

SUS TAIN

ABIL

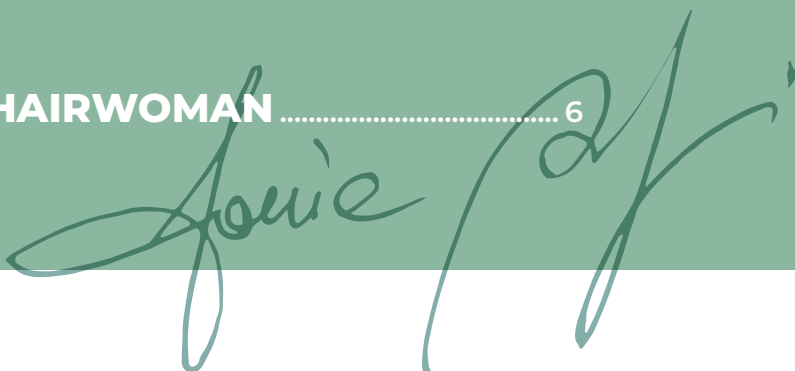
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REPORT22



SUS TAIN ABIL ITY REPORT22

A MESSAGE FROM OUR CHAIRWOMAN..... 6



2022 HIGHLIGHTS..... 8

1 OUR WAY:
A STORY OF CONTINUOUS EXCELLENCE.....14

- > 1.1 | Mission and values..... 16
- > 1.2 | Milestones..... 18
- > 1.3 | Global presence for local support 20
- > 1.4 | Business Units..... 22
- > 1.5 | A solid organization 28
- > 1.6 | Our commitment for a responsible business 32
- > 1.7 | Value creation and our responsibility toward local communities..... 40

TABLE OF
CONTENTS

2 OUR PEOPLE:
ENGINE OF SUCCESS.....46

- > 2.1 | Growing together with digital technology 48
- > 2.2 | Building success through knowledge..... 60
- > 2.3 | Caring for the safety of our people..... 66

3 OUR IMPACT:
WORKING TODAY FOR A SUSTAINABLE TOMORROW72

- > 3.1 | Innovation for a sustainable future 74
- > 3.2 | Embracing the digital transformation 98
- > 3.3 | A responsible supply chain 104
- > 3.4 | Production designed to protect the environment..... 110

APPENDIX122

METHODOLOGY 128

GRI CONTENT INDEX..... 138

A MESSAGE FROM OUR CHAIRWOMAN



“ Dear Readers,

This is now our fourth sustainability report, and it is only as I am writing to you now that I realize how widespread the culture of sustainability is within the company, and how far it has permeated all areas of our organization: from minor initiatives that have an effect on day-to-day life to longer-term, more structured projects, every year we dedicate more and more resources to reducing our environmental impact on the one hand and improving our social impact on the other.

“We engineer a greener world” is not just a slogan that accompanies our communication campaigns - it represents our true mission, which starts with our production lines, and encompasses our buildings, the products we manufacture and the sectors we serve.

The most tangible evidence of our constant commitment to protecting the environment and managing energy in an increasingly effective manner are the environmental certifications for our buildings and plants, such as the Energy Management System certification according to ISO50001:2018, obtained in 2021 for the Italian plant in Forlì and extended to the EVO plant in 2022. In addition, in the same year, we obtained ISO 14001 certification for the environmental management systems at the Calderara di Reno plant and the Mannur plant in India.

Staying with the theme of the environmental performance of our sites, in 2022, the total energy consumed by the company was 311,686 GJ, an increase of 6% over the previous year - a pretty low figure considering that the overall growth in production was over 15%.

Our dedication to reducing our environmental impact has also been translated into the Group's first Greenhouse Gas Emissions Inventory, drawn up using 2021 data; this important document is in line with the key international standards, and is used to calculate the company's direct and indirect emissions, as well as those linked to Bonfiglioli's value chain, with a view to identifying areas in which we can intervene in order to reduce emissions.

Innovation is a key pillar in our approach to environmental sustainability. In 2022, around 1,500 projects regarding new products and custom applications were developed at Group level, with an integrated approach focused on the development of mechatronic solutions, where electrification plays a major role - this is clearly evident, not least from the creation of a specific R&D platform, but also from the various projects initiated by the Competence Center for Electromobility.

As such, we are no longer talking about mere components, but rather high-efficiency solutions for all the sectors we serve, with a particular focus on wind power - in which we remain a world leader - recycling, with our solutions for shredding and compacting of waste, and biogas. We have only just begun working with the latter, but are already quite active in the sector, particularly in Italy, thanks to our membership of the Italian Biogas Consortium.

Acting in a sustainable manner extends beyond the environment - it also means ensuring the well-being of our employees, valuing and supporting people and enabling them to fulfill their potential, both as individuals and as professionals.

In light of this, in 2022, we wanted to continue a number of initiatives designed to disseminate the culture of health and safety. These included Safety Breaks, with a focus on the environment, the circular economy and waste management, with 34 meetings held with the support of Legambiente, and attended by more than 1,600 employees. The training video clips on the Golden Rules - 10 rules and best practices that apply at all Bonfiglioli sites around the world, with a view to reinforcing environmental and safety measures - were also offered again. Over the course of the year, more generally, 11,529 hours of training were provided on safety, constituting 20.8% of the overall training delivered worldwide. This commitment was recognized with the extension of the ISO 45001:2018 certification on occupational health and safety to a new site in Italy and one in India. Overall, as of today, a total of 62% of Group employees work in ISO 45001 certified sites.

Training also played a central role in 2022, and we focused on offering courses that promote both the personal and professional development of our people, as well as opportunities for development and growth that are particularly appreciated by employees - indeed, with the Bonfiglioli Academy, we have recorded a 21% increase in the number of training hours provided.

The International Job Posting session was particularly popular, along with the corresponding portal for internal mobility at international level, which offers opportunities for growth for all employees; indeed, in 2022, there were 166 applications, 37 job offers and 16 individuals appointed.

The focus on people goes beyond the walls of the company, and is transformed into social and local responsibility, via a host of initiatives.

Some of the most recent of these include Save the Children, and in 2022 we saw our work with the association come to fruition: in a village in Uganda, a house was built for four teachers, enabling them to live near the school, prepare properly for lessons and teach classes on a daily basis.

Naturally, we took prompt action to offer concrete assistance to the Ukrainian population, with a number of activities including the purchase and shipment of medical supplies to the war-torn country and the provision of accommodation for refugees, hosting over 20 people in Calderara di Reno, Bologna, and Forlì.

At a more local level, we wanted to bring the issue of home-to-work travel to the fore, by joining and leading the PRO Club Mobility Circle, an initiative proposed by the metropolitan city of Bologna which engages some of the most important businesses in the area in a prestigious pilot project on sustainable mobility.

2022 was a year filled with memorable moments and projects to be proud of, and a year that was certainly complex, given the geopolitical and health situation. However, once again, thanks to our values and the commitment of our people, we can look forward and continue on our path of continuous growth and improvement.

FOREVER FORWARD!

“
Louie
”



OUR WAY

A STORY OF CONTINUOUS EXCELLENCE



20 BRANCHES,
15 MANUFACTURING PLANTS & MORE
THAN
550 DISTRIBUTORS ACROSS THE GLOBE



ONE BILLION COMPANY

After hitting a turnover of 1 billion euros in 2021, in December 2022, Bonfiglioli increased this turnover to more than 1.2 billion, thanks to the hard work and collaboration of all our people



SUPPORTING WORLDWIDE PROJECTS

We carried on the initiatives for local communities, fostering youth education, culture and health

OUR PEOPLE

ENGINE OF SUCCESS



4,148 **OUR WORLDWIDE BONFIGLIOLI FAMILY**
89% EMPLOYEES HAVE A PERMANENT CONTRACT
55,395 OVERALL HOURS OF TRAINING



PROMOTING THE CULTURE OF SUSTAINABILITY WITHIN THE COMPANY

In 2022, our **Safety Breaks** - group training sessions dedicated to Italian employees - focused on the theme of the circular economy. The campaign, which was created in partnership with Legambiente, was centered on sustainable waste management.

This year, all employees received a **thermal drinks bottle**. At the same time, the number of water dispensers in workspaces was increased, in order to further reduce single-use plastic



BONFIGLIOLI ACADEMY

In 2022, we consolidated our Academy offering by means of a new course structure, as well as introducing professional development courses. More specifically, for new arrivals in our Italian sites, we established an online training program to help them to gain the best possible understanding of the values, the history and the culture of our company



ACTIVATION OF WORK BY OBJECTIVES

The option of working remotely enables the work and resources to be managed according to an approach based on results and trust between the manager and the employee, with the direct involvement of the latter

OUR IMPACT

WORKING TODAY FOR A SUSTAINABLE TOMORROW



RESEARCH & DEVELOPMENT

We have developed our solutions for a sustainable future with a particular focus on efficiency, on recovery, and on the reduction of consumption and emissions. In 2022, around 500 projects were developed by our R&D team



RECYCLING & ENVIRONMENTAL SUSTAINABILITY

Our D&P business unit is active in the Recycling and Environmental Sustainability sector, and is dedicated to the green economy. Our activities are focused on the design and manufacture of solutions that can incentivize and add to a circular economy approach; specifically with regard to waste compaction and sorting



2,680,186 kWh PRODUCED BY OUR PHOTOVOLTAIC PANELS and used by our plants, reaching an increase of 2% with respect to 2021



NEW BUILDING FOR BONFIGLIOLI INDIA

In 2022, construction work began on the new Bonfiglioli Transmissions Private Limited site. The building is designed to encourage natural recirculation of the air. In addition, a photovoltaic system will be installed on the roof



OUR COMMITMENT TO THE ENVIRONMENT

In order to strengthen our commitment to caring for the environment, we ask all our suppliers to respect our integrated Q&HSEE Policy. In 2022, we obtained ISO 50001 certification for Energy Management Systems for our EVO manufacturing site (Italy)



UKRAINE EMERGENCY

When a humanitarian emergency was declared as a result of the conflict with Russia, Bonfiglioli immediately put its gears in motion to support the Ukraine population.

Several of our suppliers and other Italian companies also leaped into action to participate in this show of solidarity: one that enabled us to purchase much needed medical equipment which was then sent to the Slovakian border and distributed to hospitals and first aid points.

Bonfiglioli staff, both in Italy and abroad, were also able to contribute to the company's fundraising campaign, through which we supported the Ukraine Embassy in the Vatican in sending the material aid that people had donated to the collection point at the Basilica di Santa Sofia in Rome.

In addition to this, Bonfiglioli also provided accommodation for refugees, hosting more than 20 people in Calderara di Reno and Forlì. Our employees worked hard to refurbish these facilities, helping to build and set up the necessary furniture in preparation of their arrival.



N.W.: 3.50 KGS
G.W.: 4.60 KGS

PROJECT



Thanks to the financing received from the European association EIT Manufacturing, the Moliere project was developed over the course of 2022. In collaboration with 5 other major international partners, an innovative strain sensor was brought to pre-industrialization level, with potential applications in various sectors. This solution enables the monitoring of machinery in terms of production performance and energy efficiency, as well as allowing proper diagnostics to be carried out, but above all, prognostics operations - that is, estimations of the remaining life of the machine under real working conditions. The Moliere sensor offers the highest levels of performance compared to alternative state-of-the-art solutions: it is 10,000 more sensitive, with a range that is x25 broader than the sensitivity.



BONFIGLIOLI ROBOTICS AND ARTIFICIAL INTELLIGENCE CERTIFICATE

With a view to supporting future generations and providing technical skills training, Bonfiglioli has launched an initiative with schools and technical institutes in Italy, establishing the Bonfiglioli Robotics and Artificial Intelligence Certificate. The project, which was launched in March 2022, provides an innovative training course run by company lecturers and tutors, who are also specialists in the world of academia. The courses are partly delivered online, through the Bonfiglioli Academy, and partly at the Bonfiglioli sites, where students have the opportunity to learn more about some of the more practical concepts.

FORLÌ: INITIATIVES DESIGNED TO CONTAIN WASTE PRODUCTION

Over the course of 2022, we committed to reducing the amount of waste produced in the Forlì plant, via a range of different initiatives.

We replaced some of the wooden separators with recycled plastic alternatives, which have a longer service life; the goal is eventually to replace all of these. In addition, thanks to the implementation of the preventive maintenance technique (TMP), it has been possible to significantly reduce leaks and spills of cutting oil from the machines present in the plant. In order to foster improvements across the Group, the best practices developed were shared with another Group plant in the United States.

Furthermore, thanks to our partnership with our supplier, we were able to replace the synthetic mineral cutting oils with a plant-based alternative, which is healthier and safer for our employees, as well as being less polluting.



SUSTAINABLE MOBILITY IN THE CITY OF BOLOGNA

We promote the adoption of sustainable mobility solutions among our employees for their commute from home to work, through our stakeholding in the PRO Club of the Metropolitan City of Bologna. The goal of the project is to create synergies between private companies, and the area of Calderara is one of the first two to undergo a 6-month trial, which began in January 2023.

NEW ISO 50001 CERTIFIED SITE



In 2022, the commitment of Bonfiglioli Group to achieving **ISO 50001 - Energy Management Systems** certification continued. This certification is the international standard that specifies requirements for the creation, implementation, maintenance and improvement of Energy Management Systems, thus facilitating the process of integrating energy efficiency across all company activities.

After the Forlì site, in 2022, the **EVO** production site also achieved the certification, thanks to the implementation of a number of specific initiatives.

“**QUALITY, HEALTH, SAFETY, ENVIRONMENT AND ENERGY**
OUR UNWAVERING AMBITION”

NEW HEADQUARTERS FOR BONFIGLIOLI IN INDIA



In 2022, work began on the construction of the new **Bonfiglioli Transmissions Private Limited** site in Pune, India. The new site will have a curved roof, which combined with the assistance provided by a series of fans, will promote the natural recirculation of air inside the building.

Furthermore, to promote high levels of energy efficiency throughout the plant, a photovoltaic system will be installed, along with a series of sensors that will be used for the lighting in the office area.

ASSOCIATIONS



Bonfiglioli's stakeholding in the **GWEC (Global Wind Energy Council)** - the international trade association for the wind energy industry - has been confirmed in 2022.

In line with the Group's values and strategies on environmental sustainability, GWEC's aim is to ensure that wind energy emerges as the answer to today's energy challenges, delivering significant environmental and economic benefits.

GWEC works at the highest international political level in order to create an environment that promotes wind energy, through the education of local and national governments and international agencies on the benefits of this.



The association **VDMA** represents 3,600 German and European mechanical and plant engineering companies, including Bonfiglioli. The sector is synonymous with innovation and a focus on exports. The companies employ around 3 million people overall within the European Union, making mechanical and plant engineering the biggest employer of the capital goods industries, accounting for an estimated 860 billion euros of turnover.



Deutsch-Italienische Handelskammer
Camera di Commercio
Italo-Germanica

Bonfiglioli is also a member of **AHK Italien, the Italian-German Chamber of Commerce**, which promotes economic relations between Italian and German companies.



In 2022, we joined the **CIB - Consorzio Italiano Biogas** (Italian Biogas Consortium), which is the first voluntary group association to unite agricultural companies producing biogas and biomethane from renewable sources, industrial companies supplying plants, technologies and services for the production of biogas and biomethane and

organizations and institutions that contribute to the promotion of anaerobic digestion for the agricultural sector. The Consortium is active throughout Italy, and represents the entire agricultural biogas and biomethane production chain, with a view to providing information to its members in order to improve the management of the production process and to steer the evolution of the regulatory framework, to achieve the 2050 targets on renewable energy and the fight against climate change. We intend to take advantage of our new membership to deepen our knowledge and boost our productivity within the biogas sector.





SUS TAIN ABIL ITY

REPORT22

1 OUR WAY:

A STORY OF CONTINUOUS
EXCELLENCE

OUR MISSION

“ We have a relentless commitment to excellence, innovation & sustainability. Our Team creates, distributes and services world-class power transmission & drive solutions to keep the world in motion. ”

At Bonfiglioli, we strongly believe that the success of the company is rooted in two key pillars: the **values** that we share, and the **people we work with**.

A robust, solid tradition combined with an innovative approach to doing business allows Bonfiglioli to meet and overcome even the most intense challenges day after day, strengthening our ability to predict the evolution of the markets and to provide insights that are designed to satisfy the needs of our customers.

The important results achieved by the Group were achieved by pursuing our three central objectives: **innovation**, **excellence** and **sustainability**. Our team dedicates itself to ensuring excellence through innovative and cutting-edge products. Therefore, we decided to increase our commitment to sustainability purposes, generating a social positive impact in the communities where we operate and reducing our environmental footprints.



OUR VALUES

WE HAVE FOUR MAIN VALUES – **CHALLENGE**, **RESPECT**, **ACCOUNTABILITY**, **WINNING TOGETHER** – THAT DAILY GUIDE US TOWARDS THE AMBITIOUS GOALS WE AIM FOR.



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.

1.2 MILESTONES

1956

Clementino founds
Costruzioni Meccaniche Bonfiglioli

1964

Works start on the factory at Lippo
di Calderara, Bologna, Italy

1968

Tecnotrans Bonfiglioli SA is
established in Barcelona. Start of
our international expansion.

1975

Acquisition of Trasmital

1993

DNV and TÜV certifications

1995

Debut of the C, A and F series

1999

Inauguration of the plant in
Chennai, India

2000

Launch of MOSAICO, our online
product configurator

2001

Acquisition of Vectron

2002

Launch of BEST program, our
international distribution
network

2003

- › Acquisition of Tecnoingranaggi
- › Bonfiglioli Drives is established in
Shanghai, China

2005

Bonfiglioli expands into Slovakia

2006

Bonfiglioli Turkey is established

2008

- › Organization into Business Units
- › Bonfiglioli Vietnam Ltd. is
established in Ho Chi Minh City

2009

Bonfiglioli Brazil is established

2010

Sonia Bonfiglioli takes
control of the Group

2011

- › Inauguration of the plant in
Mannur, India
- › Inauguration of the plant in
Rovereto, Italy

2013

Bonfiglioli South East Asia opens in
Singapore

2015

Acquisition of O&K Antriebstechnik
GmbH

2017

- › Expansion of plants in Slovakia
and Pune, India
- › The path toward digital
transformation begins

2018

- › New electromobility plant in Forlì,
Italy
- › Inauguration of the new plant in
Chennai, India

2019

- › New and larger plant in Rovereto
- › EVO, new D&P offices and larger
industrial plant

2020

E-commerce USA launch

2021

- › Acquisition of Sampingranaggi and Samp Machinery Shanghai assets
- › E-commerce Italy portal launch
- › E-mobility competence center is enlarged
- › Bonfiglioli becomes a 1 Billion € Company

GLOBAL PRESENCE FOR LOCAL SUPPORT





































“ We lead the global market with complete and efficient solutions, accompanying our customers with dedicated services ranging from co-engineering to after-sales. ”

15
PRODUCTION
SITES

80
COUNTRIES

20
COMMERCIAL
SITES

~4,000
PEOPLE

COUNTRIES	CERTIFICATIONS
AUSTRALIA 	
BRAZIL 	
CHINA 	  
FRANCE 	
GERMANY 	
UNITED KINGDOM 	
INDIA 	  
ITALY 	   
NEW ZEALAND 	-
SINGAPORE 	-
SLOVAKIA 	
SPAIN 	
SOUTH AFRICA 	
TURKEY 	
USA 	
VIETNAM 	 
	HEADQUARTERS 
	PRODUCTION SITES 
	COMMERCIAL SITES 

The Bonfiglioli Group has its origins in **Costruzioni Meccaniche Bonfiglioli**, a small family business founded by **Clementino Bonfiglioli** in **1956**. The company achieved immediate success, and over the years, grew to become a leader in several sectors, including industrial automation, mobile machinery and wind energy.

Today, the Group boasts more than 4,000 employees in 80 countries, and is structured into three main business units: Discrete Manufacturing & Process Industries, Motion & Robotics, and Mobility & Wind Industries. These three sectors call for high-level technology and specific knowledge; Bonfiglioli's goal is to strengthen the cohesion and synergy between the three areas in order to be able to offer more innovative, sustainable and customer-focused products.

To ensure compliance with standardized procedures across each of the Group's 20 commercial premises and 15 production sites - and in so doing, better meet the requirements of our customers - Bonfiglioli has chosen to homogenize its internal practices via a process of digitization. The e-commerce platform, which was launched in 2020, is active within the US market, where it has seen major success; since 2021, it has also been accessible to the Italian market, with just under ten participating distributors. Furthermore, in 2022, the platform was redesigned in order to

make it more user-friendly. In addition to the process of digitization, the 550-plus Group distributors worldwide ensure that we can provide the best possible support to customers and business partners alike.

The value generated by Bonfiglioli is derived from two main characteristics of the company: the first is our proximity to customers and the efficiency of the service provided - made possible thanks to our international presence - and the second is a result of the wide range of customized products available - such as gearmotors, drive systems, planetary gearboxes and inverters, across the three units.

In order to formalize Bonfiglioli's focus on high levels of quality, the Group has gained several **certifications**, including **ISO 9001 - Quality Management Systems** for almost all its plants, as well as the certifications for occupational health and safety management systems (which replaces **OHSAS 18001**, and is known as **ISO 45001**) and the environment (**ISO 14001**) for its main production plants. In 2022, **ISO 14001** certification was awarded to new plants in both Italy and India. In addition, some Group companies also have **ISO 50001 - Energy Management Systems** certification. These include the EVO plant, which gained this certification in 2022.

OUR BUSINESS UNITS

Our three business units - Discrete Manufacturing & Process Industries, Motion & Robotics and Mobility & Wind Industries - are an expression of the Group's extensive experience and unique expertise, which enables us to offer integrated support to our customers.



OUR BRANDS

Bonfiglioli is the leader of the power transmission market, through five distinct brands which represent the Group's culture, experience and dedication to meeting the needs of customers, via a personalized service of the very highest level.

 **Bonfiglioli**
Riduttori

 **Bonfiglioli**
Trasmital

 **Bonfiglioli**
Vectron

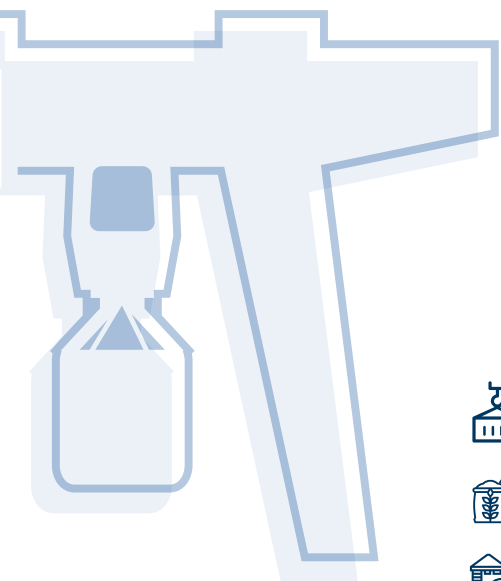
 **Bonfiglioli**
Tecnoingranaggi

 **Bonfiglioli**
O&K Antriebstechnik

DISCRETE MANUFACTURING & PROCESS INDUSTRIES

Bonfiglioli's Discrete Manufacturing & Process Industries Business Unit provides a full range of solutions for a huge variety of industrial sectors. Our international teams primarily focus on the material handling and logistics, food and beverage processing, metal processing, mining, recycling and biogas industrial sectors, in order to guarantee a unique customer experience.

We manufacture over 1.5 million products a year for over 20 different applications at state-of-the-art Industry 4.0 plants that prioritize industrial processes and automation.

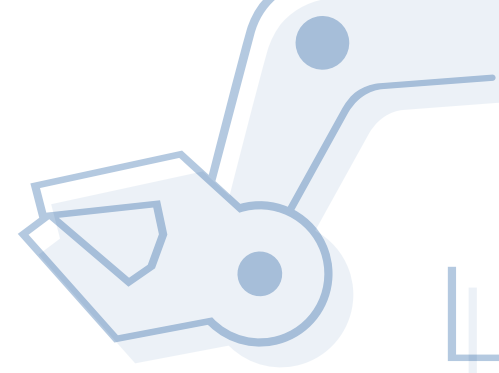


-  MATERIAL HANDLING
-  FOOD AND BEVERAGE
-  BIOGAS
-  PHOTOVOLTAIC
-  RECYCLING
-  MINING INDUSTRY
-  LOGISTICS AND STORAGE SYSTEMS

OTHER SECTORS:

- › Wastewater treatment
- › Metal machining
- › Industrial access and door control
- › HVAC and refrigeration plants

MOTION & ROBOTICS



Created following the transformation of the previous Mechatronic & Motion Systems business unit, Motion & Robotics is the result of our desire to strengthen our offering in the robotics field, with a view to delivering increasingly vertical, cutting-edge solutions.

Via a series of comprehensive solutions dedicated to industrial processes and industrial automation, the Motion & Robotics business unit ensures improved profitability for customers by offering integrated systems that include precision planetary gearboxes, servo motors, open and closed loop inverters, servo inverters, motion controllers and regenerative inverters.

Bonfiglioli solutions guarantee the highest levels of precision, efficiency and energy optimization. Our experience enables us to provide comprehensive support to our customers, with advanced integrated and innovative mechatronic solutions for more than twenty industry sectors, including material processing, robotics, packaging and textiles.



HIGHLIGHTS

- › Our **center of excellence in Rovereto, Italy**, focuses on IoT-compatible systems, innovative electric motors, and high-precision geared motors.
- › Our **center of excellence in Krefeld, Germany**, focuses on advanced power electronic drives such as inverters and servo drives.



TEXTILES



MACHINING



PACKAGING & LABELING



ROBOTICS

MOBILITY & WIND INDUSTRIES

Our Mobility & Wind Business Unit offers the widest range of gearboxes currently available on the market. Its portfolio includes drives for travel, slew, winch, and other possible applications. All our products can be fully customized to respond to all needs.

The Mobility & Wind team is the ideal partner for the implementation of efficient, intelligent, and robust solutions dedicated to the most complex of applications in the construction, wind energy, logistics, agriculture, and offshore sectors. For over 40 years, we have been working with the world's leading OEMs.



WIND SOLUTIONS



With a 35% market share in the supply of wind turbine gearboxes to major global players, Bonfiglioli is the undisputed leader in the wind energy sector.

Gearboxes for wind turbines are assembled in 4 of the 15 plants (Italy, India, China and Brazil) to better serve local markets and major global players.

Our Yaw and Pitch drives are continuously optimized to improve turbine performance for traditional onshore applications, but also for the latest offshore applications, without increasing their weight and size and thus offering the market more competitive products.

In line with the "One Stop Shop" concept, our extended product range - which now includes permanent magnet motors and integrated inverters - allows us to offer the entire system, reducing the complexity that comes with managing separate components for the customer. Furthermore, lower installation costs and a smaller control cabinet footprint are guaranteed, contributing to the simplification of the BOM for the turbine.

The IoT has enabled dedicated solutions to be developed for managing wind turbines, designed to improve their efficiency parameters, including elements of preventive and predictive maintenance in our products.



SMALL WIND TURBINES
UP TO 200 KW



ON-SHORE
UP TO 6 MW
OFF-SHORE
UP TO 15 MW

MOBILE SOLUTIONS

Through a co-engineering approach in direct collaboration with our customers, we design tailor-made solutions that are able to meet all market needs associated with self-propelled machine applications.

Bonfiglioli supplies final drives with the widest torque range on the market, from 1,000 to over 3 million Nm.



EARTHMOVING



ROAD CONSTRUCTION



AGRICULTURE



MINING INDUSTRY



MATERIAL HANDLING



ELECTROMOBILITY SOLUTIONS

ELECTRIC GEAR MOTORS FOR ELECTROMOBILITY

Bonfiglioli is leading the field in hybrid and electric technologies, with the aim of providing more energy-efficient solutions to enable our customers to reduce noise pollution and harmful emissions. Our pioneering developments have made us a leader in sustainable technology, driving us constantly toward new horizons. In recent years, our production capacity has been boosted with the construction of an extension to the plant that is entirely dedicated to products for electromobility. Recently, the range has been further added to, with a new integrated inverter and new gearmotors.



COMMERCIAL VEHICLES



CONSTRUCTION



AGRICULTURE

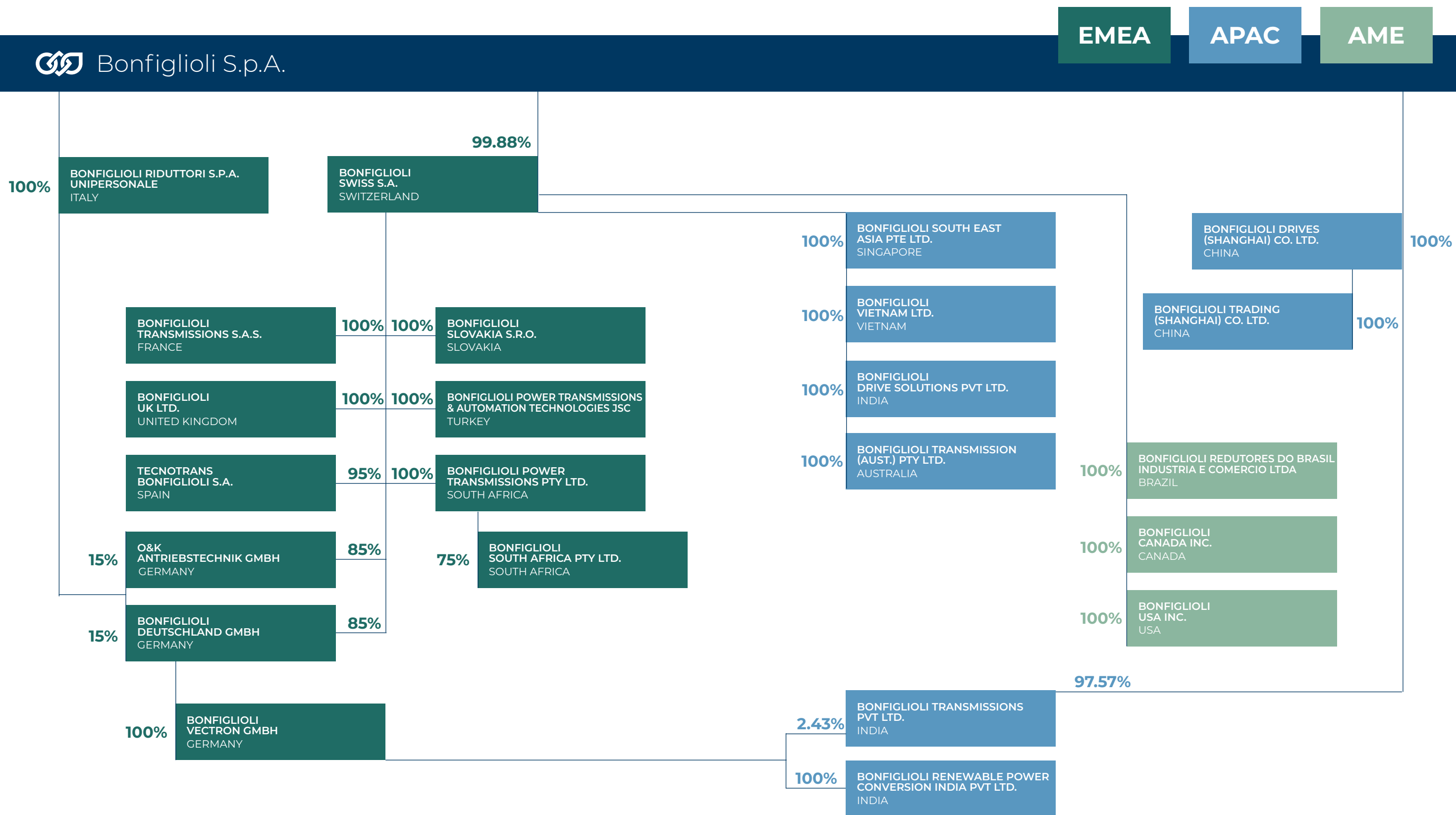


MATERIAL HANDLING MACHINES

1.5 D ORGANIZ

THE GROUP ON DECEMBER 31, 2022

Bonfiglioli has a global presence thanks to the numerous sales branches and production plants distributed worldwide. The Group is, in fact, located in several regions: APAC (Asia Pacific), AME (North, Central and South America) and EMEA (Europe, Middle Est and Africa), where the Bonfiglioli S.p.A. and its headquarters are also situated, precisely in Italy, near Bologna.



In line with the traditional system of administration and control, the management of the company is entrusted to the Board of Directors (BoD) - the body responsible for decision-making processes. Meanwhile, supervisory functions fall to the Board of Auditors, and accounting control and auditing activities are entrusted to the auditing company engaged by Bonfiglioli. Furthermore, a Remuneration Committee has been established (internal to the BoD), and is given an advisory role on remuneration policies. More specifically, it oversees the process of determining the remuneration of the Group's various governing bodies.

The Board of Directors comprises seven members, including our Chairwoman, Sonia Bonfiglioli, who holds the highest position. Only the Chair and the CEO are executive members, while the remaining five individuals hold non-executive positions. The age of all directors is 50 or above; the Chair is a woman, while the other six members are all men. Members of the Board are appointed for a period of three financial years, and can be re-elected. At the time of appointment, the absence of conflicts of interest is certified; in addition, with regard to the general management of the company, if a director finds themselves in a situation of conflict of interest pertaining to a specific operation, this will be submitted to the Board of Directors.

The Board of Auditors consists of three members, two men and one woman. In light of the Group's global presence, the management system adheres to the relevant international norms and standards, with a view to supporting sustainable growth in the long term, establishing strategic direction and promoting the values of the company.

BOARD OF DIRECTORS

Sonia Bonfiglioli > Chairwoman

Fausto Carboni > CEO

Luciano Bonfiglioli > Director

Tommaso Tomba > Director

Roberto Carlo Testore > Director

Giampiero Bergami > Director

Roberto Tunioli > Director

BOARD OF STATUTORY AUDITORS

Alessandro Gualtieri > Chairman

Monica Marisaldi > Member

Bionesi Ferrari > Member

Regarding the operational level, our CEO supervises the different business functions: Corporate Functions (Research & Development, Real estate, Property & Facility Management, Information Technology & Digital, Human Capital, Legal & Corporate Affairs, Administration, Finance & Controlling, Strategic Purchasing, Quality, HSE & After Sales Services, Strategic Planning, M&A & Communication), Business Units (Discrete Manufacturing & Process Industries, Mobility & Wind Industries, Motion & Robotics), Regions (Americas, Europe and Middle East & Africa, India, China, South East Asia).

The individual functions manage the organization's respective impacts in terms of sustainability; the board of directors, meanwhile, retains overall responsibility. Furthermore, the CSR Team is in charge of the Group's charitable initiatives, and manages the drafting of the Sustainability Report. With regard to this, it should be noted that a number of senior executives were actively involved in definition of the Group's impacts, as is described in more detail in the Methodology - Materiality Analysis section.

ORGANIZATION CHART



SPREADING AWARENESS OF SUSTAINABILITY

In light of the central role played by sustainability-related issues in the current debate, and the strategic role that these play in the Group's decision-making process, a training activity was organized for top level employees, including members of the senior management team and some Board members. This activity focused on the main ESG topics during 2022.

More specifically, the course outlined the Group's recent progress on the path toward sustainability, beginning with the initial discussions on sustainable development, to the present scenario and the regulations currently in force.

The main challenges that a Group like Bonfiglioli has to grapple with today and the risks associated with these were also analyzed. In addition, the topics of sustainable finance, circular economy, climate change, sustainable supply chain management, and European regulations such as the EU Taxonomy and CSRD were explored.

OUR COMMITMENT FOR A RESPONSIBLE BUSINESS

Bonfiglioli Group conducts its activities in a manner that respects ethical values such as **transparency, honesty, responsibility, professionalism and integrity**, which serve as a point of reference for making responsible choices and behaving in a responsible manner. For more than sixty years, Bonfiglioli's people have been applying these principles in their day-to-day work with all stakeholders, in order to strengthen and develop the relationships built over the years in more than 80 countries. The principles of **legality** and **propriety** are also of fundamental importance: Indeed, Bonfiglioli is dedicated to promoting these principles, respecting the regulations in force in the countries in which its offices are located.



DOING BUSINESS ETHICALLY

In 2019, we published our **Group Code of Ethics**, a document that collects the principles and values that have steered the conduct of all our business activities and relationships for more than sixty years. Using this Code of Ethics, we seek to promote and disseminate the values and way of working that guide us day to day, sharing these not only internally with all our colleagues, but also externally, with customers, suppliers, institutions and business partners. With specific reference to Italian employees, the Code of Ethics must be read and acknowledged when the employment contract is signed. In line with our fundamental principles, by sharing this document, our goal - among other things - is to foster and safeguard diversity, prevent child labor and promote profitable, positive relations with our external partners. In order to ensure that this document is subject to ongoing critical analysis and review, the Code of Ethics will be updated during the course of 2023.

As testament to the importance of this document, each new employee receives a copy, so that they may get to know and begin to apply our principles, and the same is the case for all our business partners, who are required to comply with the rules of conduct contained therein. In addition, as of 2021, as part of a project implemented to update the **General Terms and Conditions of Sale and Purchase** the Group decided to insert a specific **reference to the application of the Bonfiglioli Code of Ethics** to relationships with customers and suppliers: as a result, our worldwide customers and suppliers have direct access to the Code of Ethics, and as such, commit to abiding by this. More specifically, in 2022, both the Conditions of Purchase and the Conditions of Sale were updated with a view to aligning all Bonfiglioli companies with the format used by the Parent Company. The General Terms and Conditions of Purchase are currently being adopted by all the production plants worldwide, while the General Terms and Conditions of Sale are being adopted by all Group subsidiaries.

OUR ETHICAL PRINCIPLES

Bonfiglioli classifies ethical values into four different categories, considering its main stakeholders.

GENERAL ETHICAL PRINCIPLES

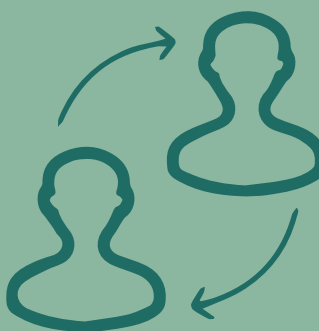
- > Correctness, transparency, understandability and respect of lawfulness in business management
- > Prohibition of conflict of interest
- > Respect for diversity
- > Prevention of child labor



ETHICAL PRINCIPLES IN RELATION TO THIRD PARTIES

The Code of Ethics regulates the relations with the following categories:

- > Public Institutions
- > Mass-media
- > Customers
- > Suppliers
- > Competitors
- > Partnerships
- > Political parties



ETHICAL PRINCIPLES RELATING TO CORPORATE GOVERNANCE

The Code of Ethics regulates the following topics:

- > Processing of confidential information and protection of privacy
- > Accounting and corporate information
- > Tax compliance
- > Anti-money laundering
- > Relations with Stakeholders
- > Protection of corporate image and quality
- > Protection of company assets
- > Industrial and intellectual property
- > Cybercrime offenses
- > Organized crime



ETHICAL PRINCIPLES IN RELATION TO STAFF

The Code of Ethics deals with internal practices and activities, such as:

- > Impartiality in the management of Human Resources
- > Protection of health and safety and the work environment
- > Ban on consuming alcohol and drugs at work
- > Environmental Protection



For more information our Code of Ethics is available at the following link: https://www.bonfiglioli.com/BR_Code_of_Ethics2019_EN.pdf



Our parent company Bonfiglioli S.p.A. has adopted an **Organization, Management and Control Model pursuant to Legislative Decree 231/2001**¹ with the aim of ensuring fairness and transparency in relations with all stakeholders. The goal when introducing this model is to regulate initiatives conceived to combat corruption - both active and passive - through the creation of a structured and organic system of procedures and control activities in order to reduce the potential risk of offenses being committed² through the identification of sensitive processes, and the subsequent organization and regulation of these. In order to spread awareness of the Organizational Model, and in line with previous years, compulsory training courses on this issue were organized for new employees in Italy in 2022.

In addition, the Parent Company has also established the **Supervisory Board** (SB), a body that is characterized by its autonomy and independence, and which reports directly to the Group's Board of Directors; the role of this body is to oversee the correct implementation and functioning of the Organizational Model. Furthermore, the Supervisory Board collects any reports from those who experience or witness conduct and/or acts that are in conflict with the principles and guidelines contained within the Code of Ethics, and is tasked with examining and verifying the veracity of these reports. Within the Code of Ethics, the reporting party is guaranteed full protection to ensure confidentiality. If any critical environmental issues are identified, these are communicated to the Board of Directors, with a request for prompt intervention. During the course of 2022, no such problems were encountered.

In line with the legislation on **whistleblowing**, a "Whistleblowing Policy" has now been introduced, with the aim of managing whistleblowing and channeling any reports to the appropriate recipients. The introduction of a physical and email mailbox has enabled any stakeholder to report violations of the Organizational Model and Code of Ethics, addressing these reports directly to the Supervisory Board. Our dedication and the focus we place on ethics within the company have resulted in **a total absence of confirmed cases³ of corruption within the Group as a whole to date**.

The Organizational Model of Bonfiglioli S.p.A. and all relevant updates are communicated to all the other Group companies.

During the three-year period 2020-2022, there were no significant cases of non-compliance with laws and regulations.

⁽¹⁾ Management and Control Model pursuant to Legislative Decree 231/2001

⁽²⁾ Examples of potential risks of commission of crime: crime toward the individual personality, crime toward worker safety, environmental crime, crime toward Public Administration, corporate crime, fraud, crime of money laundering and fencing. Source: [Gazzetta Ufficiale - D.Lgs.231/2001](#)

⁽³⁾ The reports related to corruption concern any misconduct and violations of laws, while confirmed cases represent the ratification of these potentials.

OUR REMUNERATION POLICIES

Our values represent a constant when managing relations with people in the company, and in all the Group's activities.

The remuneration of members of the senior management team consists of both fixed and variable components, balanced according to the Group's strategic objectives. The variable component is closely linked to the achievement of certain performance goals, which must be predetermined, measurable and related to value creation in the medium-long term. The Group's internal policies identify formulas for correlating the variable component with the achievement of objectives.

With the support of the Remuneration Committee, the Board of Directors determines the remuneration of the executive directors and other directors who hold special roles. The Remuneration Committee Regulations ensure that the medium- to long-term sustainability of the company is guaranteed.

The annual total remuneration ratio, presented in the table below, shows the ratio of the annual total remuneration of the CEO to the median of the annual total remuneration of all employees.

TOTAL ANNUAL WAGE RATIO	2020	2021	2022
RATIO	27.9	27.6	26.9



NON-FINANCIAL RISKS MANAGEMENT AND METHODS OF SUPERVISION ADOPTED

In order to identify, track and assess the probability of the occurrence of risks that could affect the entire Group - as well as the severity thereof - a risk analysis is periodically conducted. This analysis reflects the Group's values of responsibility and integrity, as it is carried out in order to identify potential critical conditions that could directly and/or indirectly result in negative consequences for Bonfiglioli's activities; this analysis is also used to establish possible safeguards that could be used to manage and reduce the occurrence of the risks identified previously.

Bonfiglioli strongly believes in the importance of (non-financial) sustainability issues and dedicates great attention to these. For this reason, the company has introduced a series of analyses in its risk definition process that are based on the following areas: anti-corruption, human resources and human rights, environment and social aspects. Most investigations are conducted centrally by the various functions of the Parent Company; these functions are responsible for communicating with and involving the other companies in the introduction and adoption of appropriate risk prevention measures. With regard to risk prevention, over the years, the socio-environmental safeguards implemented within the Group have been consolidated - for example, through the introduction of certified management systems, policies and internal procedures.

The table below provides a concise map of the main risks detected and the measures taken to prevent these, broken down by area:

FIELD	TYPE OF RISK	MANAGEMENT AND ORGANIZATIONAL MODEL	POLICIES AND SOCIAL ENVIRONMENTAL SAFEGUARDS ADOPTED	RELATED PARAGRAPHS
PEOPLE	OPERATIONAL RISKS <ul style="list-style-type: none">Increased outgoing turnover and consequent loss of trained and competent personnelDifficulty in recruitment efforts to find suitable resources in terms of training and accrued skillsIncreased number of injuriesRisk of incompetence and negligence	The Human Capital (HC) function of the parent company manages, organizes and defines the strategic direction to be implemented, communicating and maintaining constant relations with all other companies of the Group. Supported by the HC function, the HSE team of the Bonfiglioli Group defines and coordinates the activities related to the Health and Safety issue to be implemented at global level.	<ul style="list-style-type: none">Group talent balance sheetGroup succession planSkill mapping and gap analysisCode of EthicsQuality, Health, Safety, Environment and Energy policyBonfiglioli Academy, development of professionalizing courses to improve human capital skillsWelfare initiatives	<ul style="list-style-type: none">1.6 Our commitment for a responsible business1.7 Value creation and our responsibility toward local communities2.1 Growing together with digital technology2.2 Building success through knowledge2.3 Caring for the safety of our people
	COMPLIANCE RISKS <ul style="list-style-type: none">Risk of discrimination and unequal treatment among employees	The tools and organizational management approach implemented are: <ul style="list-style-type: none">ISO 45001 (Occupational health and safety management systems) for some Group sitesSystem of Guidelines/Golden Rules/Procedures on "Quality, Health & Safety, Environment and Energy" topics valid worldwideUse of internal management systems for personal data and employee training		

FIELD	TYPE OF RISK	MANAGEMENT AND ORGANIZATIONAL MODEL	POLICIES AND SOCIAL ENVIRONMENTAL SAFEGUARDS ADOPTED	RELATED PARAGRAPHS
ENVIRONMENT	OPERATIONAL RISKS <ul style="list-style-type: none">Waste/incorrect use of natural and energy resourcesIncorrect disposal of waste and release of substances harmful to the environment and employeesIncreased energy supply costsIncrease in emissions from the use of fossil energy sourcesFailure to comply with internal procedures and operating instructions during the performance of activities	The HSE team of the Bonfiglioli Group is responsible for issues related to quality, health and safety at work, environmental protection and effective energy management. In fact, the team deals with defining and launching initiatives to reduce consumption and environmental impacts related to the activities of the Bonfiglioli Group. The tools and organizational management approach implemented are: <ul style="list-style-type: none">ISO 14001 – Environmental management systems, for some Group sitesISO 50001 – Energy management systems, Forlì siteSystem of Guidelines/Golden Rules/Procedures on "Quality, Health & Safety, Environment and Energy" topics valid at worldwide levelData collection and periodic monitoring of energy consumption and waste produced.	<ul style="list-style-type: none">Organization, Management and Control Model pursuant to Legislative Decree 231/2001Quality, Health, Safety, Environment and Energy policyCode of Ethics	<ul style="list-style-type: none">1.3 Global presence for local support1.6 Our commitment for a responsible business3.4 Production designed to protect the environment
	COMPLIANCE RISKS <ul style="list-style-type: none">Environmental crimes and penalties for non-compliance with the environmental legislation			
SOCIAL	OPERATIONAL RISKS <ul style="list-style-type: none">Failure to listen and discuss with stakeholdersRisks related to intellectual propertyRisk of hacker attacks on computer systems and dissemination of sensitive data, employees and customersDissatisfaction of end users with unexpected quality standardsRisk of commercial partnerships with blacklisted parties in embargoed countries	The management of social issues is operated at the level of the single Group functions, which periodically analyze potential risks by defining guidelines to prevent, minimize and eliminate them. The tools and organizational management approach implemented are: <ul style="list-style-type: none">ISO 9001 – Quality Management Systems, for all Group sitesProduct certifications and declarations of conformityRequest for acceptance and signing of the Code of EthicsAcknowledgment by suppliers of the new General Terms and Conditions of Purchase, posted on the site and reachable via link given in orders/order confirmations	<ul style="list-style-type: none">Organization, Management and Control Model pursuant to Legislative Decree 231/2001Quality, Health, Safety, Environment and Energy policyCode of EthicsConflict Mineral – Declaration Letter	<ul style="list-style-type: none">1.6 Our commitment for a responsible business1.7 Value creation and our responsibility toward local communities3.1 Innovation for a sustainable future3.2 Embracing the digital transformation3.3 A responsible supply chain
	COMPLIANCE RISKS <ul style="list-style-type: none">Product non-compliance with the regulations and directives in force in the reference market			



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 particular, the responsibility for ensuring that internal procedures comply with the new requirements of the General Data Protection Regulation (GDPR) is the responsibility of the Information Technology and Digital function (for more information, see chapter 3.2, “Embracing the Digital Transformation”). The initiatives and safeguards implemented have ensured that no complaints regarding breaches of customer privacy were received during 2022: as a result, no leaks, thefts or losses of customer data occurred either.

OUR COMMITMENT TO CYBERSECURITY

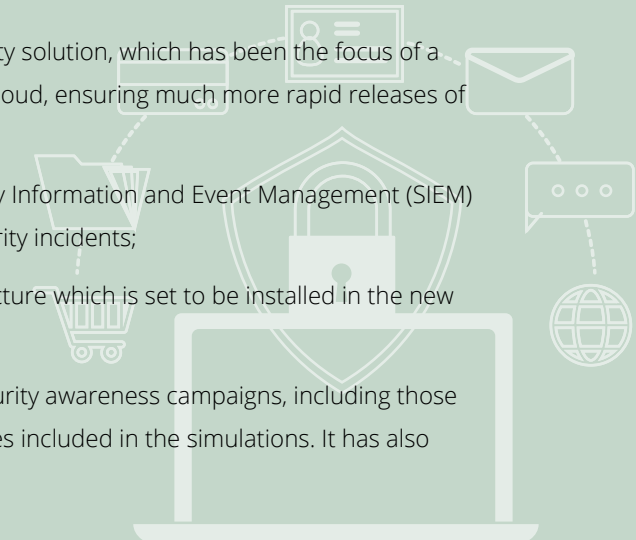
The activities of the IT & Digital department enable us to protect the data pertaining to our employees, customers and projects through a process of constant testing and improvements to the cyber defenses that are already in place around our systems, networks and programs.

In recent years, we have introduced the position of IT Security Manager, who is tasked with managing and implementing our cyber security strategy. In addition to this, we have rolled out a number of initiatives to raise awareness among our employees, offering specific training courses on the behaviors that can help to prevent cyber attacks and ensure that data stays safe. The experience gained over the years has served to reiterate the importance of investing in the Group's security, and we also support other companies in becoming more aware of potential cyber security risks.

During the course of 2022, our journey toward improving the level of cybersecurity within the company, which began in 2019, continued and was further consolidated, facilitating the protection of the company's data assets. Specifically, in light of the risks arising from the introduction of smart working, the initiatives implemented focused on:

- removal of administrative rights from employee accounts on computers that did not require such authorization;
- verification and optimization of Microsoft Group Policies relating to cyber security;
- Implementation of the MultiFactor Authentication (MFA) initiative: all employees worldwide now use the multi-factor authentication system provided by Microsoft to protect access to the services included in Office 365, which serves to consolidate a key area of the system designed to protect against cyber attacks;
- extension of the authentication process to all workers, through the provision of a recognized account, which thus enables tracking at individual level;
- development of the eXtended Detection and Respond (XDR) cybersecurity solution, which has been the focus of a transition process from installation in the Bonfiglioli data center to the Cloud, ensuring much more rapid releases of the solution;
- increase in the number of information sources connected to the Security Information and Event Management (SIEM) service, which analyses and correlates logs in search of potential IT security incidents;
- finally, a special focus was placed on the design of the network infrastructure which is set to be installed in the new Bonfiglioli Headquarters in Calderara di Reno during 2023.

Furthermore, during 2022, we continued our bimonthly internal cyber security awareness campaigns, including those on internal phishing emails and the relevant training, aimed at all colleagues included in the simulations. It has also become standard practice to carry out system penetration tests.



FIELD	TYPE OF RISK	MANAGEMENT AND ORGANIZATIONAL MODEL	POLICIES AND SOCIAL ENVIRONMENTAL SAFEGUARDS ADOPTED	RELATED PARAGRAPHS
FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION	OPERATIONAL RISKS • Commission of unlawful acts and in particular acts of corruption by members of the organization • Reputational risks	Through the adoption of an Organization, Management and Control Model by the parent company and, in cascade, the introduction of similar organizational systems in the other Group companies, Bonfiglioli intends to prevent and avoid offenses caused by offenses attributable to corporate entities.	• Organization, Management and Control Model pursuant to Legislative Decree 231/2001 • Whistleblowing Policy	• 1.6 Our commitment for a responsible business
	COMPLIANCE RISKS • Violation of the reference legislation	The tools and organizational management approach implemented are: • Establishment of a Supervisory Body (SB) • Creation of a Whistleblowing channel • Organization of mandatory training courses on Model 231 for the primary lines and for most employees (within Italy)		
HUMAN RIGHTS	OPERATIONAL RISKS • Respect for Human Rights throughout the supply chain	The issue of Human Rights is managed through the legislation in force in the countries in which the Group operates and through the adoption of the Code of Ethics.	• Organization, Management and Control Model pursuant to Legislative Decree 231/2001 • Code of Ethics of the Group • Conflict Mineral – Declaration Letter	• 1.6 Our commitment for a responsible business • 3.3 A responsible supply chain
	COMPLIANCE RISKS • Violation of the reference legislation	The tools and organizational management approach implemented are: • Request for acceptance and signing of the Code of Ethics • Acknowledgment by suppliers of the new General Terms and Conditions of Purchase, posted on the site and reachable via link given in orders/order confirmations		

VALUE CREATION AND OUR RESPONSIBILITY TOWARD LOCAL COMMUNITIES

In 2022, the Bonfiglioli Group generated an economic value of 1,266.8 M€ and distributed a total of 1,162.3 M€ among its stakeholders: suppliers (926.0 M€), employees (211.0 M€), public administration (15.3 M€), capital providers (9.2 M€), and local communities (0.7 M€).

The Economic Value Retained (104.5 M€), and the Economic Value Distributed to stakeholders (1,162.3 M€) together constitute the Direct Economic Value Generated. 2022 demonstrated an upward trend in revenue compared to 2021 (+16% compared to 2020) of 15% (1,233.8 million euros compared to 1,072.7 million euros in 2021). In the financial year 2022, Bonfiglioli continued its commitment to the community (with 0.7 million euros in donated resources).

Guided by the **vision of the Bonfiglioli Group**, our goal is to help the next generation of leaders to create a positive future, both for themselves and for the community.

GRI ECONOMIC PERFORMANCE

		2020	2021	2022
DIRECT ECONOMIC VALUE GENERATED	M€	948.4	1,103.3	1,266.8
Economic Value Distributed	M€	852.7	995.4	1,162.3
Suppliers	M€	655.4	775.7	926.0
Employees	M€	173.8	194.0	211.0
Providers of capital	M€	8.3	7.6	9.2
Public administration	M€	14.8	17.4	15.3
Community	M€	0.4	0.7	0.7
Economic Value Retained	M€	95.7	107.9	104.5

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility has always been an essential commitment for our Group. Sonia Bonfiglioli continues to passionately pursue the path that our founder Clementino set out on, supporting initiatives and projects around the world which are based on 3 key pillars:



YOUNG PEOPLE



TERRITORY DEVELOPMENT



STEM DISCIPLINES AND TECHNICAL EDUCATION



OUR COMMITMENT TO THE ENVIRONMENT



Our partnership with Treedom has led to the plantation of more than 5,000 trees in 6 countries. This commitment contributes to greening our planet by absorbing -1,399.25 tons of CO₂, as well as creating work for local communities.

A BRIDGE BETWEEN SCHOOL AND LIFE

In Italy, we contribute to the development and enhancement of the communities in which we work, partnering with institutions, technical colleges and universities

LEONARDO COMMITTEE

Clementino Bonfiglioli prize, in honor of our founder, rewards university students who demonstrate excellence in their studies by writing a relevant degree thesis in the field of industrial automation, power transmission and control or mechatronics.



Founded in 2013, the goal of the “Leonardo Melandri Study Center” Association - to honor Senator Leonardo

Melandri - is to reward the contribution of ideas and the organization of the expansion of the University of Bologna in Romagna, promoting its transformation into a true “multi-campus” institution.



Entitled to Clementino Bonfiglioli, the Malpighi La.B is a workshop for all Bologna students. Focusing on robotics, IT and 3D design, this space offers all the tools and advanced technologies necessary in order to test and carry out experiments with the business and research ideas proposed by the students.



MALPIGHI HIGH SCHOOL

“CLEMENTINO BONFIGLIOLI” SCHOLARSHIP - MALPIGHI HIGH SCHOOL, BOLOGNA

Inspired by fundamental principle of education and non-discrimination against students on the basis of income, Bonfiglioli offers support for the entire school cycle, through the provision of a number of scholarships to cover the full cost of school fees for the five years of attendance. These scholarships are awarded to deserving students who enroll in the first year of high school, and who are in need of financial support.

WE SUPPORT HEALTH AND CULTURE

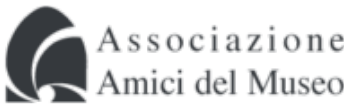
We are proud to have contributed to the implementation of initiatives designed to promote Italy's cultural heritage, provide healthcare and support other missions relevant to local communities.



Bonfiglioli supports Emilia-Romagna Epilepsy Association through a project that monitors and supports cognitive and emotional functions in young patients aged 6 to 16 who suffer from epilepsy.



At Bonfiglioli, the artistic and cultural heritage of our region is close to our hearts, which is why we contributed to the restoration of the Cinema Modernissimo at Palazzo Ronzani in Bologna.



The cultural association supports the activities of the museum with a view to promoting the historical industrial culture of Bologna and strengthening the link between production in this district and the world of technical training. Through dedicated initiatives, the Association aims to breathe new life into industrial factories, and organizes training initiatives designed to engage the younger generations in technical-scientific learning.

OFFERING CHILDREN AN OPPORTUNITY FOR A BETTER FUTURE

We are committed to getting involved in a host of activities in different countries around the world: little by little, we have partnered with an increasing number of schools in both Vietnam and Italy, while offering a safe place to raise children in India.



Our contribution to Save the Children made it possible to build accommodation for four teachers in Uganda, enabling them to live close to the school and to travel to class on a daily basis. Thanks to our support, students from the Wakiso district will be able to benefit from an uninterrupted education, enabling them to contribute to the improvement and well-being of their community in the future.

ITALY



The goal of the European multicultural project MUS-E Musique Europe is to combat marginalization and social hardship in schools in vulnerable areas. In Italy, the primary schools that participate in this project teach children from foreign countries or who live in challenging socio-economic or cultural conditions, organizing activities and courses with a view to promoting and supporting their creativity and artistic skills, in a way which would not otherwise be possible in the standard school curriculum.



VIETNAM

Bonfiglioli supports the Ho Chi Minh City School, which gives children from disadvantaged families the opportunity to receive a high-quality education.



INDIA



The two projects currently in place in India enable orphans or young disadvantaged living close to our Chennai factories to be accommodated in safe environments, enabling them to live together, study and acquire skills that will be of use when continuing their studies or entering the job market.

UNITED KINGDOM

Since 2013, Bonfiglioli UK has been supporting Circus Starr, run by a charitable organization that organizes shows throughout the UK for children with disabilities and people living in situations of social and economic disadvantage, giving them the chance to forget the challenges they have to deal with every day for a few hours.



BRAZIL

Since 2021, Bonfiglioli do Brasil has been donating the surplus products from its Christmas baskets for its employees to Lar Mamãe Clory Institution, a philanthropic organization which operates in the field of social assistance, and more specifically, to support children and young people in vulnerable situations, offering them board and lodging, education, recreational activities and psychological support. The organization, which is based in São Bernardo do Campo, São Paulo, promotes social inclusion and respect for the rights of children and young people in economically and socio-educationally disadvantaged situations.



NEW ZEALAND

Bonfiglioli has long supported “Special Children's Christmas Parties”, an association that organizes Christmas parties for sick or “special” children. The initiative takes place in 6 New Zealand cities, including Auckland, where Bonfiglioli has its local offices. Around 2,000 children attend the party each year, and can enjoy a few happy hours with their friends and families. The party is also an opportunity for parents and caregivers to meet other people who are facing similar challenges, allowing them to share their experiences and feel less alone.





**SUS
TAIN
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ITY**
REPORT22

OUR PEOPLE

ENGINE OF SUCCESS

GROWING TOGETHER WITH DIGITAL TECHNOLOGY

“ Thanks to our employees and to our unwavering dedication to innovation, we continue to realize our dreams in a professional manner. ”

The true stars of Bonfiglioli's history and success are our employees, who put passion and creativity into their work day after day. For this reason, we want to engage people and create a stimulating environment where everyone can contribute to innovation and excellence with their talent and curiosity, and can feel like an active part of our team. These values represent the energy that drives us and our employees toward our personal and corporate growth goals.

As testament to this, the Group's business direction remained stable throughout 2022, pursuing objectives relating to development and growth, and ensuring an inclusive working environment for its employees.

Following the challenges faced during the Covid-19 pandemic, Bonfiglioli has further improved its digital skills, and is now increasingly able to carry out **its activities both remotely and in person**, thanks to the continuous integration of digital technologies within the business.

In the last few years, characterized by major changes in global scenarios, we have continued to invest in our human capital, making sure that all of our people can benefit from a positive working environment, professional growth and a sense of belonging: this positive trend continued in 2022, where total employee numbers increased to 4,148 from 4,072 the previous year. In addition, the company also employs 469 “agency” workers.

The key to the success and the continued growth of our Group undoubtedly lies in the professional men and women - highly trained, experienced and passionate individuals - who work within our organization day after day. Through our unwavering commitment and the stimulating environment we provide, we encourage our people to express their individual talents, passions and curiosity, supporting them to engage actively with the company, in order to increase excellence, quality and innovation.

We are proud to be a global company with a presence in 17 countries around the world: the majority of our employees (64%) are located in Europe, the Middle East and Africa (EMEA region), 30% work in the Asia-Pacific region (APAC) and the remaining 6% are based in the Americas (AME region).

For further information on our workforce, please see the **APPENDIX**.

TOTAL EMPLOYEES BY REGION 2022



EMPLOYEES BY EMPLOYMENT CONTRACT

	2020	2021	2022
Employees with permanent contract	3,428	3,597	3,709
women	456	481	500
men	2,972	3,116	3,209
Employees with temporary contract	376	475	439
women	78	84	79
men	298	391	360
Total number of employees	3,804	4,072	4,148
Total number of women	534	565	579
Total number of men	3,270	3,507	3,569

**89% EMPLOYEES
HAVE A
PERMANENT
CONTRACT**

Bonfiglioli is dedicated to valuing people and fostering employment stability in the territories in which it operates.

For this reason, the Group promotes lasting relationships through permanent contracts, as well as other benefits to encourage continued working relationships. This commitment is reflected in the percentage of employees with a permanent contract - 89% (3,709 individuals) - which is up by one percentage point over the previous year.

In order to better meet the needs of our employees and ensure a better work-life balance, we promote a flexible, inclusive environment, providing our people with solutions tailored to their personal situations. For example, depending on their role and job description, our employees can benefit from flexible working hours and can work part-time if necessary: in 2022, 48 employees (30 women and 18 men) opted for this type of employment.

EMPLOYMENT TYPE BY GENDER

	2020	2021	2022
Employees with full-time contract	3,752	4,027	4,100
women	501	536	549
men	3,251	3,491	3,551
Employees with part-time contract	52	45	48
women	33	29	30
men	19	16	18
Total number of employees	3,804	4,072	4,148

GOAL-ORIENTED WORK

One of the important results achieved in 2022 was the implementation of **Goal-Oriented Work**, a new way of working that enables **work and resources to be managed in accordance with the goal to be achieved, based on a relationship of trust between the manager and the employee**, with the direct involvement of the latter.

The option provided to a large segment of the company's employees to take advantage of remote working for 8 days per month - with a maximum of 2 days per week - is testament to this trust-based relationship. The policy on goal-oriented work creates much greater flexibility for our people, and following a process aimed at designing and formalizing this approach with a specific company policy, it was approved at company level.

Those employees interested in taking advantage of this approach to working are provided with specific training support via two courses, available on the Bonfiglioli Academy: one of these addresses the culture of Goal-Oriented Work, while the other focuses on security issues related to this working method.



A total of **432** people chose to take advantage of this approach during 2022.

Furthermore, in order to ensure the best possible working conditions for employees when they are not in the workplace, the Bonfiglioli Group has signed an **agreement** with a leading telecommunications company in order to offer employees a fiber internet connection at home at a subsidized price.

As far as geographical locations are concerned, the Bonfiglioli Group is present worldwide: the beliefs, ideas and experiences of our employees are very diverse, and we strongly believe that this **diversity is a great source of value that must be safeguarded and promoted**. The specific nature of this diversity enables us to enrich our vision and perspective, allowing us to constantly improve our ability to respond to changing customer requirements and the dynamic shifts within the market. As declared in our Code of Ethics, we are committed to creating an open and inclusive working environment, where everyone can express themselves. Indeed, **we expressly forbid any form of discrimination** based - for example - on gender, religion or nationality. In line with previous years, we are proud to confirm that no incidents of discrimination occurred in the Group in 2022.

In line with our commitment to protecting diversity, and in order to ensure **equal opportunities for all our employees**, we offer all the men and women who work within our Group the same contractual conditions, regardless of gender or age, as we strongly believe that each individual should be evaluated on the basis of his or her actions within his or her role and job description. As stated in our Code of Ethics, we dedicate ourselves tirelessly to preventing the use of child labor and to prohibiting the employment of children under the legal age in all countries in which we operate. In this regard, the promotion of the respect for human rights is one of Bonfiglioli's core values: in 2022, no activities in the Group were identified that presented a significant risk of child labor, of the exposure of young workers to hazardous work, or of forced or compulsory labor.

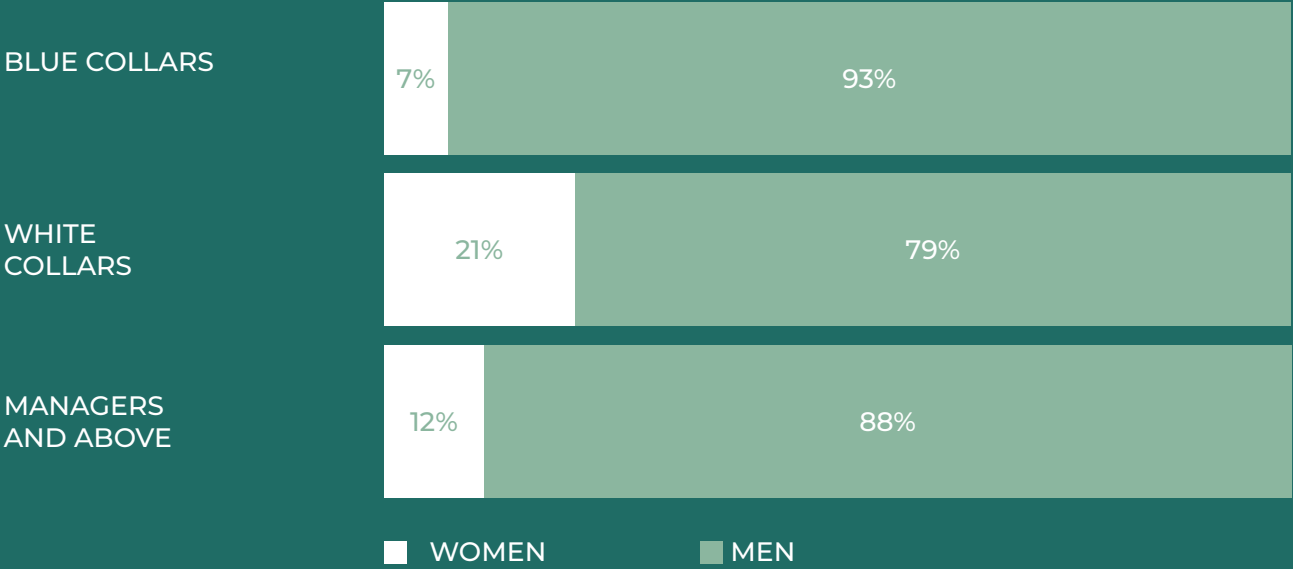
In terms of gender breakdown, men account for about 86% of the Group's workforce. In particular, 93% of blue-collar workers - who account for 47% of the Group's overall employees - are male.

With regard to the breakdown of employees by age group, in 2022, 13% of our workforce were under 30 years old, 59% were between 30 and 50 years old and the remaining 28% were over 50 years old. This age profile enables us to draw upon a good combination of the skills required to be a cutting-edge company: fresh ideas on the one hand, with the skills and expertise gained through the experience of older employees on the other.

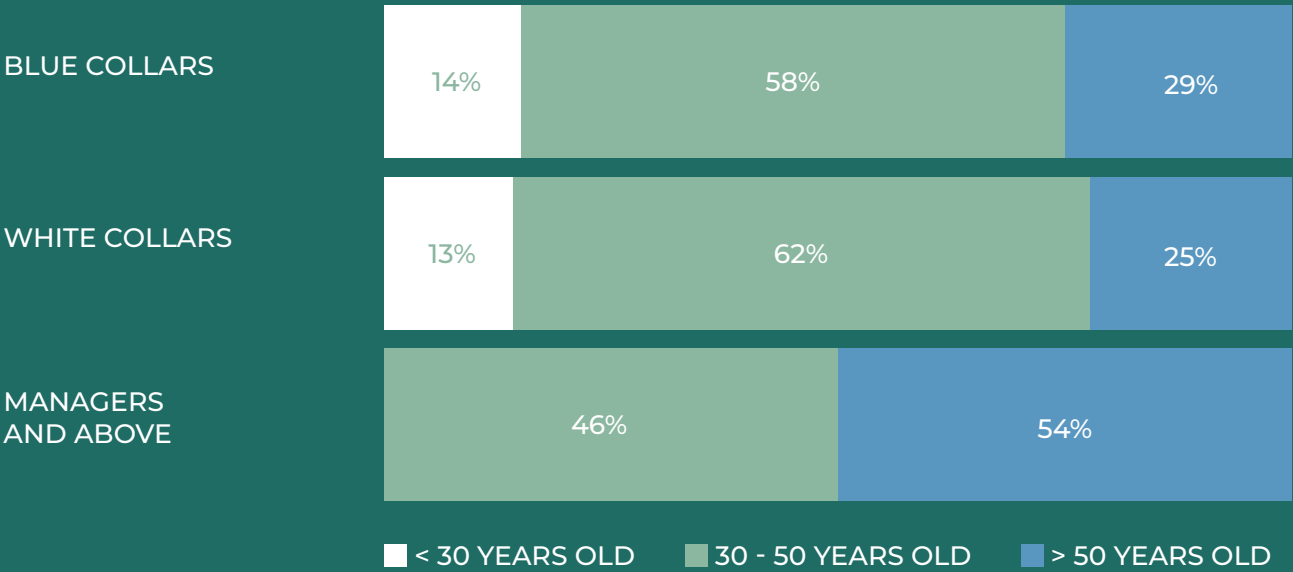
13% OF OUR EMPLOYEES ARE UNDER 30



2022 PERCENTAGE OF EMPLOYEES BY CATEGORY AND GENDER



2022 PERCENTAGE OF EMPLOYEES BY CATEGORY AND AGE GROUP



As a further step in order to promote diversity and inclusion within the Group, Bonfiglioli has maintained a focus on monitoring the **gender pay gap**, or in other words, the percentage difference between the average salary of women compared with that of men in the same job category. The decision not only to monitor but also to communicate this indicator is designed to provide evidence of our desire to increasingly reduce this gender pay gap, and to communicate these efforts in a transparent manner to our stakeholders, both internal and external. Although we are aware that there are many variables that can influence this indicator, such as seniority or experience, we are dedicated to increasingly narrowing the pay gap and ensuring equality in the workplace, **at the same time as promoting and recognizing professional competence and technical skills.**

GENDER PAY GAP BY CATEGORY¹

	2020	2021	2022
Managers and above	5.8%	5.8%	5.7%
White collars	4.0%	4.0%	3.7%
Blue collars	3.0%	3.0%	3.0%

AN EXCEPTIONAL EXPERIENCE FOR OUR EMPLOYEES

BONFIGLIOLI IS MORE THAN JUST A COMPANY - IT'S A FAMILY!

At Bonfiglioli, our focus on our people has always been paramount, which is why we are happy to share every result achieved by our employees with the community. The **#WeEngineerDreams** initiative was created expressly to celebrate the experience, the length of employment and the promotions of all employees. Through our official social media channels, such as LinkedIn, we share the experiences of our people.

At the same time, as of 2021, we have been working on **#BuildingYourChallenge**, an initiative aimed at younger employees with at least 3 years of experience. As part of this, several of these employees share their "success stories", talking about their development and growth and the projects they are working on. Telling others about the opportunities that employees have in their daily lives, in order to help them grow with and within the Group, increases awareness of the value of the global activities that Bonfiglioli dedicates itself to. At the same time, these stories can serve as an inspiration for those who are looking for new job opportunities, or who are interested in joining our Group. **Being a member of the Bonfiglioli family constantly offers stimulating and exciting challenges.** All employees can build their own career, becoming their own entrepreneur, and as such, responsible for their own individual growth.



For a growing company that places great emphasis on its human capital, the quest to find new talent is an ongoing and strategic activity. In 2022, we hired **635 new employees**, in part thanks to our E-ngeinous platform (see box entitled "E-NGENIOUS - THE DIGITAL TRANSFORMATION OF THE HUMAN CAPITAL FUNCTION"), and we continued to run our careers events with local colleges and universities, where we share our principles and approaches on the development of students toward innovation and creativity.

⁽¹⁾ The gender pay gap is calculated as the percentage difference between the average gross annual earnings for women and men.

THE DIGITAL TRANSFORMATION OF THE HUMAN CAPITAL FUNCTION

In 2020, the **Human Capital Digital Program** was launched - a program which, through a variety of initiatives, aims to develop, strengthen and simplify the internal tools and communications activities managed by the **Human Capital** function.

Within this context, with a view to enhancing the sense of belonging and the culture within the company, we have implemented **E-ngenious**, a **digital platform** designed to increase the connections between all Bonfiglioli employees around the world, helping to bring people closer together. E-ngenious is part of the process of digitization of our Human Capital department, where technology enables us to break down geographical boundaries and physical barriers. The portal is a space where all employees can share their experiences and career aspirations, as well as their stories of personal growth. Several business processes have been digitized over recent years through E-ngenious.

Indeed, the entire recruiting process has been digitized, with a focus on the candidate experience. This process allows us to immediately share information regarding the company culture and life at Bonfiglioli with candidates, as well as providing them with the opportunity to describe themselves and their experiences in the best possible manner, through the video interview tool. Finally, candidates can also monitor the progress of the selection process regarding them at every stage.

The new recruiting process is also a valuable tool for People Managers, as it allows an adequate comparison to be made between the professional skills required by the company, and the actual skills of the candidates being interviewed.

The international job posting process was also digitized alongside the recruiting process, increasingly making it a global talent development process, by means of the promotion of international mobility.

As such, the link between the skills management model, introduced in 2021, and talent attraction and development strategies was reinforced.

In 2022, the skills management project saw the creation of the Roles & Skills portal, dedicated to sharing the key roles and skills relevant to the company in order to create greater awareness across the organization. Furthermore, the management of this process will enable the development of skills to be fostered, through the definition of ad hoc training and development plans.



In addition, in 2022, Bonfiglioli Group had a number of active policies designed to engage **protected categories**, with the development of a number of projects which will be launched in 2023.

Bonfiglioli prefers to hire employees directly, and in the event that it is forced to resort to **staff leasing contracts**, the Group ensures that efforts are made to ensure worker protection. More specifically, over the course of 2022, the Group worked to create a single agreement - set to come into force on 1 January 2023 - in which future staff will be sought through a single supplier. This contract involves the recruitment of blue collar, white collar and protected categories of worker. The innovative element of this agreement - which represents an important milestone toward ensuring a focus on people - is that in the event that the employment relationship is terminated, the employee is entitled to a support program for the 6 months that follow. In addition to providing help in finding a new position, the program includes a plan for learning and professional development, designed to help the person in question to take the next steps in their professional career.

With regard to the rate of hire, this remained in line with previous years, showing a slight increase for women (from 14.9% to 15.2%), and a slight decrease for men (from 15.8% to 15.3%). Meanwhile, the rate of contract termination increased in both categories, from 11.5% to 12.4% for women, and from 12.2% to 13.6% for men.

RATE OF NEW EMPLOYEE HIRES BY AGE AND GENDER

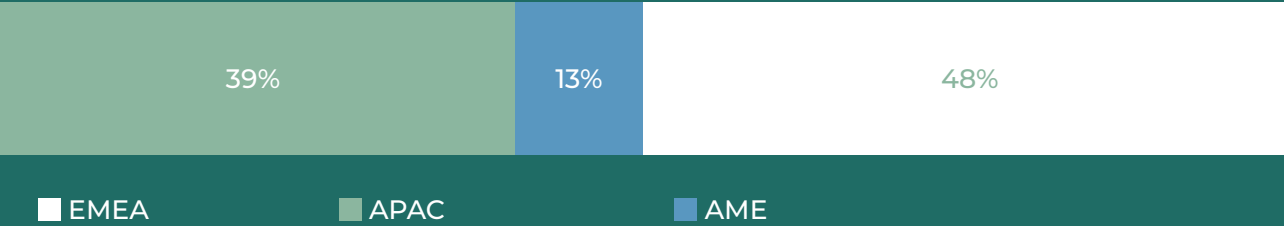
	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Employee hire rate	10.9%	10.3%	14.9%	15.8%	15.2%	15.3%
< 30 years old	3.4%	4.7%	5.5%	8.1%	5.2%	7.2%
30 - 50 years old	6.4%	4.9%	7.8%	6.7%	8.6%	7.0%
> 50 years old	1.1%	0.7%	1.6%	1.0%	1.4%	1.2%

EMPLOYEE CONTRACT TERMINATION RATE BY AGE GROUP AND GENDER

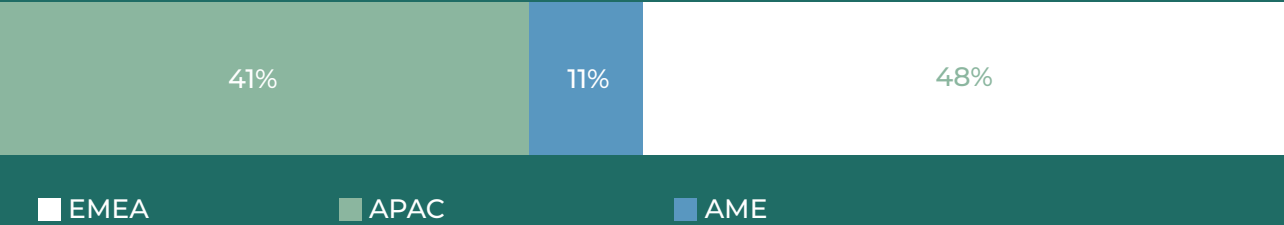
	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Employee contract termination rate	12.7%	9.3%	11.5%	12.2%	12.4%	13.6%
< 30 years old	3.7%	3.1%	3.2%	4.3%	1.2%	4.3%
30 - 50 years old	6.6%	4.4%	6.9%	6.0%	9.3%	6.7%
> 50 years old	2.4%	1.8%	1.4%	1.9%	1.9%	2.6%

With regard to distribution by geographical area², the majority of employee hires and terminations were recorded in the EMEA region (48% and 48% respectively), followed by the APAC region (39% and 41%) and AME region (13% and 11%).

DISTRIBUTION OF HIRES BY GEOGRAPHICAL AREA, 2022



DISTRIBUTION OF CONTRACT TERMINATIONS BY GEOGRAPHICAL AREA, 2022



Bonfiglioli promotes fair working conditions by applying collective labor agreements, in accordance with the legislation in force in the countries in which it operates. In 2022, 2,569 of our employees (62% of our total workforce, up 7% from 2021) were covered by a collective bargaining system.

In light of the broad scope of the Group's operations and the differing labor regulations in the various countries where Bonfiglioli operates, we are in constant dialog with trade union representatives in order to implement collective bargaining agreements that address issues including work-life balance, welfare, safety and environmental sustainability.

Bargaining agreements regulate the minimum number of weeks of notice that must be provided by employees prior to the roll-out of major operational changes that could have a substantial impact on them. In this instance, the time required for the implementation of a general regulation can vary greatly, but our goal at Group level is to promote open and transparent communication with our employees. For example, the minimum working notice period required by Italian law (and thus applied to Italian contracts) is at least 20 days.

⁽²⁾ The geographical distribution of hires and contract terminations is calculated as the total number of hires and terminations per region, divided by the total number of Group employees.

WELFARE INITIATIVES FOR OUR EMPLOYEES

In light of the fundamental role that people play within our business, maximizing the well-being of our employees within Bonfiglioli is top priority for us.

For this reason, we offer a host of benefits to all employees, and we take care of the people who join the Bonfiglioli family because we have their well-being at heart, and wish to help improve both their work lives and private lives. In order to meet the needs of its employees, each branch has shaped its offering over the years, resulting in a broad range of different opportunities worldwide. The services most commonly offered to permanent employees include:

LIFE INSURANCE 	HEALTH CARE 	BUSINESS TRAVEL INSURANCE 	COMPANY CARS AND ALLOWANCES
PENSION PLAN 	FLEXIBLE WORKING HOURS 	PARENTAL LEAVE AND OTHER TYPE OF LEAVE 	DISABILITY AND INVALIDITY COVERAGE

Among the various initiatives offered by each branch, we provide medical, dental and vision health care, flexible working hours, tuition and book refunds, housing allowance, team building programs and/or company social activities, and meal vouchers.

In 2022, the Corporate Benefit portal was also rolled out for all employees in Germany and Spain. In Italy, the partnership remains active, and has been reinforced by new collaborative relationships, such as an agreement with the car parks at all Italian airports.

This year, the Supplementary Company Agreements were signed for the Forlì, Rovereto and Calderara plants. In addition to the economic element of performance-related bonuses, great emphasis was also placed on the policies of the **Bonfiglioli Welfare System**, which cover rights and scholarships, support for parental equality, specialist visits for children, leave for hospitalization and leave for child placement in pre-schools. Thanks to a number of union agreements, the Bonfiglioli Welfare System has also been extended to the employees in Rovereto and Carpiano.

WE INVOLVE OUR EMPLOYEES ON THE THEME OF SUSTAINABILITY

In light of Bonfiglioli's awareness of the growing importance of sustainability - not only for our Group, but also at European and international level - we decided to pursue a series of initiatives in 2022 that were designed to raise awareness amongst our employees of this issue. The most important of these initiatives are listed below.



TIME OUT: A BREAK DEDICATED TO CONTINUOUS IMPROVEMENT, WELFARE AND SPORT!

The project was implemented in cooperation with the Virtus Bologna basketball team, which has been sponsored by the Bonfiglioli Group for a number of years. Time Out is an **ideas contest** which involved employees from the sites in Emilia Romagna in a challenge, the theme of which was the environment, facilities, mobility, continuous improvement, sustainability and safety. Twenty annual season tickets for the 2022/2023 season for Virtus Bologna were made available for the winners of the competition. Using a form, employees were able to offer suggestions and ideas to be implemented within the Group with regard to the themes listed above. More than 100 ideas were submitted, and all 20 winning suggestions were implemented. The coach of the basketball team shot a video in the EVO factory regarding the four Bonfiglioli values, which is available on the Bonfiglioli Academy platform.

“ The projects will be assessed on the basis of their innovation, sustainability and impact on our processes ”

RIVENDING: COFFEE BREAKS BECOME SUSTAINABLE!

A sustainable use of plastic helps to foster a healthy environment in terms of social and individual well-being. Bonfiglioli is part of **RiVending**, a circular economy project promoted by Confida (Italian Association of Automated Distribution), Corepla (National Consortium for the Collection, Recycling and Recovery of Plastic Packaging) and Unionplast (National Union of Plastic Converting Industries - Plastic Rubber Federation). The goal of the project is to create a virtuous cycle of recovery of the coffee cups and PET bottles used in vending machines. Mono-polymer collection of waste enables the correct management of plastic, and after a year of participation, companies that join the initiative can request a certificate where the CO₂ savings made are quantified.



OUR VENDING MACHINES ARE INCREASINGLY PLASTIC-FREE!

In order to help promote a greener corporate culture in our workplaces, a project was developed at all Bonfiglioli locations in Italy designed to facilitate the **smart, environmentally-sustainable management of our vending machines**. This project enabled us to reduce the environmental impact of some small but significant behaviors that we engage in every day: for hot drinks, an environmentally-sustainable wooden spoon and a hybrid cup were introduced - and can be recycled in special containers - while plastic water bottles were replaced by **plastic-free** containers in Tetrapack material or aluminum, and **thermal drinks bottles** were distributed to employees worldwide. At the same time, the number of water dispensers in workspaces was increased, in order to further reduce single-use plastic.

In order to renew our commitment to sustainability - and in addition to engaging and raising awareness among our employees - we continued our dedication to promoting sustainable mobility by joining the metropolitan city of Bologna's PRO Club initiative in 2022.



BONFIGLIOLI IS NOW PART OF THE PRO CLUB IN THE METROPOLITAN CITY OF BOLOGNA!

The **PRO Club** was founded in order to support the mobility needs of employees traveling to and from company sites, bearing the environmental impact of this travel in mind, and creating synergies between agencies that are located close by in the region. The goal of the initiative, then, is to create virtuous operational circles between public and private sectors and between different companies, which can work together on sustainable mobility issues, in light of the fact that they are located in the same geographical area.

The PRO Club is a comparison tool that can be used to create an effective and coordinated partnership between the various stakeholders. This process occurs through the figure of the company's **Mobility Manager**, a person with the company who is responsible for managing sustainable mobility and **creating a Home-Work Commute Plan (Piano Spostamenti Casa-Lavoro or PSCL)**.

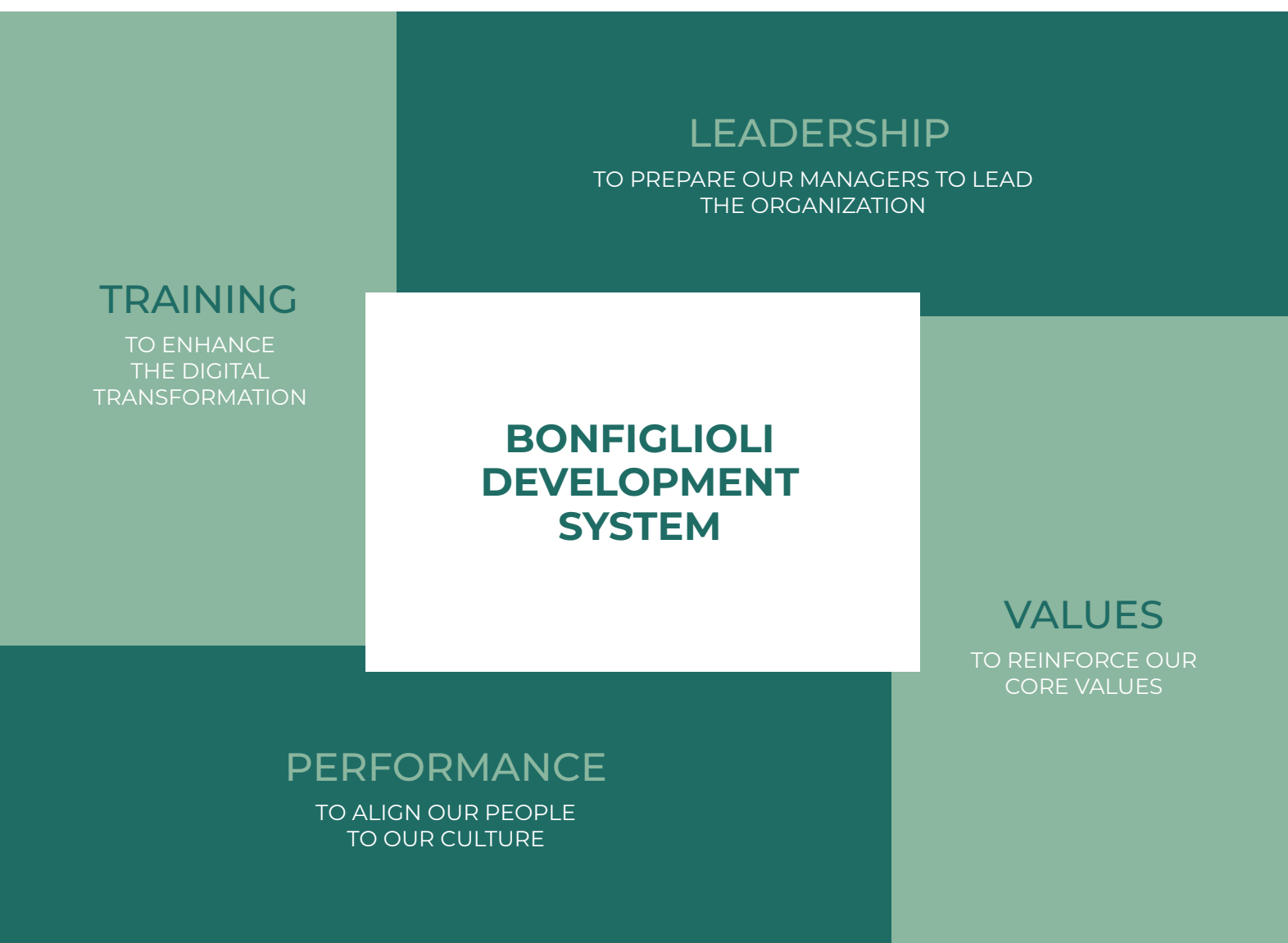
The individual company Mobility Managers then work with a Local Mobility Manager, a company contact person who becomes a point of reference and a local source of information for public administrations and companies in the same area. In addition to the introduction of this new role, the other two innovations of this project are the creation of a new governance model on sustainable mobility and the addition of a new metropolitan representative - a person whose role it is to be the point of contact for companies on this issue.

The district of Calderara, an area in the province of Bologna where the Group's factories are located, is one of the first two areas in which this project will be tested; the trial will last 6 months and will start in January 2023. Providing incentives for employees and their families to use alternative methods of transport through the creation of infrastructures and partnerships with public and private bodies will allow the company to continue to reduce its environmental impact.

BUILDING SUCCESS THROUGH KNOWLEDGE

We strongly believe that our employees and their skills and expertise are one of the key factors in the success of our Group. **In order to promote the personal and professional development of our people, we offer a wide range of tools, activities and training courses, with a view to keeping internal knowledge up-to-date, thus supporting and maintaining innovation in our industry.**

Over the last few years, we have introduced and consolidated a journey toward the **digitization of processes** relating to our human capital. Every individual plays an active role in this context of ongoing change, and for this reason, it is crucial that the vision is shared by all, and that the necessary tools and knowledge are available to everyone, in order to enable them to play a part in this transformation. Courtesy of the **Bonfiglioli Development System**, an internally-developed reference framework, we can support our employees with our expertise and technical skills. The System consists of four strategic pillars: Values, Leadership Model, Training, and Performance.



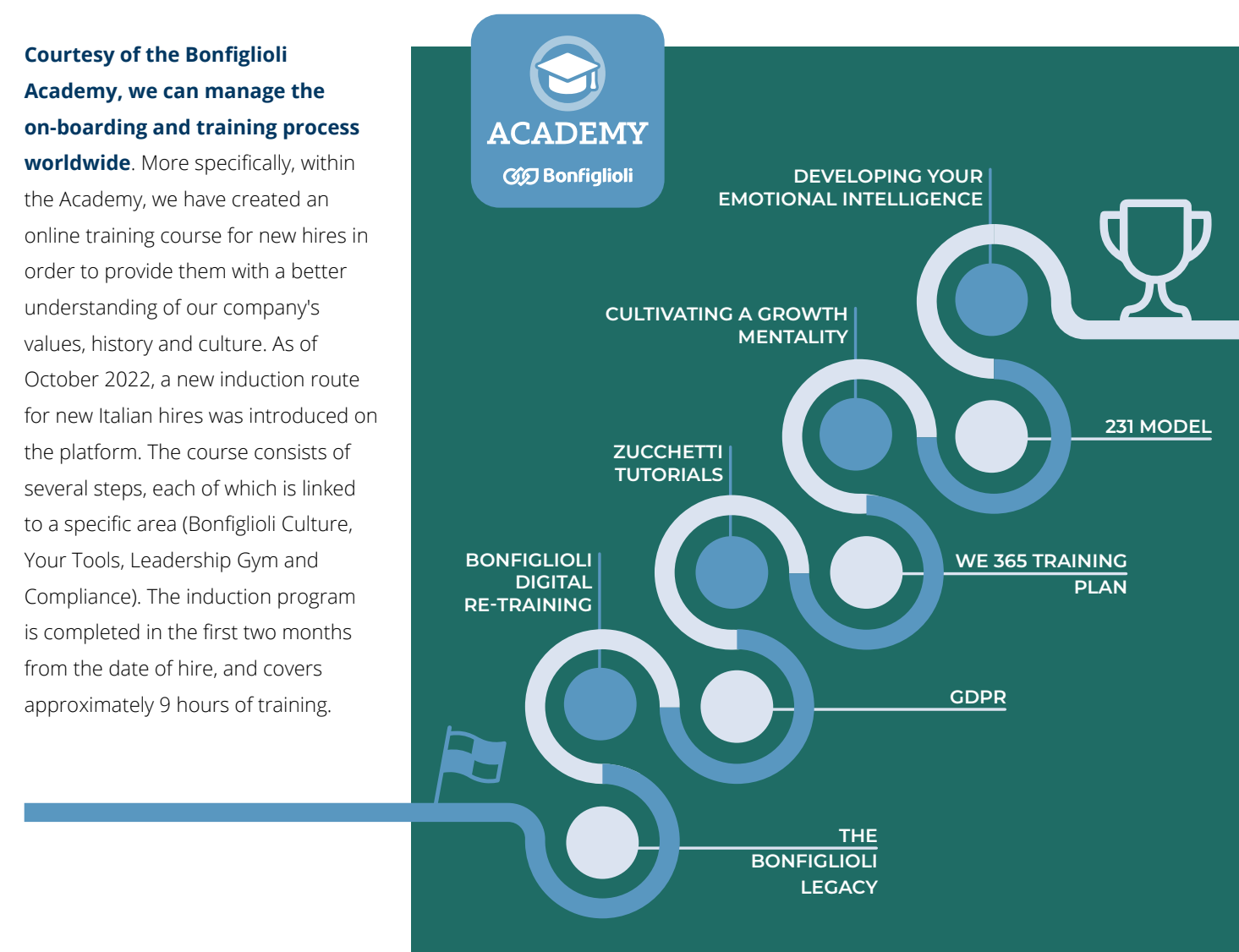
This framework, which was first launched in 2021, was further consolidated over the course of 2022. With regard to the performance system, this has undergone a process of digitization and modernization for the last three years, which has seen the introduction of a centralized management system which involves all of our managers.

The shared background in terms of values and the variety of experiences and knowledge of our employees serve to create the qualities and characteristics that set the company apart. Having a common vision allows us to make these differences our strengths, promoting the growth and success of the company.

Bonfiglioli's success is founded upon internal knowledge and expertise, and the Group recognizes that its employees are the main sources and repositories of this knowledge within the company. In 2020, we developed the **Bonfiglioli Academy** digital learning platform to consolidate this expertise and spread it throughout the company. The Academy is available to all Bonfiglioli employees, regardless of their geographical location and professional status: directors, managers, white-collar workers and a large number of blue-collar workers can access the training courses on offer.

Through the Bonfiglioli Academy, we promote self-development, raising awareness of the training initiatives available and placing every individual at the center of his or her own personal and professional growth journey: our employees have access not only to training courses specific to their role, but also to many courses based on their professional and personal needs and interests.

Courtesy of the Bonfiglioli Academy, we can manage the on-boarding and training process worldwide. More specifically, within the Academy, we have created an online training course for new hires in order to provide them with a better understanding of our company's values, history and culture. As of October 2022, a new induction route for new Italian hires was introduced on the platform. The course consists of several steps, each of which is linked to a specific area (Bonfiglioli Culture, Your Tools, Leadership Gym and Compliance). The induction program is completed in the first two months from the date of hire, and covers approximately 9 hours of training.



During the course of 2023, we intend to extend access to the entire induction course to all new hires overseas.

In 2022, Bonfiglioli organized courses totaling **55,395 hours of training**³, registering an increase of 28% over the previous year. Comparing the data for 2022 with the previous two years, during which a series of standard training activities were organized, the trend is clearly on the up, bearing testament to Bonfiglioli's focus on the training and self-development of its people. A further example that demonstrates the dedication of the Group in this regard can be seen in the fact that in Italy, **97% of employees took part in at least one training activity over the course of 2022**, not including compulsory training.

HOURS OF TRAINING OFFERED BY GENDER AND CATEGORY*

	2020	2021	2022
Average hours of training	11	11	13
Women	25	13	15
Men	9	10	13
Average hours of training	11	11	13
Executives and managers	12	13	15
White collars	10	13	15
Blue collars	12	8	11

In 2022, each employee received an average of 13 hours of training, compared to 11 hours in the previous year. This increase was seen among both male and female employees: however, women participated in two hours more training per person overall than men in 2022. Overall, the number of hours is distributed equally among all employee categories: compared to 2021, the difference between the average hours of *training provided to direct and indirect laborers* compared to the remaining categories saw a drop, from 5 hours to 4. Furthermore, an increase of three and a half hours for direct and indirect laborers was seen compared to the 2021 figure, and for both remaining categories (executives and managers and office workers and middle managers), there was an increase of two hours each.

As of 2022, we have introduced a major innovation in terms of the registration of training requirements. Indeed, all white collar employees (office workers and middle management) and managers in Italy were able to independently choose which type of training they wanted to participate in (individual e-learning or classes with other colleagues), as well as which courses in the training plan they wished to sign up for. This choice was made because we believe that self-development and taking responsibility for one's own professional growth are the key to delivering a successful training plan to every member of the company. In addition, more than 18,000 LinkedIn Learning courses are available at all times on the Bonfiglioli Academy digital platform.

All Bonfiglioli Academy courses can be found under these 4 areas of reference:

BONFIGLIOLI CULTURE


LEADERSHIP GYM


PROFESSIONAL SCHOOLS


TECHNICAL TOOLBOX


⁽³⁾ The total number of training hours cited in the Sustainability Report also includes hours related to HSE training. In contrast, the Annual Report 2022 only presents the training hours delivered via the Bonfiglioli Academy: more than 48,000

⁽⁴⁾ The average training hours per employee are calculated by the total number of training hours provided to employees divided by the total number of employees. The same approach is applied to the gender or category, for the total number of employees belonging to the same gender or category.



“ Over the last 3 years, Bonfiglioli Academy has delivered 74,000 hours of training on themes pertaining to soft skills alone, and 42,000 hours of training through the Professional School courses. ”



The courses in the **Bonfiglioli Culture** section of the platform are designed to spread our company culture and the corporate messages that we deem most important across the world;



Courtesy of the **Leadership Gym** courses, we offer employees the opportunity to develop new skills and improve existing ones, through an approach based on continuous learning on different topics. Below are some examples: Communication and interpersonal influence, Collaboration and trust in teams, Creative thinking and innovation, Values of diversity, inclusion and belonging, Leadership, etc.

M Manufacturing School



With the courses in the **Professional School** section, we share and spread our knowledge and expertise regarding the professional families that are present in Bonfiglioli. In recent years, we have developed professional skills and training courses modeled on the realities of Bonfiglioli as a company, such as the Manufacturing School for blue collar workers, which involved defining key roles, identifying the necessary training content and transforming this into digital training. Furthermore, over the course of 2022, additional in-house e-learning courses have been developed which take a deeper look at topics related to areas other than Manufacturing.



Through our **Technical Toolbox** training courses, we foster knowledge and strengthen the skills of employees in using new tools and technologies.

AI AND ROBOTICS CERTIFICATE

The digital transformation is driving companies around the world to get ready for future changes. For this reason, technical skills are among the most in-demand in today's working world - and more specifically, expertise related to artificial intelligence, big data, the Internet of Things, virtual and augmented reality and robotics.

Within this context, with a view to supporting future generations and disseminating technical culture, Bonfiglioli has launched **an initiative with schools and technical institutes in Italy, creating the Bonfiglioli Robotics and Artificial Intelligence Certificate**. The project, which was first rolled out in March 2022, consists of an innovative training pathway (both online - through Bonfiglioli Academy course - and at the Bonfiglioli plants, for the practical element), run by company educators and tutors who are also academic specialists. The course comprises a total of 100 hours, divided into 60 hours of classroom learning and 40 hours of practical training. The main topics covered are Industry 4.0, Robotics, Big Data & Analytics, Artificial Intelligence and Augmented Reality. At the end of the course, a piece of practical project work is carried out at the EVO site. The students are divided into teams, and are supervised by the company tutors; here, they have the opportunity to use a range of Bonfiglioli technologies. After the final exam, the participants obtain an internationally-recognized certificate, which they can use in their future careers.

The first edition of the Bonfiglioli Certificate course was attended by a fourth-year class from the Belluzzi Fioravanti higher education institution in Bologna. The students were engaged in the training activities for a month at FAV and Bonfiglioli, developing four pieces of project work and passing a final certification test.

With regard to the distribution of the total training hours in 2022, the totals and percentages can be found in the following table:

TRAINING BY TYPE

	2022	
Annual hours of training	55,395	100%
Executives	352	0.6%
Leadership Gym	7,534	13.6%
Bonfiglioli Culture	4,221	7.6%
Professional School	21,233	38.3%
Technical Toolbox	10,526	19.0%
Health and safety	11,529	20.8%

There are three modes of delivery of the educational activities of the Bonfiglioli Academy; in classrooms (physical or virtual) with a teacher and a group of students, in Digital Learning mode, where e-learning courses are uploaded onto the platform and can be used at any time, and Blended Learning mode, which is the combination of the virtual classroom, digital learning and sharing of training materials. In addition, the Bonfiglioli Academy platform allows courses to be attended both online and offline, with a simple, user-friendly interface.

We believe that we can offer a host of benefits to our employees by increasing their skills and expertise through the host of courses we offer on various topics, with a particular focus on innovative technologies, methods and processes. By providing them with new skills, we enhance the employability of our employees in the labor market, which places great value on cutting-edge skills. **Over the years, we have received numerous awards from a host of Italian media outlets, such as the prize received in 2021 entitled "Knowledge and Understanding", which served as confirmation that the Bonfiglioli Academy is a truly inspiring model** that promotes the skills of people, in turn fostering the exchange of skilled labor between companies.

ALL OUR EMPLOYEES
CAN DEVELOP THEIR
SKILLS WITH INTERNAL
AND EXTERNAL
CONTENT IN OUR
DIGITAL LIBRARY, WHICH
CONTAINS MORE THAN
18,000 COURSES.



OPPORTUNITIES OF INTERNATIONAL MOBILITY

In order to promote dynamism and change inside the Group, we decided to launch an internal job posting initiative through which employees can check company vacancies worldwide and matching skills. This "international job posting" portal project aims to create new opportunities for all our **people as they are our key asset** and sharing gained skills.

Indeed, the internal mobility project was designed to provide our people a **concrete opportunity for personal and professional development**, considering personal aspirations and motivations.

Thus, our employees have the chance to step forward, enhance competencies and skills, as well as express their potential. Moreover, the introduction of the international job posting platform aims to attract people and promote retention in the Group.

166 APPLICATIONS

37 JOB VACANCIES

16 APPOINTED



CARING FOR THE SAFETY OF OUR PEOPLE

We strongly believe that the health and safety of our people is a priority: not only do we ensure that all our facilities and processes comply with the legislation currently in force, but we are also dedicated to spreading a culture of safety and prevention in the workplace. Our teams are constantly evaluating safety in the workplace and introducing new measures that can improve safety standards, in order to minimize the potential for accidents and injuries at work, and the generation of physical and psychological discomfort.

In order to ensure high occupational health and safety standards, as of 2021, we have adopted a new **Policy for Quality, Health and Safety, Environment and Energy (Q&HSEE)**, which sets out our commitments on a range of issues. The Policy includes specific references to Bonfiglioli's business management and to its supply chain, citing five key principles: **sustainable development, innovation, compliance and excellence, prevention and resources.**

“ **The Bonfiglioli Group considers the dissemination of a culture of safety to be of primary importance. It seeks to reduce risks to the physical integrity of all its Collaborators, also using information and training as a tool for making them responsible for their own conduct and guaranteeing health and safety in the work place in compliance with the requirements of the applicable laws.** ”

Code of Ethics, Bonfiglioli Group

Withing this context, we have established a structured and integrated approach which takes our diverse geographical locations and activities into account. Responsibility, excellence and continuous improvement are always at the heart of our daily actions, in order to improve all aspects of the value chain. Indeed, the majority of our facilities have implemented formal procedures for managing health and safety; more specifically, ISO 45001:2018⁵ Certification was granted to the Calderara di Reno warehouse in Italy and the Mannur plant in India in 2022, thus achieving certification for most of our companies in China, Italy and India. Currently, 62% of Group employees work at ISO 45001 certified sites.

⁽⁵⁾ More specifically, Bonfiglioli Riduttori S.p.A. Unipersonale (excluding the Bentivoglio site), Bonfiglioli Italia S.p.A., Bonfiglioli Drives Shanghai Co. L.t.d., and Bonfiglioli Renewable Power Conversation India P.v.t. L.t.d. have obtained ISO 45001:2018 certification.

Generally speaking, the presence of a health and safety management system bears testament to the fact that a site has introduced a structured approach to the definition and identification of potential risks and the implementation of effective actions to prevent, minimize and eliminate these risks. Using this system, our plants are encouraged to carefully identify and evaluate internal processes in order to investigate any specific risks that may occur, taking the full range of tasks and activities of each employee category into consideration. After identifying any potential damage and assessing all risks, plants can consider whether appropriate prevention and protection measures need to be introduced to minimize and/or eliminate the dangers in question. We have always dedicated ourselves to identifying and implementing continuous improvements over the years; recently, we installed a number of innovative systems in order to enable better management of heavy products, as well as providing the necessary protective equipment for our workforce.

In light of the different sites and regulations in each of the countries in which we operate, we have established a **centralized HSE team**, which is responsible for establishing policies and guidelines which are then applied across all Group companies. The corporate team does more than simply harmonizing and coordinating safety measures - it also conducts regular site visits to ensure that the recommendations are being implemented correctly, as well as evaluating health and safety measures. Indeed, every company carries out its own risk assessment to identify specific dangers, which are usually closely linked to the operations carried out in each plant. For this reason, each manufacturing site has a specific group of people who are responsible for managing and supervising health and safety concerns; in addition, the workers' representatives regularly take part in formal joint management-worker committees, while guidelines and policies are managed at Group level. With a view to simplifying and improving the communication of data to the parent company, **since 2021, we have been using an internal platform that collects health and safety information from all plants.**

The awareness and behavior of individuals is also fundamental to the creation of a safe working environment. For this reason, we actively involve our employees in creating a safer workspace, encouraging them to contribute their suggestions, ideas and recommendations. Training is another key element in the creation of a safe workplaces, and this is why we offer continuous training courses on the dangers linked to daily work activities, as well as encouraging responsible behavior in order to prevent accidents. We run a number of safety courses every year, focusing both on general topics and on the specific risks linked to the job of each individual worker. In 2022, we delivered 11,529 hours of health and safety training, which corresponds to 20.8% of the overall training provided worldwide by Bonfiglioli to its employees.

In 2022, we had a rate of work-related injuries of 4.75, which is higher than the rate of 4.0 recorded in 2021. Despite this slight increase, we continued our efforts to minimize health and safety risks and impacts on our employees throughout 2022, by means of specific operating procedures and instructions, focusing our attention on identifying and eliminating the main causes of foreseeable accidents. As testament to our dedication to safeguarding the health and safety of our employees, the number of accidents has fallen sharply over the years: compared to 2019, the figure for 2022 is down 33% (with 38 accidents in 2022 compared to 57 in 2019). Our goal remains that of creating the conditions necessary to achieve “zero accidents”, and this commitment has led us to record zero fatalities and work-related accidents with serious consequences in 2022 - testament to our success in minimizing the number of accidents with serious consequences from which employees do not make a full recovery within six months. The main injury types reported are cuts, slips, injuries during handling of materials, collisions and lower back pain. Furthermore, over the course of 2022, we continued to monitor the number of “near-misses” - events that did not result in occupational injuries or illnesses but could have done so. In total, 119 such events were recorded for employees, and 0 for external workers.

WORK-RELATED INJURIES – EMPLOYEES ⁶

	2020	2021	2022
Total number of work-related injuries	39	32	38
high-consequence work-related injuries*	1	-	-
fatalities	-	-	-
Total worked hours by employees	6,892,099	7,928,880	8,004,457
Rate of work-related injuries	5.7	4.0	4.75
Rate of high-consequence work-related injuries*	0.2	0.0	0.0

* High-consequence work-related injuries are those injuries that result in a fatality or in an injury from which the worker does not recover fully to pre-injury health status within six months.

The responsibility of the Group extends beyond the safeguarding of the health and safety of our employees - we must also protect our external workers (i.e. those not directly employed by the company, but who work at our plants: suppliers working permanently on site, etc.). Indeed, these individuals are also required to respect and adhere to all the safety regulations established by each plant, in order to ensure their safety.

As proof of the Group's commitment to the health and safety of external workers, and to monitoring data regarding this concern, despite the fact that the Group does not manage information centrally, we draw attention to the increase in hours worked (+24% compared to 2021) as a result of improvements in information mapping.

WORK-RELATED INJURIES – EXTERNAL WORKERS⁷

	2020	2021	2022
Total number of work-related injuries	5	4	3
High-consequence work-related injuries*	1	-	-
Fatalities	-	-	-
Total worked hours by employees	921,837	1,006,094	1,312,803
Rate of work-related injuries	5.4	3.98	2.29
Rate of high-consequence work-related injuries*	1.1	0.0	0.0

* High-consequence work-related injuries are those injuries that result in a fatality or in an injury from which the worker does not recover fully to pre-injury health status within six months.

⁶ The figures regarding accidents in the workplace involving employees, as shown in the table, also include the data for temporary workers

⁷ The 2022 data regarding accidents in the workplace involving workers who are not employees but whose work and/or workplace is under the control of the company refers to all facilities. Compared to the past, the collection of data for the year 2022 regarding non-employees occurred punctually, and the perimeter was extended to all workers external to the Group. The 2020 and 2021 data, meanwhile, refer to the 17 plants for which information was available.

HSE GOLDEN RULES

The “HSE Golden Rules” consist of a set of guidelines designed to strengthen the **environmental and safety measures** already introduced and implemented in Group plants, in compliance with both national and international health and safety standards and regulations. These rules were developed in 2020, following the results of a survey carried out by the HSE team. The study involved all global branches of the company, using a questionnaire to identify issues and potential areas for improvement, with a view to standardizing and harmonizing internal operations. **To enhance its effectiveness, the guidelines were created with an intuitive approach, as well as a style of communication designed to be easy to understand at global level .**

The “HSE Golden Rules” provide a range of suggestions and advice 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 injuries. **These 10 rules apply at all Bonfiglioli sites worldwide**, and must be strictly followed during the planning, execution and checking of activities, in accordance with an approach based on the concept of continuous improvement.

A number of short **training videos** on the procedures related to the 10 rules have been made available on the E-ngeinous portal. In this way, all employees will have access to the training page, which is periodically updated with dedicated training courses, pills and videos.



THE BONFIGLIOLI GOLDEN RULES ARE:

- 1ST RULE**  **LIFTING OPERATIONS**
to provide accurate information and instructions regarding manual handling, lifting and carrying activities using mechanical equipment and lifting with slings and chains
- 2ND RULE**  **PERSONAL PROTECTIVE EQUIPMENT**
to communicate to employees, external workers and visitors how to choose and manage the proper personal protecting equipment for their activities
- 3RD RULE**  **SAFE DRIVING**
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
- 4TH RULE**  **ISOLATION AND LOCKOUT-TAGOUT**
to explain how to properly conduct isolation and lockout-tagout (loto) operations and to apply the required procedures after the completion of the “last minute risk assessment checklist”.
- 5TH RULE**  **WASTE MANAGEMENT**
to spread preventive behaviors and minimize accidents and injuries related to waste management operations
- 6TH RULE**  **PREVENTION OF LEAKS**
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
- 7TH RULE**  **WORK PERMITS**
to set out the precautions required to complete the work safely, authorizing certain people to carry out specific work within a specified time frame
- 8TH RULE**  **MOBILE AND ENERGIZED EQUIPMENTS**
to explain the potential electrical hazards in the work environment that are linked to electrical current which includes electric burns, shock, fire and electrocution
- 9TH RULE**  **CONFINED SPACES**
to provide indications on the necessary steps to ensure worker safety around confined spaces, avoiding fires, explosions, unconsciousness, asphyxiation, or drowning
- 10TH RULE**  **WORK AT HEIGHT**
to inform the workers on the possible dangers related to working at heights, which are commonly related to falling from height and falling objects

SAFETY BREAK 2022 WE GENERATE SUSTAINABILITY

The **Safety Break** initiative was launched in 2021, with the aim of engaging the employees from all Italian plants in a campaign to raise awareness of occupational health and safety issues.

In 2022, the campaign, which was implemented in collaboration with **Legambiente**, focused on protecting the environment and the circular economy. Being more aware of the importance of reducing waste - and managing the waste produced in the correct manner - creates a healthier working environment, as well as ensuring that people are more conscious of the significance of their daily actions and their impact on the planet.

More than 1,600 employees voluntarily participated in Safety Breaks;

the 34 meetings were organized directly within the facilities, in order to be even closer to our people. The European Community principle of the 4Rs (Reduce; Reuse; Recycle; Recover), sustainable waste management (including WEEE) are some of the topics that were brought to the attention of those in attendance.

This initiative serves to confirm Bonfiglioli's focus on its employees, as well as its dedication to spreading a culture of sustainability and to promoting high standards within its plants.



PEOPLE INVOLVED
**1,600
APPROX.**



TOTAL SESSIONS
34



DAYS PLANNED
8



+ 11 SESSIONS
+ 3 DAYS



SUS TAIN ABIL ITY REPORT22

3 OUR IMPACT

WORKING TODAY FOR A
SUSTAINABLE TOMORROW

INNOVATION FOR A SUSTAINABLE FUTURE

We closely follow the dynamics of the market and the ways in which it evolves, and we dedicate ourselves to the research and development of new cutting-edge solutions to meet our customers' emerging requirements, constantly pushing our own limits in order to improve. This dedication translates into constant investment in new projects, to improve our products and production processes and to ensure that we can deliver high quality solutions. With a view to providing increasingly efficient solutions, the Group is also working to develop a range of integrated systems and solutions, where mechanical parts are progressively associated with electronic parts. More specifically, our path to excellence is based upon three pillars:



R&D

- DESIGN YOUR SOLUTIONS
- CO-ENGINEERING
- TEST CENTERS
- IIOT TECHNOLOGY



MANUFACTURING AND DIGITIZATION

- BONFIGLIOLI BUSINESS OPERATIONAL EXCELLENCE PROGRAM
- INDUSTRY 4.0



QUALITY

- CERTIFICATION SYSTEM
- PRODUCT CERTIFICATIONS AND DECLARATIONS OF CONFORMITY
- BEST DISTRIBUTORS

RESEARCH AND DEVELOPMENT

Our research activities are carried out by our R&D team, which develops innovative solutions to meet the most exacting customer demands and application requirements, using a host of advanced electromechanical, electronic and hydraulic technologies.

Our R&D centers are located across the world, in Italy, Germany, China and India, and employ around 250 people.

● HATTINGEN
● KREFELD
● ROVERETO
● BOLOGNA
● FORLÌ

● SHANGHAI

● CHENNAI



“ Every gearbox, motor and inverter is a combination of the fundamental principles of both classical electromechanics and electronics, and these solutions are optimized with state-of-the-art calculation and simulation systems. ”

DESIGN YOUR SOLUTIONS

We have developed **virtual simulation techniques** with a view to designing, testing and optimizing our products, so that we can guarantee the highest standards of performance and reliability whilst reducing time-to-market and providing the best possible experience to our customers. Furthermore, we update and improve the techniques used year on year.

TEST CENTERS

The solutions designed and manufactured in our plants worldwide are **developed, certified and subjected to checks** at our cutting-edge laboratories, or at our test centers. We also use these spaces to validate all our solutions, from the smallest components to the finished product. Indeed, our full range of equipment enables our specialists to carry out performance and fatigue tests on all our **electrical, mechanical and hydraulic solutions**. A test center is present in most of our R&D centers.



“ At Bonfiglioli, we have Test benches for all dimensions, and the power and speed for life-testing in induced environmental conditions to monitor temperature, vibration and noise. ”



“ Once the prototype is ready, Bonfiglioli tests replicating real-life operating conditions in order to verify performances, durability and reliability, before it is delivered to the customer. ”

CO-ENGINEERING

In order to meet the demands of our customers in the best possible manner, we offer the option of **customizing our products**. As such, we support the development of customer projects from design to mass production, ensuring that we always take their needs into consideration. Through a process of continuous dialog and interaction with the customer with regard to the technical aspects of project, and with the help of dedicated calculation tools, the final custom solution **maximizes productivity, efficiency and reliability, with savings in terms of development time**. This seamless integration with the customer brings a number of mutual benefits for the end user, the installer of the product and Bonfiglioli.

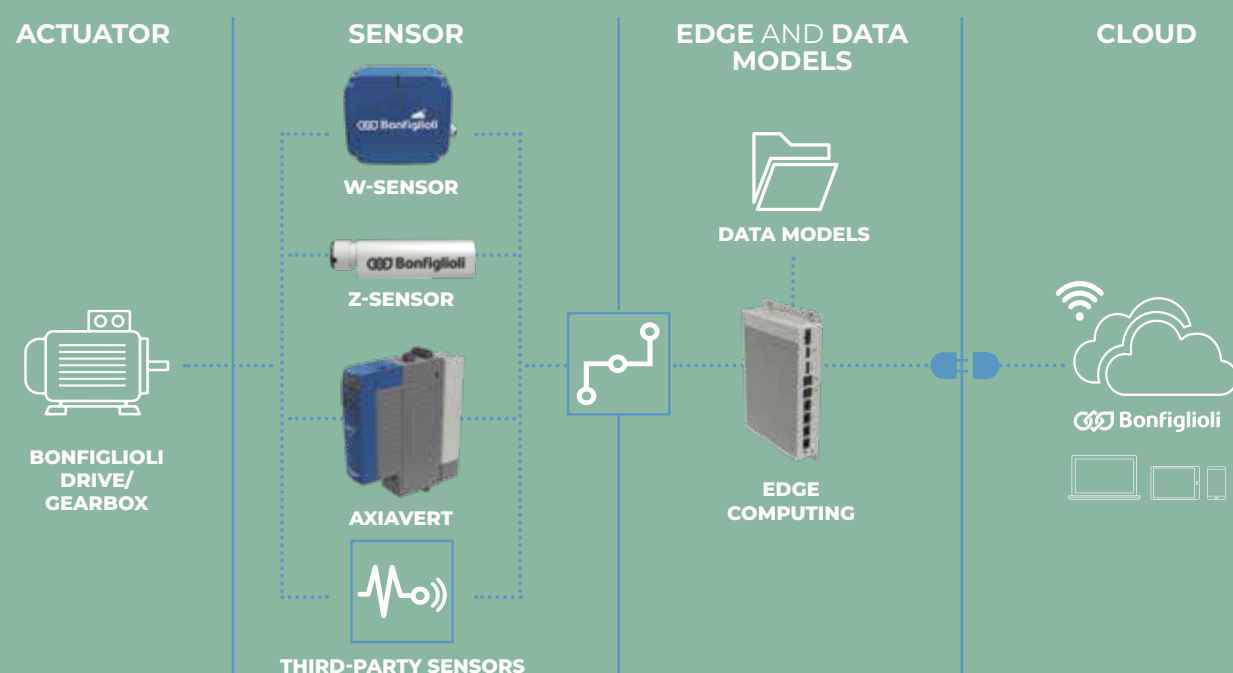
INDUSTRIAL INTERNET OF THINGS (IIOT) TECHNOLOGY

The R&D team offers tailor-made IIoT solutions **to enhance the efficiency and increase productivity of customers' machines**. Indeed, **the IIoT enables in-depth monitoring of the application, in real time, and allows new services to be implemented for the customer**. The Bonfiglioli predictive maintenance system, for example, is one of the IIoT services, and can potentially be associated with data acquisition from smart systems. This type of service enables faults that could lead to sudden downtime - which could occur at peak production time for the plant - to be predicted well in advance. There are many other services to monitor residual useful life and health parameters, among them geolocation services, or performance services and system of alerts when usage exceeds a critical level.

“Bonfiglioli's IIoT-technology is an innovative solution for constantly monitoring the health of a gearbox thanks to the combination of Bonfiglioli's offer with sensors, software and know-how based algorithms.”

IIOT & PRODUCT SENSORIZATION

By combining sensors, software and algorithms, it is possible to constantly provide information about products and their health, supporting customers in setting up a predictive maintenance plan, from components to talking products.



Bonfiglioli constantly invests in research and development, in order to **foster and maintain a process of continuous innovation of products and solutions for the market and for customers**, as well as to bring established products and ranges up to date. Withing this context, the **test labs represent a crucial element in supporting the development process** through validation on the bench, which is made possible thanks to the continuous use of resources. These activities are designed to increase both the competence and potential of the test centers, and have seen a number of updates in various areas in 2022.

The test labs are key spaces for the company, where R&D staff can carry out experiments and combine new materials, technologies and solutions, working in collaboration with the Group's various teams at all times. While the test centers work alongside research and development groups all over the world, our Italian offices are the main hub at present.

In line with the process of unification that began at the end of 2021, during the course of 2022, the EVO test center developed a SCADA system, based on Bonfiglioli ANG and ACU inverters with Ethernet/IP communication protocol, with a view to harmonizing the test areas worldwide on the basis of shared acquisition systems: this process will enable greater standardization and automation of tests with heterogeneous sensors and actuators.

R&D TEST LAB IN EVO

In line with the company strategy, which is increasingly driving development toward solutions rather than products, in 2022, we installed a new bench dedicated to testing inverter-controlled motors, with a specific focus on the development of the inverter control system paired with an electric motor.

Progress has also been made in the area of electromobility, and a battery emulator has been installed on the test bench dedicated to electric transmissions, in order to simulate the behavior of full transmissions (inverter, motor and gearbox) on electrified vehicles for on-highway and off-highway use.

R&D TEST LABORATORY IN B6 - FORLÌ

The overhaul also had an impact on the Forlì test center, where a new linear test bench was installed in 2022 with the specific aim of testing the smaller products in the new range of drives for winch drive applications.

Elsewhere, at systems level - running in parallel and in harmony with the EVO SCADA project - an upgrade of the control cabinets and bench control systems was planned for 2022, with a modern system compliant with Industry 4.0 requirements. A number of test labs cells in B6 will be involved in this in the coming years.

R&D TEST LAB IN ROVERETO

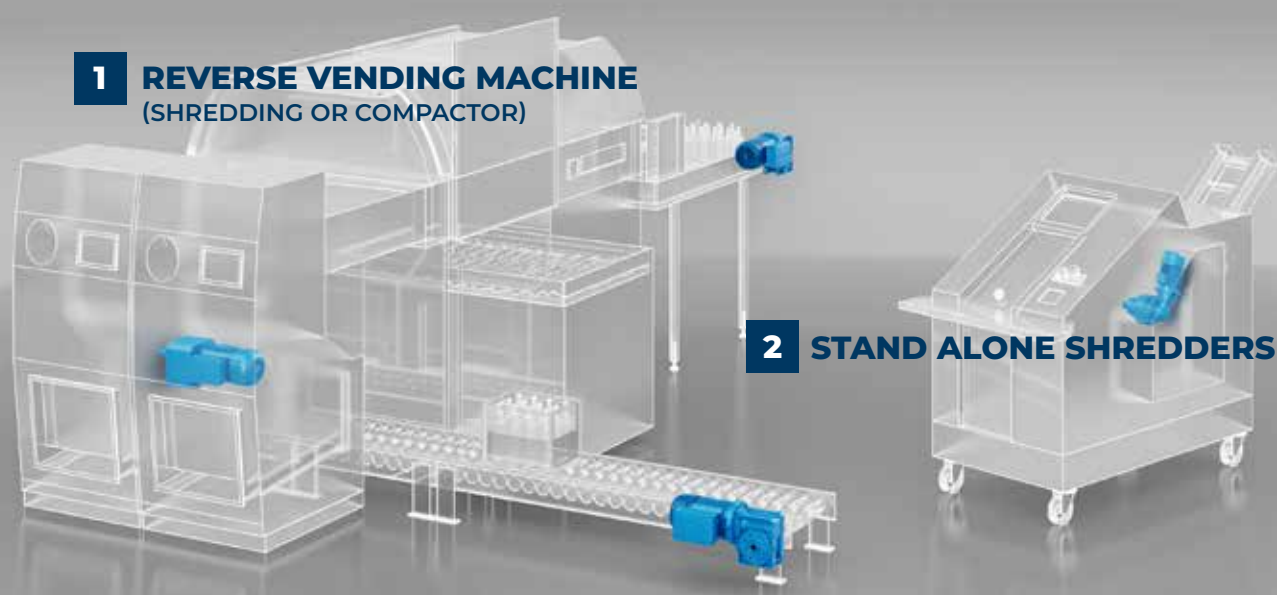
Within the context of the financial project rolled out by the Consorzio Trentino Sviluppo (Trentino Development Consortium), the test lab at the Rovereto Mechatronics Hub carried out a number of endurance and "healthy and faulty" tests over the course of 2022, in order to collect data during thousands of hours of operation pertaining to different products, with a view to developing mathematical models for predictive maintenance. The algorithms developed in the Rovereto R&D test lab represent the basis for the work of the Bonfiglioli IoT Edge and User Interface team, with a view to creating value for data clients.



RECYCLING AND ENVIRONMENTAL SUSTAINABILITY

Drawing on Bonfiglioli's extensive experience, the new **Recycling and Environmental Sustainability sector** of the D&P business unit deals with the green economy, researching and proposing possible business opportunities and supporting branches in developing solutions and applications, together with customers, that can incentivize a circular economy approach. The main projects are conducted and developed by Italian facilities, which also coordinate projects carried out mainly in China, Europe, United States and Brazil.

We are focusing on developing solutions of two different recycling activities: the Reverse Vending Machine (Shredder or Compactor) and the Stand-Alone Shredder, respectively identified by the number 1 and 2 in the image below.



In light of the fact that recycling is a way to reduce the use of landfill, we are dedicated to finding tailored solutions for our customers for the collection, compaction and sorting of waste materials, such as the **Stand-Alone Shredder**. A number of important partnerships have been implemented in order to develop tailored solutions in this regard: together with Arjes, one of the world's leading suppliers of shredders, we have developed a new range of modular planetary gearboxes for all major applications on the market (for more information, please see: Bonfiglioli & Arjes). Thanks to the compact design and the improvements made to meet the specific requirements of the recycling sector, the Bonfiglioli's planetary gearbox guarantees the highest torque and efficiency for processing various types of waste.

THE CUSTOMER'S SATISFACTION:

“ Our collaboration with Bonfiglioli was a fundamental factor in developing this project. In the end, their solution fully satisfied all our needs, both in terms of performance (times and energy performance), and on a technical level, i.e. compliance with the required measurements, which allowed us to integrate it perfectly with the system we had created. ”

GreenBig

Concerning the second type of solutions we develop, the **Reverse Vending Machine** (Shredder or Compactor), we provide a tailor-made solution for clients who need a shredder that could be integrated with its specific project or phases. 2022 saw the continuation of our successful collaboration with GreenBig, a start-up company for the circular economy that champions a new economic model for recycling PET bottles using an innovative, specially designed machine, which can also be installed in public places such as supermarkets. Thanks to a co-engineering activity, we developed a solution that directly connects the gearmotor with the shredder and, above all, that meets the required dimensions for the product (for further information, refer to: Bonfiglioli & GreenBig). The project is under continuous development: research into improving the machine in order to optimize its use in terms of energy efficiency is now underway.

In 2022, the sector presented its solutions for a more sustainable future at trade fair. In fact, in autumn we were at **Ecomondo in Rimini**, the fair for the ecological transition and during the exhibition, a range of recycling products and solutions for a greener future were presented. This year, our attendance at this trade fair was further reinforced by the fact that Bonfiglioli has now joined the **Consorzio Italiano Biogas (CBI, Italian Biogas Consortium)**, a tool that will enable the Group to improve its knowledge and productivity in the sector.

Since we have an established business in the recycling sector, where we are leader with some product lines globally, we are now focusing on developing solutions in solar tracking. More specifically, an important project was launched in 2022: Bonfiglioli is now working with one of the top three manufacturers of solar trackers in the world.





The goal of improving production processes and developing new projects is to maximize the performance and reliability of our solutions, combining **efficiency, innovation and digitization**. Indeed, the new solutions we are introducing at present are characterized by technologies that reduce the number of components required and are simpler in terms of their application, facilitating the customer experience.

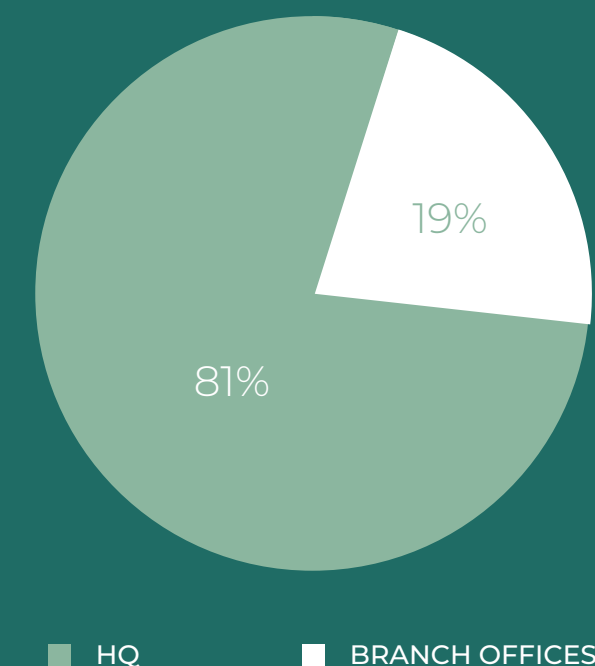
To foster the creation of positive synergies and to enable greater standardization of processes, research and development activities are carried out by a single hub (the R&D function). Until last year, this was divided into four areas, each focused on specific topics: the mechanical, hydraulic and electrical platforms, and the Centers of Excellence. In 2022, a fifth platform dedicated to electronics was also created.

In addition, over the course of 2022, the Product Development Process - designed to standardize Bonfiglioli's internal activities that are linked to custom product development and launch of production in the three business areas - was further institutionalized through the creation of the **Team Solution Development**. The goal of the latter is to guide the development of systems and architecture on the basis of the functional requirements set out by the Sales & Business Development and Product Marketing functions of the business units. As such, the team is tasked with mediating between the market demand arriving from the BUs and the validation of the technical feasibility of engineering the solutions and subsequently bringing these to market. Furthermore, the team is responsible for ensuring that the knowledge developed through the platforms and in the Centers of Excellence is disseminated across the rest of the Group. The methodology adopted complies with the APQP(Advanced Planning Quality Product) standard. The Team, which is divided internally into the Industrial area and the Mobility & HD area, deals with three macro-activities:

- Definition of the concept: the projects are managed from the initial application analysis phase - in coordination with the five product platforms for product design - to the approval of the business case, in order to ensure that the costs and timings are adhered to during the industrialization phase, as well as to confirm that the end product reflects the quality levels established previously;
- Project management: coordinating the activities to be carried out during the development of the solutions, as well as making technical decisions when necessary;
- Innovation: the drafting of proposals for projects that focus on the development of new solutions in line with the wider development strategies of the business units and the Group as a whole.

In 2022, about **1,500 new customized products and applications** were developed at the Group level. Of these projects, around 500 projects (34%) are developed by the R&D department.

2022 PROJECTS BY RESPONSIBLE DEPARTMENT



By means of a **project complexity matrix**, the difficulty level of each project can be identified, enabling the right development flow to be triggered, as set out below:

- projects that require only limited elements of customization compared to the standard are classified as "low complexity" (18 %) and, as such, can be managed directly by the individual branches;
- projects that require more complex modifications, considered to be of "medium complexity" (53%) will see CAE (Customer Application Engineering) involvement, or for BUs where this is not present, R&D team involvement;
- the development of new solutions - "high complexity" projects (28%) - is entirely handled by the R&D specialists in the relevant applicable technology.

In light of the total number of projects, most of the processes are developed in the EMEIA region. In contrast, when looking at individual market segments, the projects of the Mobility & Wind Industries business unit were primarily developed for the construction (36%), marine (19%) and wind power (18%) sectors; the Discrete Manufacturing & Process Industries BU mostly dealt with solutions for material handling (13%), mining (12%) and food, beverage and tobacco (7%) sectors; lastly, the Motion & Robotics BU projects were focused on the system integrator (46%), packaging (18%) and chemical and pharmaceutical (6%) sectors.

COLLABORATIONS WITH UNIVERSITIES AND INSTITUTIONS

Each year, our R&D team works with local and international universities and institutions on the development of numerous projects. Thanks to our vision, our openness to challenges and our willingness to share skills, technologies and good practices with our valued partners, we support the creation of innovative solutions and applications. This approach has enabled the following initiatives to be implemented over the course of the year:

IoTwins HORIZON 2020

In the wind energy sector, the activities relating to the **IoTwins** project continued, and came to an end in September 2022. IoTwins, financed by the European Community under the Horizon 2020 program, is a project which regards big data, artificial intelligence and the Internet of Things, applied to manufacturing and infrastructure. A total of **12 test benches** were used, each of which created a digital twin - a virtual copy of the actual processes and facilities that can simulate different scenarios in order to evaluate all areas for potential improvement, with a view to identifying corrective actions, increasing efficiency and diagnosing any faults before they occur. More specifically, these test benches were focused on three different areas:

- **Manufacturing test benches:** to give predictive maintenance services to help the design of maintenance plans and costs, through data analysis and time to failure forecasts;
- **Facility management test benches:** to identify critical problems, optimize techniques in order to outline efficient management plans and improve operational programs and renovation plans;
- **Replicability test benches:** to show the possibility of reproducing and adapting the IoTwins platform to other types of projects, for example, in small and medium-sized enterprises.

In 2020, Bonfiglioli participated in the project because it believed in the opportunity to embark on a path of innovation in wind industry projects that could effectively meet market needs. In 2021, in collaboration with project partners, 8 sensor-equipped yaw drives were installed on 2 wind turbines at a wind farm in Northern Ireland. Through the dedicated IoTwins platform, data acquisition from sensors installed in the turbines are enabled to be processed by a digital twin model of the turbines. The goal of this hybrid yet innovative system is to diagnose and improve the efficiency of energy production.

IoTwins is managed in partnership with local institutions and it involves **25 different partners**, including the University of Bologna, the National Institute of Nuclear Physics, Cineca, and Regione Emilia-Romagna with Art-ER and Marposs. Moreover, there are various international groups and scientific institutions that enriched the project; to name a few: Siemens, the Supercomputing Centre in Barcelona and the Fraunhofer Institute in Munich.

“**Being the leader of this project is a source of pride, but it also means an assumption of responsibility. We have the chance to show how valuable the ability to work in a team of international companies is, where the vision of digitization is still focused on being at the service of people and their environment.**”

Sonia Bonfiglioli



Together with Marposs, we collaborated as a partner of DiaPro 4.0 (Diagnostic Prognostic Industry 4.0), an industrial research project started in 2019 and ended in 2022. This project led to further collaborations for future projects that are set to begin in 2023. This project was oriented to develop an **innovative system of advanced maintenance for Industry 4.0 based on predictive diagnostics**. DiaPro 4.0 involved three local industrial research laboratories acknowledged by the High-Technology Regional Network: MechLav of the University of Ferrara, InterMech-MO.RE of the University of Modena and Reggio Emilia, and regional laboratory Raw Power Srl. The project aimed to identify the best predictive maintenance technologies with the ultimate goal of designing production lines that are able to conduct self-diagnosis during the process (predictive diagnostic) or estimate the residual life of the production line to plan maintenance intervention in advance (Prognostics). Furthermore, we carried on an **innovative patented system for measuring torque and load** on even the largest gear motors, in collaboration with the Raw Power laboratory.

The DiaPro 4.0 project was presented in January 2022 at the **Dubai Expo**. The Expo represented a brilliant opportunity to promote research and development activities, training initiatives and the ability to attract international investment.



BI-REX (Big Data Innovation & Research Excellence), based in Bologna, was established in 2018 and is one of the 8 national “Competence Centers” set up by the Italian Ministry of Economic Development as part of the Industry 4.0 government plan. Overall, 57 entities – including universities, research centers and businesses – are effective members of this **public-private consortium focused on Big Data**.

Bonfiglioli Group has been working with this center for several years: 2022 saw the completion of 10 major projects, some of which were managed directly by the R&D and IT teams. The deep sense of satisfaction gained as a result of working with this center will no doubt lead to further collaborations in the future. Within the field of R&D, **two industrial robotics projects** were completed in 2022: one of these focused on advanced robotic vehicle solutions with the capacity for autonomy during the production process, while the other focused on developing an innovative, automatic and flexible handling system based on the combined use of collaborative robots, mobile robots and advanced perception and learning systems (which in turn are based on artificial vision and intelligence). With regard to additive manufacturing, Bonfiglioli also took part in a project whose goal it was to define the design methodologies for mechanical components made of metallic materials to be manufactured by **Additive Manufacturing (AM)**. Finally, there is **the Kinema project**, which aims to use state-of-the-art Machine Learning methods in an innovative way, in order to maximize the exploitation of the knowledge available on the entire production chain for maintenance purposes.



Our partnership with the Mechatronics and Motorists Clust-ER continues. Clust-ER Mech is a regional association that connects several public and private entities, such as companies, research centers and training institutions. The spread of knowledge, skills, ideas and resources to support the competitiveness of the mechatronics and motor engineering industry is the main goal of the cluster, promoting the development of new materials, machines and processes. The Mech Clust-ER focuses its research and projects on seven highly specific topics and, in particular, Bonfiglioli collaborates on the working group related to Digital and Advanced Manufacturing, also known as **DaAma**, which deals with the transition to a new generation manufacturing system: Industry 4.0. Within the context of the Mech Clust-ER, in January 2022, Bonfiglioli took part in the Dubai Expo trade fair: the event focused on the **importance of the Emilia Romagna region's Motor Valley** at international level, and featured **representatives** from companies, research laboratories and universities.



TRENTINO SVILUPPO PROJECT AIoT BONFIGLIOLI

Developed by Bonfiglioli, in collaboration with Trentino Sviluppo, the project aims to create **damage prediction models** based on Machine Learning (ML) and Artificial Intelligence (AI) that can **predict and diagnose** the occurrence of disruptions and damages, as well as develop a **platform to manage and analyze collected data**. The project officially started in 2020 with the finalization of the M&M plant test area, where our products have been tested since early 2021. The Rovereto testing area of the plant is fundamental to achieving these goals because it is equipped with advanced AI technologies needed to make the main gearmotors' families more responsive through additional sensors, to conduct comparable tests on healthy and faulty systems and to perform many other specific tests. Today, the **laboratory**, which has been up and running since June 2021 and will be fully operational in 2023, is in the final stages of development.

In 2021, Bonfiglioli joined the **EIT Manufacturing** platform, and courtesy of the funding obtained in this area, developed the **Moliere project** in 2022, in collaboration with 5 other major international partners. An innovative strain sensor has been brought to pre-industrialization level: this solution is capable of monitoring machinery in terms of manufacturing performance and energy efficiency, as well as carrying out proper diagnostics and especially prognostics operations, i.e., estimating the remaining life under the real working conditions of the machine. The scope for potential applications across various industries is certainly very interesting. The Moliere sensor received a special mention at the Innovation Award organized by the Automation and Testing (A&T) trade fair, and was nominated as the most interesting project in terms of reliability.

OTHER 2022 INITIATIVES



MATCHER GREEN DEAL EDITION 2022

In 2022 Bonfiglioli participated in MATCHER Green Deal Edition 2022, the third edition of the International Open Innovation Program organized by ART-ER and the Emilia Romagna Region. The initiative was an opportunity for matchmaking activities between different Emilia-Romagna companies and various international start-ups, with a focus on innovative and sustainable projects.



EIT MANUFACTURING

EIT Manufacturing is the main partnership at European level that brings together the protagonists of the manufacturing industry in innovation ecosystems aimed at adding value to products, processes and services by promoting competitive and sustainable global production. This community within the European Institute of Innovation and Technology (EIT), currently has over 80 European partners, among the most important for innovation, training and business creation, from 17 countries.



IOT PLATFORM PROJECT

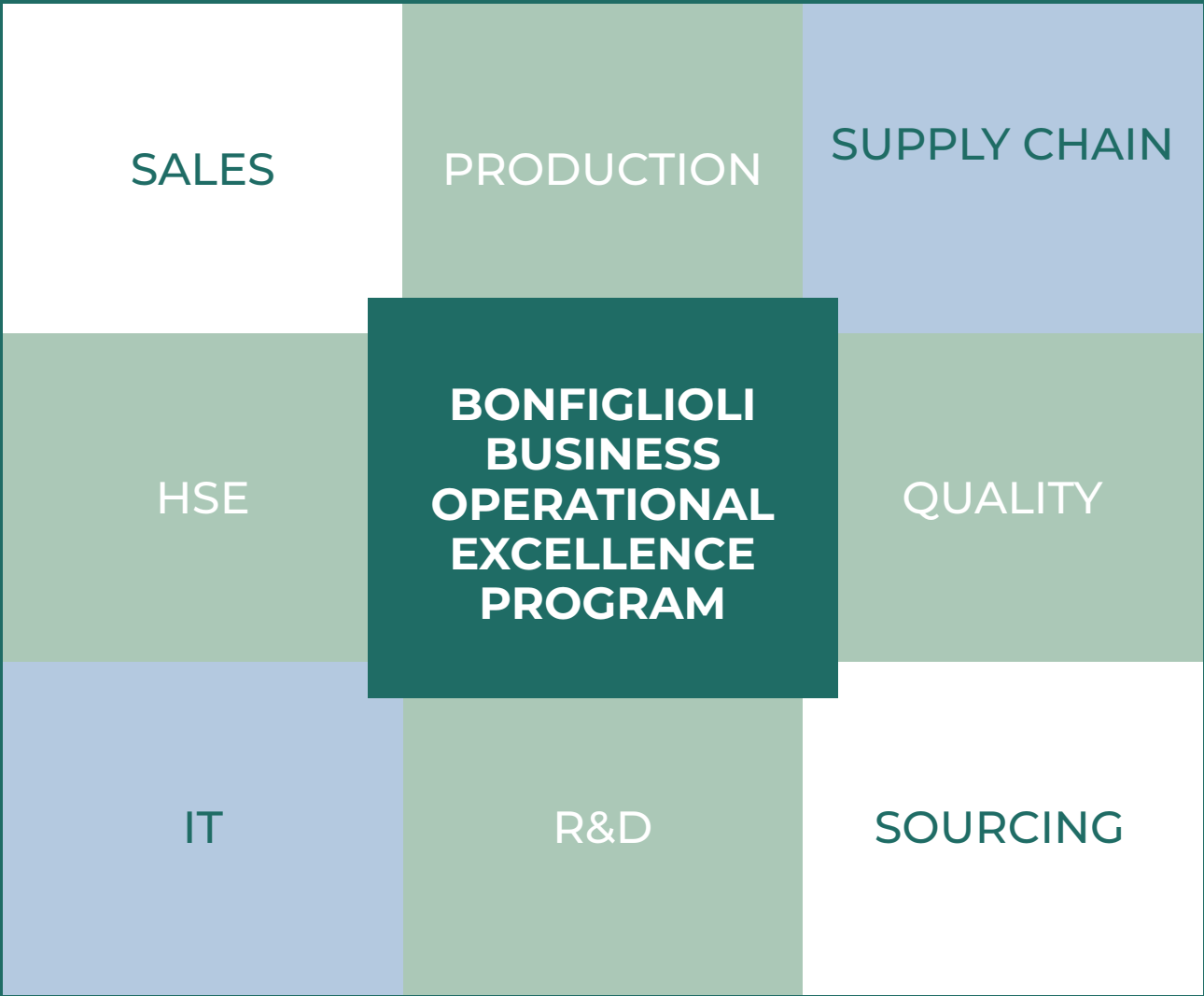
Since 2018, Bonfiglioli is developing an Industrial IoT platform based on algorithms that combine model-based reasoning with Artificial Intelligence. The objective of the project is to enhance the offer of Bonfiglioli devices.

MANUFACTURING AND DIGITIZATION

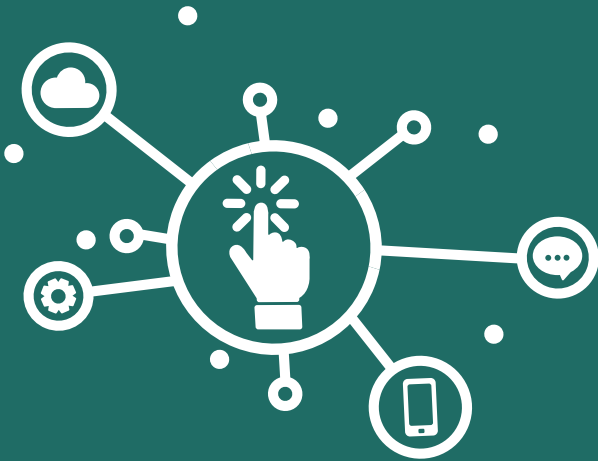
The vision of the Group has enabled it to acquire skills that can be used to progressively bolster the introduction of digital tools and advanced technologies across all 15 Bonfiglioli plants. This has allowed the plants to specialize in distinct product lines, which have an important element in common - a respect for quality, and the ability to efficiently respond to the demands of the market and the customer: we can do this by offering a product that conforms to requirements, as well as guaranteeing excellence and innovation.

EXCELLENCE

The **Bonfiglioli Corporate Operational Excellence Program** enables us to measure our performance on a constant basis and standardize production processes globally, ensuring the same quality standards across the board. The Program, which is based on eight pillars that serve as a guide for all internal processes, was introduced in order to improve overall performance, ensuring the same levels of production quality at all our locations, as well as serving our customers in the best possible manner. This is ensured through a number of measures: for instance, the simulation, testing and optimization of processes before their actual roll-out.



INDUSTRY 4.0



“ **Industry 4.0 enables much quicker flow of customized products and can radically reduce inventories throughout the supply chain reducing our customers’ machines time-to-market.** ”

It is possible to improve quality, production efficiency and flexibility whilst reducing costs, through the **digitization** of manufacturing and assembly operations. Within this context - and in line with the Industry 4.0 approach - our plants can be connected with each other, which provides a comprehensive overview of the entire process and increases production capacity, through the monitoring of plant operations at global level. This renders it possible to gain a broader understanding of customer needs and to map these, through the application of Industry 4.0 principles, as well as sharing real-time data regarding demand across complex supply chains and networks.

Over the last few years, we have introduced the **Bonfiglioli Manufacturing Execution System**, which is based on both Industry 4.0 and lean management principles. Through this system, and the machine connection to the internal IT system, we can collect data and information on production and supervise all of the related processes: this facilitates the identification of areas for improvement and corrective actions in order to improve the efficiency of each stage, from the start of manufacturing to the shipping of the end product.

BONFIGLIOLI PRODUCTION SYSTEM



The Bonfiglioli Production System (BPS) is a **production management system that aims to continuously enhance our processes and improve our efficiency** and it was developed to improve and accelerate innovation within the Group. Initially launched as a pilot initiative, the BPS has been gradually introduced into several plants: in 2020 it was applied to the entire Discrete Manufacturing & Process Industries and, in 2021, we started its introduction to the Motion & Robotics business unit.

The data collected and the analysis of the trends performed by our experts allow our teams to diagnose potential malfunctions and areas of improvement, introducing

corrective actions. The possibility to detect and predict inefficiencies helps us realize a continuous improvement of internal processes and, in the meanwhile, implement the “Zero Waste” philosophy.

Employees are actively involved and engaged in the Bonfiglioli Production System through the introduction of some key roles, such as the BPS Leader, the Team Leader, and the Team member, according to their knowledge and their specific tasks. This structure allows everyone to provide suggestions, opinions, and ideas for improvement which may lead to the launch of new projects.

The BPS includes three main areas:

- > **Pillars’ structure** to simplify the collaboration among different corporate functions with the intent to enhance the overall business performance;
- > **Cost Deployment** to define where people, energy, and resources should be allocated to maximize results;
- > **Improvement Projects** to improve processes and detect better opportunities.

OUR GLOBAL BPS PLATFORM: DASHBOARD VIEW



The **global BPS platform** was created to collect data and monitor all projects launched and the results achieved; an interactive dashboard (shown in the above picture) provides an overview of the key information, such as number of initiatives and their status, geographical area in which initiatives are implemented, pillars involved, and the forecast of potential savings. In 2022, the BPS platform identified 54 potential projects worldwide; of these, 41 have been commenced, 34 have been completed, and 23 have been monitored by the central BPS team, whose role it is to evaluate both the methodological aspects of the projects and the actual implementation of the initiatives. 7 of the projects are due to come to an end in 2023. More specifically, in 2022, the majority of the projects focused on Technology - namely on the optimization of machines and resources - Production, with projects conceived to reduce setup times, and Supply Chain, with reductions in outbound costs courtesy of the optimization of saturation of transport, and of internal material handling costs.

A dedicated **BPS e-learning course** is also available in the E-ngeinous platform and is mandatory for all Italian employees. Specific training courses are included in this plan to facilitate its effective implementation and to enable our employees to familiarize with this method, supporting them with the transition to this new way of working.



TWO BPS APPLICATIONS:

A PHOTOVOLTAIC SYSTEM IN THE EVO PLANT PARKING LOTS

In line with our commitment to reducing the environmental impact in the new parking lots at the EVO site, the roof structure at this facility was fitted with 6,150 square meters of solar panels, which are capable of delivering 1.3 Mwh of electricity per year. The introduction of a solar-powered system provides a number of benefits: it enables a significant portion of the facility's energy needs to be met, slashing electricity-related expenses; furthermore, the use of solar energy renders the Italian plant more environmentally friendly, allowing it to become a nearly Zero Energy Building (NZEB).



SOLAR PANELS
6,150 M²



SAVING ELECTRICITY
NZEB BUILDING

OPTIMIZATION OF TRANSPORT SATURATION IN SLOVAKIA

The plant in Slovakia succeeded in optimizing the saturation of outbound road transport by focusing primarily on the following aspects:

- Changing to BBOX packaging, the Bonfiglioli standard for material handling which has led to a reduction in the direct cost of purchasing packaging materials;
- Improving truck saturation by introducing new loading plans via new optimization software;
- Improving the working environment in the shipping area.



ECONOMIC SAVINGS
REDUCING THE COST OF
PACKAGING AND TRANSPORTATION



BENEFITS
SAFER WORK ENVIRONMENT

QUALITY

Bonfiglioli is highly focused on ensuring **the quality of products and the safety of end users** along the entire supply chain, and aims to constantly improve upon these elements, engaging both suppliers and customers. To ensure that high quality standards are maintained at all stages of our product development process, we ask our suppliers to meet the benchmarks contained within the **Group's integrated Quality, Health, Safety, Environment and Energy Policy (Q&HSEE)**. This Policy was revised in 2021, and its purpose is to harmonize the internal approach taken to these issues, as well as setting company-wide targets in order to enable the results achieved to be measured with ease.

SYSTEM CERTIFICATIONS

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 both the needs of our customers and the relevant regulatory requirements, we have rolled out a number of initiatives that have resulted in the Bonfiglioli management systems obtaining **ISO 9001:2015** (quality management systems) certification at Group level, in addition to **ISO 14001:2015** (on environmental management systems) and **ISO 45001:2018** (on occupational health and safety management systems). Furthermore, in 2022, the **ISO 50001:2018** (energy management) certification was extended to both the existing Forlì plant and the EVO plant.



PRODUCT CERTIFICATIONS AND DECLARATIONS OF CONFORMITY

100% of Bonfiglioli products - both commercial and customized solutions - are inspected in order to identify any potential risks related to customer safety. Indeed, our solutions are designed in compliance with all the safety directives and standards currently in force and applicable to the product guidelines, including those on dangerous substances. In addition, checks regarding customer health are also carried out on the supply materials upstream of production. Finally, the design of our products complies with a **number of international certifications**, including CCC, UL, EAC, BIS, ABS, DVN and UKCA.



BEST CERTIFICATION



Bonfiglioli has a network of more than 550 partners in 22 countries around the world, that promptly provide ready-to-use products and after-sales services.

BEST (Bonfiglioli Excellence Service Team) distributors Certification

awards the most qualified business partners. Several distributors were certified, with the involvement of an accredited third party. **Audit and certification are provided by TÜV**, which ensures the same high-quality standards to end users worldwide. During 2022, in Europe 2 New Best were certified (1 Gold – 1 Bronze). Monitoring was completed for 14 Bests that had already received certification, whilst for a further 6, expired certificates were reissued (1 Gold - 5 Bronze), bearing testament to the positive outcome of the Audit.

HOW TO SPREAD “QUALITY” THROUGH A DEDICATED TRAINING PROGRAM

During the course of 2022, Bonfiglioli pursued a number of projects designed to develop **training courses dedicated to the main company procedures**, with a view to providing specific technical knowledge and a full set of the minimum skills required for each process. The purpose of these initiatives is to increase awareness of internal procedures and ensure that employees worldwide are aligned with one another, through the creation of a structured training plan.

The QHSE team was supported by the Human Capital function when establishing the content and structure of the courses; the latter is responsible for standardizing the training methodology across the entire Bonfiglioli Group. The main benefits of the project include the sharing of corporate knowledge and good practices, more timely and effective training for new hires or role changes, standardization of training records, easier and faster achievement of KPIs, and a single archive of training materials.

As a result, in 2022, we were able to update a number of training courses in order to bring them into line with the new changes to internal procedures, and we also completed the following specific training programs:

PURCHASING

- TENDER MANAGEMENT

NEW PRODUCT DEVELOPMENT

- PRODUCT DEVELOPMENT PROCESS - BID PHASE
- PROCESS CAPACITY

MONITORING & IMPROVEMENT

- AUDIT OVERVIEW

AFTER SALES

- MANAGEMENT OF COMPLAINTS

PRODUCTION PLANNING

- MANAGEMENT OF CUSTOMER ORDERS
- PLANNING OF DEMAND

By asking our customers to complete a survey, we collect their feedback on the performance of our products, enabling us to continuously improve. As part of this, we organize interviews and surveys, gather information on our strengths and weaknesses, and on the basis of the opinions collected, we identify areas for improvement and actions to be taken.

We assess customer satisfaction levels on a periodic basis, sending out surveys regarding the various business units at regular two-year intervals. The results show the trend of the **NPS (Net Promoter Score)**, an index that measures why and in which ways our customers would recommend Bonfiglioli to their colleagues. The data collected is analyzed, and on the basis of this, we can implement the suggestions provided by customers. The purpose of surveying customers every two years is to gain a better understanding of the results of the corrective actions introduced, and identify new ones where necessary. In 2021, we gathered information on the D&P business unit, interviewing 345 **OEM (Original Equipment Manufacturer) customers**, while in 2022, we concentrated on the M&M and M&W business units.

CUSTOMER
CATEGORIES SELECTION



CUSTOMER SATISFACTION
DATA COLLECTION



DATA
ANALYSIS



FOCUS ON MAIN IMPROVEMENT AREAS



DATA COMPARISON
BETWEEN PREVIOUS AND UP-TO-DATE SURVEYS



IMPROVEMENT ACTIONS PLANNED

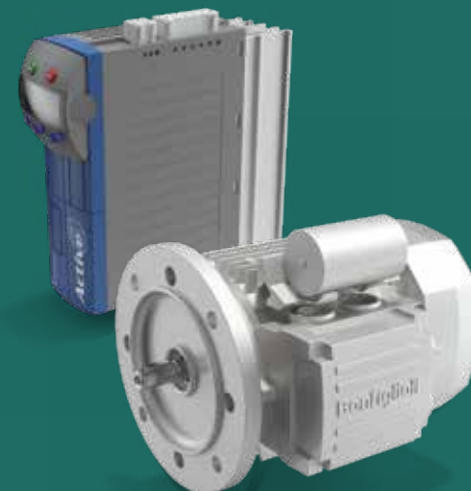
NEW SOLUTIONS TO BUILD A SUSTAINABLE FUTURE

Building a sustainable future for us means not only reducing the impacts of our internal processes but also working to make our products and solutions more sustainable. We provide added value to our customers and continually adapt to changing market conditions, economic scenarios and environmental regulations: in recent years we have developed new products with a special focus on energy efficiency, recovery and reduced consumption and emissions. Moreover, with a market share of more than 30% in wind turbine pitch and yaw drives, we are a world leader in this field.

We offer our clients remote support and ongoing monitoring. Based on the data collected, we can remotely access the machines and provide continuous condition monitoring, troubleshooting services and performance analysis. In addition, our customers can rely on the information gathered through IoT technologies to define consumption parameters, set sustainability goals and make informed decisions on environmental issues. As a result, in recent years we have released many innovative new products that ensure a reduced environmental impact of our products; a selection of the latest innovations is reported below.

DRIVING ENERGY EFFICIENCY AND EMISSION REDUCTIONS WITH THE POWER DRIVE SYSTEM

We recently released the new range of Bonfiglioli synchronous reluctance motors that are in the high efficiency class (IE4) in the same size as conventional induction motors in the IE2 class. The new motors have also been combined with the Active Cube frequency inverters with a dedicated sensor-less vector control, to develop a more efficient **Power Drive System**. Compared with conventional motor-frequency inverter solutions, Bonfiglioli Power Drive System **minimizes overall energy consumption at different operation points**, resulting in lower power consumption and emissions reduction. For example, the installation of this solution on a pumping station (10 pumps, 1.5 kW each) yielded brilliant results, **saving our customers an estimated 17,000 kWh over the previous year**, resulting in significant **cost savings** and **reduced emissions**. Overall, this solution is ideal for a wide range of industrial applications and it can be fully integrated into Industry 4.0 plants, thanks to the advanced digital connectivity of the drive and Bonfiglioli IoT platforms in combination with this Power Drive System.



HIGH EFFICIENCY MEANS REDUCING ENERGY CONSUMPTION AND GHG EMISSIONS PRODUCTION

THE INNOVATION THAT REGENERATES ENERGY



AEC: ENERGY TO DRIVE A MORE SUSTAINABLE FUTURE

Decades of experience in industrial automation and renewable energy applications enabled us to offer an effective braking energy recovery solution such as the new **Active Regenerative System inverters (AEC)**. In many electrically controlled industrial applications, the inertia of moving mechanisms can drive electric motors that act as brakes. They convert kinetic energy into electrical energy. In a regenerative process, this energy is returned to the grid, contributing to the reduction of consumption and emissions.

The installation of AEC with our monitoring systems enabled one of our customers to quantify the amount of energy recovered: **pilot installations recorded energy recovery of between 10% and 50%.**

PRODUCTS THAT ENABLE RENEWABLE ENERGY PRODUCTION

For more than 30 years, the Group has been providing integrated solutions dedicated to the wind power industry. The result is a complete package specifically for the wind sector that enables seamless control of energy generation, from effective rotor blade positioning with the pitch drive units to reliable nacelle orientation with yaw drives.

Our wind turbine solutions support innovative ways to produce clean energy and help our customers contribute to a more sustainable world.

The new pitch gearmotors for controlling the orientation of the blade are driven by permanent-magnet electric motors that are more efficient, enabling these to be used in more heavy-duty cycles and allowing for the implementation of wind turbine control strategies which can increase the amount of electricity produced whilst maintaining the same dimensions and weights.

Our yaw drives for controlling the orientation of the nacelle include mechanical reducers, asynchronous induction motors and inverters, offering a wide range of output torques and gearbox sizes, delivering a truly flexible solution for wind turbine manufacturers. Recent innovations, such as integrated torque sensors and the torque limiter, show that Bonfiglioli is always thinking out of the box and continuously searching for the most cost-effective solution.



ONE OUT OF THREE WIND TURBINES GLOBALLY USE A BONFIGLIOLI GEARBOX

GEARMOTORS FOR SUSTAINABLE MOBILITY

Having made sustainability one of the Group's goals, **we have developed a range of drive units specifically designed for hybrid and electric applications that enable significant reductions in direct emissions.** Over the years, in order to remain in line with the market trend that increasingly favors electric drive systems over the traditional internal combustion engine, we have dedicated significant R&D resources to developing our product offering, with a view to ensuring that we can maximize efficiency whilst reducing leaks and noise to a minimum, using state-of-the-art simulation software for gear optimization and for the development of electric motors. In the material handling sector, we have completed the development and validation of a complete range of planetary gearboxes for the application of wheel drives for electric counterbalanced and warehouse forklift trucks; in addition, we have also recently launched a new generation of compact electric wheel drives on the market: our compact solutions are available with integrated electric motors and dynamic service and parking brakes.



THE FUTURE OF MOBILITY: ELECTRIC VEHICLES

SWING AND TRAVEL DRIVE FOR FULLY ELECTRIC MINI-EXCAVATORS

We believe that within a few years electromobility will become a real alternative, not only for individuals but also for companies and earth moving machines; in fact, all major manufacturers are focusing on alternative propulsion and are presenting prototypes in this area.

The use of electric drives provides higher performances, greater efficiency, reducing the TCO (Total Cost of Ownership) and facilitating maintenance. These solutions make it possible to operate indoors with less noise and no direct pollutant emissions compared to traditional internal combustion machines. For this reason, Bonfiglioli is developing a range of slew and track drives for full-electric mini-excavators that are extremely compact to ensure direct replacement of hydraulic gearmotors. Within these products, the electric motor is integrated into the gearbox itself to create a compact unit, thus enabling dimensions compatible with the space in today's machines to be achieved, as well as ensuring a high degree of mechanical protection and the right degree of strength to meet the requirements that characterize construction environments. High performance, including high torque in a compact space, is one of the main advantages of our portfolio.

Current emission regulations applied to the automotive industry are likely to be extended to heavy-duty applications in the medium term. In fact, heavy-duty vehicle manufacturers are looking for efficiency improvements and solutions that can increase productivity and reduce the total cost of ownership for the end-user.

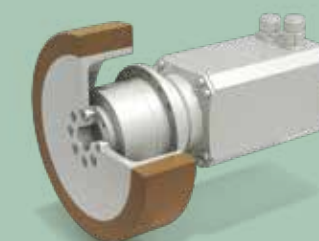


OUR ELECTRIC SOLUTION FOR EARTH MOVING MACHINES: REDUCED NOISE LEVELS AND ZERO DIRECT CO₂ EMISSIONS



TRACTION UNITS FOR SELF-DRIVING VEHICLES

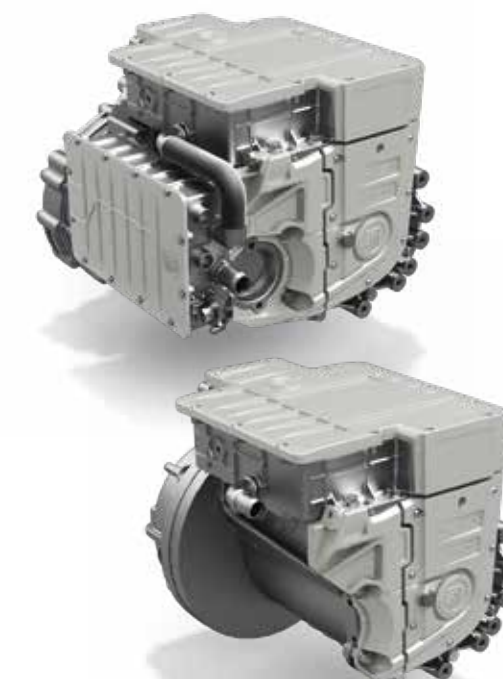
Specially developed to offer high levels of performance in terms of power density, precision, and load capacity, whilst enabling easy installation and assembly, BlueRoll is a new platform for automated guided vehicles (AGVs) and autonomous mobile robots (AMRs). Our solutions for AGVs and AMRs include a custom precision planetary gearbox with increased radial load capacity and a compact motor, and are available in 3 versions, each with a progressively higher level of integration: Basic, Advanced and Compact. The wide selection of feedback systems and options available on the servo motor render the BlueRoll highly configurable, enabling it to meet a host of specific application needs. The use of solutions with high levels of integration between the motor and gearbox makes it possible to reduce the inertial effects that significantly affect energy consumption during operating transients for these vehicles. Furthermore, the readiness and responsiveness during vehicle acceleration and braking will enable the adoption of more complex and organized work cycles.



INTEGRATED ELECTRIC DRIVE UNITS

With a view to providing better support to customers and businesses in their transition to electric energy, and in order to expand and differentiate our current product offering, we have introduced a new range of integrated electric powertrains, referred to as EDS. The EDS variants have been developed in order to adapt to the different transmission architectures of mechanical-drive vehicles and for hydrostatic transmission applications, respectively. Within the EDS family is the EDS-D differential version, which is applicable to front- and rear-wheel drive vehicles, and the EDS-X version, which can be positioned transversely to the front or rear axle of the vehicle, or alternatively in the center, then connected to the rear axle of the vehicle via a cardan shaft.

The specific solution for the electrification of hydrostatic applications is EDS-H, a high power density electric motor with integrated inverter - and in some versions, a gearbox - ready to be directly connected with the hydraulic pumps.



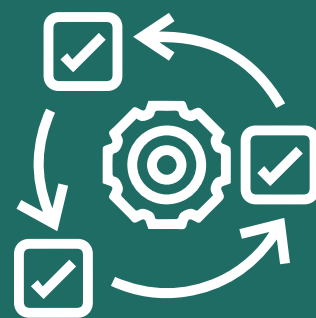
PROLONGING THE LIFE OF OUR PRODUCTS WITH A CIRCULAR APPROACH

When developing new products and innovations, we focus on **ensuring backward compatibility** to sustain our customers' investments and reduce the life cycle impacts of our products. Replacing only what is necessary to upgrade specific functionalities while retaining basic ones, significantly extends useful life and provides additional environmental benefits such as minimizing waste generation and natural resources (e.g. energy, raw materials, etc.) that are used in new product development.

EMBRACING THE DIGITAL TRANSFORMATION

The digital transformation has been one of the issues at the heart of Bonfiglioli's business strategy for several years. After taking part in the Bonfiglioli Digital Journey in 2018 - a global journey that highlighted the potential of advanced technologies and robotics in manufacturing plants - the Group has been taking new steps every year on its journey toward digitization. This process of constant innovation is guided by the **Information Technology and Digital** function, which combines traditional IT systems management with the new activities carried out for the Digital area. Over the course of 2022, an important goal was achieved with the validation of the technical operation of the **end-to-end IoT (from the sensor to the cloud)**. The result has significantly elevated the digital skills and expertise of the Group. The joint R&D and Digital&IT teams have worked together to equip the products offered with sensors: integrating products with computational capability is a way to get to know the performance of these solutions in a highly innovative way. Monitoring the efficiency trend becomes an important activity, both from an energy-saving perspective, and from that of the safe operation of the object itself - and above all, the conscious and long-lasting use thereof. Technical knowledge of the solution has been ascertained through a number of internal tests. To increase the number of cases of use of this solution in the field and ensure that it is tested at customer sites, we have organized specific training at the sales areas of all the business units, in order to strengthen the level of product knowledge. Over the course of several days of training, our sales force was given a better understanding of the relevant technical aspects of the solution and of the diversity of the business models that govern the sale of these services at customer facilities and at the facilities of our customers' customers (end users). Following the workshop, we have recorded a growing response, with **more than 20 use cases by the end of 2022**.

The use of agile methodology is increasingly widespread in the corporate digitization sector, due to the positive response it garners. Over the course of 2022, the new agile projects commenced were successfully brought to a close. In addition to the launch of the **Customer Portal**, developed in 2021, two other new activities were completed successfully in 2022: **The BOM Service** and **the OTS- On Time Sale Orders** initiatives.

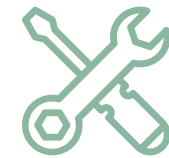


The **agile methodology** is used mainly for the development of software solutions and consists in defining minimum viable product (MVP) objectives to be achieved in a tight time frame (three months with an effort of 2 days per week, for a total of 24 days of effective work) with a dedicated full-time working group in pre-arranged time intervals and with the coordination of a special project leader called a scrum master. Since 2020 Bonfiglioli completed 7 Agile waves successfully, involving 109 people covering all the roles required by the Scrum Agile framework. In 2022, 54 employees were involved in the 6th Agile Wave. The resources came from 18 different functions, belonging to all our business units.



CUSTOMER PORTAL

In 2022, the launch of this project became one of the solutions in the Bonfiglioli portfolio. Indeed, in line with the project plans, **the first version of the Bonfiglioli Customer Portal** was released online. This platform enables customers to access numerous services through a single channel, in full self-service mode. The portal, meanwhile, allows customers to manage and track their orders, view product documentation, and use the live support tools for any questions and after-sales support. By aggregating all existing services, it has been possible to provide a unique direct channel with a higher quality level and easier to be used, increasing the overall support perceived by customers. In order to develop the platform, three genuine customers representing each of the customer categories we work with (Original Equipment Manufacturers - OEM, distributors and end users) were engaged as beta testers, in order to implement their requests and receive feedback on the functionality of the portal. Finally, we have also implemented the PINGOne Identity Management platform, so that customers and suppliers can access the many web-based services that Bonfiglioli offers in a simple manner. The purpose of this tool is to unify the management of the external accounts that access Bonfiglioli systems; this will then be gradually extended to all exposed services outside of the Organization.



BOM SERVICE


This initiative is focused on the development of a product for the creation of specific bills of materials (BOMs) for the service and aftersales world. The main goal in this instance is to simplify the process of ordering parts and facilitating any disassembly/assembly operations carried out by customers in the field. This not only ensures that the customer continues to receive support after the product is sold - it also promotes extended machine life, by facilitating access to spare parts.



OTS - ON TIME SALE ORDERS

This agile project is designed to redefine the process of managing special product orders, which in turn are linked to specific customer orders. High-level integration between the technical product development component - PLM - and the commercial sales opportunity management component - CRM - is fundamental to the development of this activity.

THE BENEFITS OF AGILE PILOT PROJECTS

	GREATER EFFICIENCY	PROACTIVE COLLABORATION BETWEEN TEAM MEMBERS	CREATIVITY AND INNOVATION
CONTINUOUS ALIGNMENT WITH STAKEHOLDERS	RAPID DIFFUSION OF SKILLS AND COMPETENCES	EXTENSION OF PERSONAL WORKING NETWORK	A BETTER INSIGHT OF CORPORATE CONTEXT

After the positive experience with Birex and with the European consortia within the context of the Horizon 2020 and Horizon Europe frameworks, in 2022, Bonfiglioli became part of the **iFAB consortium**, a group that unites private companies, universities and research centers in a single network, with a view to bringing the manufacturing environment closer to the Bologna supercomputing center. The priority channel for cooperation with the tech hub, scheduled to be launched in early 2023, will support the Group's internal product and process innovation.



Meanwhile, the first phase of the **Vendor Invoice Automation** project came to an end in 2022; this initiative saw the activation of the automatic registration of incoming Invoices with regard to Italian companies. Furthermore, another major goal was achieved in the Manufacturing & Supply Chain area, with the conclusion of the launch phase of the process of generation and management of product identifiers (**Digital Product IDs**). The capacity to manage serial numbers - from creation to shipping - is a prerequisite for enabling advanced functionalities based on the IoT; this system will be available from this year in all Group branches. Finally, a software selection project was launched in 2022, with a view to identifying a MOM (Manufacturing Operations Management) tool that can support the consolidation and homogenization of production processes.



DIGITAL@BONFIGLIOLI

The Group launched this project in 2019, after winning a call to tender sponsored by the **Italian Ministry of Economic Development**, designed to encourage enterprises to enhance and accelerate the development and implementation of advanced digital technologies within business processes.

Digital@Bonfiglioli was therefore created with a view to offering original and innovative solutions as part of the Group's journey of transformation toward a global **Digital Factory**.

The project, which aimed to develop Bonfiglioli's own digital technologies, has been implemented and tested in two plants - the EVO and Forlì facilities - with the goal of extending these technologies to other plants in the Group at the end of the funded project.

In 2022, investment continued in the four project areas established within the Innovation Agreements:

IN 2022, NEARLY 15 TERABYTES OF DATA WERE COLLECTED RELATING TO THE PERFORMANCE OF VARIOUS PROCESSING PLANTS. THE BIG DATA COLLECTED PROVIDES A CONCRETE BASIS FOR THE DEVELOPMENT AND TESTING OF MACHINE LEARNING ALGORITHMS DESIGNED TO HELP PREDICT AND PREVENT ANOMALIES.



PREDICTIVE MAINTENANCE (PM) DURING PRODUCTION

The extensive and far-reaching collection of data from machines dedicated to mechanical machining renders it possible to apply machine learning techniques for early interception of faults and performance drifts, as well as timely monitoring of the efficiency of machining cycles. By 2022, 70 work centers were connected in the Bologna and Forlì plants.



PRODUCT SELECTOR & 3D CONFIGURATOR

This tool was developed to support customers in their selection of products online. The digital configuration can be carried out with the support of a catalog containing 70 product families. By combining the skills and knowledge of industry experts with the needs expressed by Bonfiglioli's internal users and customers, we were able to implement improvements in the user experience and user interface (UX/UI) for the product selector.



WAREHOUSE MANAGEMENT SYSTEM

The new technologies adopted in order to optimize warehouse processes have been tested in the EVO facilities: from support for goods-in and goods-out processes to assisted component picking and the service provided for assembly lines through the integration with the warehouse management systems.



ELECTRONIC WORK INSTRUCTIONS

Thanks to the introduction of new augmented reality (AR) technologies, the assembly instructions can be viewed in real time. The development of 3D electronic work instructions (EWI) is designed to be integrated with a specific CAD module, which enables the assembly elements from PLM to be migrated to the 3D experience visualizer.

HOW WE USE DATA TO PREDICT AND PREVENT ANOMALIES



MACHINES WORK AND PRODUCE DATA



DATA ARE COLLECTED AND STORED



MACHINE LEARNING (ML) MODELS ARE TESTED TO PREDICT AND PREVENT ANOMALIES



ALGORITHMS AND MACHINE LEARNING (ML) MODELS ARE DEVELOPED



E-COMMERCE: A NEW CUSTOMER EXPERIENCE

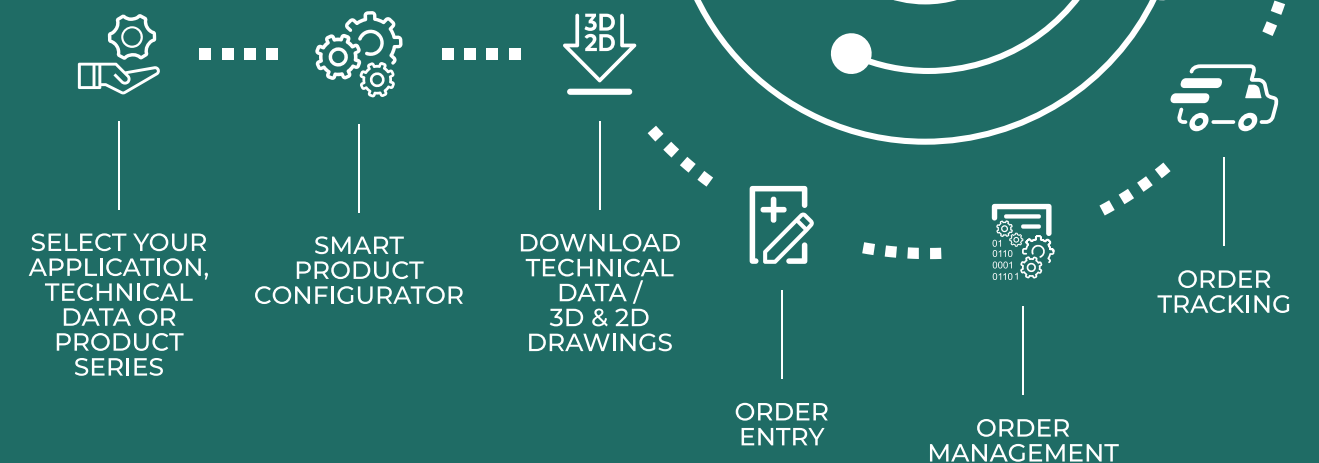
The roll-out of the **e-commerce** channel represents an important achievement in the Bonfiglioli Group's history of innovation. This new online sales channel was rolled out to the public in December 2020. Initially, the platform was launched in the United States, where there is a well-established online market for Business-to-Consumer (B2C) products, and as such, Business-to-Business (B2B) purchases were also readily accommodated. In September 2021, **the E-commerce experience was also extended within Italy**. The robustness and the widespread nature of the Italian logistics network was exploited to the full, in order to manage the order fulfillment phase. Ensuring that all our distributors are connected speeds up the process and enables **delivery within 2 working days**.

The online store enables consumers to browse the entire portfolio of standardized Bonfiglioli solutions, from individual gearmotors to accessories, and to complete their purchases independently without any help, thus leading to time savings. The Bonfiglioli team is redesigning the customer journey and the customer experience, in order to make the **platform even more user-friendly and accessible**. The customer will be guided through the platform as part of a unique experience!

No special technical knowledge is necessary in order to search for a product; the portal can be accessed through several search methods: digital code, uploading a photo of the ID plate, selection of technical data, and scope of application.

However, if necessary, the live chat function is always available, and the 3D CAD file for every product can be downloaded to simulate the installation. In order to make the portal available to an increasingly large number of customers, the number of payment methods available was broadened in 2022.

mosaico



WHY SHOP WITH BONFIGLIOLI E-COMMERCE?



FAST
SHIPPING



ELECTRONIC
PAYMENTS



LIVE
SUPPORT

Each stage of the delivery can be tracked by the customer. After completing the transaction, the customer gains direct access to **Mosaico 3.0**, our online configurator. The tool is accessible through the Bonfiglioli website and is designed to support the customer through the various purchasing steps.

The enthusiastic interest in this solution - in addition to the excellent reception it has received in the various the markets - suggest that we are on the right track.

A RESPONSIBLE SUPPLY CHAIN

IN CONTINUITY WITH 2021, IN **2022** THE PURCHASING TEAM CONTINUED ITS SCOUTING ACTIVITIES FOR NEW SUPPLIERS AND MONITORING TRENDS TO BETTER MANAGE ISSUES RELATED TO RAW MATERIAL AND LOGISTICS.

Along with our constant dedication to innovation and continuous improvement, our **strong network of global partnerships** - from whom we source the goods and services essential to our operations - is one of the cornerstones that supports the excellence of Bonfiglioli products. Our Strategic Purchasing team is responsible for managing our supply chain, analyzing current purchasing activities and forecasting future purchasing trends, as well as selecting new suppliers when necessary. At central level, we also manage key strategies regarding commodities for the entire Group, in line with the Bonfiglioli corporate strategy.

Beginning in 2018, we introduced a centralized purchasing process, which is now well established. This development has enabled the standardization and simplification of internal processes, as well as the alignment of purchasing decisions with corporate strategy. Using this approach, the entire Group promotes the synergies and benefits of economies of scale. The independent procurement marketing and scouting role that supports the procurement team in actively analyzing the market has enabled potential new suppliers to be discovered, along with new trends.

In general, purchases can be placed in two main groups: "indirect" and "direct". The first of these relates to all purchasing procedures linked to suppliers and services that are not directly involved in product development (e.g., suppliers for offices or structures and services that are outsourced), while the "direct" purchases are those that directly contribute to the creation of the final products, such as materials and goods for production. **Most indirect purchases are centralized, while - due to their significance - direct purchases are managed by the BUs (Business Units) and the procurement team**, who work together to select the appropriate suppliers in accordance with the specific requirements. In 2022, we set out on a journey conceived to incorporate the BUs in the decision-making process, in order to increase the flexibility of the supplier base. Thanks to a higher level of synergy in the decision-making process, a more centralized approach allows suppliers to be evaluated in a more accurate manner.

The process of digital transformation commenced by the Group also involved the Purchasing department: the end goal of this process is to create **a single global portal** through which the Group can manage the entire supply chain, mapping, monitoring and managing both customers and suppliers. Together with the IT team, a road map toward digitization has been created: progressively, all procedures and documents will be transferred to the global platform. All relevant data and available information on suppliers (such as legal documents, certifications, order information and so on) will be available on the portal, thus ensuring 360° management of suppliers from all perspectives, from economic and environmental to legal. A single channel of direct communication with suppliers will enable an overall improvement

in business relations, as well as bringing time savings.

In order to standardize procurement processes across all the countries in which Bonfiglioli operates, the Legal and Corporate department worked with the Purchasing department to update all purchasing terms and all legal documents in 2022. Suppliers are **among the recipients of the Group's Code of Ethics**, and must share the principles contained therein: **the new agreements include formal reference to the Code**, and every business partner is obliged to accept it. Currently, the updated version of the General Terms and Conditions of Purchase is received alongside orders from all suppliers in the main production plants (Italian, German, Indian, Slovakian, Chinese, and Vietnamese). 97% of the Group's purchases are covered by the General Terms and Conditions of Purchase.

In line with our quest for excellence, we require our suppliers to adhere to the highest quality standards, which is why

“ **The Group reserves the right to check that the Suppliers with whom its works operate in compliance with the law and this Code of Ethics; for this purpose, it includes a specific clause in its supply contracts to confirm that they have read this Code of Ethics and undertake to comply with the principles contained therein.**

The Group forbids the Addressees from establishing business relations with suppliers who employ children below the legal age in Italian law and the laws of the place in which the work is performed. ”

Code of Ethics, Bonfiglioli Group

we update our **Vendor Rating system** on a weekly basis; this method is used to assess the performance of suppliers through various indicators. This system of evaluation, which focuses on lead time and quality, enables any corrective actions to be identified and communicated in a monthly report to suppliers. Through the global implementation of KPIs related to quality parameters, we are increasingly gaining greater control over suppliers with higher risks: the introduction of a Vendor Rating system has enabled us to help suppliers improve their performance. This system of evaluation is currently being revised to ensure that the estimates are even more accurate.

In order to further develop our relationships with suppliers, since 2020, the Purchasing department has also been responsible for conducting supplier quality audits. The **Audit Quality team** oversees the evaluation process of direct suppliers who have been working with the Group for a minimum of two years. During the audit, the team assesses the supplier according to several criteria, including safety in the workplace, and each of these contribute to the final score; if an opportunity for improvement is identified, Bonfiglioli suggests corrective actions to be taken in order to improve performance and achieve a higher score.

In addition to quality, the financial rating of suppliers is also monitored, in order to ensure the continuity of supplies of materials, as well as to determine their dependence on Bonfiglioli, with a view to mapping and reducing potential risks related to suppliers who are highly dependent on the Group's business. In 2022, the process of analysis was established for the D&P business unit; it will be extended to all BUs in 2023.

Furthermore, in order to monitor our partners with a more in-depth focus on sustainability, a qualitative ESG assessment was initiated as a starting point for establishing a more structured path in the future.

Suppliers must respect the international standards and provide various certifications, including the **EU REACH** regulation (Registration, Evaluation, Authorization and Restriction of Chemicals) and the EU Directive **RoHS** (Restriction of Hazardous Substances). Beginning in 2019, in line with EU regulations, Bonfiglioli will request a declaration confirming the **origin of goods purchased**, and a document certifying the 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. In this regard, in order to ensure that the Group's compliance with national laws and regulations is monitored on an ongoing basis, the information on global duties and regulatory frameworks is continuously tracked and updated on an internal platform. With reference to our export activities, in 2021, we obtained certifications for transportation and customs handling, becoming an Authorized Exporter¹.

⁽¹⁾ The "Authorized Exporter" status is a facility, provided by Community customs legislation, which guarantees advantages in import and export with some third countries on the basis of agreements made between the EU and aforementioned countries.

CONFLICT MINERAL – DECLARATION LETTER

The term "Conflict minerals" refers to 3TG minerals (tantalum, tin, tungsten and gold) that are the extracts from the minerals cassiterite, columbite-tantalite and wolframite and which are mined in countries where conditions of armed conflict and human rights abuses are reported to be occurring. To underline its commitment toward a responsible and fair supply chain, since 2018, Bonfiglioli Group has signed a Declaration Letter in which affirms that:

- Products and components supplied by the company don't contain Raw Materials, such as tin, tungsten, tantalum or gold, that comes from Democratic Republic of Congo (DRC) or Adjoining Countries;
- Bonfiglioli will inform and support its suppliers to conduct a **Reasonable Country of Origin Inquiry (RCOI)** to determine possible origin of Raw Materials from Black-List Countries;
- Parts of the products manufactured by Bonfiglioli have been purchased from its own suppliers that declare not to use Raw Materials coming from Black-List Countries;
- The company will keep all the customers constantly informed about the results of the activities related to the reasonable country of origin inquiry (RCOI).



PARTNERSHIP OF VALUE

In 2022 we renewed our membership with **APQP4Wind**, a non-profit organization founded by the world's leading wind turbine manufactures and suppliers. Being a member of APQP4Wind offers our customers an additional assurance of the high quality of our wind energy solution, given that it represents the quality assurance methodology used in the entire global wind industry supply chain from design to customer.

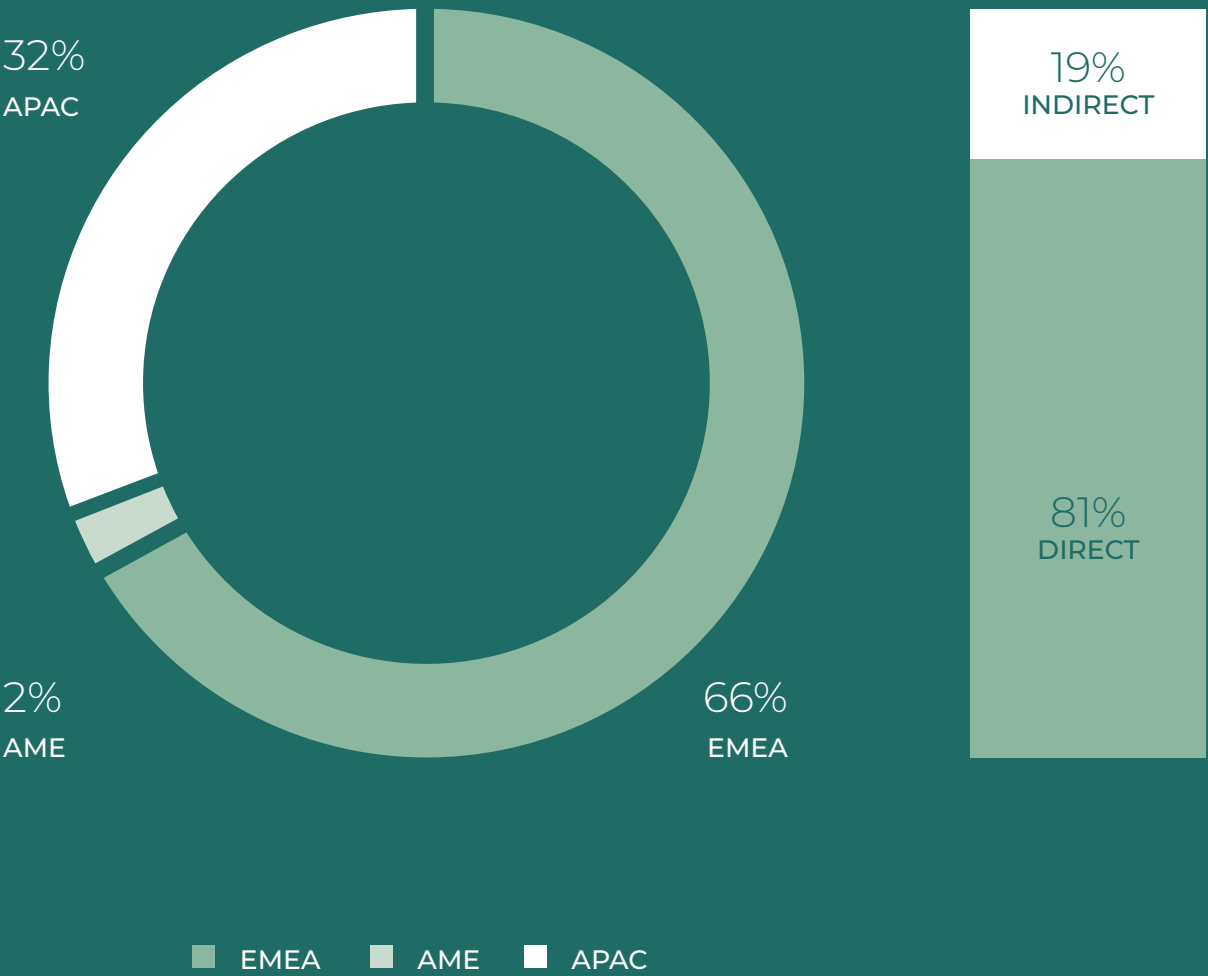
In 2022 Bonfiglioli recorded a total spend of around 714 million euros on goods and services, marking a slight increase over the previous year (+6.9 %). This figure is in line with the Group's own growth and with the worldwide trend in terms of the costs of raw material and logistics. The amount considered entails both indirect and direct purchases, which includes raw materials and semi-finished products.

Most of our suppliers are located across Europe, Middle East & Africa (EMEA), followed by Asia-Pacific (APAC) and American (AME) regions.

SUPPLIERS BY GEOGRAPHICAL DISTRIBUTION AND TYPE IN 2022 (% OF SPENDING)

In every country we operate in, our purpose is to bring about a positive impact, boosting the local economy and the development 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).

SUPPLIERS BY GEOGRAPHICAL DISTRIBUTION AND TYPE IN 2022 (% OF SPENDING)



PROPORTION OF SPENDING ON LOCAL SUPPLIERS - 2022*

WORLDWIDE AVERAGE 69%	
CHINA	91%
BRAZIL	82%
ITALY	80%
INDIA	78%
VIETNAM	56%
GERMANY	52%
USA	29%
SLOVAKIA	6%



* Purchases made from suppliers in the same country of the plant were considered local; the data includes only spending on direct suppliers.

PRODUCTION DESIGNED TO PROTECT THE ENVIRONMENT

Inspired by the vision of Clementino Bonfiglioli, the founder of the Group, we view our daily work as an opportunity to build a better world. Protecting the environment is a key priority for us: we are constantly committed to responding to the climate challenges we face, making choices that can **reduce our environmental impacts** and implementing improvements during the design, development and production of our products. It is not our intention to limit ourselves to responding to the most urgent needs: we see these drivers for change as an opportunity to develop cutting-edge solutions that respect the environment, with a view to making improvements within the company.

“ **The Bonfiglioli Group undertakes to promote actions to guarantee sustainable development and environmental protection, undertaking to support innovative product and service improvements offering environmental and social benefits. The Addressees of this Code of Ethics are bound to develop in-depth knowledge on the issues of sustainable global development and conservation of biodiversity, and to take initiatives to protect the environment in their everyday lives; they shall cooperate in the implementation of actions and projects promoting environmental protection.** ”
Code of Ethics, Bonfiglioli Group

In order to make our commitment to protecting the environment more effective, we have set out our vision of sustainable development within the **integrated Group policy on Quality, Health, Safety, Environment and Energy (Q&HSEE)**. We wish to use this document to convey a clear vision to all our companies around the world of our commitment to maintaining an approach to business management that respects the principles of sustainable development. The Group's dedication to social, environmental and energy sustainability is expressed throughout the entire life cycle of the product, and guides the choices that affect the design, raw material procurement and end-of-life management of these products. Behaving in such a way engages our stakeholders in the value chain, raising awareness regarding their own journey toward sustainability. Bonfiglioli also supports initiatives that can ensure sustainable workplaces, in order to reduce its impacts on the environment.

As testament to our commitment to responsible environmental management, we have implemented a number of initiatives over the years which have enabled us to obtain ISO 14001 environmental management system certification for all Italian companies and three sites in Asia - Chennai (India), Shanghai (China) and Binh Duong Province (Vietnam). Over the course of 2022, this certification was also awarded to a number of sites in Calderara di Reno and Mannur (India). The certification in question validates the implementation of an **Environmental Management System**

that complies with the standards established by the International Organization for Standardization (ISO). By adopting this management system, companies introduce standards and processes that enable the environmental impacts of their business activities to be minimized, while simultaneously promoting pollution prevention and compliance with laws and regulations.

In 2022, we worked toward an important goal: through the introduction of energy efficiency initiatives at our site in Calderara di Reno, Italy, we also achieved **ISO 50001 certification - Energy Management Systems** for the EVO site.

This certification serves as the gold standard at international level for the implementation, maintenance and improvement of an energy management system, and promotes the integration of energy efficiency measures into all business activities. Any company that equips itself with an energy management system must set goals for improvement: some of the many targets that Bonfiglioli has identified include the optimization of compressed air system performance, the implementation of an energy consumption monitoring system, and the consolidation of employee awareness of energy efficiency issues. Specific KPIs were introduced to monitor energy consumption at the two sites that achieved ISO certification (Forli and EVO). This renders it possible to analyze the trend of all sources of energy carrier consumption, and makes it easier to identify steps for improvement. As proof of our commitment, we are working to extend certification to other sites.

We see view the modernization of our facilities as a key opportunity to curb our direct production-linked impacts and to introduce innovative technologies that can increase efficiency and ensure high standards of quality and safety. Using this consideration as a starting point, the design operations for the new sites and the maintenance operations for existing sites are focused on reducing the environmental impact of our buildings (for more on this, see box **NEW BONFIGLIOLI SITES: AN INNOVATIVE WORK CONCEPT FOR THE FUTURE**). During the course of 2022, we constructed geothermal wells at the new EVO facility, which will begin operating in 2023, when the headquarters is fully up and running. This will reduce the use of energy from nonrenewable sources and reduce the building's use of air conditioning by 25%².

With regard to the industrial sites around the world, in 2022, we continued the process of gradual renovation. Furthermore, through the installation of photovoltaic systems, we are making buildings increasingly energy efficient. In 2022, the design of the approximately-200 kWp plant at the new Tecnotrans Bonfiglioli S.A. site under construction in Spain was completed, and is estimated to be able to meet 35 % of the building's electricity needs. In addition, during the same year, work was completed on the installation of a photovoltaic system above the parking lot at the EVO site; this will begin operating in 2023. Elsewhere, planning began for the system intended for the Group's headquarters in South Africa, to make up for the irregularity of the local grid supply. It is estimated that this plant will provide 104.50 kWp, preventing 70.56 tons of CO₂ from being emitted into the atmosphere. At the Forli site, in addition to the design of a new parking area that will be equipped with photovoltaic panels, an electrical substation will also be replaced with a more hi-tech and efficient version. In addition to these interventions, the LED revamping process was also

² Estimated value

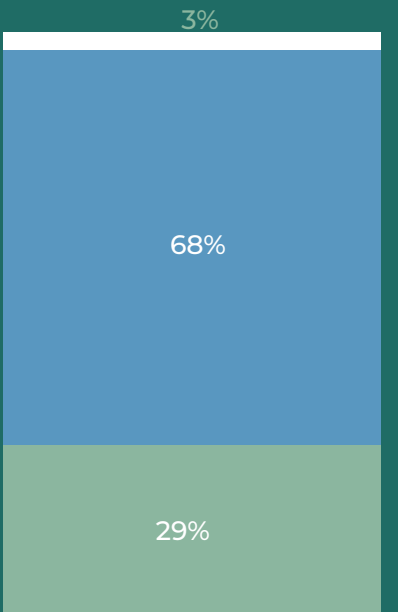
**IN 2022, EVO PLANT
OBTAINED THE ISO
CERTIFICATION
50001 – ENERGY
MANAGEMENT
SYSTEM**

commenced in 2022: once all the bulbs have been replaced, it is estimated that there will be significant energy savings, as well as increased levels of illumination. This site will also see the installation of a range of monitoring tools. With a view to focusing our attention and efforts on efficiency, we have set energy consumption reduction targets at individual site level, based on the ratio between kWh of electricity consumed and hours of manufacturing. In 2022, our total energy consumption was 311,686 GJ, up slightly over the previous year (+6%), mainly due to an overall increase in production.

STRENGTHENING DATA COLLECTION

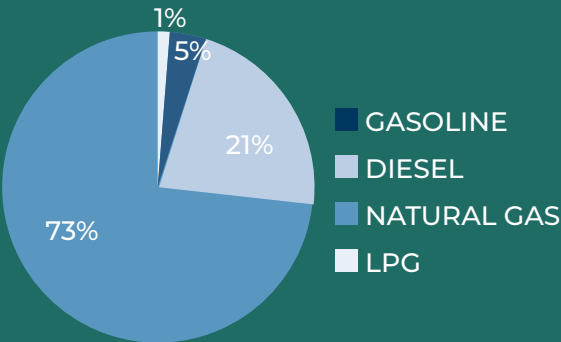
All Group companies participate in HSE data collection, an internal process that takes place on a monthly basis. The environmental information we collect periodically with the help of an online platform includes data relating to electricity and water consumption and waste generation, for example. The availability of monthly data allows us to deepen our understanding of our environmental performance, and as such, identify further opportunities for improvement, as well as allowing us to improve monitoring and consolidation of overall data for the year 2022.

2022 ENERGY CONSUMPTION

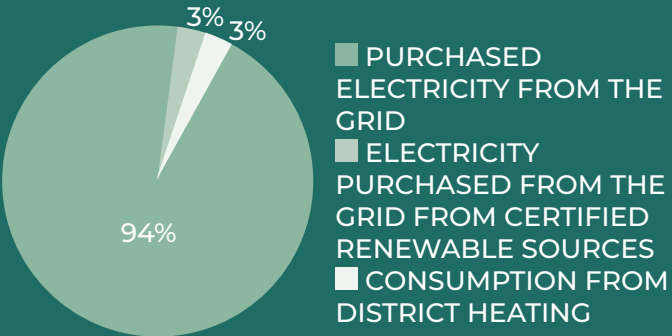


■ SELF-GENERATED AND CONSUMED ELECTRICITY FROM RENEWABLE SOURCES
■ INDIRECT ENERGY CONSUMPTION
■ DIRECT ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES

BREAKDOWN OF DIRECT ENERGY CONSUMPTION FROM NONRENEWABLE SOURCES, 2022



BREAKDOWN OF INDIRECT ENERGY CONSUMPTION, 2022



■ PURCHASED ELECTRICITY FROM THE GRID
■ ELECTRICITY PURCHASED FROM THE GRID FROM CERTIFIED RENEWABLE SOURCES
■ CONSUMPTION FROM DISTRICT HEATING

The most relevant energy sources we use are electricity (67%), natural gas (21%) and diesel (6%). Generally used for heating, natural gas was the most widely employed in 2022, with a +17% increase over the previous year. The presence of new buildings for a number of companies, as well as increased production at some of our sites and the full resumption of post-pandemic business travel, explain an increase not only in natural gas use, but also in diesel fuel consumption (+36%) in 2022. Conversely, with regard to the amount of gasoline consumed, lower usage levels were noted, with a trend of -17 % for all uses other than company cars and long-term leases. The overall increase in production during 2022 is added to the general resumption of activities following the removal of limitations due to the Covid-19 pandemic (excluding some sites in China that still experienced lockdown periods in 2022). In general, this positive trend has led to an increase in the number of business trips, leading to higher fuel consumption for the company car fleet than in 2021. In addition, gasoline and LPG are used inside some production sites for forklifts and, in some cases, emergency generators. Overall, the data regarding direct energy consumption from nonrenewable sources show a growth trend when compared to 2021 (+18.7%).

1,465,696 kWh PRODUCED BY THE PHOTOVOLTAIC PANELS OF EVO



Also in 2022, we renewed our commitment to reducing our environmental impact, using energy from renewable sources: 2,050,512 kWh of the total amount of purchased electricity was produced by renewable sources, as attested by Guarantees of Origin (GOs). In 2022, the total electricity generated from renewable sources across the entire Group was 9,857 GJ: 54% of this was derived from the contribution made by EVO's photovoltaic plants (1,465,696 kWh). Of the total produced overall, 98% used consumed within the building, while the remaining 2% was sold to the national power grid.

ENERGY CONSUMPTION [GJ]			
	2020	2021	2022
Direct energy consumption from non-renewable sources			
gasoline	1,689	5,244	4,321
diesel	16,064	13,668	18,536
natural gas	56,765	55,772	65,251
LPG	610	641	1,298
Indirect energy consumption			
electricity purchased from the grid	168,877	201,535	207,053
of which from certified renewable sources	8,557	17,168	7,382
heating consumption	5,227	7,165	5,578
Self-generated and consumed electricity from renewable sources			
Electricity from photovoltaic plants generated and sold to the grid	476	611	208
Total energy consumption	255,447	293,465	311,686

The measurement and monitoring activities that we carry out provide us with an awareness of the environmental impact related to our activities. In light of this situation, Bonfiglioli views the journey toward reducing greenhouse gas emissions related to its activities to be of the utmost importance, and as such, has commenced a number of various projects. More specifically, the Group has introduced innovative internal solutions to disseminate energy efficiency principles and implement appropriate measures, and with regard to the direction taken by product design, has also decided to focus on finding increasingly efficient solutions in the use phase, whilst also meeting customer demands.

TYPES OF GREENHOUSE GAS (GHG) EMISSIONS

SCOPE 1 OR DIRECT GHG EMISSIONS

The Scope 1 category covers all emissions derived from sources directly owned or controlled by the company, for example, emissions from the combustion of natural gas for heating and fuel for company vehicles.

SCOPE 2 OR INDIRECT GHG EMISSIONS

Emissions linked to the generation of electricity purchased and heating used by the company fall under the Scope 2 category. These emissions can be calculated through two different approaches, as illustrated below:

- Market-based approach: takes the Renewable Energy Certificate System (RECS) into account, which certifies that the electricity purchased by the company comes from zero-emissions renewable sources. Where the electricity needs of the company are not fully covered by the RECS certificates, the remaining quantity purchased is associated with an emissions factor that takes national electricity production from thermal power plants in consideration.
- Location-based approach: emissions from purchased electricity and heating are calculated on the basis of the average emissions factor associated with the national energy production mix.

CALCULATING THE FIRST BONFIGLIOLI GROUP GHG EMISSIONS INVENTORY

As a proof of our commitment toward sustainability, we strive to reduce both our direct and indirect emissions. As a result, in 2022, Bonfiglioli prepared its **first Greenhouse Gas Emissions Inventory** on the basis of 2021 data. The inventory will include emissions directly generated by the company (Scope 1) and indirect emissions (Scope 2), already calculated in the present Report and emissions not included in the previous categories but related to Bonfiglioli's value chain (Scope 3). The creation of a robust GHG emissions inventory, in line with major international standards, lays the foundation for proper identification of areas in which to implement future actions in order to reduce emissions.

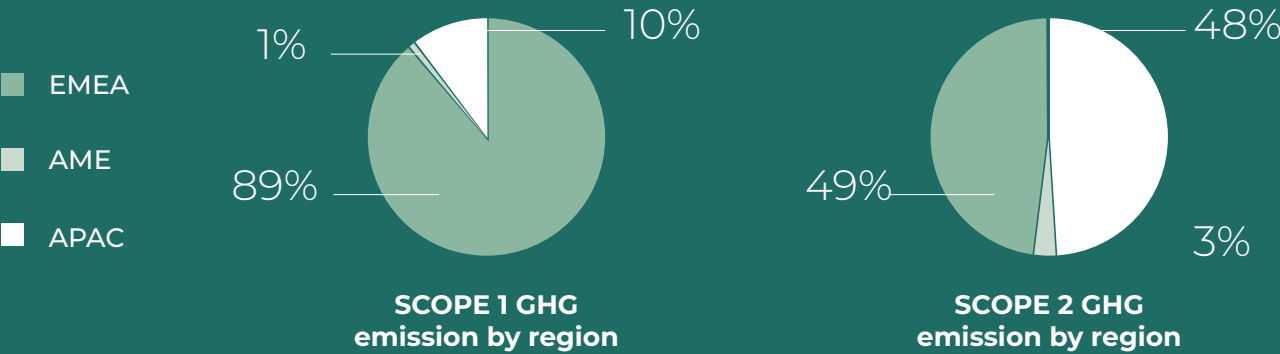
In 2022, direct GHG emissions (Scope 1) derived from direct energy consumption represented around 18% of our total GHG emissions³, with an increase of 19% over the previous year, mainly due to the increase in production. Indirect energy emissions (Scope 2 Location-Based), which account for around 82 % of total GHG emissions, were down 2 % from 2021. This is due to the increase in renewable energy production on the one hand, and a decrease in the energy required for heating on the other.

GHG EMISSIONS [TON CO₂eq]

	2020	2021	2022
Direct (Scope 1) emissions	4,960	4,495	5,637
Indirect (Scope 2) emissions			
Location-based approach	21,589	25,267	24,882
Market-based approach	24,219	28,625	29,156

The largest share of emissions is linked to sites located in the EMEA and APAC regions, where our main production sites are based. In line with the years reported previously, these areas account for 99 % of Scope 1 emissions and 97 % of Scope 2 emissions in 2022. Direct emissions for European countries remain stable with respect to the previous year, and still account for 89 % of total Scope 1 emissions.

2022 GHG EMISSIONS PER REGION



Our production processes do not release significant amounts of air pollutants into the atmosphere. Of these - and despite the low overall total - **particulate matter (PM)**, **nitrogen oxides (NOx)** and other pollutants are the most relevant.

EMISSIONS OF POLLUTANTS INTO THE ATMOSPHERE [KG]

	2022
Nitrogen oxides (NOx)	190.53
Sulfur oxides (SOx)	12.80
Volatile organic compounds (VOCs)	51.10
Particulate Matter (PM)	459.15
Carbon oxides (COx)	3,230.00
Other pollutants⁴	241.40

³ Considering the Location-Based method for the calculation of Scope 2 emissions.

⁴ Other pollutants include Carbon Monoxide (CO), Sodium Oxide (Na2O), Total Organic Carbon (TOC).

FORLÌ AND THE INITIATIVES FOR THE CONTAINMENT OF POLLUTANTS AND WASTE



At our Forlì site, we have developed a series of projects to enable better use of materials, and as result, better management of the materials used in the production stages that are then discarded, which has served to improve our environmental performance.

Specifically, in partnership with one of our suppliers, the synthetic mineral cutting oils used for lubrication-cooling on the machine tools were replaced with plant-based oils produced using sunflower seeds. The latter are safer and better for human health, due to the absence of polycyclic aromatic hydrocarbons (PAHs), protecting workers against lung and skin damage and preventing the creation of oily mists.

Furthermore, in order to significantly reduce the amount of oil used in the Group's machinery, the preventive maintenance technique (TMP) has been implemented, with a view to keeping machines in their original (i.e., factory) condition. Courtesy of a number of initiatives for mapping inefficiencies, such as leaks and spills of oil, the initial efficiency can be restored, and oil waste can be contained. In this way, over the course of 2022, around 29,000 liters of oil were recovered compared to the previous year. In light of the success of this initiative, it was subsequently implemented at the U.S. site of the M&W business unit: with the support of Italian employees, the preventive maintenance activities were introduced on site, and the knowledge gained was shared with workers at this location.

Finally, in order to efficiently manage the waste produced at the Forlì plant, wooden separators were replaced with plastic equivalents: in addition to being made from a recycled polymer, this new solution has a longer useful life, enabling the waste produced to be minimized.

We play close attention to the correct management of waste, with a view to reducing **production and disposal of waste products at our sites**. To this end, the cooperation of our employees and the choice of business partners are a fundamental element in implementing proper waste management. Bonfiglioli is dedicated to minimizing the generation of waste during the course of the production process, through a number of initiatives that encourage recycling and reuse as alternative methods of disposal: several local initiatives were launched in 2022, focusing primarily on the reuse of wood, paper and cardboard packaging. Suppliers were also involved in some of these projects. The Group also identified a number of targets at individual site level in order to guide the process of reducing waste generation: a number of these targets were introduced, calculated as the ratio of kilograms of waste generated to the hours of manufacturing activities carried out.

In 2022, we disposed of a total of 12,083 tons of waste, 8% lower than the figure for 2021. Most of the waste disposed of in 2022 was non-hazardous (79.7%), and the amount of waste sent to landfill dropped by 30.2% compared to 2021. The "other disposal methods" cited (which includes preliminary storage of waste before it undergoes one of the various recovery operations, as well as preliminary storage before one of the disposal operations) was recorded as being 5 times higher than 2021, with a 57.3% reduction of waste going to incineration with or without energy recovery in 2022, compared to the figures in 2021.

We are aware of the fundamental importance of water for living beings and the entire ecosystem, and of the fact that climate change is endangering the availability of this precious resource, increasing the risk of droughts and intensification of weather phenomena, among other things. For these reasons, we are dedicated to managing our water use in a responsible manner, from the initial collection to the way it is employed, and finally, its release back into the water system. We pay particular attention to areas prone to water stress: indeed, there are 9 locations at which Bonfiglioli has sites that are areas of special concern⁵.

To spread awareness of the importance of responsible water use, we organize a range of communication activities with internal stakeholders, in order to educate individuals on responsible consumption of water resources through the introduction of a number of simple daily habits to reduce use.

Water is primarily used for purposes equivalent to those seen in a domestic setting - namely for sanitation, in locker rooms and kitchens, and in sites equipped with canteens. With regard to the remaining use of water, this resource plays a residual role in our production processes: it is only used by the washing machines for washing the products, and more generally, in mechanical operations (part washing machines).

To reduce our withdrawal of water, we have equipped the new EVO headquarters with a water collection tank, which will be used for irrigation activities. The total water consumption for 2022 was 111,935 m³.

WASTE BY TYPE AND DISPOSAL METHOD [TONS]

	2020	2021	2022
Total waste by type	11,289	13,169	12,083
hazardous waste	2,471 (21.9%)	2,491 (18.9%)	2,454 (20.3%)
non-hazardous waste	8,818 (78.1%)	10,678 (81.1%)	9,629 (79.7%)
Total waste by disposal method	11,289	13,169	12,083
reused or recycled	2,551 (22.6%)	3,654 (27.7%)	3,661 (30.3%)
incinerated (including energy recovery)	7,486 (66.3%)	8,034 (61.0%)	3,429 (28.4%)
sent to landfill	864 (7.7%)	782 (5.9%)	546 (4.5%)
other	388 (3.4%)	699 (5.3%)	4,448 (36.8%)

⁽⁵⁾ The level of water stress is assessed using the Aqueduct Water Risk Atlas tool (wri.org) from Aqueduct (World Resources Institute), which provides a rating of between 0 and 5 for the level of "Water Stress" at the location entered. The search in this tool was carried out with the name of the city where the site in consideration is located. Locations with scores above 3 were considered water-stressed areas.

TOTAL WATER CONSUMPTION [M³]	2022
Total water consumption in all areas	111,935
Total water consumption in water-stressed areas	88,024

BONFIGLIOLI SITES: INNOVATIVE WORKPLACE FOR OUR PEOPLE

For Bonfiglioli, our commitment to creating a sustainable business is also reflected in the construction and redevelopment of our sites. We combine modern health and safety standards with measures to reduce our overall environmental impact, on the basis of a new concept regarding the working environment, and through the use of the latest and most innovative **energy efficiency solutions**.



EVO & THE NEW HEADQUARTERS WORK IN PROGRESS

The new headquarters building, which was designed in 2020 and is currently under construction, has been conceived to incorporate the principles of sustainability at all levels: once completed, it will be a near-zero energy building (nZEB), courtesy of a number of innovative technologies and energy-saving initiatives.

The structure, built within the perimeter of the EVO site, will be shaped like a diamond. This particular shape was implemented in order to reduce the south-facing facades of the building whilst maximizing the north-facing facades, providing natural lighting in the (north-facing) office areas.

A steel exoskeleton was used in the construction of the building, meaning that no pillars were necessary inside, ensuring greater flexibility.

In 2021, a number of geothermal wells were drilled: the withdrawal wells will serve the geothermal system, enabling the capture of water from the ground, which has a more optimal temperature (lower in summer and higher in winter) than the air temperature, while the return wells will enable the water to be fed back into the ground. This enables savings to be made in terms of the use of air conditioning. Furthermore, the energy consumption at the headquarters will be covered by the power generated by the photovoltaic plant installed at the Clementino Bonfiglioli Area where the HQ is located.

The HQ will be connected to the Calderara di Reno and Tavernelle sites via a bicycle path, which will become an integral part of the Eurovelo 7 route which links the North Cape to Malta.





END OF WORKS FOR THE NEW FACILITY IN SPAIN

SQM
14.000
PLANT

SQM
6.900
OFFICES &
LOGISTICS

kWp
200
PHOTOVOLTAIC
SYSTEM

In 2022, Bonfiglioli completed the construction of the new Tecnotrans Bonfiglioli S.A. headquarters - the Group's Spanish subsidiary that has been serving the local market since 1968 in Castellbisbal, a municipality close to Barcelona. The new site is home to one of the final stages of the product customization, and in addition, part of this facility is used as a warehouse.

The newly constructed building spans an area of 14,000 square meters, 6,900 of which are dedicated to offices and logistics services. One of the core purposes behind the development of this new site is to foster collaboration and communication among employees, which will be achieved through the provision of shared open spaces and multi-connected areas.

In addition, a 200 kWp photovoltaic system was designed in 2022 and will be installed in 2023, as part of the Group's environmental sustainability and energy efficiency policy. Indeed, the building has excellent envelope and insulation characteristics - so much so that the heating was not turned on once during the entire winter of 2022. Another of the goals for this site will be to optimize the flow of materials, by incorporating innovative storage and intralogistics systems into the space.



START OF WORK ON NEW BUILDING IN INDIA

Bonfiglioli Transmissions Private Limited began designing the new site in Pune in 2022. Given that sustainable design is paramount, the new building concept is strongly influenced by the local climate conditions: temperatures vary throughout the year between 12.2° C and 36° C, and a dry wind is often present in the hot season. In light of the warm, dry climate in this location, no heating system is necessary at this location; instead, the design includes a specially designed ventilation system. The roof of the building will have a curved shape that promotes the natural circulation of air, which is supported by the installation of a series of fans. To further boost the energy efficiency of the site, a photovoltaic system will be installed on the roof. In addition, the efficiency of the lighting system will be enhanced, through the use of sensors in the office area.



APP

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ITY
REPORT22

EMPLOYEES BY EMPLOYMENT CONTRACT

	2020	2021	2022
Employees with permanent contract by gender	3,428	3,597	3,709
women	456	481	500
men	2,972	3,116	3,209
Employees with temporary contract by gender	376	475	439
women	78	84	79
men	298	391	360
Employees on zero-hours contracts	0	0	0
women	0	0	0
men	0	0	0
Total number of employees by gender	3,804	4,072	4,148
women	534	565	579
men	3,270	3,507	3,569

	2020	2021	2022
Employees with permanent contract by region	3,428	3,597	3,709
EMEA	2,392	2,537	2,604
AME	188	214	227
APAC	848	846	878
Employees with temporary contract by region	376	475	439
EMEA	75	80	48
AME	3	4	12
APAC	298	391	379
Total number of employees by region	3,804	4,072	4,148
EMEA	2,467	2,617	2,652
AME	191	218	239
APAC	1,146	1,237	1,257

NON-EMPLOYED WORKERS

	2020	2021	2022
Total	292	479	477
Total number of interns	3	3	7
Total number of temporary workers	289	475	469
Total number of self-employed workers	0	1	1

DIVERSITY OF EMPLOYEES BY CATEGORY, GENDER, AND AGE

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of employees	534	3,270	3,804	565	3,507	4,072	579	3,569	4,148
Managers and above	21	164	185	19	155	174	20	150	170
White collars	386	1,447	1,833	412	1,536	1,948	422	1,592	2,014
Blue collars	127	1,659	1,786	134	1,816	1,950	137	1,827	1,964

	2020				2021				2022			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Total number of employees	564	2,360	880	3,804	589	2,505	978	4,072	539	2,462	1,147	4,148
Managers and above	-	113	72	185	-	97	77	174	0	78	92	170
White collars	278	1,184	371	1,833	287	1,248	413	1,948	266	1,253	495	2,014
Blue collars	286	1,063	437	1,786	302	1,160	488	1,950	273	1,131	560	1,964

PERCENTAGE OF DIVERSITY OF EMPLOYEES BY CATEGORY, GENDER, AND AGE

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of employees	14.0%	86.0%	100%	13.9%	86.1%	100%	14.0%	86.0%	100%
Managers and above	11.4%	88.6%	100%	10.9%	89.1%	100%	11.8%	88.2%	100.0%
White collars	21.1%	78.9%	100%	21.1%	78.9%	100%	21.0%	79.0%	100.0%
Blue collars	7.1%	92.9%	100%	6.9%	93.1%	100%	7.0%	93.0%	100.0%

	2020				2021				2022			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Total number of employees	14.8%	62.0%	23.1%	100%	14.5%	61.5%	24.0%	100%	13.0%	59.4%	27.7%	100.0%
Managers and above	0.0%	61.1%	38.9%	100%	0.0%	55.7%	44.3%	100%	0.0%	45.9%	54.1%	100.0%
White collars	15.2%	64.6%	20.2%	100%	14.7%	64.1%	21.2%	100%	13.2%	62.2%	24.6%	100.0%
Blue collars	16.0%	59.5%	24.5%	100%	15.5%	59.5%	25.0%	100%	13.9%	57.6%	28.5%	100.0%

NEW EMPLOYEE HIRES BY AGE, GENDER AND GEOGRAPHICAL AREA

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of new employee hires	58	336	394	84	554	638	88	547	635
<30 years old	18	154	172	31	283	314	30	256	286
30 - 50 years old	34	160	194	44	236	280	50	249	299
>50 years old	6	22	28	9	35	44	8	42	50

	2020	2021	2022
	394	638	635
EMEA	138	293	305
AME	77	79	82
APAC	179	266	248

RATE OF NEW EMPLOYEE HIRES BY AGE, GENDER AND GEOGRAPHICAL AREA

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
New employee hires rate	10.9%	10.3%	14.9%	15.8%	15.2%	15.3%
<30 years old	3.4%	4.7%	5.5%	8.1%	5.2%	7.2%
30 - 50 years old	6.4%	4.9%	7.8%	6.7%	8.6%	7.0%
>50 years old	1.1%	0.7%	1.6%	1.0%	1.4%	1.2%

	2020	2021	2022
	10.4%	15.7%	15.3%
EMEA	5.6%	11.2%	11.5%
AME	40.3%	36.2%	34.3%
APAC	15.6%	21.5%	19.7%

TOTAL NUMBER OF CONTRACT TERMINATIONS BY AGE GROUP, GENDER AND GEOGRAPHICAL AREA

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of contract terminations	68	303	371	65	427	492	72	487	559
<30 years old	20	100	120	18	150	168	7	153	160
30 - 50 years old	35	144	179	39	212	251	54	240	294
>50 years old	13	59	72	8	65	73	11	94	105

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Total number of contract terminations	371		492		559	
EMEA	125		222		271	
AME	88		52		60	
APAC	158		218		228	

RATE OF CONTRACT TERMINATION BY AGE, GENDER AND GEOGRAPHICAL AREA

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Termination rate	12.7%	9.3%	11.5%	12.2%	12.4%	13.6%
<30 years old	3.7%	3.1%	3.2%	4.3%	1.2%	4.3%
30 - 50 years old	6.6%	4.4%	6.9%	6.0%	9.3%	7.0%
>50 years old	2.4%	1.8%	1.4%	1.9%	1.9%	2.6%

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Termination rate	9.8%		12.1%		13.5%	
EMEA	5.1%		8.5%		10.2%	
AME	46.1%		23.9%		25.1%	
APAC	13.8%		17.6%		18.1%	

HOURS OF TRAINING OFFERED BY GENDER AND CATEGORY

	2020	2021	2022
	Women	Men	Total
Total hours of training	41,884	43,242	55,395
women	13,123	7,449	8,824
men	28,761	35,793	46,572

	2020	2021	2022
	Women	Men	Total
Total hours of training	41,884	43,242	55,395
Managers and above	2,220	2,320	2,491
White collars	17,818	25,728	30,497
Blue collars	21,846	15,194	22,407

	2020	2021	2022
	Women	Men	Total
Average hours of training	11	11	13
women	25	13	15
men	9	10	13

	2020	2021	2022
	Women	Men	Total
Average hours of training	11	11	13
Managers and above	12	13	15
White collars	10	13	15
Blue collars	12	8	11

PROPORTION OF THE EXPENDITURE DIRECTED TO LOCAL SUPPLIERS

	2020	2021	2022
	Women	Men	Total
Percentage of spending directed to local suppliers	72%	70%	69%

METHODOLOGY

SUSTAINABILITY
REPORT 22

This document represents Bonfiglioli Group's fourth Sustainability Report and it has been realized with the purpose of sharing the company's commitment to sustainable development, as well as its efforts to promote a business model that respects the social, environmental and economic reality in which the company operates.

THE CONTENTS OF THE REPORT AND THE METHODOLOGY APPLIED

This Report refers to financial year 2022 (from 1st January to 31st December) and is published annually. As for previous years, the document is written in compliance with the updated 2021 GRI Sustainability Reporting Standards (hereinafter GRI Standards), with the "In Accordance" option.

The scope of the Sustainability Report 2022 coincides with that of the Annual Report; it includes the parent company (Bonfiglioli S.p.A.) and its subsidiaries, consolidated on a line-by-line basis, which are identified in the text as "Bonfiglioli", "The Group" or "Bonfiglioli Group".

In accordance with the principles of the GRI Standards, this Report covers the material topics that arose from the materiality analysis as described in the following sections.

The Sustainability Report 2022 is published in June 2023.

For inquiries regarding this Sustainability Report and the information contained herein, you can write to csr@bonfiglioli.com.

OUR STAKEHOLDERS

The drafting process of the Sustainability Report started with the definition of the main stakeholders of the Group as, for us, this document represents a demonstration of responsibility to all our stakeholders.

In order to detect the most relevant stakeholders, we conducted an examination involving the corporate top management that allowed us to define the **12 most relevant categories**.



STAKEHOLDERS

Bonfiglioli uses different channels to reach and communicate with its stakeholder categories, as summarized in the following table:

STAKEHOLDER CATEGORY	FREQUENCY	MAIN COMMUNICATION CHANNELS
Employees	Ongoing	Training activities Performance management Company portal
Suppliers	Periodic	Suppliers' qualification and audit One-to-one meetings E-mail/phone calls
Customers	Periodic	Trade Exhibitions Meetings and visits Audit and evaluation by clients
Trade associations	Periodic	Meeting and events Newsletters
Local communities	Periodic	Conversation and participation in local associations
Investors	Periodic	One-to-one meetings with investors
Shareholders	Periodic	Shareholders' meetings
Partners & Distributors	Periodic	Distributors' audit and qualification One-to-one meetings E-mail/phone calls Events
University and research center	Periodic	Open days Collaboration in research projects and education
Competitors	-	Indirect communication channels
Trade Unions	Periodic	Round tables Meeting and events
Local government administrations	Periodic	Meetings and briefings Working tables

MATERIALITY ANALYSIS

The contents of this Sustainability Report were defined by means of a materiality analysis, which enabled us to identify the material topics that represent the impacts the organization has or could have on the economy, on the environment, and on people, including their human rights. The 2022 materiality analysis was carried out in accordance with "GRI 3 - Material Topics" of 2021, and the process included four main steps:

- 1. Understanding the context of the organization:** for the 2022 reporting period, the Group analyzed the context in which it operates from a sustainability perspective, consulting a range of internal and external sources in order to do this - considering regulatory aspects, market dynamics and industry practices, for example.

2. Identification of actual and potential impacts: using the information gathered in the previous analysis, the “actual impacts” (i.e. impacts that are currently occurring, or which have occurred in the past) and the “potential impacts” (i.e. impacts that may occur in the future) were identified. In general terms, both positive and negative impacts emerged with respect to sustainable development.

3. Evaluation of the significance of impacts: all of the impacts were analyzed through an assessment process to determine their significance, developed in line with the criteria outlined in the GRI Standard: this consists of assessing the combination of severity and likelihood of occurrence of the impact, as described below.

a. Severity: this is dependent on the characteristics listed below:

i. Scale: or in other words, how severe the impact is;

ii. Scope: refers to how widespread the impact is;

iii. Irreparable character: indicates how difficult it is to mitigate or compensate for the resulting damage, through the restoration of the conditions of the affected individuals or environment to a situation equivalent to that pre-impact;

For negative impacts, gravity takes all three characteristics into consideration; for positive impacts, only scale and scope are considered;

b. Probability: potential impacts are assessed in terms of the likelihood of their occurrence. The attribution of probability takes into account the policies, procedures and activities implemented by Bonfiglioli to prevent and mitigate the impacts identified.

4. Prioritization of the most important impacts for reporting: the prioritization of impacts is a key step in identifying the material topics to be reported. This step was carried out by calculating the result of the gravity and the probability. The impacts were grouped into four categories on the basis of their relative score (Very Significant - Medium Significance - Low Significance - Negligible), and a threshold was established to determine the most significant impacts to be included in the Sustainability Report. Subsequently, the impacts were linked to the material topics. The final validation of the impacts, the material topics and the prioritization thereof involved members of the senior management team.

This analysis gave the results that replaced the previous materiality matrix. More specifically, we note that the "Product Satisfaction" topic is not included in the list of Material Topics for 2022; meanwhile, new additions include "Respect for Human Rights" and "Fight against Corruption," which were previously covered a priori within the Sustainability Report itself. In addition, the former topics "Health and Safety and Workers' Rights" and "Supplier Relationships and Responsible Supply Chain Management" have been renamed, and now appear as "Health and Safety" and "Responsible Supply Chain Management," respectively.

The updated list of Bonfiglioli material topics can be found below.

TABLE OF CORRELATION BETWEEN SCOPE, MATERIAL ISSUE AND GRI DISCLOSURE

SCOPE	MATERIAL TOPIC	DESCRIPTION	GRI DISCLOSURE
Environment	Energy efficiency and climate-altering emissions	Bonfiglioli's direct and indirect activities necessitate the consumption of energy, and as a result, greenhouse gas emissions are generated. To mitigate the impact of these activities on the climate, the Group measures and monitors these emissions and is committed to reducing them. Indeed, Bonfiglioli uses electrical energy from certified renewable sources, in addition to the energy produced by its own photovoltaic systems. Furthermore, Bonfiglioli relies on a number of internal solutions to spread and implement energy efficiency measures.	GRI 302: ENERGY 302-1 Energy consumed within the organization GRI 305: EMISSIONS 305-1 Direct GHG emissions (Scope 1) 305-2 Indirect GHG emissions from energy consumption (Scope 2)
	Waste management	The Group's activities generate various types of waste, and where not properly managed, the disposal of this waste could result in adverse effects on people and the environment. For this reason, Bonfiglioli strives to reduce the waste generated during manufacturing processes, through a series of initiatives that encourage recycling and reuse.	GRI 306: WASTE 306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts 306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal
Human resources	Human capital management	Bonfiglioli is committed to valuing people and promoting job stability: as such, it offers a positive working environment for all, as well as opportunities for professional growth. With a view to promoting employee welfare, the Group takes a flexible approach to work, as well as offering a number of welfare programs.	GRI 401: EMPLOYMENT 401-1 New employee hires and employee turnover GRI 402: LABOR/ MANAGEMENT RELATIONS 402-1 Minimum notice periods regarding operational changes
	Skills development	In order to further enhance the excellence, quality and innovation of Bonfiglioli's offering, it is essential to be able to rely on specialist professionals who are up-to-date on the latest development. It is important to be able to attract new talent and implement training programs designed to enhance both general and specific skills, in order to promote the distinctive nature of the business. The Group is committed to involving its employees in the company and its operations, placing value on personal characteristics and offering programs for professional growth.	GRI 404: TRAINING AND EDUCATION 404-1 Average hours of training per year per employee
	Diversity and inclusion	As a Group that operates at global level, Bonfiglioli employs people from a range of different cultures and diverse backgrounds. The Group strongly believes that this diversity - along with gender equality and respect for equal opportunities - are great values, which must be safeguarded and promoted. As stated in its Code of Ethics, Bonfiglioli is committed to creating an open and inclusive working environment, where everyone feels free to express themselves.	GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 405-1 Diversity of governance bodies and employees GRI 406: NON-DISCRIMINATION 406-1 Incidents of discrimination and corrective actions taken

SCOPE	MATERIAL TOPIC	DESCRIPTION	GRI DISCLOSURE
Human resources	Health and safety	Activities carried out within the Group could pose risks of injury to workers. In order to ensure the highest standards of occupational health and safety, Bonfiglioli has adopted an integrated Group Policy for Quality, Health and Safety, Environment and Energy (Q&HSEE). Furthermore, the Group is committed to disseminating a shared culture of safety, through the provision of specific training programs created for its employees and best practices to follow.	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403-9 Work-related injuries
	Respect for human rights	Bonfiglioli is dedicated to providing its employees with good working conditions, based on respect for fundamental human rights, international conventions and applicable laws. This issue is managed through the adoption of the Code of Ethics, and through compliance with the regulations in force in the countries in which the Group operates.	GRI 408: CHILD LABOR 408-1 Activities and suppliers at significant risk of incidents of child labor GRI 409: FORCED OR COMPULSORY LABOR 409-1 Activities and suppliers at significant risk of incidents of forced or compulsory labor
	Responsible supply chain management	The quality of Bonfiglioli's products begins with the choice of suppliers, who must comply with the highest standards and principles as set out in the Code of Ethics and referred to within the Group's General Terms and Conditions of Purchase. Furthermore, in order to ensure that we have a positive impact on society, Bonfiglioli's procurement focuses primarily on local suppliers, which benefits the economy and boosts the development of the local community.	GRI 204: PROCUREMENT PRACTICES 204-1 Proportion of spending channeled to local suppliers
Supply chain and local community	Value distributed to stakeholders and local initiatives	Bonfiglioli helps to create jobs and employment and local level in the areas in which it operates. In addition, the Group sponsors projects and initiatives in the areas in which it operates, creating strong ties with the community and promoting sustainable development.	GRI 201: ECONOMIC PERFORMANCE 201-1 Direct economic value generated and distributed

SCOPE	MATERIAL TOPIC	DESCRIPTION	GRI DISCLOSURE
Customers and product	Innovation and sustainability of process and product	The Group's dedication to contributing to the spread of sustainable development regards the markets in which it operates, including the wind power and recycling sectors. In parallel to this, Bonfiglioli's R&D activities are focused on the development of solutions characterized by increasing energy efficiency. The investment of financial resources in these R&D activities can make a positive contribution to the fight against climate change, as well as providing a better response to growing customer demand.	KPIS OUTSIDE OF GRIS
	Product Liability	If not properly designed and manufactured, products can expose customers to health and safety risks. All Bonfiglioli products are designed in accordance with safety regulations, including the European Directive on the Restriction of Hazardous Substances. In addition, all solutions are examined in order to identify any potential safety risks to the customer.	GRI 416: CUSTOMER HEALTH AND SAFETY 416-1 Assessment of the health and safety impacts of product and service categories
	Cybersecurity	The journey toward digital transformation requires specific attention to be paid to maintaining the security of information systems and preventing data breaches. As such, the Group has adopted a number of protection and monitoring measures with a view to preventing cyber attacks and ensuring the robustness of the organization and processes, protecting the security of information.	GRI 418: CUSTOMER PRIVACY 418-1 Proven complaints regarding violations of customer privacy and loss of customer data
Governance and compliance	Fight against corruption	Bonfiglioli is committed to conducting its business with integrity, transparency and legality, in accordance with the principles of the Code of Ethics and the practices identified in the Organizational Model, pursuant to Italian Legislative Decree 231/2001, designed to combat cases of corruption and the commission of illegal acts.	GRI 205: ANTI-CORRUPTION 205-3 Confirmed incidents of corruption and actions taken



QUALITY ASSURANCE PRINCIPLES FOR THE SUSTAINABILITY REPORT

The Sustainability Report 2022 has been prepared in accordance with the reporting principles of the GRI Standards 2021 (accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, verifiability) - all factors that ensure the quality of the information reported, with a view to providing a balanced picture of the Group's activities and impacts.

CALCULATION CRITERIA

The methodology used to calculate the quantitative indicators set out in our Sustainability Report is explained below.

The energy consumption of Bonfiglioli Group (electrical energy, natural gas, diesel, petrol, LPG) was calculated in Gigajoules (GJ). The conversion factors used to standardize energy consumption comes from the table **"UK Government GHG Conversion Factors for Company Reporting - fuel properties"** published by **"Department for Environment, Food, and Rural Affairs" (DEFRA) published in 2020, 2021 and 2022.**

Data concerning electricity from renewable sources include self-produced energy from renewable sources and energy purchased from certified renewable sources according to the applicable regulations.

For the calculation of direct GHG emissions (Scope 1), which are calculated in CO₂ equivalent, we used the following sources for emission factors:

- Fuels (petrol, diesel, natural gas, LPG, refrigerant gas): the most recent version of the **"UK Government GHG Conversion Factors for Company Reporting"** publishing by "DEFRA" for 2020, 2021 and 2022;

- In case of data not available, estimations were performed. Particularly, were necessary, the estimations have been conducted taking into considerations the percentage variation of worked hours within the plant or the overall Group's reduction on the same energy source.

For the calculation of indirect GHG emissions (Scope 2) the following sources were used for the emissions factors:

- Location-based calculation method: factor proposed by the publication "International comparison" published by **"TERNA" for the years 2019, 2020 and 2021;**
- Market-based calculation method: factors used came from **"Association of Issuing Bodies - European Residual Mixes" 2019, 2020 and 2021;**
- Emissions of Scope 2 are calculated in tons of CO₂. However, considering the negligible amount of methane (CH₄), nitrous oxide (N₂O) and ozone (O₃) on the overall Scope 2 emissions, the value is expressed in Carbon Dioxide equivalent (CO₂eq), in line with Scope 1 emissions.

As regard the employee and health and safety indexes:

- The rate of work-related injuries is the relationship between total number of accidents and the total number of hours worked, multiplied by 1,000,000;
- The rate of high-consequence work-related injuries is the relationship between the total number of high-consequence work-related injuries and total worked hours by all employees during the year multiplied by 1,000,000;
- The calculation of rate of employee hires is obtained by dividing the number of employees hired by the total number of employees, multiplied by 100. Meanwhile, the hire and contract termination rate by geographical region consists of the ratio of new hires and contract terminations in the region to the total number of employees in the region, respectively, multiplied by 100.

GRI CONTENT

INDEX

SUSTAINABILITY REPORT 22

DECLARATION OF USE	Bonfiglioli has submitted a report in accordance with the GRI Standards, covering the period from January 1, 2022 to December 31, 2022.
GRI 1 USED	GRI 1 – Fundamental Principles – 2021 version
STANDARDS RELEVANT TO THE SECTOR	The Sector Standards, as provided by the most recent GRI Sector Program and which refer to the Group's business sector, are not yet available as at the date of publication of this document.

GRI STANDARDS/OTHER SOURCE	DISCLOSURE	DESCRIPTION	PAGE	OMISSIONS		NOTES
				REQUIREMENTS OMITTED	REASON EXPLANATION	
GENERAL DISCLOSURE						
GRI 2 – GENERAL DISCLOSURE - 2021	2-1 Organizational details	A solid organization	28-29			
	2-2 Entities included in the sustainability reporting of the organization	Methodology	129			
	2-3 Reporting period, frequency and point of contact	Methodology	129			
	2-4 Review of the information					No revisions were made to the historical data published in the 2021 Sustainability Report
	2-5 External assurance					The Report has not been subjected to external assurance
	2-6 Activities, value chain and other business relationships	Global presence for local support	20-21			
		Our business units	22-27			
		A responsible supply chain	104-109			

GRI STANDARDS/OTHER SOURCE	DISCLOSURE	DESCRIPTION	PAGE	OMISSIONS			NOTES
				REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 2 – GENERAL DISCLOSURE - 2021	2-7 Employees	Appendix	123				
	2-8 Non-employed workers	Appendix	123				
	2-9 Structure and composition of governance	A solid organization	30-31				
	2-10 Appointment and selection of the highest governing body						There are currently no formalized procedures within Bonfiglioli with regard to how the highest governing body is appointed and selected
	2-11 Chairman of the highest governing body						The chairman of the highest governing body is not a senior executive of the organization
	2-12 Role of the highest governing body in the control of impact management	A solid organization Methodology - Materiality Analysis	28-31 132				
	2-13 Delegation of responsibility for impact management	A solid organization	30-31				
	2-14 Role of the highest governing body in sustainability reporting						The BoD is not currently in charge of approving the Sustainability Report. The sustainability data are validated by the senior executives
	2-15 Conflicts of interest	A solid organization	30				
	2-16 Communication of critical issues	Our commitment for a responsible business	32-34				

GRI STANDARDS/OTHER SOURCE	DISCLOSURE	DESCRIPTION	PAGE	OMISSIONS			NOTES
				REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 2 – GENERAL DISCLOSURE - 2021	2-17 Collective knowledge of the highest governing body	A solid organization	31				
	2-18 Evaluation of the performance of the highest governing body						There are no procedures for evaluating the performance of the highest governing body with regard to the control of the management of impacts on the economy, environment and people
	2-19 Regulations concerning remuneration	Our commitment for a responsible business	35				
	2-20 Procedure for determining remuneration	Our commitment for a responsible business A solid organization	35 30				
	2-21 Annual total pay ratio	Our commitment for a responsible business	35				
	2-22 Statement on the sustainable development strategy	A message from our Chairwoman	6-7				
		Our commitment for a responsible business - Our ethical principles	33				
	2-23 Commitment in terms of policy	Our commitment for a responsible business - Management of non-financial risks and the ways in which these are monitored	36-39				
		Our commitment for a responsible business - Doing business ethically	32				
	2-24 Integration of commitments with regard to policy	Our commitment for a responsible business - Management of non-financial risks and the ways in which these are monitored	36-39				

GRI STANDARDS/OTHER SOURCE	DISCLOSURE	DESCRIPTION	PAGE	OMISSIONS			NOTES
				REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 2 – GENERAL DISCLOSURE - 2021		Methodology – Materiality Analysis	35				
		Our commitment for a responsible business - Doing business ethically	32				
	2-25 Processes designed to remediate negative impacts	Embracing the digital transformation - Customer portal	99				
		Innovation for sustainable development - Quality	90-97				
		Please see also the discussion in the Methodology section	129-137				
	2-26 Mechanisms for requesting clarification and raising concerns	Our commitment for a responsible business - Our ethical principles	34				
	2-27 Compliance with laws and regulations	Our commitment for a responsible business - Doing business ethically	34				
	2-28 Membership of associations	Highlights	13				
	2-29 Approach to stakeholder engagement	Methodology - Our stakeholders	130-131				
	2-30 Collective bargaining agreements	Growing together with digital technology	56				
MATERIAL TOPICS							
GRI 3: MATERIAL TOPICS 2021	3-1 Process for determining material topics	Methodology	132				
	3-2 List of material topics	Methodology	133-135				

GRI STANDARDS/OTHER SOURCE	DISCLOSURE	DESCRIPTION	PAGE	OMISSIONS			NOTES
				REQUIREMENTS OMITTED	REASON	EXPLANATION	
TOPIC SPECIFIC STANDARDS: ECONOMIC (GRI 200)							
ECONOMIC PERFORMANCE							
		Methodology	132-135				
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Value creation and our responsibility toward local communities	40				
GRI 201: ECONOMIC PERFORMANCE 2016	201-1 Direct economic value generated and distributed	Value creation and our responsibility toward local communities	40				
PROCUREMENT PRACTICES							
		Methodology	132-135				
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Non-financial risks management and methods of supervision adopted	36-39				
GRI 204: PROCUREMENT PRACTICES 2016	204-1 Proportion of spending channeled to local suppliers	A responsible supply chain	108-109				
ANTI-CORRUPTION							
		Methodology	132-135				
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Non-financial risks management and methods of supervision adopted	36-39				
		Value creation and our responsibility toward local communities					
GRI 205: ANTI-CORRUPTION 2016	205-3 Confirmed incidents of corruption and actions taken	Doing business ethically	34				
TOPIC SPECIFIC STANDARDS: ENVIRONMENTAL PERFORMANCE (GRI 300)							

GRI STANDARDS/OTHER SOURCE	DISCLOSURE	DESCRIPTION	PAGE	OMISSIONS			NOTES
				REQUIREMENTS OMITTED	REASON	EXPLANATION	
ENERGY							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39				
		Production designed to protect the environment	110-113				
GRI 302: ENERGY 2016	302-1 Energy consumed within the organization	Production designed to protect the environment	113				
EMISSIONS							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39				
		Production designed to protect the environment	110-112				
GRI 305: EMISSIONS 2016	305-1 Direct GHG emissions (Scope 1)	Production designed to protect the environment	115				
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	Production designed to protect the environment	115				
WASTE							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39				
		Production designed to protect the environment	116-117				

GRI STANDARDS/OTHER SOURCE	DISCLOSURE	DESCRIPTION	PAGE	OMISSIONS			NOTES
				REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 306: WASTE 2020	306-1 Waste generation and significant waste-related impacts	Production designed to protect the environment	116-117				
	306-2 Management of significant waste-related impacts	Production designed to protect the environment	116-117				
	306-3 Waste generated	Production designed to protect the environment	116				
	306-4 Waste diverted from disposal	Production designed to protect the environment	116				
	306-5 Waste directed to disposal	Production designed to protect the environment	116				
TOPIC SPECIFIC STANDARDS: SOCIAL PERFORMANCE (GRI 400)							
EMPLOYMENT							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39				
		Growing together with digital technology	55-56				
GRI 401: EMPLOYMENT 2016	401-1 New employee hires and employee turnover	Growing together with digital technology	55-56				
		Appendix	125-126				
LABOR/MANAGEMENT RELATIONS							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Growing together with digital technology	48-59				

GRI STANDARDS/OTHER SOURCE	DISCLOSURE	DESCRIPTION	PAGE	OMISSIONS			NOTES
				REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 402: LABOR/MANAGEMENT RELATIONS 2016	402-1	Minimum notice periods regarding operational changes					The Group did not define minimum notice period for operational changes, however, it undertakes to promptly communicate any changes in compliance with local legislation
OCCUPATIONAL HEALTH AND SAFETY							
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics					
		Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39				
		Caring for the safety of our people	66-71				
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational health and safety management system	Caring for the safety of our people	66-71			
	403-2	Hazard identification, risk assessment, and incident investigation	Caring for the safety of our people	66-71			
	403-3	Occupational health services	Caring for the safety of our people	66-71			
	403-4	Worker participation, consultation, and communication on occupational health and safety	Caring for the safety of our people	66-71			
	403-5	Worker training on occupational health and safety	Caring for the safety of our people	66-71			
	403-6	Promotion of worker health	Caring for the safety of our people	66-71			

GRI STANDARDS/OTHER SOURCE	DISCLOSURE	DESCRIPTION	PAGE	OMISSIONS			NOTES
				REQUIREMENTS OMITTED	REASON	EXPLANATION	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Caring for the safety of our people	66-71				
	403-9 Work-related injuries	Caring for the safety of our people	66-68				
TRAINING AND EDUCATION							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Building success through knowledge	60-65				
GRI 404: TRAINING AND EDUCATION 2016	404-1 Average hours of training per year per employee	Building success through knowledge	62				
DIVERSITY AND EQUAL OPPORTUNITY							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39				
		Growing together with digital technology	50-52				
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016	405-1 Diversity of governance bodies and employees	A solid organization	30				
		Growing together with digital technology	51-52				
		Appendix	124				
NON-DISCRIMINATION							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39				
		Growing together with digital technology	50-52				
GRI 406: NON-DISCRIMINATION 2016	406-1 Incidents of discrimination and corrective actions taken	Growing together with digital technology	50				

GRI STANDARDS/OTHER SOURCE	DISCLOSURE	DESCRIPTION	PAGE	OMISSIONS			NOTES
				REQUIREMENTS OMITTED	REASON	EXPLANATION	
CHILD LABOR							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39				
		Growing together with digital technology	50-52				
GRI 408: CHILD LABOR 2016	408-1 Activities and suppliers at significant risk of incidents of child labor	Methodology	132-135				
		Our commitment for a responsible business	32-33				
		Non-financial risks management and methods of supervision adopted	36-38	Suppliers deemed to be at significant risk of incidents of child labor	Information unavailable/incomplete	For the 2020-2022 three-year period, the data on suppliers at significant risk of incidents of child labor is not available	
		Growing together with digital technology	51				
FORCED OR COMPULSORY LABOR							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39				
		Growing together with digital technology	51				
GRI 409: FORCED OR COMPULSORY LABOR 2016	409-1 Activities and suppliers at significant risk of incidents of forced or compulsory labor	Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39	Suppliers deemed to be at significant risk of forced or compulsory labor	Information unavailable/incomplete	For the 2020-2022 three-year period, the data on suppliers at significant risk of incidents of forced or compulsory labor is not available	
		Growing together with digital technology	51				

GRI STANDARDS/OTHER SOURCE	DISCLOSURE	DESCRIPTION	PAGE	OMISSIONS			NOTES
				REQUIREMENTS OMITTED	REASON	EXPLANATION	
CUSTOMER HEALTH AND SAFETY							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39				
		Innovation for a sustainable future	74-97				
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-1 Assessment of the health and safety impacts of product and service categories	Innovation for a sustainable future - Quality	91				
CUSTOMER PRIVACY							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Methodology	132-135				
		Non-financial risks management and methods of supervision adopted	36-39				
		Our commitment for a responsible business	39				
GRI 418: CUSTOMER PRIVACY 2016	418-1 Proven complaints regarding violations of customer privacy and loss of customer data	Our commitment for a responsible business	39				
ISSUES SPECIFIC TO THE BONFIGLIOLI GROUP THAT ARE NOT COVERED BY THE GRI STANDARDS							
PRODUCT AND PROCESS INNOVATION AND SUSTAINABILITY							
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Innovation for a sustainable future	70-93				

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We have a relentless commitment to excellence, innovation & sustainability. Our Team creates, distributes and services world-class power transmission & drive solutions to keep the world in motion.



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