed, the results are usually aggregated into ratings and formalized in specific reports, which are then analyzed by the Quality Department. Surveys of this type usually have a **redemption rate**<sup>23</sup> of 8% to 15%, thus ensuring the reliability of the result obtained at a consolidated level.

**[S4-2 20.d, 31.c]** Responsibility for conducting such surveys lies with the Group's Marketing Department. **[S4-2 20.c]**



**Open Innovation surveys** are also organized periodically, targeting specific customer clusters; these customers take part in "preview" product presentation meetings, or in other words, before the actual launch on the market. The goal of these meetings, which take place mainly on site, is to test product prototypes, as well as to collect customer feedback ahead of large-scale production; as such, these surveys are carried out as and when needed, and not in accordance with a regular time frame.



Finally, the **M&W Business Unit** frequently organizes workshops with customers, with a view to co-designing and co-developing the product. The results of these stakeholder engagement initiatives are received from the top levels of the Group, and assigned - depending on the theme under examination - to the functions directly responsible for their fulfillment. In the case of particularly complex themes or those which span multiple functions, specific projects may be built. **[S4-2 20.c]**

#### Reporting and Complaint Channels

We also provide our **Whistleblowing reporting channel** **[S4-3 25.b]** for external stakeholders too, customers included. The latter can submit reports via the relevant computer portal – the "Integrity Line" – which guarantees the security and protection of the whistleblower's personal data, through a communication encryption system that complies with the provisions of the Whistleblowing Directive and the European Whistleblowing Regulations. **[S4-3 23, 25.a]**

The Whistleblowing Guidelines, published on the company website ([Governance](#) section), specify that the Manager must respond to any reports within a series of defined deadlines, adopting privacy safeguarding measures and protection from any form of retaliation or penalty towards the whistleblower. **[S4-3 24, 25.d]** In any case, no serious human rights issues or incidents related to consumers and/or end users were reported in 2024. **[S4-4 35]**

Although there are no specific safeguards with which to ensure full knowledge of the existence of such complaint tools by customers to date, all information relating to the use of reporting channels and their management is published on the site. **[S4-3 26]** For more information about the Whistleblowing reporting channel, please refer to the chapter "G1 – Business Conduct".

During 2024, no violations of the principles of the United Nations Global Compact and the OECD guidelines for multinational companies that affect consumers and/or end users were reported. **[S4-1 17]**

In addition to the Whistleblowing channel, we also have a **complaints management system, through the CRM** (Customer Relationship Management). Availability and effectiveness of this channel are supported by dedicated meetings involving the Business Units, the Central Marketing Department and IT&Digital. **[S4-3 24.c]**

<sup>23</sup> Calculated on the basis of the following ratio: (replies received/ messages sent) \*100.

Finally, improving the functionality of the "**My Bonfiglioli**" area, which can be easily accessed from our website, enables us to stay in touch with customers, facilitating the management and monitoring of their requests. Indeed, by registering on the platform, users can

- access **direct communication channels**, through which they can obtain answers on technical and/or commercial issues;
- monitor the progress of their order courtesy of the **order tracking** features;
- enjoy **convenient access to all digital services** (from shopping to order management to requests).

## taking action on material impacts on consumers and end users, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions

**[MDR-A 66, 67, 68.a, 68.b, 68.c, 68.d; S4-4, 28, 29.a, 29.b, 31.a, 31.b, 31.c, 33.a, 33.b, 34, 35, RA 35, 40]**

In order to manage its impacts, risks and opportunities with regard to consumers and end users in terms of managing the customer experience, we have implemented several measures that actively contribute to the achievement of the objectives of the Code of Ethics and the Sustainability Policy, as described above. **[MDR-A 68.a, 68.c; S4-4 29.a, 29.b]**

All the initiatives described are carried out at Italian level. During 2024, however, some Group subsidiaries (Spain, Brazil, Turkey) were engaged and involved.

Main actions [MDR-A 68.a]	Scope of actions (value chain, stakeholders) [MDR-A 68.b]	Time frame [MDR-A 68.c]
<b>Service activities</b>	Value chain (downstream)	Constant
<b>Partnerships with the customer</b>	Value chain (downstream)	Constant
<b>Sales force training</b>	Value chain (downstream)	Constant
<b>Provision of the service</b>	Value chain (downstream)	Constant

We seek to establish a relationship of trust with the customer, and this, by necessity, entails offering competitive services, as well as quality products. Accordingly, we strive to constantly anticipate market trends, through a process of mapping plants and applications, and by analyzing our customers' strategies and future investments. Following this, we devote considerable resources to the development of new products and innovative solutions that can meet market preferences and requirements. **[S4-4 33.b]** The drafting of service framework agreements with customers and the product and service warranty conditions are key factors that underpin any relationship with the customer. **[S4-4 33.a]** Finally, in order to support the business, we have also integrated the themes related to quality management and the product portfolio into the risk analysis conducted in 2024 (ERM). **[S4-4 RA 40]**

**Service activities**

**Service activities** are designed to propose and transfer new value to the market through a service offering designed to ensure significant improvements in product performance and reliability for the end user. The services offered are therefore designed to **increase the useful life** of the product, **making improvements in terms of mechanical and energy performance where possible, and reducing the need to manage inventories** at the customer premises in the face of a more conscious management of the machine fleet. **[MDR-A 68.a; S4-4 32.a]**

In addition, through the implementation of targeted programs, we increase end user confidence in using the applications on the basis of the real conditions of use, successfully responding to their requests and ensuring a better use of our products.

**Collaborations  
and meetings in  
the field**

By working closely with the customer and supporting them through the product installation phases, we are also able to **promptly collect feedback** on the reliability of our products, optimizing their functionality and offering solutions with the following characteristics: **flexibility, innovation, sustainability, efficiency and maximum integration**. These results are often achieved in collaboration with our Research & Development team.

Where necessary, collaborations are also initiated with specialized figures, such as our **Service Providers** or other **companies with specific skills**. More specifically, the Service Providers are Group *specialists* with expertise and experience in the field of mechanics and automation. With the ability to design and manufacture components and gearboxes (complementary to the Bonfiglioli range), they specialize in certain sectors (metal, water purification, etc.). They are divided by geographical area in order to ensure greater **proximity to the customer**, delivering a **prompt response** in case of adverse events at the user site, which require our intervention. **[S4-4 31.b, 32.b, 34, MDR-A 68.a, 68.d]**

Finally, we support our customers with further collaborations and services in the "field", including when they need guidance in specific assessments, for example with regard to aspects related to plant safety or machine certifications. **[S4-4 31.c]**



## Salesforce training

In addition to the above, we devote considerable attention to **the training of our sales force and to that of our partners**. 2024, we rolled out training courses dedicated to the main business procedures, with a view to providing specific knowledge, as well as updating relevant skills. In parallel, the selection of Service Providers with specific experience in the sector constitutes a valid tool for the provision of a solution, in case we have to remedy negative impacts. The latter are also trained on the products that are part of the range, in order provide a full understanding of their technical characteristics, assembly and disassembly methods, recurring problems or common failures, and the use of measuring instruments. **[S4-4 32.c]**

At the end of the training activity, questionnaires are disseminated in order to test the level of learning and the degree of satisfaction of the sales force and the Service Providers involved. For example, at the end of the training activity carried out in 2024, 80% of the Service Providers from the After Sales Department stated that they were overall satisfied with the course, while 20% showed interest in some specific aspects (partly in relation to their previous experience). The level of learning achieved as a result of the training activity carried out was also considered satisfactory. **[S4-4 RA 35]**

In addition to training, the quality of the service offered is ensured by **the Certifications of Service Providers** such as **Bonfiglioli Authorized Service Center**, which bears testament to the level of qualification obtained (Basic – Intermediate – Advanced level) and compliance with the Technical Specifications, with an indication of the product lines for which after-sales activities can be carried out. The performance of the Service Providers is closely monitored by specific indicators (On Time Interventions<sup>24</sup>, Service Interventions managed within the required times<sup>25</sup>, Customer Returns for non-compliant products<sup>26</sup>). The scores obtained are analyzed in combination with additional indicators (success rate or margin index). **[S4-4 31.d]**

## Provision of the service

With a view to mitigating material negative impacts at all times, we try to ensure that someone takes responsibility for each order and for delivering every relevant service, making sure that this is uniform from customer to customer whilst also ensuring a sufficient degree of customization, when necessary. In particular:

- during the analysis of the service to be provided, we carry out **evaluations of the proposed solutions**, offering additional specific services where critical issues arise, both reported by the customer and detected by our departments;
- subsequently, the **working teams are carefully selected** using a **risk matrix** that takes into account the complexity of the intervention and the application. **Geographical proximity** is also a driver of success for us, as it allows us to respond promptly to the concrete needs of customers: listening and discussing the potential solutions to be adopted are key factors in ensuring the sustainable growth of the Group;
- subsequently, specific **interdisciplinary meetings** are held, engaging all the professional figures necessary to verify the progress of the order, carrying out a review of the same. **[MDR-A 68.a; S4-4 31.a]**

We seek to establish a relationship of trust with the customer, and this, by necessity, entails offering competitive services, as well as quality products. Accordingly, we strive to constantly anticipate market trends, through a process of mapping plants and applications, and by analyzing our customers' strategies and future investments. Following this, we devote considerable resources to the development of new products and innovative solutions that can meet market preferences and requirements. **[S4-4 33.b]** The drafting of service framework agreements with customers and the product and service warranty conditions are key factors that underpin any relationship with the customer. **[S4-4 33.a]** Finally, in order to support the business, we have also integrated the themes related to quality management and the product portfolio into the risk analysis conducted in 2024 (ERM). **[S4-4 RA 40]**

<sup>24</sup> Measured as the ratio between "on-time" service interventions with respect to the total number of service cases managed.

<sup>25</sup> Measured as the ratio between the estimated time for the service intervention and the time actually required.

<sup>26</sup> Measures the trend of defective products claimed by customers against activities performed by the Service Provider.

# innovative and sustainable solutions

*Our solutions are based on a wide range of products, including gearboxes, electric motors and inverters. They impact all aspects of daily life, from the food we eat, to the streets we walk, to the clothes we wear, to the light that illuminates our homes.*

## Our solutions keep the world in motion.

**[MDR-A 66, 67, 68.a, 68.c, 68.d; S4-4, 28, 29.a, 29.b, 31.a, 31.b, 31.c, 33.a, 33.b, 34, 35, RA 40]**

Our products are designed with a focus on customer requirements, development time and both production and environmental impact. Indeed, we consider innovation **to be a fundamental element in our production processes** and we constantly strive to find new solutions and technologies that allow us to improve both the sustainability of our processes and that of the final product.

In addition, if negative impacts are found throughout the product life cycle, we are committed to identifying and providing solutions that allow them to be mitigated or remediated, through continuous investment in research and development, for the benefit of the customer and the end user. **[S4-4 29.a]** In doing so, we ensure a holistic approach to innovation and sustainability in all our products.

These joint efforts reflect our commitment to providing excellent solutions and a valuable experience, founded upon responsibility, trust and attention to quality. **[S4-4 29.b]**

## Research & Development

Our **R&D team** is dedicated to developing innovative solutions to meet the application needs of customers, supporting them as they grow.

Our R&D centers are located all over the world, including countries such as Italy, Germany, China and India, and employ around 300 employees.

**Simulations and Test Labs** We seek to reduce development times and improve the **end-user experience** through the adoption of virtual simulation techniques that allow us to design optimized products which can guarantee the highest reliability standards. **[MDR-A 68.a; S4-4 31.b]**

Furthermore, through the continuous updating and improvement of the techniques used, we try to solve the issues typically faced in industrial applications, such as early wear, overheating and vibrations that may occur during operation, with a view to maximizing productivity and mitigating the negative impact on users. **[S4-4 31.a]**

Indeed, the solutions we design are produced in our factories around the world, where we regularly carry out validation activities at our **Test Labs**, designed to achieve product approval and certification. The high level of quality we pursue requires rigorous checks and extensive testing, ranging from the individual component to the product as a whole. To do this, we use state-of-the-art equipment, which allows our specialists to carry out performance tests and fatigue life tests on electrical, mechanical and hydraulic solutions. These tests are carried out using test benches of various sizes and power, depending on requirements. **[S4-4 31.c]** Currently, we have three Test Labs: EVO, Forlì and Rovereto.

## Co-engineering

To respond in a targeted way to customer requirements, we offer the possibility to develop highly customized solutions. We accompany every stage of customer product development, from the design phase to mass production, ensuring constant alignment with the necessary specifications. Through a continuous technical dialog and the use of advanced calculation tools, we are able to create tailor-made solutions that optimize productivity, efficiency and reliability, whilst helping to reduce development times. **[S4-4 32.a]** Through integration, it is possible to achieve joint benefits for the end user, the product installer and for ourselves **[MDR-A 68.a; S4-4 32.b]**. At the end of 2024, for example, a Co-engineering initiative was launched with a historical customer operating in the material handling sector. The main objective here was to create a product with efficiency characteristics and load capacity that made it suitable for heavy-duty applications, going beyond the standard performance offered by the current solution. Through the introduction of innovative engine solutions and the adoption of advanced strategies for the management of vehicle dynamics, we were able to achieve significant results, including a significant increase in efficiency, with directly-measurable advantages in reduced TCO.

The results of this collaboration represent a fundamental step towards achieving our targets and consolidating our position in the industry, offering an improved holistic customer experience and innovative, high-performance solutions. This activity will continue in 2025.

## Green solutions

Our commitment to sustainability translates into concrete actions, starting with the activity of the Research and Development department, which designs solutions with high energy efficiency and compact design. Products that require fewer resources during production and use, while ensuring high performance in terms of reliability and efficiency. **[MDR-A 68.a]**

### Electric mobility



Thanks to the experience gained over the years and our competence center for electromobility, we are able to **support our customers in the transition to electrification**. Indeed, in light of our acute awareness of the advantages of hybrid and electric technologies in terms of efficiency, emissions and noise reduction, in 2018, we opened an environmentally friendly production line for electromobility in Forlì, which occupies an area of 10,000 square meters. **[S4-4 33.b]**

Specifically, during the course of the year, research and development activities were focused on the development of electric motors for the electrification of large mobile machinery (with both air and oil cooling). We embarked on this pathway in order to cover a wider variety of core applications, with different machine layouts and requirements, while still taking advantage of the compactness and high power density characteristics of the base design. In addition, newly-developed electrification and automation solutions for agricultural and gardening machinery operation (e.g., agri-robots for precision agriculture) have also been developed.



## Solutions for wind power



With a market share of approximately 35% for the supply of **wind turbine gearboxes** to major global players, we are the leading company in the wind energy sector, providing a complete range of solutions: inverters, motors and gearboxes. We are also starting to develop IoT technology, adding sensors to motors and gearboxes. Products for wind turbine applications are assembled in seven factories (Italy, Germany, India, China, Vietnam, Brazil, Turkey), to better serve local markets and major global players.

For example, our Yaw and Pitch drives are subject to a process of continuous optimization, designed to improve turbine performance both in traditional onshore applications and in the latest offshore configurations, all without increasing weight and footprint, thus offering more competitive solutions for the market.

Over the last year, we have dedicated much effort to the renewal of the entire range of planetary gearboxes for wind turbines, developing compact solutions with a higher thermal power density and lower lubricant use. The goal is twofold: to reduce the environmental impact of products and to prolong their life cycle. **[S4-4 33.a]**

The first prototypes of the new-size 713T gearbox were produced to meet the need for new turbines dedicated to the onshore and offshore market, rendering the 7T range more complete by customizing it in accordance with the latest demands of the wind market. These prototypes were then validated on the test bench under different test conditions.

Gear tests were also carried out on the test bench with a new material and a new heat treatment, in order to reduce the costs of the raw material and processes of the main components of the gearboxes for the wind sector. The testing process also involved a spin-off activities at the University of Bologna and external European suppliers.

Bonfiglioli recently commenced the production and field supply of the company's electric motor with inverter for control of the rotation of the turret in an offshore turbine. The solution with integrated inverter allows the number of cables inside the nacelle to be reduced, while an inverter dedicated to each motor instead of a single inverter improves the control and reading of the signal, for a perfect distribution of the load between the various gearboxes present.

## Other sectors



Finally, we develop advanced solutions for a number of **crucial green economy sectors**:

- **recycling**, with particular reference to the phases of collection, resizing and classification of waste materials;
- **water** treatment, from desalination to purification;
- **biogas**: working in close synergy with our customers, we design optimized solutions for biogas plants. **[S4-4 33.b]**

In 2024, in the "Heavy Duty" area, numerous real-time gearbox monitoring projects were developed, extending applications to the biogas and heavy industry sectors. The goal was to provide customers with insights for implementing preventive maintenance plans to keep technical resources in optimal condition and prevent faults and breakdowns.



# targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

[MDR-T 78, 79.a, 79.b, 79.e, 80.a, 80.b, 80.c, 80.d, 80.e, 80.j; S4-5, 38.a, 38.b, 38.c, 39]

The sustainability objectives relating to consumer and end user issues are defined annually by the **After Sales** department, with regard to aspects relating to the quality of the sales and after-sales service provided, and by the **Research & Development** department, with regard to aspects of technological and process innovation. Business objectives are established on the basis of structured processes at Group level, which are applied across all Group Business Units. [MDR-T, 80.c]

Below are the main targets identified during 2024. These objectives are designed to manage material impacts, risks and opportunities for customers and users. Periodically, the established targets are reviewed in light of the performance achieved, in order to identify corrective actions and ideas for improvement.

[MDR-T 78, 79.a, 79.b, 80.a, 80.b, 80.c; S4-5 38, 39]

Target	Brief description of the target	ESRS	Perimeter	Base year	Base line	Target year
<b>Product and process innovation and sustainability</b>						
Efficiency of product design through: a) formalization of guidelines relating to the materials used b) "pilot project" on a specific product category	<p>Improve the efficiency of product design, with the implementation of some consecutive actions:</p> <p>a) formalize specific guidelines for gearboxes and electric motors, in order to promote energy savings and greater efficiency in terms of consumption</p> <p>b) implement a "pilot project" aimed at increasing the efficiency of the materials used (product design), according to specific KPIs (reduction of weight and production costs, optimization of energy consumption, reduction of production times, etc.)</p>	ESRS E5-3 Metrics and targets, E5-4 ( <b>Resource inflows</b> ) E5-5 ( <b>Resource outflows</b> )	Customers and consumers	2024	-	a) 2027  b) 2028
Formalization of product end-of-life guidelines (recycling, reuse and disposal) and implementation of a pilot project	<p>a) Formalize product end-of-life guidelines by 2027</p> <p>b) Implement a pilot project across a range of products by 2028</p>	ESRS E5-3 Metrics and targets E5-5 ( <b>Resource outflows</b> )	Customers and consumers	2024	-	a) 2027  b) 2028



Improvement of condition monitoring systems, IoT technologies, which enable the usage phase in the life cycle of the product to be extended	Refine the Condition Monitoring models already in use, guaranteeing an extension of the product usage phase and ensuring that product performance (in terms of efficiency, durability, etc.) remains in line with that declared by the manufacturer.	ESRS E5-3 Metrics and targets E5-5 <b>(Resource outflows)</b>	Customers and consumers	2024	-	2027
Innovation project	Promote innovation projects that contribute to sustainability aspects	ESRS E5-3 Metrics and targets E5-5 <b>(Resource outflows)</b>	Customers	2024	-	2025
Increase the number of repaired products	Promote the repair service for products on the market for longer than the warranty period. Increase the number of products repaired compared to the previous year.	ESRS E5-3 Metrics and targets E5-5 <b>(Resource outflows)</b>	Customers and consumers	2024	-	2025

# Data protection and cybersecurity

## impacts, risks and opportunities

Material topic	IRO	Material IRO description	Perimeter
<b>S4</b> <b>Consumers and end users</b>	Potential Negative Impact	Inadequate management of consumer and end user data, with possible negative impacts in terms of loss of stakeholder personal data, as well as loss of stakeholder confidence in the Group	Bonfiglioli Group Value Chain
	Risk	Loss of personal data of the Group's customers and end consumers and consequent exposure to sanctions and litigation	Bonfiglioli Group Value Chain
<b>Cybersecurity</b>	Potential Negative Impact	Loss of company information due to cyber-attacks and/or fraud from outside of the Group's ICT systems	Bonfiglioli Group Value Chain
	Risk	Potential risk of hacker attacks on computer systems and dissemination of personal, employee and customer data and possible temporary unavailability of computer systems.	Bonfiglioli Group
	Opportunity	Improvement of the efficiency and integration of data within the Group, through the implementation of new IT solutions	Bonfiglioli Group

### [S4 ESRS 2 SBM-3]

For more information on the interaction between the material impacts, risks and opportunities and the strategy and business model, please refer to ESRS 2 "Managing Impacts, Risks and Opportunities".

## policies related to data protection and cybersecurity issues

[MDR-P 63, 64, 65.a, 65.b, 65.c, 65.d, 65.e, 65.f; S4-1, 13, 14, 15, 17]

<b>Code of Ethics</b>	In order to manage the impacts and risks associated with the loss of information and personal data, our Code of Ethics adopts measures for the processing of confidential information and the protection of privacy, with particular reference to information relating to the organizational structure and human resources, as well as that relating to products and their development, production processes, strategies and commercial conditions, customers and everything that is part of the business's knowledge base.
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<b>Sustainability Policy</b>	These countermeasures are designed to limit the risks of a possible disclosure of confidential information contained within the databases of the Group companies by employees or persons who have or have had working relationships with Bonfiglioli. To this end, the rules on the correct management of information are the subject of periodic training programs for our staff. The general principles contained in the <b>Code of Ethics</b> are applied in a concrete manner through the <b>Sustainability Policy</b> , which applies to the entire Group <b>[MDR-P 65.a, 65.b]</b> , through which we reiterate our commitment to combating any form of violation of privacy and loss of sensitive data due to inadequate IT safeguards, through continuous investments in the strengthening of cybersecurity systems.
<b>Regulations on the use of IT tools</b>	Recently, we have also updated the <b>Regulations on the use of IT tools</b> , applicable to the Italian offices of the Group (including Selcom Group) <b>[MDR-P 65.b]</b> ; these regulations contain indications regarding the correct methods of use of the assigned IT devices. This regulation also includes a set of rules of conduct that must be respected in order to avoid problems, disruptions and increased costs (maintenance or otherwise) or risks and/or threats to the security of the systems and/or the data contained therein. The purpose of this document is also to transpose and implement the regulatory provisions and principles provided for by Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 (hereinafter also referred to as the "GDPR"), as well as the measures issued by the Guarantor for the protection of personal data (hereinafter also referred to as "Guarantor"), in addition to the provisions of the Code of Ethics, fully protecting the confidentiality of customer and third party data. The regulation has been approved by the Head of Legal & Corporate Affairs, who is responsible for its proper implementation. <b>[MDR-P 65.a, 65.c, 65.d]</b> The regulation, which has an equivalent in a number of specific guidelines applicable to the Group's foreign companies, is shared with the workforce through the Bclose platform and through specific initiatives to raise awareness of company policies, as described below. <b>[MDR-P 65.f]</b>

For more information on the Code of Ethics and the Sustainability Policy, please refer to chapter E1 "Climate change" and S1 "Own workforce".

## processes for engaging with consumers and end-users about impacts

**[ESRS 2 SBM-2, 12 ;S4-2 18,19, 20.a, 20.b, 20.c; S4-3 23, 24, 25.a, 25.b, 25.c, 25.d, 26; S4-4 32.b, 35]**

Within the Group, we have begun our journey toward digital transformation at global level. As such, we feel that it is imperative to continue strengthening data protection and cybersecurity measures, in order to ensure the robustness of the organization and its processes. In recent years, we have introduced the role of IT Security Manager, who is tasked with managing and implementing our cyber security strategy. Occasionally, we interact with customers **in the B2B sector on system and data protection issues** through the receipt of questionnaires and/or interviews, which we complete and return via the Sales department, which is responsible for supervising and ensuring that this engagement takes place. In 2024, we received two Group-wide surveys. **[S4-3 19, 20.a, 20.b, 20.c]** The existence of this point of contact with customers allows us to receive feedback on the effectiveness of the IT systems in place, and to implement measures for improvement where necessary. Indeed, the experience accumulated over the years has reiterated the need to invest in IT security at Group level. **[ESRS-2 SBM-2]** Accordingly, we also offer support to the remaining Group companies in the implementation of training activities on cybersecurity risks.

## Reporting channels and reference contacts

In order to report problems or express concerns, we make various communication channels available to interested parties, including customer services, with contact data published on the [Bonfiglioli Gearmotors company website, gearboxes, motors, inverters, electric motors](#) and the DPO references that are provided in the Privacy Policy, which must be signed by all potential users of the site's services in the following cases: request for after-sales assistance, request for information about products or technical data sheets and in case of response to marketing campaigns. In any case, consent can be revoked at any time by completing a specific form. **[S4-3 25.c]**

In addition, during 2024, we subjected our website to a process of verification to ascertain the conditions of accessibility of the content, in line with the requirements of Law 4/2004 (Provisions to facilitate and simplify access to IT tools by users, and in particular, by people with disabilities). Following this verification, a series of interventions were carried out to resolve the non-conformities detected, and further corrective interventions were planned for the following months. Accordingly, in the dedicated section of the website, anyone who deems it necessary may submit reports on cases of non-compliance with the regulations, by writing to the Bonfiglioli S.p.A. certified email address. In the event of an unsatisfactory response to the notification or request after 30 days, the data subject may send a report to AgID, via certified email, to the following address: protocollo@pec.agid.gov.it. **[S4-3 25.d]**

Finally, although not directly linked to data protection, the Whistleblowing platform available online is also included in the channels available to internal and external stakeholders, and is also made available to customers and partners who wish to report violations of the legislation and the Code of Ethics. No human rights issues or incidents related to customers, consumers or end users were reported in 2024. **[S4-4 35]**. For further details on the Whistleblowing Guidelines, please refer to chapter G1 "Business Conduct". **[S4-3 25.a, 25.b]**

The reports and issues raised through these channels are constantly monitored and kept under control by the Marketing Team, in order to remedy any negative impacts experienced by customers. **[S4-3 25.d]**

In the event that there is a breach of data relating to consumers and end users, this violation is immediately reported to the Privacy Guarantor. **[S4-3 23; S4-4 32.b]**

Despite the fact that the Group has not adopted specific tools and measures to ensure full awareness of the existence of these channels by customers and consumers, the contact details of the customer service department, the Data Protection Officer (DPO), as well as the Whistleblowing mechanism are accessible on the Group's website. In addition, the Whistleblowing Guidelines are also published here, and are easily accessible by anyone. **[S4-3 26]**

# taking action on material impacts on consumers and end users, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions

**[MDR-A 66, 68.a, 68.b, 68.c; S4-4, 28, 29.a, 29.b, 31.a, 31.b, 31.c, 31.d, 33.a, 33.b, 34, 36, 37]**

In order to manage its impacts and risks on consumers and end users with regard to data protection, the Group has implemented a series of actions. **[S4-3 29.a, 29.b]**

Main actions [MDR-A 68.a]	Scope of actions (value chain, stakeholders) [MDR-A 68.b]	Time frame [MDR-A 68.c]
<b>Training on Data Protection and Cybersecurity</b>	Own operations	Constant
<b>Cyber attacks and protection tools</b>	Own operations	Constant
<b>Test Automation</b>	Own operations	Constant
<b>Advanced Product &amp; System Selector</b>	Own operations	Constant

With regard to the protection of personal data as well as that of customers and third parties, the Group has adopted training activities for staff as a primary monitoring tool, with a view to raising awareness of IT policies and addressing the issues of data protection and cyber-attacks. In 2024, the training project was extended to all Italian companies. The training activities, which include a test at the end of each training module, have also enabled the Group to receive feedback on the degree of awareness and understanding of the company's guidelines and procedures with regard to the protection of customer data. **[MDR-A 68.a, 68.b, 68.c; S4-3 31.a, 31.d, 33.a]**

Also during 2024, we further consolidated the **XDR systems**, designed to monitor and control endpoints and servers. In addition to these, we also have **network traffic control systems**, a **log collection system** based on the analysis of the majority of critical systems (SIEM) and **email analysis and filtering systems** designed to prevent phishing incidents.

We rely on an external company (SOC) to carry out constant monitoring of the systems dedicated to computer security and the relative authentication procedures. With reference to the latter in particular, we have implemented a number of specific **"enforcement" mechanisms**, such as multifactor authentication<sup>27</sup>, expanding this to external connections via VPN and three-layer admin authentication<sup>28</sup>.

Furthermore, we have chosen to equip ourselves with **systems that monitor anomalous activity regarding company data** (e.g. scans or extensive file copying, encryption activities, blocking of USB ports), **in order to prevent potential significant data transfers to the outside world**. On the basis of the type of alert detected by the control systems - classified according to criticality and impact - a series of interventions are triggered, such as the potential blocking of user accounts. All the projects described above were carried out at Group level. **[MDR-A 68.a, 68.b, 68.c; S4-3 31.a, 31.b, 33.a, 34]**

To reiterate our dedication to raising awareness of the risks of loss of confidential data, we also have a **Cybersecurity Procedure**, applicable at Group level, which defines the rules of conduct in the event of external attacks, and is updated every six months. **[S1-4 31.c]** The financial commitment required in order to mitigate cyber-attack risks and enhance data protection tools amounts to approximately €500,000. **[MDR-T 69.b]**

<sup>27</sup> Multifactor authentication (MFA) is a security process that requires more than one test (or "factor") to authenticate access to a system, application, or device.

<sup>28</sup> Three-layer admin authentication is an advanced form of authentication that uses three different levels of verification to ensure secure access to a system or application, particularly for administrators, who often have access to sensitive functions and data.

In order to mitigate the risks arising from the use and processing of sensitive customer data, we also carry out Vulnerability Assessment (VA) activities, with a view to detecting any vulnerabilities or areas for improvement across the security conditions as a whole. The assessment, carried out with the support of external consultants, was performed in 2023, in line with previous years. The results highlighted some vulnerabilities in terms of access to internal company resources that were resolved in 2024.

Finally, we have also adopted **Test Automation**, which is a process that uses software tools to automatically perform tests on applications and systems, in order to check that they work correctly and meet the requirements. Instead of having an operator perform tests manually, automated tests are programmed to check software functionality, performance, safety and reliability. **[MDR-A 68.a, 68.b, 68.c; S4-4 33.b]**

Of the main benefits deriving from the introduction of Test Automation for customers and end users, the following are of particular note:

- A significant reduction in human error;
- Rapid feedback, as test results are generated in a short time, allowing any problems to be corrected;
- An increase in the overall level of efficiency of the service offered to customers.

Another project that was rolled out in the second half of the year was the implementation of a **Product & System Selector**, an advanced web tool that allows users to calculate and select the correct components (motor, gearbox, inverter) for a transmission system, taking into account specific applications and variations in workloads. The system can also consider **dynamic changes in load conditions** to optimize the dimensions thereof based on specific needs, making it easier for companies to design transmission systems that are efficient and tailored to their needs. **[MDR-A 68.a, 68.b; S4-3 31.c, 33.b]**

This project, which saw the joint participation of several company functions (including R&D), was popular amongst stakeholders. Accordingly, as of January 2025, the implementation of the final application is planned for a selected audience of users. **[MDR-A 68.c]**

## targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

**[MDR-T 78, 79.b, 80.b, 80.c; S4-5, 38.c, 38.a, 38.b]**

The sustainability targets related to cybersecurity and data protection issues are defined annually by the Digital & IT Function, on the basis of consolidated planning and control processes at Group level. Periodically, the established targets are reviewed in light of the performance achieved, in order to identify corrective actions and ideas for improvement.

They apply to workers throughout the organization. **[MDR-T 78, 79.a, 79.b, 79.e, 80.a, 80.b, 80.c; S1-5, 41.a, 41.b, 41.c]**

The first objective concerns the migration from the current SAP version to the S/4HANA version, which will be completed at the end of January 2025 for the Group. This will allow us to enable new features, new processes and new capabilities, achieving a greater level of integration of data within the Group, and also generating positive effects on the protection of customer and partner data. In addition, the user experience on the company website will be greatly improved, through the application of a new interface. This migration will allow all Group companies to move to a single ERP.

**[MDR-T 78, 80.b, 80.c; S4-5 38.b, 38.c]**

This target is designed to manage data and confidential information, addressing material impacts, risks and opportunities for customers and users.

governance

3





# ESRS G1: business conduct



*We strongly believe that sustainability issues can only be managed effectively if supported by appropriate governance tools.*

*Sustainability Policy*



# impacts, risks and opportunities

Material topic	IRO	Material IRO description	Perimeter
<b>G1</b> <b>Business conduct</b>	Current Positive Impact	Effectiveness of governance in the dissemination of corporate values, culture and ethical principles, with positive impacts in terms of increasing the trust of internal and external stakeholders	Bonfiglioli Group
	Current Positive Impact	Promotion of a culture based on communication, ethics, transparency and protection of any whistleblowers, with positive impacts in terms of increasing stakeholder confidence, as well as greater freedom in communicating cases of non-compliance with company laws and regulations	Bonfiglioli Group
	Current Positive Impact	Training activities and implementation of safeguards designed to prevent and immediately detect corruption, bribery, anti-competitive behavior	Bonfiglioli Group
	Current Negative Impact	Episodes of corruption, bribery, anti-competitive behavior, monopolistic practices and conflicts of interest with possible negative impacts (reputational and economic) on the stakeholders involved (e.g. suppliers, customers, partners, etc.)	Bonfiglioli Group
	Potential Positive Impact	Increasing the involvement of suppliers through ethical conduct in relations with suppliers, facilitating purchases for them from different supply channels.	Bonfiglioli Group Value Chain
	Opportunity	Increase in productivity and improvement of the company's internal climate, contributing to a vision based upon sharing rules and correct behavior.	Bonfiglioli Group
	Opportunity	Channel available to internal and external stakeholders to report any non-compliance or unethical behavior, allowing the organization to manage any episodes of non-compliance with the regulations in advance	Bonfiglioli Group
	Risk	Employee misconduct, for example not respecting or complying with the principles of the Code of Ethics, procedures and prevention protocols, with potential sanctions for active or passive corruption offenses	Bonfiglioli Group
	Risk	Infringement of human rights and applicable environmental regulations by suppliers with consequent impact on the supply of products	Bonfiglioli Group Value Chain
	Risk	Failure to comply with contractual requirements with suppliers with consequent impact on the supply of products (e.g. failure to comply with payment terms, etc.)	Bonfiglioli Group Value Chain

## [G1 ESRS 2 SBM-3, IRO-1, 6]

For more information regarding the process to identify material impacts, risks and opportunities regarding the conduct of companies, please refer to ESRS 2 "Managing Impacts, Risks and Opportunities".

# policies on corporate culture and business conduct

**[MDR-P 63, 64, 65.a, 65.b, 65.c, 65.d, 65.e, 65.f; G1-1, 7, 9, 10.a, 10.c, 10.e, G1-3 20]**

We recognize and promote the principles of respect and protection of people, laws and the environment in all reference markets, as a fundamental element of our business culture. To this end, key documents, such as the Code of Ethics, the Organization, Management and Control Model and the Anti-Corruption Policy are easily accessible and shared with all employees, who receive specific training and constant updates to ensure compliance with company values. **[G1-1, 7, 9, G1-3 20]**

## Code of Ethics

### and Supplier

## Code of Conduct

The **Group Code of Ethics** imposes the obligation of maintaining the utmost fairness and transparency in the management of the business, reiterating the key ethical principles: **anti-discrimination, the fight against corruption and respect for stakeholders**. **[MDR-P 64, 65.a, 65.b, 65.e]** For more information on the Code of Ethics, please refer to chapter S1 "Own Workforce".

Updates to the Code of Ethics are adopted by resolution of the Board of Directors. Any updates, amendments or additions to this Code of Ethics constitute a guarantee of the effectiveness thereof, and of the correspondence of this document to developments within the context in which it is designed to serve as a guide. **[MDR-P 65.c]**

The Code is shared with all our people at the time of recruitment, as well as with business partners via awareness-raising and communication activities. Since 2021, as part of a project to update the General Conditions of Sale and Purchase, we have wanted to include an explicit reference to the application of the Code of Ethics in relations with customers and suppliers, giving them the opportunity to directly access the document and facilitating their commitment to knowing and respecting the principles that inspired the Code. **[MDR-P 65.f]**

In order to integrate the provisions of the Code of Ethics, with regard to the Group's supply chain, in 2024 we introduced a **Supplier Code of Conduct**, with a view to highlighting the collaboration established with "upstream" players in order to meet the highest standards of ethics and sustainable business development, in the interests of the entire value chain. The direct recipients are all suppliers, who undertake to ensure full compliance with its provisions, and who shall require the same from their employees, suppliers, external collaborators and other interlocutors within the Group supply chain. **[MDR-P 65.a, 65.b, 65.e]** For more information on the Supplier Code of Conduct, please refer to chapter S2 "Workers in the value chain".

## Model 231 and Anti-Corruption Policy

The Italian Group companies have also adopted their own **Organization, Management and Control Model, pursuant to Legislative Decree 231/2001**. This model - which is the result of an analysis of business risks designed to identify and map business areas and processes that are potentially at risk of crime - allows us to increase transparency towards our stakeholders, creating a structured and organic system of policies and control measures, with which to mitigate the potential risks of crimes being committed. The functions identified as most at risk of corruption are: **HSE, AFC, Strategic Purchasing, R&D, Strategic Planning M&A & Communication, Human Capital, Sales & Business Development**. **[G1-1 10.h]**

The organizational models adopted by the subsidiaries are prepared in accordance with that of the Parent Company.

On the basis of the provisions of Legislative Decree no. 231/2001, the Model identifies the Supervisory Body as the entity (other than the Board of Directors) that is entrusted with the task of supervising the application of Model 231 and the Group's Code of Ethics, as well as updating this, due to the fact that it has autonomous powers of initiative and control. The members of the Supervisory Body are chosen from among qualified experts in the legal, internal control systems or auditing fields, and may be external to the Company. The Supervisory Body is also responsible for the implementation of the Anti-Corruption Policy and the Whistleblowing Guidelines, including through the sending of periodic information flows. **[MDR-P 65.a, 65.b, 65.c, 65.d]**

We have also adopted an **Anti-Corruption Policy** to strengthen the principles of legality and transparency in the management of our activities. This Policy establishes the rules for preventing and combating corruption, both active and passive, which must be followed by all individuals who work for the Group (including business partners, suppliers, collaborators and other third parties), in order to ensure fairness in business relations with third parties, both public and private. **[MDR-P 65.a, 65.b, 65.e, G1-10.e]** The Policy is based on ethical values and the principles of responsibility and seriousness, and aims to protect the integrity of the organization, emphasizing full alignment with the provisions of the United Nations Convention against Corruption (2004). **[MDR-P 65.d]**

In addition, despite being autonomous with respect to the Code of Ethics and the Organization, Management and Control Model referred to in Legislative Decree 231/2001 and already implemented, the existence of internal reporting channels for regulatory violations and/or illegal conduct should be noted:

- the digital platform dedicated to Whistleblowing, accessible at <https://bonfiglioli.integrityline.com>, as specified in more depth in the "Whistleblowing Guidelines" (for more details see the paragraph "Whistleblowing Procedure");
- the email address of the Supervisory Body: odv@bonfiglioli.com.

The decisions made are formally communicated to the central functions (Bonfiglioli S.p.A.) and/or local functions (Subsidiaries) responsible for the implementation of the necessary remedial actions. In any case, the Policy stipulates that no one can be dismissed, suspended, or discriminated against in any way in their employment treatment for having acted in good faith in reporting failures to comply with the provisions. **[G1-1 10.c]**

## whistleblowing procedure

We have adopted the Whistleblowing Guidelines, with a view to introducing specially-designed procedures that ensure prompt and correct handling of reports of illegal conduct, including cases of active and passive corruption, in accordance with Directive (EU) 2019/1937 ("Whistleblowing Directive") **[MDR-P 65.a, 65.d; G1-1 10.e]** The Guidelines apply to all Group companies, both EU and non-EU, and identify all those who have an employment or collaborative

relationship with the Group as potential "whistleblowers" [G1-1 10.a, S1-3 30], including suppliers, employees of contractors and subcontractors [S2-3 25], customers and partners [S4-3 23], consultants, as well as volunteers and trainees, who may become aware of any offenses. [MDR-P 65.b.]

The procedure identifies the methods by which parties can report the alleged violations, the subject of the report and the subjects responsible for receiving the reports, as well as the protocols for processing the personal data of the whistleblower. Specifically, the IT tool adopts innovative cryptography techniques, so that even in the event of access to the system, it shall not be possible to know the content of the report, thus ensuring that adequate protection measures for whistleblowers are guaranteed. In addition, the Guidelines underline the importance of training initiatives in raising staff awareness of the purposes of the Whistleblowing function and how to use it: this translates into specific communications and training events, both in person and remotely, aimed both at members of Top Management and employees of all the Group's Italian and European companies. [G1-1 10.a, 10.c]

With reference to the reporting methods, in addition to the internal reporting channel, which can be accessed via the computer portal and is available on the company website or by means of a physical meeting request sent to the Reporting Manager, the Guidelines also identify an external reporting channel, as required by the Law of the National Anti-Corruption Authority (ANAC); this can be used by the whistleblowers in specific situations. [G1-1, 10.a; S1-3 32.b, S2-3 27.b, S4-3 25.b]

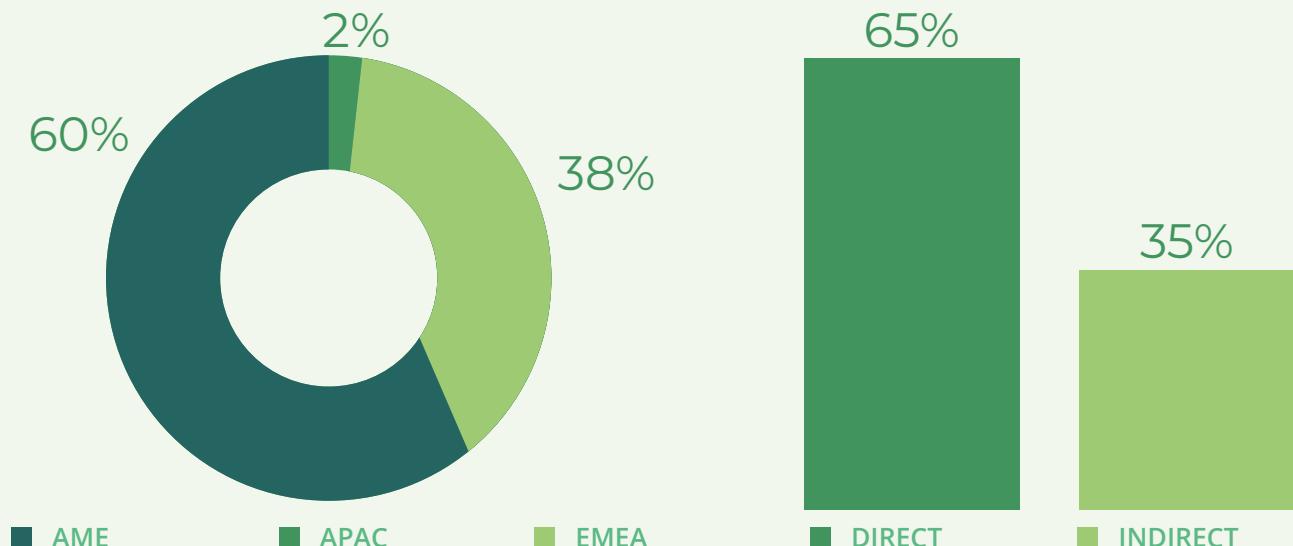
In general, no human rights issues or incidents related to consumers or end users, value chain workers or affected communities were reported in 2024. However, there were three incidents of verbal harassment among employees, for which specific measures were adopted, as described in more depth in S1 "Own workforce". [S1-17 100, S2-4 36, S3-4 36, S4-4 35]

The Policies, Codes and Model 231 are available on the company website. [MDR-P 65.f]

## supplier relationship management

[G1-2, 12, 13, 15.a, 15.b]

During 2024 alone, we recorded a total expenditure of over 760 million euros on goods and services. This numerical value includes the amount related to both indirect and direct purchases, which include raw and semi-finished materials.



## Suppliers by distribution and geographical type in 2024 (% of expenditure)

The management of the relationship with suppliers is characterized by a process of constant monitoring in order to evaluate their performance. In particular, the adoption of a centralized approach to supply chain management ensures greater decision-making synergy between functions and allows suppliers to be evaluated more accurately, both in qualitative and economic terms.

In this regard, we organize meetings on a weekly basis ("**Global Staff Meetings**"), involving all the Purchasing Managers and Commodity Leaders of the Group, with a view to:

- carrying out a periodic analysis of the performance at the BU, Region and Plant level, with reference to all the commodities used globally, identifying any deviations from the budget values;
- finalizing the development of resourcing and product development strategies;
- performing a 360-degree supply risk analysis, and where necessary, sharing any mitigation plans;
- monitoring qualitative KPIs over time, implementing improvement strategies

In our quest for excellence in raw materials, we have implemented a **Vendor Rating** system which is updated weekly, and which assesses the performance of suppliers on the basis of specific indicators (quality of supplies, delivery times, etc.), allowing us to implement potential corrective actions. In addition to quality, the Vendor Rating system also allows us to track the financial rating of suppliers, in order to ensure greater continuity in the supply of materials, whilst reducing the risks associated with suppliers who are highly dependent on our business. In 2024, this process of analysis was applied to all the regions of our Group, extending the financial rating to all the geographical areas of competence for strategic and significant suppliers in terms of turnover.

We also manage the entire supply chain through the use of a single global portal, which enables us to harmonize the purchasing decision-making processes and criteria and map scouting activities. Indeed, the roadmap for the digitization of the Purchasing Department provides for a progressive transfer of all procedures and documents relating to suppliers to a virtual "space" at global level, where all information and data relating to the supply chain (legal documents, certifications, information on orders) will be available. This will facilitate the management of the entire supplier fleet, in economic, legal and environmental terms. **[G1-2, 12]**

Finally, we invested resources in strengthening the database available on SAP: this facilitated the data collection process related to the calculation of scope 3 GHG emissions. **[G1-2, 13, 15.a]**

In line with the requirements of the Supplier Code of Conduct, we also choose to adopt a **transparent and conscious approach in our relationships with our interlocutors "upstream"**. This requires us to undertake a path of "shared" improvement with the key players in the value chain: by signing the Code of Conduct, our suppliers are committed to complying with legislation on environmental protection, adopting tools to manage energy consumption, emissions, water withdrawal and discharge, as well as promoting the use of recyclable, reusable, renewable materials, purchased from local suppliers when possible. From the social impact perspective, meanwhile, the Code of Conduct requires the Group to use of partners who offer adequate salary conditions and minimum standards of safety at work, ensuring full compliance with current national or international legislation on this subject. In any case, since most purchases are made from companies based in Italy or Europe, it is easier to ensure that supplier companies operate in a highly regulated context, which requires specific practices in the management of these aspects. **[G1-2, 13, 15.a]**

## Selection of suppliers based on ESG criteria

As part of this process, we have updated the Purchasing procedure, providing for the inclusion of the ESG rating in the search and selection criteria of suppliers for sourcing activities. Accordingly, as of 2024, we have also chosen to introduce environmental and social criteria to the procedure used when auditing new suppliers. **[G1-2, 15.b]**. The provision of a qualitative ESG assessment makes it possible to establish an even more structured supply chain selection process than in the past.

In particular, the selection of the supplier is preceded by a **quality assessment**, as follows:

- Initially, the supplier is evaluated in accordance with parameters related to financial soundness and technical-qualitative skills
- Subsequently, criteria related to the sharing of specific values (supply chain ethics, work practices, environmental and social policy, etc.) are also taken into account, as well as the supplier's ability to provide guarantees regarding relations with its partners and any subcontractors (traceability of products from its suppliers, attitude of the parties with regard to compliance with the principles of environmental and social sustainability, etc.).

The assessment criteria also include supplier possession of certifications and compliance with international standards, including the EU REACH regulation (Registration, Evaluation, Authorization and Restriction of Chemicals) and the EU RoHS Directive (Restriction of Hazardous Substances). Furthermore, as of 2019, in line with EU legislation, we require suppliers to sign a declaration certifying the origin of the components and goods purchased, i.e. their place of production or manufacture. This certificate enables materials and products that come from countries with special trade agreements - and which are considered and labeled as of "preferential origin" - to be easily identified. Finally, during the assessment phase, ISO 9001 certification is a minimum requirement for suppliers, confirming the importance of having established quality standards.

Once the supplier has been selected, the latter is required to commit to complying with the Code of Ethics, the Supplier Code of Conduct and the laws and regulations applicable at local, regional and national level in relation to its business. Indeed, all of our business partners are required to formally sign our Code of Ethics, and we have already taken steps to ensure that suppliers, both new and already active, sign the Code of Conduct (for more details on this, please see the "Targets" paragraph of this chapter). Failure to comply with the conditions established by the Code of Ethics may result in the termination of the contract with the supplier.

Suppliers considered eligible are also required to sign the General Purchasing Conditions (GPC), which define the contents of the contractual relationship with both direct and indirect suppliers.

Finally, as required by contract, we also reserve the right to carry out performance checks in light of the application of and compliance with ESG criteria. This also entails carrying out on-site audits at supplier premises, in order to ensure that they are operating in compliance with the law and the Code of Ethics. Type-approval audits are carried out both during the selection phase, for strategic and commercial reasons, and after the establishment of the employment relationship, on a predefined basis.

During the course of 2024, we carried out **66 process audits** on suppliers from different parts of the world.

# prevention of active and passive corruption

**[G1-1 10.c, 10.g; G1-3, 16, 17, 18.a, 18.b, 18.c, 20, 21.a, 21.b, 21.c, RA 8]**

## Corruption prevention system

The Group's Code of Ethics provides a definition of "corruption", as obtaining or attempting to obtain personal benefit or a commercial advantage through improper or illegal means. Accordingly, our Group takes a **"zero tolerance" approach to any form of bribery or corruption**, both active and passive, reiterating its condemnation of any form of facilitating payment, peddling influence and political donation, including on behalf of third parties, and underlining the obligation of all Group companies to report any problem that may concern bribery and corruption.

The Group's commitment to combating corruption offenses is based on the adoption and effective implementation of MOG 231 in Italy and the Anti-Corruption Policy in the other countries in which we are present, in accordance with the applicable national regulations. Indeed, the Anti-Corruption Policy is disseminated to each Group company and is accessible to all via the company website, as well as through appropriate training activities ([governance Italy - Bonfiglioli](#)). **[G1-3 20]**

Both the Model and the Anti-Corruption Policy identify key sensitive activities which can expose individuals to the risk of corruption, including: relations with Public Administration bodies; relations with political organizations; gifts and donations; charitable donations; assignment of consultancy roles and supply of goods and services; selection and hiring of personnel; sponsorships; staff incentives; accounting records.

In particular, relations with Public Administration bodies are the subject of greater attention, provided that - in compliance with the principle of segregation of roles and functions - the assumption of commitments and the management of relations of any kind with representatives of the PA and/or with bodies of public importance are reserved exclusively for the figures and company functions tasked with and authorized for this purpose. As such, it is expressly required that no representative of companies controlled by the Group may improperly influence the decisions or actions of the counterparties, either directly or through third parties.

In addition, the acceptance of gifts or donations is also a practice prohibited by both the Code of Ethics and the **Anti-Corruption Policy**, except in specific cases (for example, if their value is symbolic, or is not expressed in cash or other equivalent monetary form...). **[G1-3, 18.a]**

The internal governance system also presupposes the existence of a Supervisory Body, with autonomy and the responsibility for overseeing the function of and compliance with the Model, including through receipt of periodic information flows (quarterly, semi-annual, annual, or per event). Accordingly, the relevant departments of each Group company report to the Supervisory Board of Bonfiglioli S.p.A. with regard to the application of the Anti-Corruption Policy, on a half-yearly basis at minimum. The activities included in the report concern both activities carried out directly and those conducted by local functions tasked with monitoring the internal control system at the Subsidiaries. **[G1-3, 18.b, 18.c]**

As specified in the Anti-Corruption Policy, participation in the training activity is mandatory. Therefore, all Group companies must promote staff knowledge of the content of the Anti-Corruption Policy and Regulations, **with a view to ensuring that the entire corporate population understands the key principles**, **[G1-1 10.c, 10.g, G1-3 21.a]** attributable to:

- the risks of corruption to which the employees themselves and the organization are exposed;
- the corruption prevention policy in place;
- The aspects of the corruption prevention management system related to their role within the Group;
- the preventive actions to be taken and the reports to be made in relation to the risk or suspicion of unlawful practices.

The training activities must be delivered to employees of the Italian Group companies within three months of recruitment, and are provided in e-learning mode, through Bonfiglioli Academy. Accordingly, they are accessible to all current employees, including members of the Board of Directors of the Parent Company. The training activities address issues related to Anti-Corruption, Model 231 and the Group's Code of Ethics, with a focus on crimes related to relations with the Public Administration, corruption between individuals and corporate offenses. **[G1-3, 21.a]**

In particular, during 2024, we involved the functions viewed as being at risk in specific training activities which focused on the Anti-Corruption Policy and the procedures and regulations related to this. Each manager took part in three hours of mandatory training, provided in a mixed mode, plus additional optional training. The same training activities were also extended to a certain number employees of Italian companies (1994 in total), over several training sessions.

In addition, in order to spread greater awareness of the Organizational Model, and in line with previous years, over the course of 2024, **several training sessions were organized** in mixed mode, both for employees and for the Top Management team from the Italian sites.

The meetings take place once a year and cover the following topics: The Organization, Management and Control Model and the role of the Supervisory Body, relations with the Public Administration and the sanctioning system in place. As part of the 231 training provided in 2024, special attention was also given to the Whistleblowing channel. **[G1-1 10.g]**

We are currently organizing further e-learning training, aimed at employees of the Group's foreign companies, including key and most at-risk roles, in order to raise their awareness of issues relating to Anti-Corruption, Whistleblowing and the Code of Ethics. **[G1-3, 21.a]**

Training specifically aimed at members of the Administrative, Management and Control Bodies is also planned for 2025. **[G1-3, 21.c]**

Anti-corruption training is provided to 100% of the at-risk functions in Italy, as specified in the Organization, Management and Control Model. **[G1-3, 21.b]**

Below are more details on the training provided during the year. **[G1-3, RA 8]**

	Functions at risk	Executives	Administration, Management and Control bodies	Other own workforce
<b>Training coverage</b>				
Total	13	12	6 <sup>29</sup>	910 White Collar workers (BFG, BRI and Selcom) 1084 Blue Collar workers (BFG, BRI and Selcom)
<b>Delivery methods and duration</b>				
Classroom-based training	1.5 hours	1.5 hours	1.5 hours	7.5 hours for White Collar workers 4h for Blue Collar workers
Computer-based training	1.5 hours	1.5 hours	1.5 hours	1.5 hours
Voluntary training	1.5 hours	1.5 hours	1.5 hours	1.5 hours
<b>Frequency</b>				
How often is training required?	Once a year	Once a year	Once a year	Once a year
<b>Topics covered</b>				
Anti-Corruption Policy	X	X	X	X
Suspicion/Detection Procedures	X	X	X	X

<sup>29</sup> The Chairperson of the Board of Directors and 5 other executives who hold positions on the Board of Directors.

The performance of the Enterprise Risk Management (ERM) activity has enabled us to achieve a greater awareness of the importance of monitoring activities on regulatory compliance, already previously carried out.

**[G1-3, 16, 17, 18.a]**

## targets to monitor the effectiveness of the actions taken

**[MDR-T 78, 79.a, 79.b, 79.e, 80.a, 80.b, 80.c, 80.d, 80.e, 80.f, 80.h]**

Below are the main targets relating to business conduct; these are established on the basis of the scope of interest by the Legal & Corporate Affairs Department and the Strategic Purchasing Department. These objectives are reviewed annually, in order to assess the performance of the company with respect to the achievement of the target, regarding the material impacts, risks and opportunities.

The qualitative objectives apply to the entire Group, with the exception of induction activities on ESG issues for members of administrative bodies. Quantitative objectives, meanwhile, are applied to the "upstream" value chain of the company and, indirectly, to the latter's collaborators, partners and suppliers.

Target	Brief description of the target	ESRS	Perimeter	Base year	Base line	Target year
<b>Supply Chain</b>						
Signing of the Supplier Code of Conduct by the Group's supply chain (T1)	Signing of the Code of Conduct by T1 suppliers (direct and indirect), who represent 80% of turnover by 2025 and 95% of turnover by 2026, in order to align the supply chain with the quality, environmental and social standards imposed by the Group	ESRS G1-2 ( <b>Supplier Relationship Management</b> ), G1-6 Metrics and targets ( <b>Payment Practices</b> )	Own operations	2024	-	a) 2025 b) 2026
Value chain mapping aimed at identifying the value chain's material topics	Carry out internal mapping of the supply chain (T1), with the aim of identifying the aspects of the supply chain deemed material in ESG terms	ESRS G1-2 ( <b>Supplier Relationship Management</b> )	Own operations	2024	-	2025
Introduction of a checklist that includes ESG criteria in the assessment and selection phase regarding key suppliers	Depending on the results achieved through the internal mapping activity, provide for the formalization of a checklist of assessments of the selected suppliers, which also includes environmental, social and governance criteria	ESRS G1-2 ( <b>Supplier Relationship Management</b> )	Own operations	2024	-	2026

Governance and ethical conduct						
ESG induction activities for the members of the Parent Company's Board of Directors	Carry out training activities on the main sustainability-related innovations for the members of the Parent Company's Board of Directors	ESRS G1-1 <b>(Policies on corporate culture and business conduct)</b>	Own operations	2024	-	2025
Extension of the Compliance model provided for by Italian legislation (Legislative Decree 231/01) to foreign sites, including the delivery of specific training	Promote the dissemination of the Group Code of Ethics, the shared disciplinary principles and the implementation protocols provided for in the Organization, Management and Control Model pursuant to Italian Legislative Decree 231/01 to the Group's subsidiaries, by means of appropriate training activities	ESRS Metrics and targets G1-4 <b>(Cases of active or passive corruption)</b>	Own operations	2024	-	2026
Strengthening the supervision of the Code of Ethics at Group level through audit activities on sites	Strengthen compliance at Group level, encouraging the performance of audits designed to verify the degree of implementation of the principles of the Code of Ethics at Group sites	ESRS Metrics and targets G1-4 <b>(Cases of active or passive corruption)</b>	Own operations	2024	-	2028

The targets regarding the Supply Chain were established on the basis of information collected during on-site audits and from databases provided by external providers. **[MDR-T 80.f, 80.h]**

## metrics

### [G1-4] Cases of active and passive corruption

#### **G1-4 22, 23, 24.a, 26**

During 2024, as was the case in 2023, there were no confirmed episodes of corruption that saw either direct or indirect involvement of Group - a sign of the effectiveness of the measures adopted and the company's commitment to maintaining high standards of ethics and legality. **[G1-4, 22, 23, 24.a, 26]**

## [G1-6] Payment practices

**G1-6 31, 32, 33.a, 33.c, 33.d, RA 16, 17**

In line with the actions taken in previous years, including in 2024, we have chosen to adopt a conscious and transparent approach to managing relations with our "upstream" interlocutors. The average contractual payment times for supplies increased slightly between 2023 and 2024, standing at 78 days at the end of 2024, compared to 75 days the previous year, in line with the operational needs of the business.<sup>30</sup> There have been no court proceedings due to late payments.

**[G1-2, 14; G1-6, 31, 32, 33.a, 33.c]**

There is no single standard contract for all suppliers, as payment methods and timing vary according to two main criteria: namely, the geographical location of the supplier (distinguishing between Italy, Europe and non-EU) and the product category purchased (casting, commercial & electronic, motors, steel).

This means that suppliers located in different economic areas (Italy, Germany, China, etc.) are subject to different payment conditions, based on the specific local economic dynamics. In addition to the aforementioned, beginning in 2021, we have chosen to support our suppliers by provided them with facilitated access to financing, through a reverse factoring program. We strongly believe that adopting a "listening" approach to our stakeholders can generate positive impacts for both parties: for this reason, the reverse factoring tool has allowed us to support our suppliers even in situations of financial difficulty. **[G1-6, 31]**

We work to build relationships based on extreme clarity and transparency, avoiding restrictions that entail abuses of power and/or dependence. As of December 31, 2024, as in previous years, there are no judicial proceedings related to late payments **[G1-6, 31]**

<sup>30</sup> We take care not to go beyond the payment terms provided for in the contract. Where the timing extends beyond the predefined days, this is done by prior agreement with the suppliers themselves. Average payment times are calculated as the difference between the payment date and the due date of the sum owed.

# appendix

4





The table below shows how Bonfiglioli Group integrates the essential principles of due diligence concerning people and the environment into its activities, as well as indicating the points at which these aspects are addressed in the Sustainability Report.

<b>Key elements of the duty of care</b>	<b>Paragraphs in Sustainability Statements</b>	<b>Page</b>
a) Integrate due diligence into governance, strategy and the business model	"SBM-1 Strategy, business model and value chain (Sustainability Plan)", "IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities",	14 23
b) Involve stakeholders in all key stages of the duty of care	"SBM-2 Interests and views of stakeholders", "S1-2 Processes for engaging with own workers and workers' representatives about impacts", which also includes reference to processes to remedy negative impacts and channels that allow workers to raise concerns, "S2-2 Processes for engaging with value chain workers about impacts", which also includes processes to remedy negative impacts and channels that allow workers in the value chain to express concerns, "S3-2 Processes for engaging with affected communities about impacts", which also includes processes to remedy negative impacts and channels that allow affected communities to express concerns, "S4-2 Processes for engaging with consumers and end-users about impacts", which also includes processes to remedy negative impacts and channels that allow consumers and end users to express concerns, "S4-4 Taking action on material impacts on consumers and end users, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions", "G1-1 Policies on corporate culture and business conduct",	21 61 92 98 105 107 124
c) Identify and assess negative impacts	"IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities", ""ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and the business model ",	23 31, 41, 55, 90, 97, 103, 115, 123
d) Intervene to deal with negative impacts	"E1-3 Actions and resources related to climate change policies", "E5-2 Actions and resources related to the use of resources and the circular economy", "S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities, and effectiveness of those actions", "S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions", "S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions", "S4-4 Taking action on material impacts on consumers and end users, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions", "MDR-A – Actions and resources related to material sustainability issues",	34 42 64 92 98 107 34, 42, 64, 92, 98, 107

e) Monitor the effectiveness of interventions and communicate	"E1-3 Actions and resources related to climate change policies", "E5-2 Actions and resources related to the use of resources and the circular economy", "S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities, and effectiveness of those actions", "S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions", "S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions", "S4-4 Taking action on material impacts on consumers and end users, and approaches to managing material risks and pursuing material opportunities, and effectiveness of those actions", "MDR-A – Actions and resources related to material sustainability issues",	34 42 64 92 98 107 34, 42, 64, 92, 98, 107
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Disclosure Requirement and/or Data point	Disclosure	REFERENCE PARAGRAPH
<b>GENERAL DISCLOSURES</b>		
ESRS 2 BP-1 General basis for preparation of sustainability statements		ESRS 2: General Disclosures   Criteria for drafting, page 8
ESRS 2 BP-2 Disclosures in relation to specific circumstances		ESRS 2: General Disclosures   Criteria for drafting, page 8
ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies		ESRS 2: General Disclosures   Sustainability Governance, page 11
ESRS 2 GOV-2 Information provided to and sustainability matters addressed by the Group's administrative, management and supervisory bodies		ESRS 2: General Disclosures   Impact, risk and opportunity management, page 23
ESRS 2 SBM-1 Strategy, business model and value chain		ESRS 2: General Disclosures   Strategy and sustainability objectives, page 14
ESRS 2 SBM-2 Interests and views of stakeholders		ESRS 2: General Disclosures   Strategy and sustainability objectives, page 14
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and the business model		ESRS 2: General Disclosures   Impact, risk and opportunity management, page 23
ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities		ESRS 2: General Disclosures   Impact, risk and opportunity management, page 23
ESRS 2 IRO-2 Disclosure requirements in ESRS covered by the company's sustainability statement		ESRS 2: General Disclosures   Impact, risk and opportunity management, page 23
ESRS 2 MDR-P Minimum disclosure requirement on Policies		Please refer to MDR-P reported in each of the Thematic Standards below
ESRS 2 MDR-A Minimum disclosure requirement on Actions		Please refer to MDR-A reported in each of the Thematic Standards below
ESRS 2 MDR-T Minimum disclosure requirement on Targets		Please refer to MDR-T reported in each of the Thematic Standards below
ESRS 2 MDR-M Minimum disclosure requirement on Metrics		Please refer to MDR-M reported in each of the Thematic Standards below
<b>ENVIRONMENTAL INFORMATION</b>		
<b>ESRS 1 CLIMATE CHANGE</b>		
ESRS E1-1 Transition plan for climate change mitigation		ESRS E1: Climate Change   Transition plan for climate change mitigation, page 32
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and the business model		ESRS E1: Climate Change   Impacts, risks and opportunities, page 31
ESRS 2 IRO-1 Description of the processes to identify and assess climate-related material impacts, risks and opportunities		ESRS E1: Climate Change   Impacts, risks and opportunities, page 31
ESRS E1-2, MDR-P Policies related to climate change mitigation and adaptation		ESRS E1: Climate Change   Policies related to climate change mitigation and adaptation, page 33

ESRS E1-3, MDR-A Actions and resources in relation to climate change policies	ESRS E1: Climate Change   Actions and resources in relation to climate change policies, page 34
ESRS E1-4, MDR-T Targets related to climate change mitigation and adaptation	ESRS E1: Climate Change   Targets related to climate change mitigation and adaptation, page 36
ESRS E1-5 Energy consumption and mix	ESRS E1: Climate Change   Metrics, page 37
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	ESRS E1: Climate Change   Metrics, page 38
<b>ESRS E5 RESOURCE USE AND CIRCULAR ECONOMY</b>	
ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	ESRS E5: Resource use and Circular economy   Impact, risks and opportunities, page 41
ESRS E5-1, MDR-P Policies related to resource use and circular economy	ESRS E5: Resource use and circular economy   Policies related to resource use and circular economy, page 42
ESRS E5-2, MDR-A Actions and resources related to resource use and circular economy	ESRS E5: Resource use and circular economy   Actions and resources related to resource use and circular economy, page 42
ESRS E5-3, MDR-T Targets related to resource use and circular economy	ESRS E5: Resource use and circular economy   Targets related to resource use and circular economy, page 45
ESRS E5-4, AR Resource inflows	ESRS E5: Resource use and circular economy   Resource inflows, page 47
ESRS E5-5, AR Resource outflows	ESRS E5: Resource use and circular economy   Resource outflows, page 50
<b>SOCIAL INFORMATION</b>	
<b>S1 OWN WORKFORCE</b>	
ESRS 2 SBM-2, AR Interests and views of stakeholders	Please refer to the section "ESRS 2: General Disclosures   Strategy and sustainability objectives", page 14
ESRS 2 SBM-3, AR Material impacts, risks and opportunities and their interaction with strategy and the business model	ESRS S1: Own Workforce   Impacts, risks, opportunities, page 55
ESRS S1-1, AR Policies related to own workforce	ESRS S1: Own Workforce   Policies related to own workforce, page 57
ESRS S1-2, AR Processes for engaging with own workers and workers' representatives about impacts	ESRS S1: Own Workforce   Processes for engaging with own workers and workers' representatives about impacts, page 61
ESRS S1-3, AR Processes to remediate negative impacts and channels for own workers to raise concerns	ESRS S1: Own Workforce   Processes for engaging with own workers and workers' representatives about impacts, page 61
ESRS S1-4, MDR-A, AR Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	ESRS S1: Own Workforce   Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions, page 64
ESRS S1-5, MDR-T, AR Targets related to managing negative material impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S1: Own Workforce   Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities, page 74
ESRS S1-6 Characteristics of company employees	ESRS S1: Own Workforce   Metrics, page 78
ESRS S1-7 Characteristics of non-employee workers in the company's own workforce	ESRS S1: Own Workforce   Metrics, page 80
ESRS S1-8 Collective bargaining coverage and social dialog	ESRS S1: Own Workforce   Metrics, page 81
ESRS S1-9 Diversity metrics	ESRS S1: Own Workforce   Metrics, page 82
ESRS S1-10 Adequate wages	ESRS S1: Own Workforce   Metrics, page 83
ESRS S1-11 Social protection	ESRS S1: Own Workforce   Metrics, page 83
ESRS S1-12 Persons with disabilities	ESRS S1: Own Workforce   Metrics, page 83
ESRS S1-13 Training and skill development metrics	ESRS S1: Own Workforce   Metrics, page 84
ESRS S1-14 Health and safety metrics	ESRS S1: Own Workforce   Metrics, page 85
ESRS S1-15 Work-life balance metrics	ESRS S1: Own Workforce   Metrics, page 86
ESRS S1-16 Compensation metrics (pay gap and total compensation)	ESRS S1: Own Workforce   Metrics, page 87
ESRS S1-17, AR Incidents, complaints and severe human rights impacts	ESRS S1: Own Workforce   Metrics, page 87
<b>S2 WORKERS IN THE VALUE CHAIN</b>	

ESRS 2 SBM-2, AR Interests and views of stakeholders	Please refer to the section "ESRS 2: General Disclosures   Strategy and sustainability objectives", page 14
ESRS 2 SBM-3, AR Material impacts, risks and opportunities and their interaction with strategy and the business model	ESRS S2: Workers in the value chain   Impacts, risks, opportunities, page 90
ESRS S2-1, MDR-P, AR Policies related to value chain workers	ESRS S2: Workers in the value chain   Policies related to value chain workers, page 91
ESRS S2-2, AR Processes for engaging with value chain workers about impacts	ESRS S2: Workers in the value chain   Processes for engaging with value chain workers about impacts, page 92
ESRS S2-3, AR Processes to remediate negative impacts and channels for value chain workers to raise concerns	ESRS S2: Workers in the value chain   Processes for engaging with value chain workers about impacts, page 92
ESRS S2-4, AR, Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	ESRS S2: Workers in the value chain   Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions, page 92
ESRS S2-5, MDR-T, AR Targets related to managing negative material impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S2: Workers in the value chain   Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities, page 94
<b>S3 AFFECTED COMMUNITIES</b>	
ESRS 2 SBM-2, AR Interests and views of stakeholders	Please refer to the section "ESRS 2: General Disclosures   Strategy and sustainability objectives", page 14
ESRS 2 SBM-3, AR Material impacts, risks and opportunities and their interaction with strategy and the business model	ESRS S3: Affected Communities   Impacts, risks, opportunities, page 97
ESRS S3-1, MDR-P, AR Policies related to affected communities	ESRS S3: Affected Communities   Policies related to affected communities, page 97
ESRS S3-2, AR Processes for engaging with affected communities about impacts	ESRS S3: Affected Communities   Processes for engaging with affected communities about impacts, page 98
ESRS S3-3, AR Processes to remediate negative impacts and channels for affected communities to raise concerns	ESRS S3: Affected Communities   Processes for engaging with affected communities about impacts, page 98
ESRS S3-4, MDR-A, AR Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of these actions	ESRS S3: Affected Communities   Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of these actions and approaches, page 98
ESRS S3-5, MDR-T, AR Targets related to managing negative material impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S3: Affected Communities   Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities, page 101
<b>S4 CONSUMERS AND END USERS</b>	
ESRS 2 SBM-2, AR Interests and views of stakeholders	Please refer to the section "ESRS 2: General Disclosures   Strategy and sustainability objectives", page 14
ESRS 2 SBM-3, AR impacts, risks and opportunities and their interaction with strategy and the business model	ESRS S4: Consumers and end users   Impacts, risks, opportunities, page 103
ESRS S4-1, MDR-P, AR Policies related to consumers and end users	ESRS S4: Consumers and end users   Policies related to consumers and end users, page 104
ESRS S4-2 Processes for engaging with consumers and end users about impacts	ESRS S4: Consumers and end users   Processes for engaging with consumers and end users about impacts, page 105
ESRS S4-3 Processes to remediate negative impacts and channels for consumers and end users to raise concerns	ESRS S4: Consumers and end users   Processes to remediate negative impacts and channels for consumers and end users to raise concerns, page 116

ESRS S4-4, MDR-A, AR Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of these actions	ESRS S4: Consumers and end users   Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of these actions, page 118
ESRS S4-5, MDR-T, AR Targets related to managing negative material impacts, advancing positive impacts, and managing material risks and opportunities	ESRS S4: Consumers and end users   Targets related to managing negative material impacts, advancing positive impacts, and managing material risks and opportunities, page 119
<b>G1 BUSINESS CONDUCT</b>	
ESRS 2 GOV-1 The role of the administrative, supervisory and management bodies	Please refer to the section "ESRS 2: General Disclosures   Sustainability Governance, page 11
ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	ESRS G1: Business conduct   Impacts, risks, opportunities, page 123
ESRS G1-1, MDR-P, AR Corporate culture and Business conduct policies and corporate culture	ESRS G1: Business conduct   Corporate culture and Business conduct policies and corporate culture, page 124
ESRS G1-2, AR Management of relationships with suppliers	ESRS G1: Business conduct   Management of relationships with suppliers, page 126
ESRS G1-3, AR Prevention and detection of corruption and bribery	ESRS G1: Business Conduct   Prevention and detection of corruption and bribery, page 129
ESRS G1-4 Confirmed incidents of corruption or bribery	ESRS G1: Business conduct   Metrics, page 132
ESRS G1-6, AR Payment practices	ESRS G1: Business conduct   Metrics, page 133

# Appendix B:

## Additional metrics related to air pollution and water consumption

### Air pollution

\* The full comparability of the data with respect to 2023 cannot be guaranteed, as these are the first financial statements inspired by ESRS standards.

Emission of pollutants into the atmosphere*	u.m.	2023	2024
Sulfur dioxide (SO <sub>2</sub> )		0.18	0.04
Nitric oxide (NO <sub>x</sub> )		0.57	2.34
Volatile Organic Compounds (VOCs)		0.07	6.54
Total Organic Carbon (TOC)	t	-	1.15
Alkaline substances (Na <sub>2</sub> O)		-	0.05
Carbon monoxide (CO)		-	0.11
Particulate Matter (PM) <sup>31</sup>		0.31	1.08
<b>Total</b>		<b>1.13</b>	<b>11.32</b>

### Water consumption

Total water consumption and water resources*	u.m.	2023	2024
Total water consumption	m <sup>3</sup>	103,370	142,774
Total number of workers (average per year)	no.	-	4,909
<b>Total consumption per worker</b>	<b>m<sup>3</sup>/n.</b>	<b>-</b>	<b>29</b>

\* The full comparability of the data with respect to 2023 cannot be guaranteed, as these are the first financial statements inspired by ESRS standards.

<sup>31</sup> This entry includes both Fine Particulate (PM 10) for 1.07 ton and Fine Particulate (PM2.5) for 0.01. In 2023, the main pollutants produced by the Group referred to Nitrogen oxides (NO<sub>x</sub>), Particulates (PM) and Carbon oxides (CO<sub>x</sub>).





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