



sustainability  
report  
2023



*We engineer dreams*

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## letter to the stakeholders



Dear readers

*I am delighted to introduce the 2023 edition of our Sustainability Report. In addition to presenting our projects and achievements, this report also delineates Bonfiglioli's vision and commitment to a broader and more responsible corporate ethos.*

*I firmly believe that companies must shift their focus away from the simple logic of efficiency and productivity to embrace a new way of thinking and acting in which all actions and decisions are based on their positive impact on people and the planet. I also believe that this change in direction can only be achieved by involving all supply chain players. For this reason, we are committed to ensuring that our teams, our suppliers and our customers feel part of the same ecosystem and are actively involved in a project aimed at creating a more sustainable and inclusive future.*

*Society is changing, together with the priorities and challenges that lie ahead of us. In fact, we now live in a different society than that afflicted by COVID, a society that has fewer resources available and must deal with the difficulties of more vulnerable persons as well as older people, where each individual will need to find a new personal balance. This requires an innovative and supportive approach. As a company, we feel part of this transformation and intend to respond to the changes with an open and proactive mindset. We intend to contribute to a new concept of society for a better tomorrow.*

*Given this purpose, our focus is not solely on the adoption of advanced technologies to meet the new needs but also on the development of work methods that prioritise people. We see this as a duty - to not focus just on making a profit but to continuously and really care for the people who make our organisation unique.*

*In addition to creating a stimulating and inclusive work environment, we want all our employees and collaborators to know that they are appreciated and are a vital part of our mission. The Bclose communication platform, which we launched at the start of 2023, is a step in this direction. It is designed to encourage the forging of relationships among our people and their participation in company life, regardless of their position or geographical area. We also signed an agreement with trade unions to protect women against any form of discrimination, thus manifesting our strong commitment to create an equal and inclusive work environment, where everyone feels comfortable enough to express their opinions, make contributions and develop their skills. This last aspect is essential to allow our people to grow professionally and reap the related benefits as well as bolstering the company's success. In fact, we offer personalised training plans through the Bonfiglioli Academy, which are revisited each year. Thanks to this and other initiatives, the company was awarded the "TOP EMPLOYER" accolade in Italy, which makes me very proud. I hope that this will encourage us to ramp up our commitment with new projects and extend them outside of Italy as well.*

*Environmental sustainability is another pillar of our strategy. As part of our sustainable journey, we build plants and buildings with a very low environmental impact. For example, the new facility in Pune, India, is almost 80% powered by solar energy, and our new headquarters, which we moved into in 2023, is built to use natural resources intelligently. It uses*

*rain water and geothermal and solar energy, thus achieving significant energy savings in terms of the air-conditioning and water heating systems.*

*These are just a few of our initiatives that testify to our commitment to the environment, as set out in our sustainability roadmap, the action plan that will lead us, step after step, to the sustainable future we intend to build by 2030.*

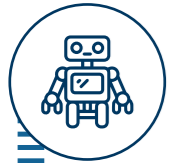
*We have introduced governance tools to ensure our business is carried out responsibly. They include a new Group Code of Ethics which contains the guiding principles that have directed our activities for almost seventy years. Towards the end of the year, we also approved an Anti-corruption Policy and revisited our Whistleblowing Policy and channel. A number of tangible actions for real all-round sustainability, which is embedded in our corporate culture and reflected in our values, policies and daily life.*

*All this is part of our new Sustainability Policy, which places the ESG goals at the heart of our business model and represents a clear call for action. It sets out clear, well-defined objectives for the three sustainability pillars: environment, social and governance.*

*We are fully committed to this policy which allows us to look to the future with confidence and resolution, well-aware of the efforts necessary to ensure a better future for everyone.*

Sincerely yours

# 2023 highlights



New applications of the **Moliere** sensor as part of the **Evocation project**



The **robotics and artificial intelligence certification** is now part of the work placement programme



Bonfiglioli joins **MOTUS-E**, an association aimed at accelerating the development of e-mobility



Renewal of participation in the **GWEC-Global Wind Energy Council**



Kick-off of a **6-month pilot project** in the Bologna area as part of **Club Pro**



The Rovereto facility obtains the **ISO 50001 - Energy management systems certification**

## Clementino Bonfiglioli park

In March, we opened **Clementino Bonfiglioli Park**. This new green space can be found close to the former B1 facility in **Lippo di Calderara di Reno**.

The park was inaugurated by the chairwoman **Sonia Bonfiglioli**, following an exciting day of celebrations.



It boasts three playground areas for kids, a roller-skating rink and an open-air arena, as well as green area with 122 newly-planted trees. The area will be connected to the airport and to Bargellino railway station via the new cycle path.

## fight against discrimination

**Proud signatories of the protocol against gender discrimination.**

Signing this protocol is part of our **Gender Equality** growth path. As part of this journey, we have chosen to support the national awareness campaign "GeneriAMO cultura" sponsored by Federmeccanica and sector trade unions.



## supplying excellence

During the year, we received two important accolades acknowledging the quality of our products.

Firstly, we were awarded **best Italian supplier for automation technology by Innovation Post**.

Secondly, one of our long-standing customers, **General Electric**, named us as **"supplier of excellence" for offshore wind energy products for the US Group**.

The basis for our success is our large investments in R&D and our global presence.



## celebrations

2023 was an exciting year for Bonfiglioli, and the Group achieved a number of important goals, as well as celebrating the anniversaries of four branches in its global network!



On 20 September 2023, the Bonfiglioli facility in Qingpu, Shanghai celebrated its 20th anniversary.



In India, we celebrated two important milestones: the opening of a new factory in Pune and 25 years of activity in the country.



In December, Bonfiglioli Vectron celebrated its 30th anniversary.



## new opening Bonfiglioli Transmission Australia CRANBOURNE WEST (VICTORIA)

In March, focus was on Bonfiglioli Australia which inaugurated its new regional office in Cranbourne West, Victoria.

The office and its adjoining production plant were opened in order to be closer to the local customers and better meet their requirement



**NEW SITE IN AUSTRALIA**

## supporting flooded communities

**We chose to support a fundraiser in aid of the communities and employees which were hit by the floods in the Emilia-Romagna region in May, affecting colleagues in our Forlì office as well.**

Attraverso la compilazione di un semplice form, tutto il personale delle nostre sedi ha potuto prendere parte alla raccolta attivata dall'Agenzia per la Sicurezza territoriale e dalla Protezione Civile dell'Emilia-Romagna.

## bridging the gender gap

**We participated in Ragazze Digitale ER project**, a summer camp, co-financed by the European Social Fund Plus (2021-2027) and the Emilia-Romagna regional authority. This project was conceived **to encourage girls at high school to pursue STEM disciplines and programming, which would in turn reduce the gender gap in the digital segment.**



## commitment to future generations

During the year, ITS Maker, a training institution accredited by the relevant Italian ministry, organised a "Career Day — the needs of businesses" event and we were involved as members. It was held in the Aula Magna at the Forlì technical high school, Istituto Tecnico Statale di Forlì.

**During the event, along with other local industrial companies, we presented our business programmes and professional opportunities that we offer to young graduates.**



a story of  
unstoppable  
excellence



our  
journey

# 1.1 our mission and values

## our mission



Our entrenched and solid traditions together with an innovative approach allow us to tackle and overcome even the most intense challenges, strengthening our ability to pre-empt market changes and provide our customers with targeted solutions.



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

## our values

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



### Challenge

*We continuously challenge our limits in the pursuit of excellence in performance, innovation and products.*



### Respect

*We respect diversity, local cultures, religions and the environment with uncompromising ethics.*



### Accountability

*Individual responsibility enables collective responsibility, practicing leadership with commitment and determination.*



### Winning Together

*Winning by working together, ensuring the creation and sharing of knowledge.*

## our drivers



excellence



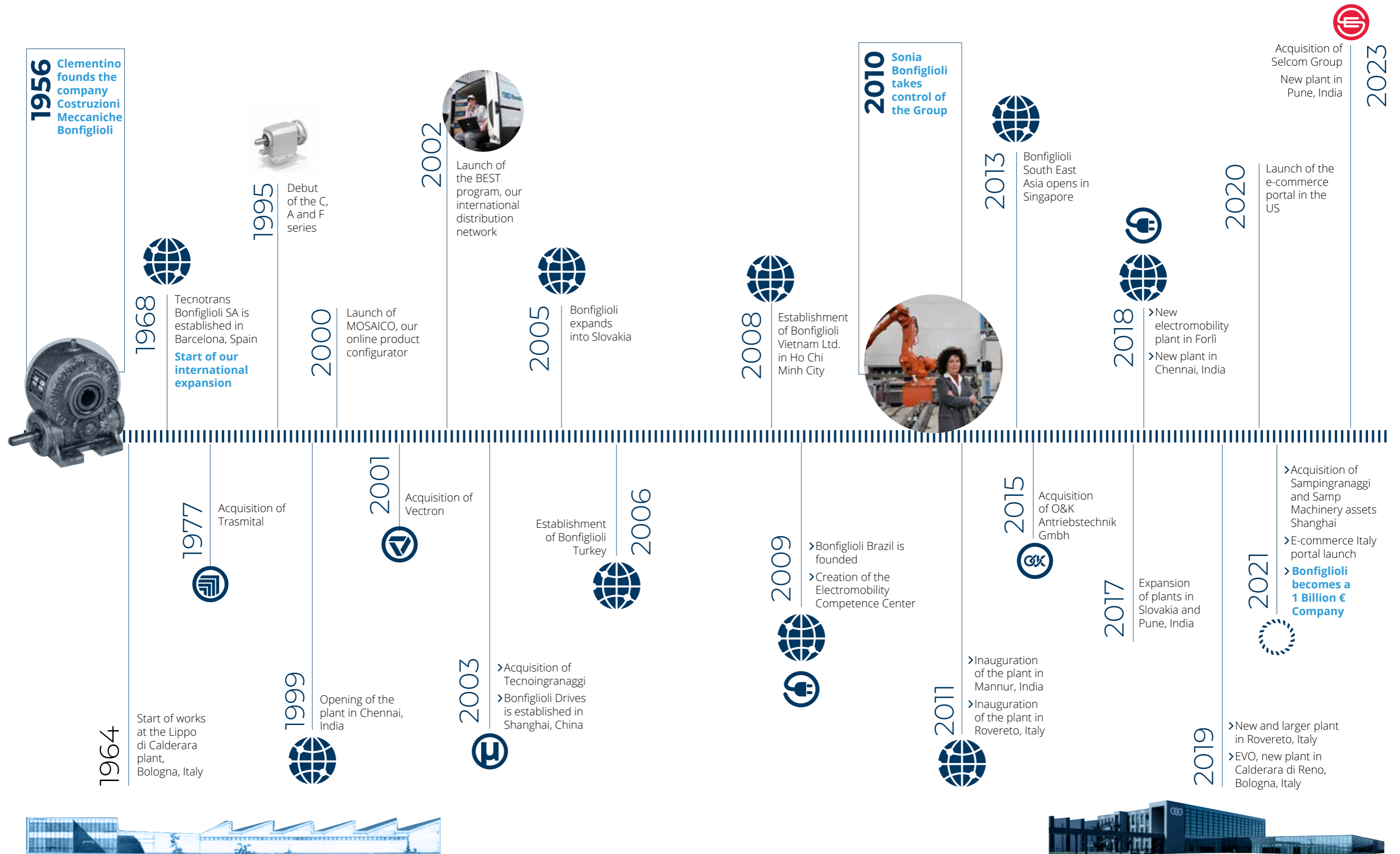
innovation



sustainability

# 1.2 milestones

“...I was 23 with a head full of dreams and great intentions...”  
CLEMENTINO BONFIGLIOLI





# 1.3 global reach to act locally

**19**

PRODUCTION SITES

**80**

COUNTRIES

**25**

COMMERCIAL SITES

**~4.800**

PEOPLE

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

HEADQUARTERS

PRODUCTION SITES

COMMERCIAL SITES

SELCOM GROUP

We guarantee the same high standards of Bonfiglioli quality anywhere around the world at any time thanks to our international network of tightly-linked companies and production plants.



**The Bonfiglioli Group has its origins in Costruzioni Meccaniche Bonfiglioli, a small family business founded by Clementino Bonfiglioli in 1956.** The Bologna-based company, which only worked locally, became rapidly very successfully, distancing itself from its competitors. In just a few years, it became a market leader in several sectors including industrial automation, mobile machinery and wind energy.

Today, we offer highly innovative solutions and lead the market with high quality products and a customer service tailored to our customers thanks to an international network of production facilities and commercial companies. We remain market leaders in 80 countries, with a direct foothold on local markets through **19 production sites, 25 commercial sites**, and a global network of more than **550 distributors**.

AUSTRALIA 

BRAZIL  

CHINA      

FRANCE 

GERMANY    

UNITED KINGDOM 

INDIA      

ITALY         

NEW ZEALAND 

SINGAPORE 

SLOVAKIA 

SPAIN 

SOUTH AFRICA 

TURKEY 

USA  

VIETNAM  



## Bonfiglioli sites: an innovative workplace for our people



Our commitment to creating a sustainable business also applies when building and requalifying our sites. We incorporate modern health and safety standards and measures to reduce our environmental impact in line with the new concept of a work environment and by installing the most recent and **innovative energy efficiency solutions**.

To maintain high quality standards, the Group has obtained various certifications over the years, including ISO 9001 (Quality Management Systems) for most of the facilities and

the ISO 45001 (Health and Safety Management Systems) and ISO 14001 (Environmental Management Systems) for most of the production sites. In 2023, the Rovereto facility obtained

the ISO 50001 (Energy Management Systems) certification, already held by the Forlì and Calderara facilities.



## new locations

Our new headquarters, designed in 2020 and completed in 2023, fully embraces sustainability principles. It exemplifies a near-zero energy building (nZEB) by virtue of its innovative technologies and energy saving initiatives.

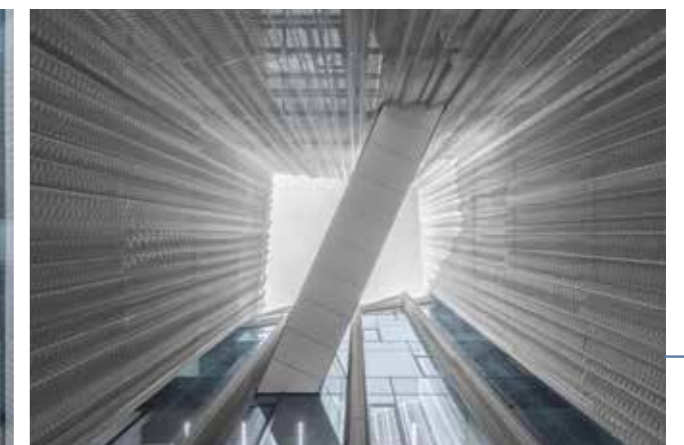
The headquarters, built within the EVO

site, has a diamond shape, designed to reduce the south-facing sides of the building and maximise the north-facing facades to maximise natural light in the north-facing office areas.























A steel exoskeleton was used to avoid the use of pillars inside the building, ensuring unprecedented spatial

flexibility.

The geothermal wells are an innovative cooling and heating solution, as they draw on the subsoil's constant temperature for an efficient heat exchange, significantly reducing air conditioning consumption.



countries

AUSTRALIA	
BRAZIL	
CHINA	  
FRANCE	
GERMANY	
UNITED KINGDOM	
INDIA	  
ITALY	   
SLOVAKIA	
SPAIN	
SOUTH AFRICA	
TURKEY	
USA	
VIETNAM	 

certifications

# completion of the new site in india



In 2023 **Bonfiglioli Transmissions Private Limited completed the works for its new site in Pune**, an important achievement which affirms our ongoing commitment to sustainability and innovation. The building incorporates state-of-

the-art architectural solutions and was designed to cope with the local climate with temperatures ranging from 12.2°C to 36°C and seasonal dry winds.

Given the mostly warm and dry climate, no heating system was

installed; instead, the building has a specially designed ventilation system. It also stands out for the curved shape of its roof, which was designed specifically to facilitate the natural ventilation, also encouraged by the strategic installation of fans.



# acquisition of Selcom Group S.p.A.



We finalised the acquisition of 100% of Selcom Group S.p.A. in the first half of 2023<sup>1</sup>. Selcom Group is a global EMS<sup>2</sup> and ODM<sup>3</sup> company that designs, tests and manufactures customised electronic solutions for various sectors including industrial automation, biomedical equipment, the white goods industry, and electric mobility.

The acquisition of Selcom is another step to reinforce the Group's electronic soul, as part of its journey that started in 2001 when it acquired the German Vectron Elektronik GmbH (now Bonfiglioli Vectron GmbH) which designs and makes electronic drives for electric engines, mostly for industrial use.

"We are pleased to be able to actively count on the presence of Selcom within our Group. We are certain that we will share a wonderful and challenging journey, which will lead us to increasingly competitive value propositions thanks to the skills, determination and commitment of all", commented Sonia Bonfiglioli, at the time of the acquisition.



<sup>1</sup> Press release of 23 March 2023.

<sup>2</sup> EMS (Electronic Manufacturing Services) refers to services provided by companies specialised in the assembly of electronic boards and the production of electronic products on behalf of other companies. The services range from procurement management to assembly of the electronic boards.

<sup>3</sup> An ODM (Original Design Manufacturer) designs and develops original products to meet customer specifications as well as their mass production. Unlike companies that provide existing products (OEM, Original Equipment Manufacturers), an ODM creates new products based on its customer's requirements.

## QUICK LOOK AT SELCOM GROUP

Set up in 1979, Selcom Group has grown steadily. This growth is driven by its innovative services and products, often at work "invisibly" inside everyday objects.

Selcom Group manufactures and tests complete systems, manages the entire supply chain for its customers and provides end-to-end services which include product design and engineering,

volume manufacturing, final assembly, testing, direct order fulfilment, after-sales product service and support and global supply chain management.

Selcom operates in different sectors (Automotive, Medical, Communications, Control & Industrial, etc.) on the global market, melding cross-functional skills: internally with the human resources involved in the production process and externally in customer relationships.

Selcom Group has two production sites in Italy and China. Over the years, the company has achieved great and effective global integration between its production sites, especially from a quality viewpoint. Both sites are managed and coordinated by the Castel Maggiore (BO) headquarters although they have specific local expertise.

In total, the Selcom Group has around 650 employees.



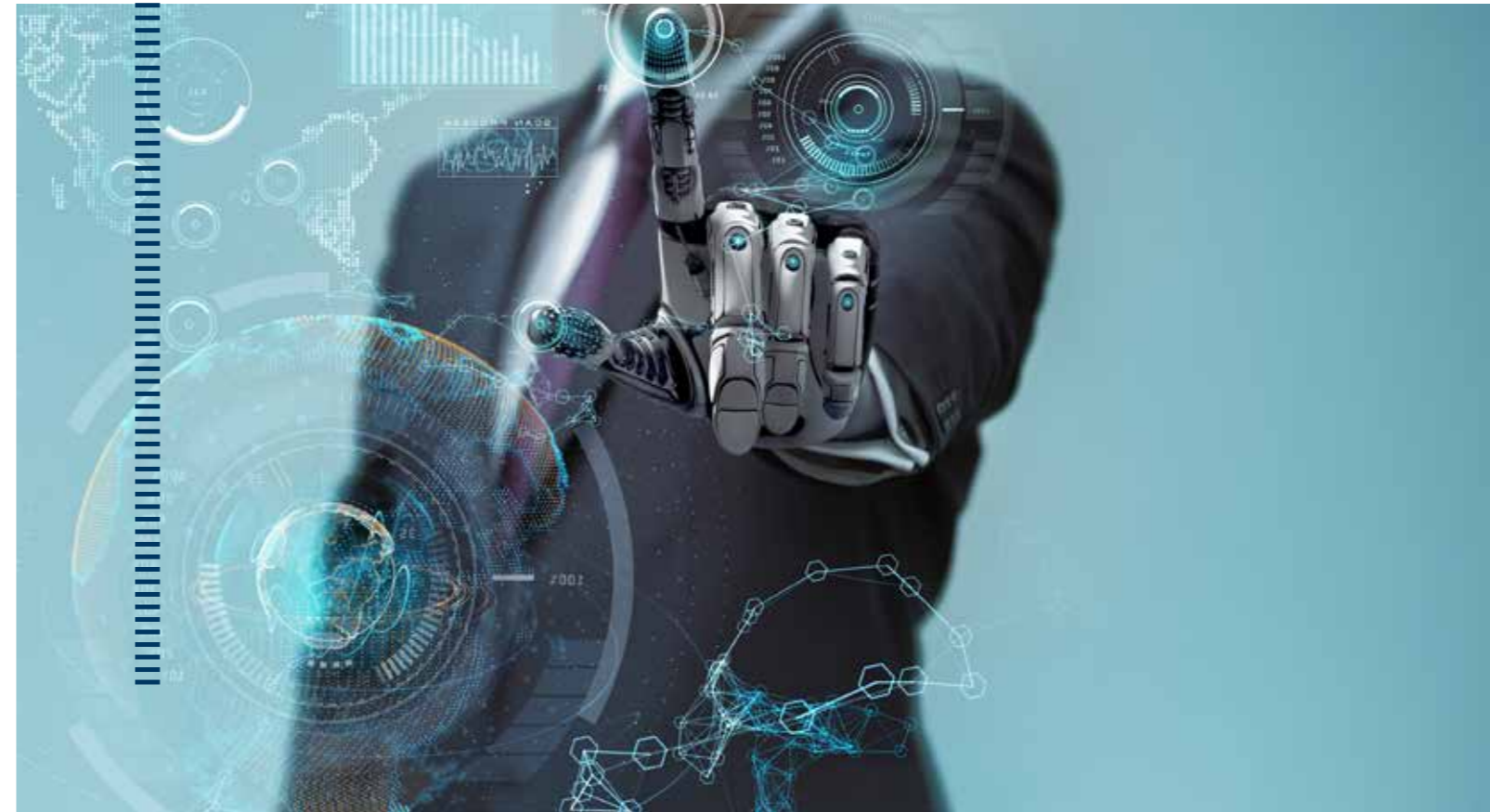
# 1.4 our business units

Our organisation is structured by Business Unit, each of which has a deep understanding of its market and the specific expertise necessary to support our customers' growth in their areas. Traditionally, the Group has had three Business Units, which are Discrete Manufacturing & Process Industries, Motion & Robotics and Mobility & Wind Industries.



However, in line with our journey towards a new business model hinged on offering integrated complete solutions for each market, we decided to merge the two main industrial Business Units, namely Discrete Manufacturing & Process Industries and Motion & Robotics, in December 2023. This merger gave birth to the new Industry & Automation Solutions Business Unit, which will more efficiently respond to the needs of a continuously evolving market.

## motion & robotics



## discrete manufacturing & process industries



## mobility & wind industries



we back these green sectors



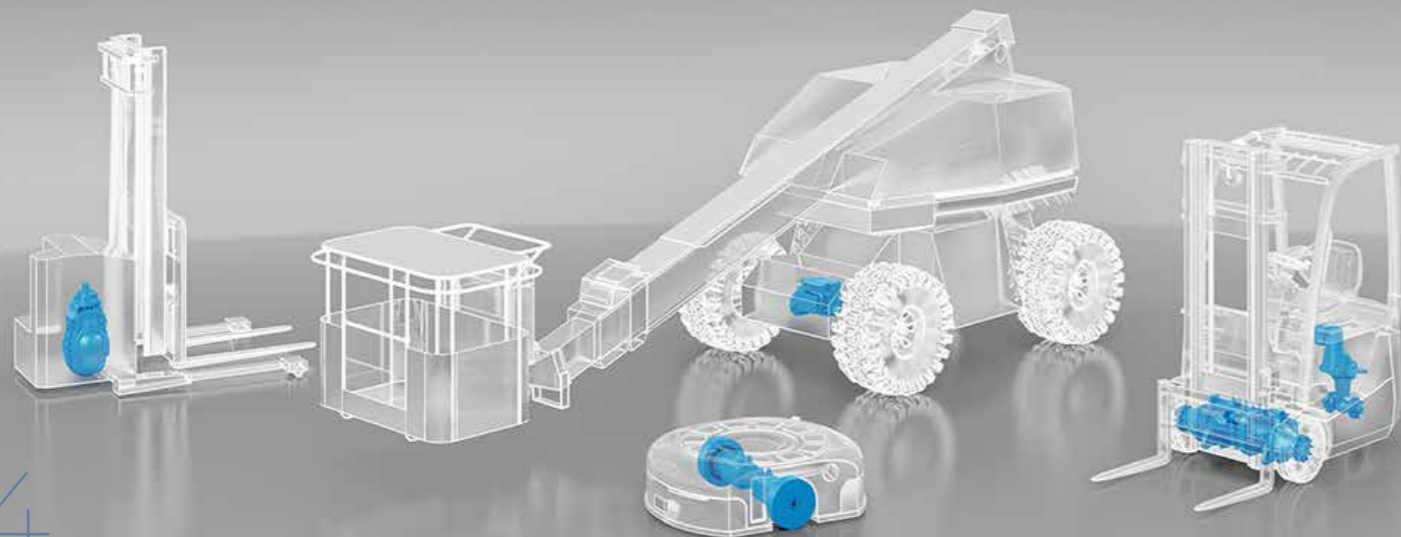
Our commitment to sustainability manifests itself in many forms. Starting with our R&D department, which develops energy-efficient and compactly designed products that require fewer resources and, at the same time, deliver high performance.

## electric mobility solutions



Thanks to our years of experience and our competence centre for electromobility, we are able to support our customers in the transition to **electrification**. With hybrid and electric technologies, we offer more energy-efficient solutions that enable our customers to reduce noise and harmful emissions.

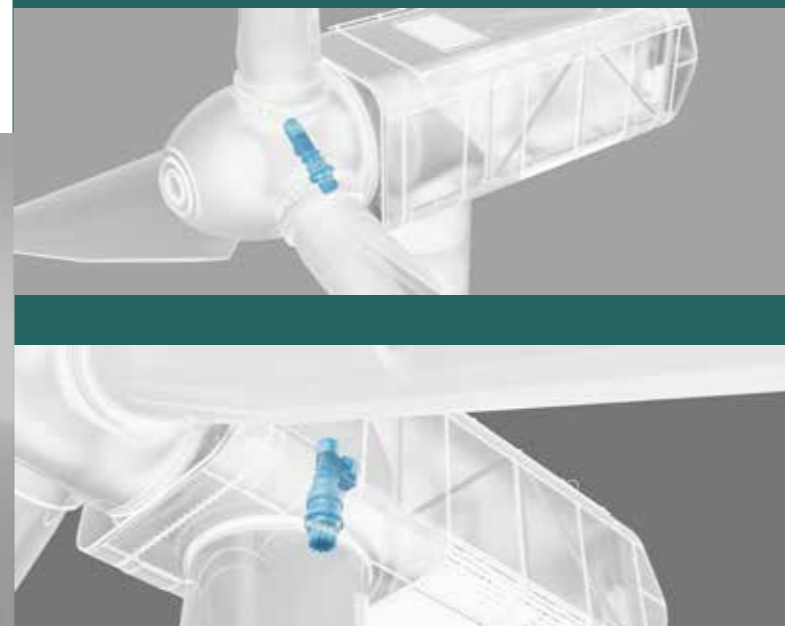
In 2018, Bonfiglioli opened an eco-friendly production line for electromobility in Forlì, occupying an area of around 10,000 square metres.



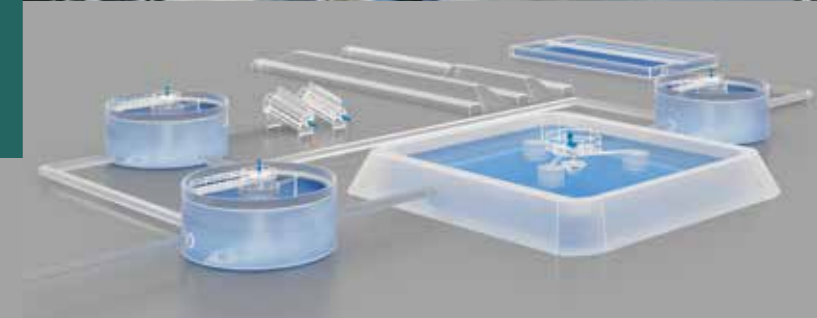
## wind power solutions

With a **35% market share in supplying wind turbine gearboxes to major global players**, Bonfiglioli is the undisputed leader in the wind energy sector providing complete solutions including product sensing and predictive maintenance. Wind turbine products are assembled in seven factories (Italy, Germany, India, China, Vietnam, Brazil, Turkey) to best serve local markets and major global players.

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



We develop advanced solutions for some crucial sectors of the green economy: **recycling**, in particular we deal with the collection, scaling and classification of waste materials; water treatment, from desalination to purification we cover all applications of **wastewater** treatment plants; **biogas**, working in close synergy with our customers, we design optimised solutions for biogas plants.



# 1.5 what sustainability means to us

We have gained a reputation for our commitment to sustainability issues over the years, as we focus on minimising negative impacts and generating positive social and environmental impacts.



We stepped up our commitment in 2023 with a new Group **Sustainability Policy**, which supplements and builds on our previous initiatives, moving towards sustainable development and embracing the principles of innovation, excellence, prevention and optimisation of resources.

To this end, we have incorporated the ESG principles in our business model to ensure sustainable growth over the long term.

The Sustainability Policy delineates our commitments to various issues and presents our approach to the three sustainability pillars.

## we listen to our stakeholders

We prioritise reviewing all requests from stakeholders in order to reach mutually-beneficial agreements and interests, based on transparency, trust and consensus decision-making as we realise this is essential to create and maintain long-lasting relationships with them.

This implies that all our stakeholders need to be involved in our approach to sustainability issues as well.

Company management carried out an assessment to identify our stakeholders which led to the definition of the following most important 12 categories:



### ENVIRONMENT

The group's commitment to environmental sustainability is expressed through its responsible management of the supply chain.

### SOCIAL

The group supports projects and initiatives involving stakeholders as part of its unwavering commitment to social responsibility.

### GOVERNANCE

Effective implementation means using the support of adequate governance tools to deal with the impacts generated.

INNOVATION

EXCELLENCE

PREVENTION

OPTIMISATION OF RESOURCES

"Sustainability Policy" principles

We have different communication channels for each category, as summarised below:

TYPE OF STAKEHOLDER	FREQUENCY	MAIN COMMUNICATION CHANNELS
Employees	Ongoing	Training Performance management Company portal
Suppliers	Periodically	Screening and audits of suppliers One-on-one meetings Emails and phone calls
Customers	Periodically	Exhibitions/trade fairs Online and in-person meetings and visits Audit and assessment of us by our customers
Trade associations	Periodically	Meetings and events Newsletter
Local communities	Periodically	Engagement with and participation in local associations
Investors	Periodically	One-on-one meetings with investors
Shareholders	Periodically	Shareholders' meetings
Partners and distributors	Periodically	Distributor audits and screening One-on-one meetings Emails/telephone calls Events
Universities and research centres	Periodically	Open days Research project and training collaborations
Competitors	-	Indirect communication channels
Trade unions	Periodically	Round tables Meetings and events
Local administrations	Periodically	Meetings Working groups

## materiality assessment

In 2023, we confirmed the validity of the materiality assessment performed in 2022 in accordance with GRI 3: Material Topics 2021. The assessment led to the identification of the material topics that represent the impacts the Group has or could have on the economy, the environment and people, including human rights. It informs the content of this Sustainability Report in line with our business strategy, mission, values and social and environmental priorities. Senior management was involved in the final validation of the impacts, material topics and their prioritisation.

The process underlying the materiality assessment consisted of the following four main steps:



The results of the materiality assessment are shown below:

**CORRELATION TABLE BETWEEN THE ASPECT, MATERIAL TOPICS AND GRI DISCLOSURE**

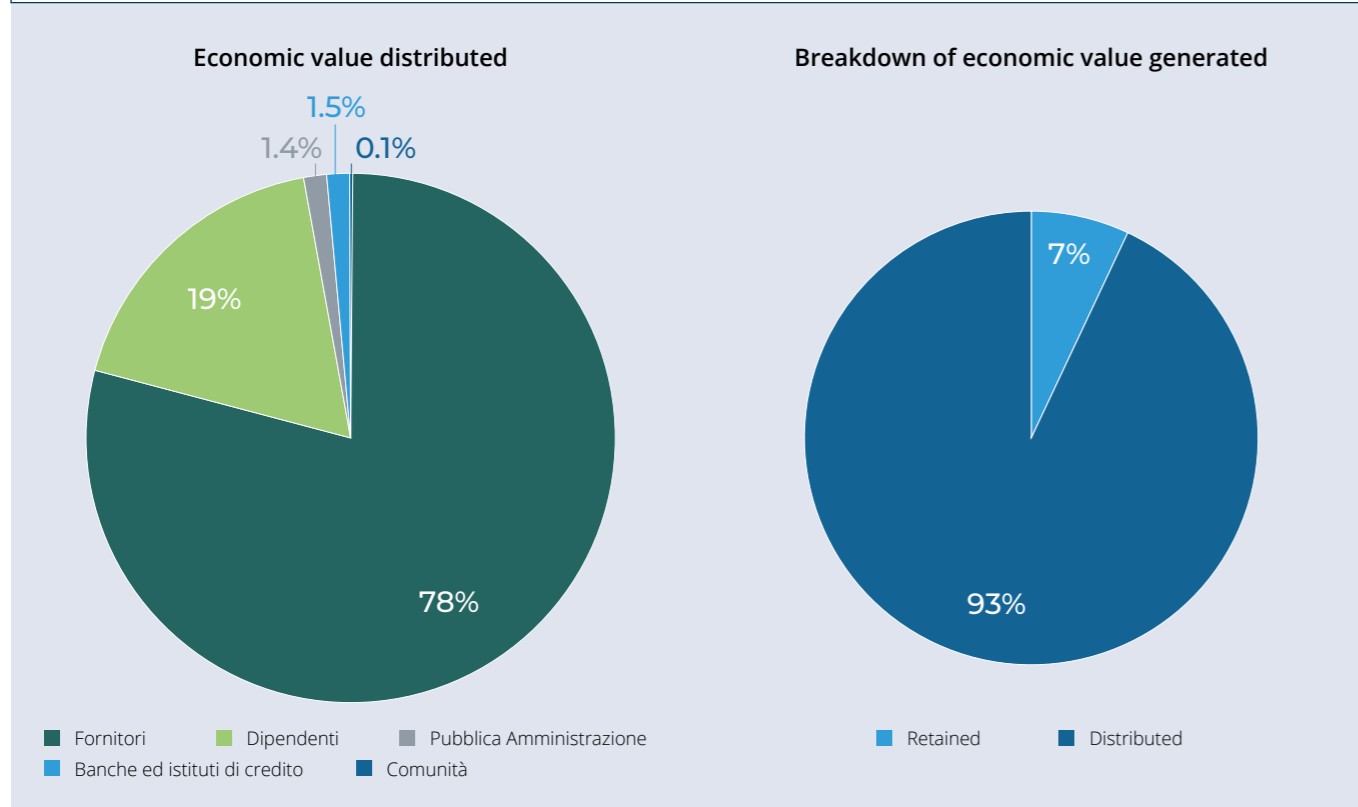
ASPECT	MATERIAL TOPIC	DESCRIPTION	GRI DISCLOSURE
Environment	Energy efficiency and GHG emissions	Bonfiglioli's direct and indirect activities require energy and, accordingly, generate GHG emissions. The Group measures and monitors these emissions and is committed to reducing them to mitigate the impact on the climate. It uses certified electricity generated by renewable sources in addition to self-produced solar energy. Bonfiglioli has implemented various internal solutions to promote and implement energy efficiency.	<b>GRI 302: ENERGY</b> 302-1 Energy consumption within the organization <b>GRI 305: EMISSIONS</b> 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions
	Waste management	The Group generates various types of waste and their incorrect management could have negative impacts on people and the environment. This is why we are committed to reducing waste generation during production with initiatives that encourage recycling and reuse.	<b>GRI 306: WASTE</b> 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 capital management	We are committed to elevating our people and encouraging job security. As a result, we provide a positive work environment and professional growth opportunities. Bonfiglioli has a flexible approach to work and offers corporate welfare programmes to ensure employee well-being.	<b>GRI 401: EMPLOYMENT</b> 401-1 New employee hires and employee turnover <b>GRI 402: LABOR/MANAGEMENT RELATIONS</b> 402-1 Minimum notice periods regarding operational changes
Human resources	Skills development	In order to increasingly improve the excellence, quality and innovative features of Bonfiglioli products, we believe in the importance of having specialised professionals who are up-to-date on the most recent developments in their fields. Our ability to attract new talents and to launch training courses that develop general and specific knowledge is essential to safeguard our trademark expertise. Our employees are part of the Group's daily life and business, we elevate their skillsets and provide them with professional growth opportunities.	<b>GRI 404: TRAINING AND EDUCATION</b> 404-1 Average hours of training per year per employee
	Diversity & inclusion	Given its global footprint, the Group encompasses people from different cultures and with diverse backgrounds. We strongly believe that this diversity, along with gender equality and respect for equal opportunities, are important values to be guarded and endorsed. As stated in our Code of Ethics, Bonfiglioli is committed to creating an open and inclusive work environment, where people feel safe expressing their opinion.	<b>GRI 405: DIVERSITÀ E PARI OPPORTUNITÀ</b> 405-1 Diversità negli organi di governo e tra i dipendenti <b>GRI 406: NON DISCRIMINAZIONE</b> 406-1 Episodi di discriminazione e misure correttive adottate
	Health and safety	There is a risk that workers could be injured as a result of their activities performed within the Group. Bonfiglioli has introduced a Sustainability Policy to guarantee high occupational health and safety standards. We also endeavour to disseminate a shared safety culture, informing our people about good work safety practices through dedicated training courses.	<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b> 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	We are committed to providing our people with work conditions that reflect our respect for fundamental human rights, international conventions and laws in place. Bonfiglioli manages this issue through its Code of Ethics and compliance with the regulations ruling in the countries where the Group operates.	<b>GRI 404: TRAINING AND EDUCATION</b> 404-1 Average hours of training per year per employee

ASPECT	MATERIAL TOPIC	DESCRIPTION	GRI DISCLOSURE
Supply chain and local communities	Responsible management of the supply chain	We ensure product quality starting from our choice of supplier. Bonfiglioli suppliers are required to comply with the highest standards and the principles of our Code of Ethics referred to in the Group's general terms and conditions of purchase. In addition, to ensure our positive impact on society, we chose to mainly use local suppliers, to the benefit of the economy and development of the local community.	<b>GRI 204: PROCUREMENT PRACTICES</b> 204-1 Proportion of spending on local suppliers
	Value distributed to stakeholders and the local communities	Bonfiglioli helps create jobs and local employment in the areas where it operates. We also sponsor local projects and initiatives, building strong ties with the communities and promoting sustainable development.	<b>GRI 201: ECONOMIC PERFORMANCE</b> 201-1 Direct economic value generated and distributed
Customers and products	Innovation and process and product sustainability	The Group's commitment to promoting sustainable development extends to the markets in which it operates, including the wind power and recycling sectors. Its R&D activities concurrently focus on developing solutions that are increasingly energy efficient. Our investment in these R&D activities can make a positive contribution to the fight against climate change and allows us to best respond to growing customer demand.	<b>NON-GRI KPIs</b>
	Accountability for our products	Products that are not properly designed and made can expose customers to health and safety risks. All our products are designed in accordance with safety regulations, including the EU Directive on the Restriction of Hazardous Substances. Moreover, we have not identified any instances of non-compliance with regulations and/or voluntary codes.	<b>GRI 416: OCCUPATIONAL HEALTH AND SAFETY</b> 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services
	Cybersecurity	The journey towards digital transformation requires special attention to maintain the security of IT systems and avoid data breaches (violation of personal data). Accordingly, we have introduced protection and monitoring measures to prevent cyber attacks and ensure the robustness of our organisation and processes, protecting the security of information.	<b>GRI 418: CUSTOMER PRIVACY</b> 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data
Governance and compliance	Combatting corruption	Bonfiglioli undertakes to carry out its business with integrity, transparency and legality, in accordance with the principles enshrined in its Code of Ethics and the practices set out in the organisational model as per Legislative decree no. 231/2001, designed to discourage corruption and the commission of unlawful acts.	<b>GRI 205: ANTI-CORRUPTION</b> 205-3 Confirmed incidents of corruption and actions taken



# 1.6 value creation and our commitments to local communities

In 2023, the Group generated economic value of €1,355.4 million, of which it distributed roughly 93% (€1,259 million) to its stakeholders.



This confirmed the current upwards trend in revenue, +6% on 2022 (€1,311.6 million compared to 1,233.8 million).

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED		2023	2022	2021
Direct economic value generated and distributed	€m	1,335.4	1,266.8	1,103.3
Economic value distributed	€m	1,259.0	1,162.2	995.4
<b>Suppliers</b>	€m	<b>986.9</b>	926.0	775.7
Employees	€m	236.6	211.0	194.0
Banks	€m	17.5	9.2	7.6
Public administration	€m	17.3	15.3	17.4
Community	€m	0.8	0.7	0.7
Economic value retained	€m	96.3	104.5	107.9

In line with previous years, we donated a sizeable amount to our local communities (€0.8 million).

## corporate social responsibility

**Social responsibility is of fundamental importance to our Group.** In Given our global reach, we constantly endeavour to encourage the development of the areas where we work, improving the living conditions of the local communities and the environment.

We seek to follow the example of the company's founder, Clementino Bonfiglioli. Our chairwoman, Sonia Bonfiglioli, is personally involved in the Group's corporate social responsibility journey, which involves supporting initiatives and projects around the world, based on the following three main pillars:

-  STEM subjects
-  territorial development
-  young people



### STEM subjects: bridging the gap between school and work

In Italy, we contribute to the development and enhancement of the local communities through partnerships with institutions, technical high schools and universities.

#### THE CLEMENTINO BONFIGLIOLI AWARD

**Our commitment to easing the transition from school to work continued in 2023 with the award inspired by the company's founder.** The Group is a member of the Comitato Leonardo<sup>4</sup> which awards graduation prizes to students who have written excellent dissertations on subjects related to robotics and industrial automation, power drive systems, control systems and mechatronic control systems.



<sup>4</sup> The Italian quality committee, Comitato Leonardo, set up by Confindustria (the General confederation of Italian industry), ICE and a group of businessmen in 1993, comprises more than 160 entrepreneurs, artists and scientists. Its aim is to promote "Italian quality" abroad by organising high profile cultural and business events.



Dedicated to Clementino Bonfiglioli, **Malpighi La.B** was set up in 2016 as a multi-purpose area open to all the students in Bologna. It includes a mechatronic laboratory managed together with Bonfiglioli.



The laboratory hosted the **“Mechatronic Contest”** once again in 2023. This event hosts around 70 students who work together for two days to create physics models, configure a control system and help to manage the competition. The aim is to stimulate their interest in robotics, IT and 3D design.

### RAGAZZE DIGITALI ER

During the year, we participated in the summer camp co-financed by the European Social Fund Plus (2021-2027) and the Emilia-Romagna regional authority, **Ragazze Digitali ER** project. This project was conceived to encourage girls at high school to pursue STEM subjects and programming, which would in turn reduce the gender gap in the digital segment.

Two camps were held, one focused on the Internet of Things (IoT) and Artificial Intelligence (AI) and the other on Digital Humanities (DH) technologies.

In addition to their educational experience, the girls **visited the EVO facility<sup>5</sup> and had the opportunity to meet and talk with our chairwoman Sonia Bonfiglioli** as well as members of the company's supply chain management team and Selcom's sales & business development team.



### OTHER PROJECTS



The **“Centro Studi Leonardo Melandri”** association, founded in 2013 in honour of senator Leonardo Melandri, was created to reward the University of Bologna's contribution of ideas and growth of skills, promoting its transformation into a real “multi-campus university”.

### LICEO MALPIGHI

#### THE “CLEMENTINO BONFIGLIOLI” SCHOLARSHIP - LICEO MALPIGHI

We endeavour to ensure that the fundamental right to education is respected and to not discriminate students based on income.

For this reason, we continue to support the younger generation during the entire high school cycle by providing more 5-year scholarships to fully cover tuition fees. The scholarships are available to students who enrol for the first year of Liceo Scientifico or Liceo Scienze Applicate (STEM-orientated high schools) and are based on academic merit.

## development of the local area prioritising culture and health

We are proud to have contributed to events that promote local culture and provide healthcare as well as other matters that are important to our local communities.

### ASSOCIAZIONE ITALIANA DI EPILESSIA



We have partnered with **Associazione Epilessia Emilia- Romagna (AEER)** since 2018 with a project for patients aged between 6 and 16 that suffer from epilepsy. The project's scope is to raise awareness about this neurological disease as well as more in-depth knowledge of the cognitive and emotional functions of the patients who suffer from it.

In 2023, the association held training courses at the Group's Italian sites attended by all the 160 first aid workers and company nurses. The objective of these courses was to improve safety in the workplace by providing Group employees with the appropriate knowledge to allow them to promptly take action in the event that someone has an epilepsy attack.

### THE BONFIGLIOLI HEADQUARTERS' BICYCLE PATH AND THE CALDERARA COMMUNITY

We completed and delivered the first section of the bicycle path in the Calderara di Reno municipality that goes past our headquarters in February 2023. **This project, started in 2016, included various initiatives to minimise the Group's impact on the surrounding areas, including a bicycle path which would not only benefit the Group's employees but also the entire local community.** The path will link Calderara with the Tavernelle hamlet and will be part of the European programme, Eurovelo 7, better known as the sun route, which crosses nine countries and goes from the North Cape (Norway) to Valletta (Malta).



### ASSOCIAZIONE AMICI DEL MUSEO



Set up in 1997 by local businesses, associations and foundations, **Associazione Amici del Museo** promotes museum-based events that enhance the historical industrial culture of Bologna and strengthen the links between the local production sector and technical training operators.

The association has a business-based mission and organises ad hoc initiatives to encourage a new, strong revival of the city's manufacturing sector, focusing on more informed training and development of technical and scientific skills for young generations.

### CINEMA MODERNISSIMO



The ambitious restoration of **Cinema Modernissimo**, located in Palazzo Ronzani in Bologna, was officially completed during the year with the Group's active involvement. The early twentieth century movie theatre was inaugurated with ten days of special events in November returning to life after a long period of work.

The project led to the recovery of a unique city space in the heart of Bologna and allowed us to raise awareness among our employees about the cultural rediscovery of cinema halls, making **cinema vouchers** available for free access to Cinema Modernissimo and Cinema Lumière.

<sup>5</sup>The EVO project, which led to the construction of the Group's largest industrial site, is part of a number of strategic initiatives to improve its market position.

# providing young people with opportunities for a better future

We have carried out projects around the world for years, with a special focus on those that protect vulnerable people in Italy and abroad. We provide accommodation and safe places to bring up Indian children.

## ITALY

In 2023, we supported **MUS-E**'s activities in some primary school classes in the outskirts of Bologna.

MUS-E Musique Europe is a multicultural European project that aims to accompany children to develop self-awareness and awareness of others through the arts.

Supported by specially-trained professional artists, the children can develop new transversal skills by experimenting activities that are not often accessible by families living in economic, cultural and social fragility.



## INDIA



Once again this year, we confirmed our commitment to sponsoring two projects aimed at offering a safe and comfortable environment for young boys and girls who live near one of our production sites in Chennai.

**CheerFutureLand** and **CheerFutureRoseLand** are two solidarity initiatives, founded within ten years of each other, which allow us to offer young people the opportunity to live together, study and learn useful skills to pursue their studies or enter into the world of work.

## VIETNAM

We support the **Ho Chi Minh school** by offering educational tools to young students from very difficult socio-economic backgrounds.

The school has also launched collaborations with some universities whose students have volunteered part of their free time to tutoring.



## SOUTH AFRICA



In 2023, we supported **Women of Vision**, a non-governmental organisation founded in Westbury, a suburb of Johannesburg.

This year, the organisation, which is entirely funded by women, allowed us to contribute to the management and assistance service of the local school that offers free education to families in need.

## BRAZIL



Bonfiglioli do Brasil continues to support the charity **Lar Mamãe Clory Institution**, which was created to implement social projects for children, young people, families and the elderly. Thanks to the charity, we offer room and board, education, recreational activities and psychological support to vulnerable children and young people.

## SLOVAKIA



**"Kockáči"** is a local initiative that consists of young people who offer free online tutoring to other students. This allowed us to finance a project aimed at sharing and developing digital skills with young IT enthusiasts, involving approximately 850 students.

## USA

Since 2021, we have been supporting **Bowl for Kids' Sake**, the main fundraiser for the Big Brothers Big Sisters of America organisation whose mission is to offer one-on-one mentoring to children between the ages of 6 and 18 years old.

During the **Bowl for Kids' Sake**, the teams involved get together to collect donations and then celebrate the goal they achieved by participating in a bowling competition.

The funds raised will go towards supporting children in achieving academic success, preventing risky behaviour and helping them to improve their self esteem.



## our international csr projects

## SPAIN

We continue to support two **job centres** that employ people with disabilities.



An expert partner in organising and managing trips for TTB employees.



Sourcing office materials and personal protective equipment.

## UK



Since 2013, our UK office has been supporting **Circus Starr**, a circus organisation which aims to offer unforgettable experiences to children with disabilities and to people in vulnerable situations or who come from disadvantaged social and economic backgrounds.

## SLOVAKIA

In 2023, we once again took part in the traditional **Night Run**, the proceeds of which went to local sports communities, talented athletes and people in difficulty.

This year, the Night Run took on a special meaning: the money raised was donated to one of our colleagues who was left disabled after an accident. By participating in this run, we were able to raise funds to make sure they receive the necessary care and rehabilitation procedures.



## USA

We have also taken part in the **Adopt-A-Highway** programme, an initiative run by volunteers whose aim is to reduce litter and keep Kentucky highways clean.



overseeing the  
management  
of a  
responsible  
business







our  
governance

# 2.1 sustainability-oriented governance

Our business model hinges on an adequate and effective corporate governance system that can steer, manage and oversee the Group's operations. We have implemented an administration and control system based on the traditional model that includes<sup>6</sup>:



<p><b>BOARD OF DIRECTORS</b></p> <p><i>The Group's decision-making body</i> comprises seven members above the age of 50, two of whom have executive roles.</p> <p>There are no independent directors.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">               WOMEN <b>1</b> </div> <div style="text-align: center;">               MEN <b>6</b> </div> </div>	<p><b>BOARD OF STATUTORY AUDITORS</b></p> <p><i>The supervisory body</i> comprises five members above the age of 50.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">               WOMEN <b>2</b> </div> <div style="text-align: center;">               MEN <b>3</b> </div> </div>	<p><b>SHAREHOLDERS' MEETING</b></p> <p><i>The body required to nominate</i> members of the board of directors and the board of statutory auditors and approve the financial statements.</p>
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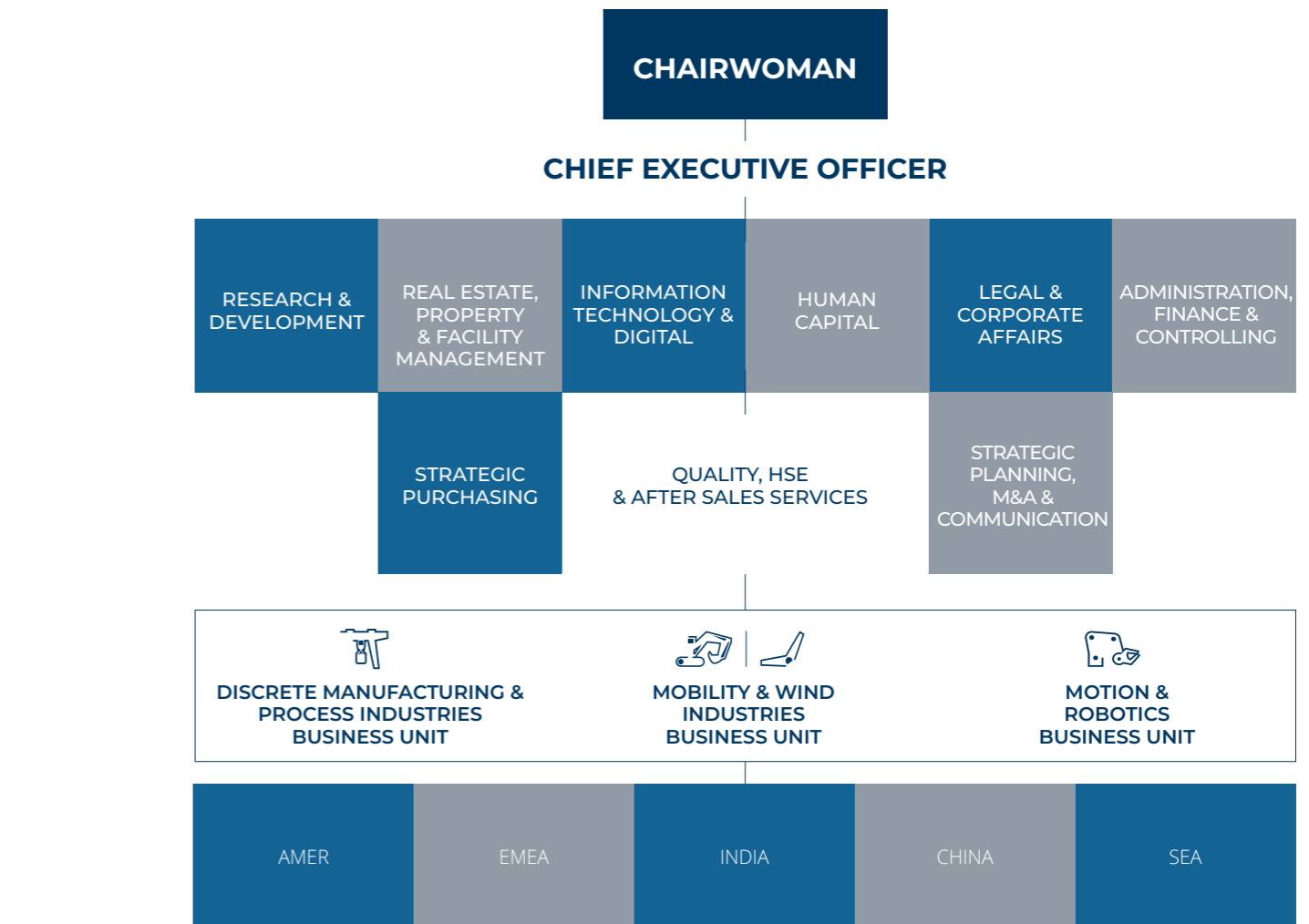
The CEO is responsible for the Group's **sustainability journey** and closely coordinates the various departments<sup>7</sup> that deal with the organisation's environmental and social impacts.

The sustainability team is in charge of writing the sustainability reports in which it actively involves management in identifying and assessing the Group's impacts.

<sup>6</sup>Directors have a three-year term and may be re-elected. When they are elected, directors have to prove that there are no conflicts of interest. In addition, for effective corporate governance purposes, when a conflict of interest situation arises in conjunction with a specific transaction involving a director, this transaction is reviewed by the Board of Directors and communicated to the stakeholders. The board of directors and the independent auditors have supervisory duties. Bonfiglioli also has a remuneration committee, whose members are board directors. This committee oversees remuneration policies and organises and sets up the Group's governance bodies.

<sup>7</sup>Corporate departments (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).

## organisational chart



The sustainability team participated in sustainability deep dive days, which were invaluable training opportunities for everyone, during the year. They enabled senior management to identify a long-term strategy which reconciles attainment of ESG targets with the

Group's growth objectives. In addition, in July, we attended the **Global Summit 2023** on sustainability in Milan, where we debated sustainability best practices with internationally renowned experts. This event gave us the opportunity to

confer about issues such as the energy transition, the circular economy and climate change which are currently the most difficult challenges that Groups like ours are facing.



## remuneration policies

The process relating to **remuneration policies**, with reference to executive directors and other directors invested with special offices, is entrusted to the Board of Directors, supported by the **Remuneration Committee**, ensuring compliance with the applicable Regulation.

C-suite executives receive remuneration composed of a fixed and variable part, pegged to the Group's strategic objectives. The variable part is tied to achievement of defined performance objectives, which must be measurable and relate to the creation of value over the medium to long term. Internal policies establish the formulae linking this variable part to the objectives.

The **annual total compensation ratio** shows the ratio of the CEO's annual total compensation to the median annual total compensation for all employees.

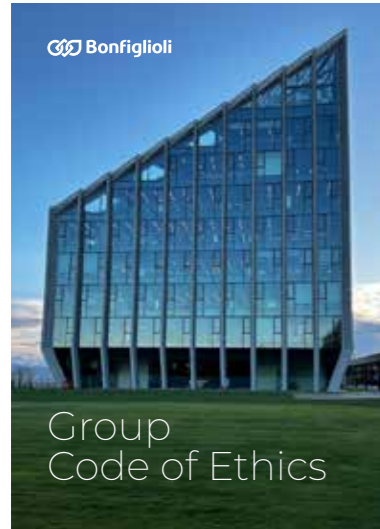
RATIO OF THE CEO'S ANNUAL TOTAL COMPENSATION TO THE MEDIAN ANNUAL TOTAL COMPENSATION FOR ALL EMPLOYEES	2023 TOTAL	2022 TOTAL	2021 TOTAL
Ratio	26,50	26,90	27,70

## 2.2 committed to responsible business

The four fundamental values underpinning our Group's mission seamlessly integrate into our business in line with our ethical values, namely, **transparency, probity, responsibility, seriousness** and **integrity**. We refer to them to ensure our decisions and conduct are responsible. These values guide our decisions and actions and we share them with our internal and external stakeholders regardless of their role vis-à-vis the Group. We also attribute great importance to the principles of **legality** and **correctness** and endeavour to continuously raise awareness of them.



## code of ethics



The **Code of Ethics**<sup>8</sup> represents our commitment to establish a business vision that embraces the values of integrity, transparency and legality. It sets out the **principles** to guarantee the protection of our Group's economic and human capital, which contribute to elevating the Group's reputation in many ways.

The Code of Ethics (the "Code") is an integral part of the company's organisational, management and control model (the "organisational model") adopted in accordance with Legislative decree no. 231/2001. It contains our values, guidelines and ethical standards that all those who work for and with the Group (customers, suppliers, institutions and partners) have to abide by as part of their activities. The Code can be viewed on the website ([bonfiglioli.com/international/en/sustainability](https://bonfiglioli.com/international/en/sustainability) section Governance "Group Code of Ethics").

We share the Code with all new hires during their onboarding and also engage in awareness raising and communication activities with our business partners. In 2021, we decided to make specific reference to the Code and its **application in transactions with customers and suppliers** when we **revisited the General Terms and Conditions of Sale and Purchase**. We gave our customers and suppliers direct access to the Code so they could familiarise themselves with it and comply with its fundamental principles.

During the year, we set up a whistleblowing channel (to be used to report violations of regulations and unlawful behaviour) for the European Group companies in accordance with Directive (EU) 2019/1937 and to promote the values of **ethics** and **integrity**. The Whistleblowing Management system, **Integrity Line**<sup>9</sup>, can be accessed from the link on the Group's website [bonfiglioli.integrityline.com](https://bonfiglioli.integrityline.com), as explained in the Whistleblowing Policy that can also be found on the website. Communications will be managed by a third-party manager, engaged specifically by the Group to do so. Full **anonymity** is guaranteed for the whistleblower.

No significant instances of non-compliance with the law and regulations were identified in the 2021-2023 three-year period.



## organisational, management and control model

The Italian Group companies each have an **Organisational Model**, which is the result of an analysis of business risks designed to identify and map those company areas and processes potential at risk of crime. Adoption of this model means we are more transparent with our stakeholders and can develop a structured and organic policy and control system to be used to minimise the potential risk of crimes. The subsidiaries' organisational Models are consistent with that of Bonfiglioli. We held the mandatory training courses about the organisational model for all new hires in Italy during the year, in line with our policy adopted in previous years.

As required by the applicable legislative decree, we set up a Supervisory Body which is both **autonomous** and **independent**. It reports directly to the Board of Directors and its duties comprise monitoring the working of, and compliance with the organisational Model and its updating. The Supervisory Body is required to report on all and any critical matters to the board of directors and requesting its timely intervention. No events were identified in 2023 which would have required reporting.



## anti-corruption

We approved an **Anti-corruption Policy** designed to bolster the principles of **legality** and **transparency** during the year. Introduction of this policy established a framework of rules to prevent and combat corruption as well as strengthen the transparency of business relationships. Thanks to our commitment and focus on our ethical conduct, we have so far avoided confirmed instances of corruption inside the Group.

## esg risk management

During the year, we launched a project to pinpoint the Group's risks and opportunities that could negatively or positively affect the creation of value. Its objectives also included identifying and assessing the likelihood and severity of such risks, as well as singling out the appropriate mitigation measures.

We give great importance to sustainability issues and, as a result, we manage the main risks arising from our business in the areas of anti-corruption, human resources and human rights, the environment and social aspects through policies and practices. In addition, Bonfiglioli is responsible for encouraging the other Group companies to introduce and adopt suitable risk prevention measures. We have consolidated these social and environmental safeguards which have been implemented over the years by introducing certified management systems, internal policies and procedures.

The table below summarises the key risks the Group is exposed to and the relevant mitigation measures:

<sup>8</sup> A new version will be published in January 2024.

<sup>9</sup> Accessible to all employees (including those with term or temporary contracts), managers, consultants, interns, employees on secondment and agents who work on behalf of the company, suppliers, customers, partners, agents, distributors and business partners.

	TYPE OF RISK	ORGANISATIONAL MODEL	SOCIAL AND ENVIRONMENTAL POLICIES AND SAFEGUARDS	RELATED SECTIONS		TYPE OF RISK	ORGANISATIONAL MODEL	SOCIAL AND ENVIRONMENTAL POLICIES AND SAFEGUARDS	RELATED SECTIONS
PEOPLE	<b>OPERATIONAL RISKS</b> <ul style="list-style-type: none"> <li>Increase in turnover rate and consequent loss of trained, competent workers</li> <li>Difficulties in recruiting adequate resources in terms of their training and skills</li> <li>Increase in the number of injuries</li> <li>Risk of incompetence and negligence</li> </ul>	Bonfiglioli's Human Capital (HC) department manages risks deriving from human capital management using tools that monitor the risks and establish the appropriate countermeasures. The Group's HSE team organises and coordinates health & safety activities to be implemented by all Group companies assisted by the HC department.	<ul style="list-style-type: none"> <li>Group talent report;</li> <li>Group succession plan;</li> <li>Skills and gap analysis map;</li> <li>Code of Ethics;</li> <li>Sustainability Policy;</li> <li>Bonfiglioli Academy, development of professional courses to improve employees' skillsets;</li> <li>Corporate welfare schemes</li> </ul>	<ul style="list-style-type: none"> <li>2.2 Committed to responsible business</li> <li>1.6 Value creation and our commitments to local communities</li> <li>3.1 Growing together through innovation</li> <li>3.2 Knowledge as the key to success</li> <li>3.3 Employee safety</li> </ul>	SOCIAL	<b>OPERATIONAL RISKS</b> <ul style="list-style-type: none"> <li>Failure to listen to and engage with stakeholders</li> <li>Risks related to intellectual property</li> <li>Risks of hackers' attacks on computer systems and dissemination of personal data or data of employees and customers Dissatisfaction of end users due to inadequate quality standards</li> <li>Dissatisfaction of end users due to inadequate quality standards</li> <li>Risk of entering into commercial partnerships with blacklisted parties in countries subject to embargos</li> </ul>	The individual Group departments manage social issues and regularly analyse potential risks to define guidelines to prevent, minimise and eliminate them.	<ul style="list-style-type: none"> <li>Organisational, management and control model as per Legislative decree no. 231/2001;</li> <li>Sustainability Policy;</li> <li>Code of Ethics.</li> <li>Conflict minerals statement.</li> </ul>	<ul style="list-style-type: none"> <li>2.2 Committed to responsible business</li> <li>1.6 Value creation and our commitments to local communities</li> <li>4.1 Innovation for a sustainable future</li> <li>4.2 Embracing digital transformation</li> <li>4.3 A responsible supply chain</li> </ul>
	<b>COMPLIANCE RISKS</b> <ul style="list-style-type: none"> <li>Risk of discrimination and unfair treatment of employees</li> </ul>	The management and organisational tools and methods applied include: <ul style="list-style-type: none"> <li>ISO 45001 (occupational Health and Safety Management Systems) certification for some Group sites</li> <li>set of guidelines/golden rules/procedures regulating quality, health, safety and environmental matters and an energy policy applicable worldwide</li> <li>internal management systems for employee databases and training</li> </ul>				<b>COMPLIANCE RISKS</b> <ul style="list-style-type: none"> <li>Product non-compliance with the regulations and directives in force in the reference markets</li> </ul>	The management and organisational tools and methods applied include: <ul style="list-style-type: none"> <li>ISO 9001 (Quality Management Systems) for all Group sites</li> <li>product certification and declarations of conformity</li> <li>requests to accept and sign the Code of Ethics</li> <li>acknowledgement by suppliers of the new general terms and conditions of purchase, published on the website and available using the link in the orders/order confirmations</li> </ul>		
ENVIRONMENT	<b>OPERATIONAL RISKS</b> <ul style="list-style-type: none"> <li>Waste/incorrect use of natural and energy resources</li> <li>Incorrect waste disposal and release of substances harmful to the environment and employees</li> <li>Increased energy procurement costs</li> <li>Increase in emissions due to the use of fossil energy sources</li> <li>Failure to comply with internal procedures and operating instructions during the performance of activities</li> </ul>	The Group's HSE team manages quality and occupational health and safety matters as well as environmental protection and the efficient use of energy. It defines and launches projects to reduce consumption and the environmental impact of the Group's activities using the following management and organisational tools and methods: <ul style="list-style-type: none"> <li>ISO 14001 (Environmental Management Systems) certification for some Group sites;</li> <li>ISO 50001 (Energy Management Systems) certification for the Forlì site</li> <li>set of guidelines/golden rules/procedures regulating quality, health, safety and environmental matters and an energy policy applicable worldwide</li> <li>energy consumption and waste generation data collection and regular monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Organisational, management and control model as per Legislative decree no. 231/2001;</li> <li>Sustainability Policy;</li> <li>Code of Ethics.</li> </ul>	<ul style="list-style-type: none"> <li>1.3 Global reach to act locally</li> <li>2.2 Committed to responsible business</li> <li>4.4 Production designed to protect the environment</li> </ul>	COMBATTING ACTIVE AND PASSIVE CORRUPTION	<b>OPERATIONAL RISKS</b> <ul style="list-style-type: none"> <li>Commission of unlawful acts and, in particular, corruption by members of the organisation</li> <li>Reputational risks</li> </ul>	In order to prevent and avoid the commission of crimes by its people, Bonfiglioli has adopted an organisational, management and control model and has encouraged its Group companies to do the same.	<ul style="list-style-type: none"> <li>Organisational, management and control model as per Legislative decree no. 231/2001;</li> <li>Whistleblowing Policy;</li> <li>Anti-corruption Policy.</li> </ul>	<ul style="list-style-type: none"> <li>2.2 Committed to responsible business</li> </ul>
	<b>COMPLIANCE RISKS</b> <ul style="list-style-type: none"> <li>Environmental crimes and penalties for non-compliance with environmental legislation</li> </ul>					<b>COMPLIANCE RISKS</b> <ul style="list-style-type: none"> <li>Violations of the reference legislation</li> </ul>	The management and organisational tools and methods applied include: <ul style="list-style-type: none"> <li>the set up of a supervisory body;</li> <li>the introduction of a whistleblowing channel</li> <li>the organisation of mandatory training courses on the 231 model for c-suite executives front line and most employees (in Italy)</li> </ul>		
					HUMAN RIGHTS	<b>OPERATIONAL RISKS</b> <ul style="list-style-type: none"> <li>Respect for human rights throughout the supply chain</li> </ul>	Bonfiglioli manages the issue of human rights through its Code of Ethics and compliance with the regulations ruling in the countries where the Group operates.	<ul style="list-style-type: none"> <li>Organisational, management and control model as per Legislative decree no. 231/2001;</li> <li>Group's Code of Ethics;</li> <li>Conflict minerals statement.</li> </ul>	<ul style="list-style-type: none"> <li>2.2 Committed to responsible business</li> <li>4.3 A responsible supply chain</li> </ul>
						<b>COMPLIANCE RISKS</b> <ul style="list-style-type: none"> <li>Violations of the reference legislation</li> </ul>	The management and organisational tools and methods applied include: <ul style="list-style-type: none"> <li>requests to accept and sign the Code of Ethics</li> <li>acknowledgement by suppliers of the new general terms and conditions of purchase, published on the website and available using the link in the orders/order confirmations</li> </ul>		



# data security

We have begun our journey towards digital transformation at a global level: therefore, we believe that it is fundamental to continue to fortify our data protection measures and cybersecurity so as to guarantee a solid organisation and processes. Specifically, the Information Technology & Digital department is in charge of ensuring that internal procedures comply with the new requirements introduced by the General Data Protection Regulation (GDPR) (for further information, reference should be made to section 4.2 "Embracing digital transformation"). In 2023, we did not receive any complaints about data breaches which means that there were no data leaks, thefts or losses either.

The IT & Digital department protects the data of our employees, customers and projects by regularly testing and upgrading the information barriers already in place around our systems, networks and software.

We have appointed an **IT Security Manager** who is responsible for managing and implementing our cybersecurity strategy. We also launched several initiatives to raise awareness among our employees, including dedicated training courses on the correct behaviour to prevent cyber attacks and ensure information security. The experience gained over the past few years has confirmed the importance of investing in the Group's security. In addition to this, we support the other Group companies in making them more aware of potential cyber security risks.



## Protection

Continuing to raise the **security** level of infrastructure and also expanding the number of protection devices on the shop floors.



## Awareness-raising

Adopting initiatives aimed at raising **awareness** of the risks of inappropriate behaviour and educating personnel through helpful phishing campaigns.



## IT Policy

Updating the **HQ IT Policy** and preparing a specific training module with the aim to make it mandatory in the following year, for both new and existing employees.



## Prevention

Identifying data loss prevention procedures and tools to **prevent** theft of sensitive information.



## Authentication

Introducing evolved **authentication** functions, such as conditional access and passwordless.



## Extension

**Extension** of the XDR solution to a growing number of systems and workstations, paying particular attention to the factory environments.



## Vulnerability

Carrying out a **Vulnerability assessment**, to detect possible vulnerabilities or areas for improvement in our overall security posture.



drivers of  
success



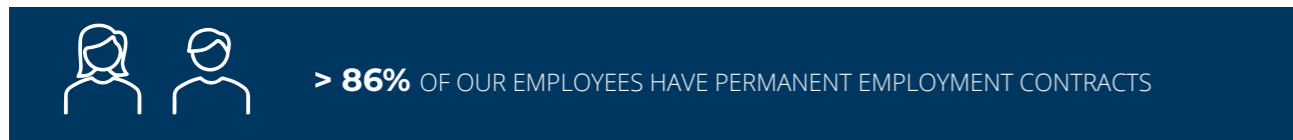
3



our  
people

# 3.1 growing together through innovation

Bonfiglioli is the result of a dream to create something innovative and tangible for a new world. We always have dreams, but in order to make them come true, you need skills, talent and people who know how to look ahead and put them into practice.



Our employees are the powerhouse behind our success. With their knowledge, skills and aspirations, they contribute on a daily basis to the success and growth of our company. As we strongly believe that our human capital can make a difference, we devote time and resources to creating an engaging and stimulating environment where everyone feels valued.

Our slogan **"We Engineer Dreams"** also reflects this strategy, with a dual meaning.

We proceeded in this direction in 2023, confirming our goals of evolution and growth.

During these last few years characterised by great economic and geopolitical change, we have continued to develop a stimulating work environment, designed in accordance with the highest safety and technology standards. This has undoubtedly contributed to making staying in the company a positive professional experience, creating opportunities for growth and deep collaboration.

In this respect, in early 2024, we received a prestigious award, the Top Employers certification.

This accolade, which is awarded by the Top Employers Institute, confirms the Group's ongoing commitment to creating a productive working environment that focuses on people's well-being.

With this certification, we join the other 147 Top Employers nationwide (2,299 worldwide) and stand out for our cutting-edge, human resources-oriented corporate policy. This public recognition encouraged us to look internally and at the sector benchmarks, which confirmed the high level of the Group's management standards and spurred us on to the achievement of new milestones.



## 3.1.1 employment and development of our people

We work every day to create customised career paths for our talents, turning their professional dreams into reality.



At 31 December 2023, the Group's workforce comprised 5,250 resources (including 4,780 employees, up 632 on 2022, and 470 temporary workers<sup>11</sup>).

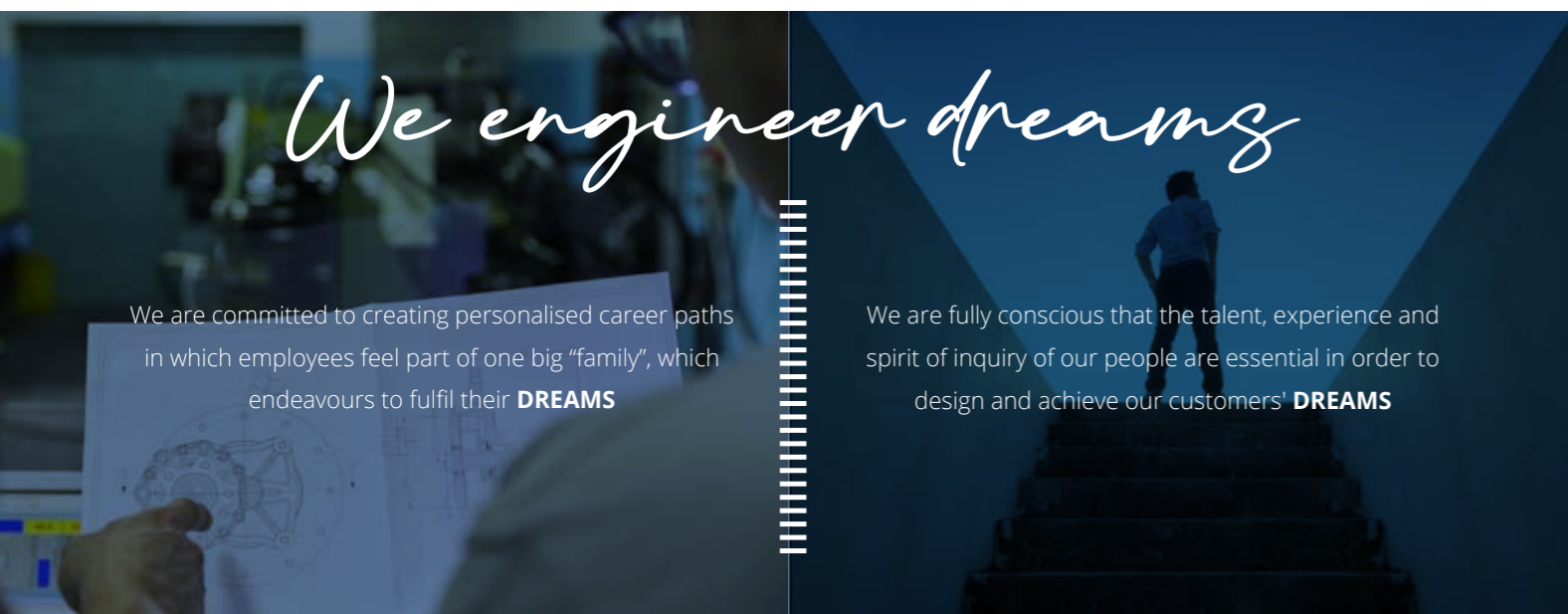
We are proud of our global foothold in 17 countries around the world: most of our employees (62%) are based in Europe, the Middle East and Africa (EMEA Region), 33% operates in the Asia-Pacific Region (APAC Region) and the remaining 5% is based in the Americas (AME Region)<sup>12</sup>.

PERCENTUALE DI DIPENDENTI PER AREA GEOGRAFICA, 2023



<sup>11</sup> "Temporary workers" means the resources provided by temporary work agencies.

<sup>12</sup> Our geographical presence is stronger in the EMEA Region (58%), followed by the APAC (37%) and AME (5%) Regions when temporary workers are also considered.



<sup>10</sup> The increase is also due to the recent acquisition of Selcom Group S.p.A. in March 2023.

**Investing in our human capital means, first and foremost, enhancing the ambitions of our employees, thus promoting employment stability in all the areas in which we operate.** The central role played by our people is also confirmed by our decision to favour, as far as possible, long-term working relationships, both through permanent contracts and various kinds of benefits. The percentage of employees with a permanent employment contract confirms this approach (86% or 4,124 people)<sup>13</sup>.

GROUP EMPLOYEES BROKEN DOWN BY CONTRACTS	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent employment contracts	3,458	666	4,124	3,209	500	3,709	3,116	481	3,597
Fixed-term contracts	413	243	656	360	79	439	391	84	475
<b>Total</b>	<b>3,871</b>	<b>909</b>	<b>4,780</b>	<b>3,569</b>	<b>579</b>	<b>4,148</b>	<b>3,507</b>	<b>565</b>	<b>4,072</b>

GROUP EMPLOYEES BROKEN DOWN BY CONTRACTS	2023				2022				2021			
	EMEA	AME	APAC	Totale	EMEA	AME	APAC	Totale	EMEA	AME	APAC	Totale
Permanent employment contracts	2,897	252	975	4,124	2,604	227	878	3,709	2,537	214	846	3,597
Fixed-term contracts	58	0	598	656	48	12	379	439	80	4	391	475
<b>Total</b>	<b>2,955</b>	<b>252</b>	<b>1,573</b>	<b>4,780</b>	<b>2,652</b>	<b>239</b>	<b>1,257</b>	<b>4,148</b>	<b>2,617</b>	<b>218</b>	<b>1,237</b>	<b>4,072</b>

EMEA: Europe, Middle East and Africa  
 AME: North, Central and South America  
 APAC: Asia Pacific

Although we prefer, where possible, to hire our employees directly, we may avail of temporary work contracts for a maximum of 12 months if necessary. However, we guarantee compliance with all safeguards for the protection of workers. We put in place a procedure on 1 January 2023 where all workers will be recruited through just one provider. The related contract covers the recruitment of blue and white collars and employees who belong to protected classes. According to the main change introduced by the contract, in the event of employment termination, employees are entitled to participate in a support scheme for the subsequent six months and can benefit from a learning and professional development plan, which will assist them in their new career path.

WORKERS WHO ARE NOT EMPLOYEES	2023		2022		2021	
	Total		Total		Total	
<b>EMEA</b>	<b>81</b>		<b>172</b>		<b>165</b>	
Temporary workers	75		165		162	
Self-employed workers	-		-		-	
Trainees	6		7		3	
Other types of contracts	-		-		-	
<b>APAC</b>	<b>394</b>		<b>295</b>		<b>305</b>	
Temporary workers	394		295		305	
Self-employed workers	-		-		-	
Trainees	-		-		-	
Other types of contracts	-		-		-	
<b>AME</b>	<b>2</b>		<b>10</b>		<b>9</b>	
Temporary workers	1		9		8	
Self-employed workers	1		1		1	
Trainees	-		-		-	
Other types of contracts	-		-		-	
<b>Totale</b>	<b>477</b>		<b>477</b>		<b>479</b>	
Temporary workers	470		469		475	
Self-employed workers	1		1		1	
Trainees	6		7		3	
Other types of contracts	-		-		-	

EMEA: Europe, Middle East and Africa  
 AME: North, Central and South America  
 APAC: Asia Pacific

<sup>13</sup> During the 2021-2023 three-year period, we did not hire any non-guaranteed hours employees.

INTERNS	2023		2022		2021	
	Total		Total		Total	
Interns	6		7		3	

In order to better meet the needs of our employees and enable them to reconcile their work commitments with their private lives, we are willing to agree remote work schemes and flexible ways of organising work, offering solutions that meet the needs of the individual. For example, based on their position and job descriptions, our employees can work part time or have a flexible schedule: in 2023, 50 employees (36 women and 14 men) chose this option.

GROUP EMPLOYEES BROKEN DOWN BY POSITION	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	3,857	873	4,730	3,551	549	4,100	3,491	536	4,027
Part-time	14	36	50	18	30	48	16	29	45
<b>Total</b>	<b>3,871</b>	<b>909</b>	<b>4,780</b>	<b>3,569</b>	<b>579</b>	<b>4,148</b>	<b>3,507</b>	<b>565</b>	<b>4,072</b>

GROUP EMPLOYEES BROKEN DOWN BY POSITION	2023				2022				2021			
	EMEA	AME	APAC	Total	EMEA	AME	APAC	Total	EMEA	AME	APAC	Total
Full-time	2,908	249	1,573	4,730	2,606	237	1,257	4,100	2,575	216	1,236	4,027
Part-time	47	3	0	50	46	2	0	48	42	2	1	45
<b>Total</b>	<b>2,955</b>	<b>252</b>	<b>1,573</b>	<b>4,780</b>	<b>2,652</b>	<b>239</b>	<b>1,257</b>	<b>4,148</b>	<b>2,617</b>	<b>218</b>	<b>1,237</b>	<b>4,072</b>

EMEA: Europe, Middle East and Africa  
 AME: North, Central and South America  
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## WORK OBJECTIVES



Once again this year, our employees benefited from the **Work Objectives** scheme, i.e., a flexible way of working that facilitates **work and resource management, based on results and the trust between manager and employees, through the direct involvement of the employees.**

Indeed, this scheme provides a large segment of the corporate population with the opportunity to work remotely for eight working days per month, up to 2 days per week.

Furthermore, in order to facilitate our employees, we formalised this approach in a specific company policy, which sets out a structured path for our resources. Specifically, those interested in this working scheme can also avail of two training courses provided by the Bonfiglioli Academy.

In 2023, 510 employees of the Bonfiglioli Group opted for this scheme.

In line with our growth journey, in 2023, we hired **678 new employees.**

In 2023, the rate of new employee hires and turnover was essentially unchanged from previous years. With respect to the breakdown by geographical area<sup>14</sup>, most new employee hires and turnover took place in the EMEA Region (45% and 48% respectively), followed by the APAC (45% and 43%) and AME (10% and 9%) Regions.

<sup>14</sup> The geographical breakdown of new employee hires and turnover is equal to the total number of new employees hires and turnover, respectively, by individual region divided by the Group's total new employee hires and turnover.

HIRING RATE	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
<30 years	6.7%	4.0%	7.2%	5.2%	8.1%	5.5%
30-50 years	6.5%	8.4%	7.0%	8.6%	6.7%	7.8%
>50 years	1.2%	1.0%	1.2%	1.4%	1.0%	1.6%
<b>Total</b>	<b>14.4%</b>	<b>13.3%</b>	<b>15.3%</b>	<b>15.2%</b>	<b>15.8%</b>	<b>14.9%</b>

NEW EMPLOYEE HIRES (BY GENDER)	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
New employee hires	557	121	678	547	88	635	554	84	638

NEW EMPLOYEE HIRES (BY AGE GROUP)	2023				2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
New employee hires	294	329	55	678	286	299	50	635	314	280	44	638

NEW EMPLOYEE HIRES (BY REGION)	2023		2022		2021	
	Total		Total		Total	
EMEA	303		305		293	
AME	68		82		79	
APAC	307		248		266	
<b>Total</b>	<b>678</b>		<b>635</b>		<b>638</b>	

EMEA: Europe, Middle East and Africa  
 AME: North, Central and South America  
 APAC: Asia Pacific

RATE OF EMPLOYEE TURNOVER	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
< 30 years	2.4%	1.7%	4.3%	1.2%	4.3%	3.2%
30-50 years	7.2%	7.0%	6.7%	9.3%	6.0%	6.9%
> 50 years	3.5%	3.6%	2.6%	1.9%	1.9%	1.4%
<b>Total</b>	<b>12.8%</b>	<b>12.3%</b>	<b>13.6%</b>	<b>12.4%</b>	<b>12.2%</b>	<b>11.5%</b>

TERMINATED EMPLOYEES (BY AGE GROUP)	2023				2022				2021			
	<30	30-50	>50	Totale	<30	30-50	>50	Totale	<30	30-50	>50	Totale
Employee turnover	106	341	169	616	160	294	105	559	168	251	73	492

TERMINATED EMPLOYEES (BY GENDER)	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employee turnover	504	112	616	487	72	559	427	65	492

TERMINATED EMPLOYEES (BY REGION)	2023		2022		2021	
	Totale		Totale		Totale	
EMEA	295		271		222	
AME	56		60		52	
APAC	265		228		218	
<b>Total</b>	<b>616</b>		<b>559</b>		<b>492</b>	

EMEA: Europe, Middle East and Africa  
 AME: North, Central and South America  
 APAC: Asia Pacific

Management and development of our employees also includes the digital transformation of the Human Capital department via the E-NGENIOUS platform.



## DIGITAL TRANSFORMATION OF THE HUMAN CAPITAL DEPARTMENT

Launched in 2020, the **Human Capital Digital Program** comprises several initiatives to develop, strengthen and encourage interaction between the Group's employees working in different departments in order to increase global cooperation.

Accordingly, we introduced the **E-ingenious digital platform** to allow Bonfiglioli employees to build up their international connections and create stronger relationships with their colleagues in Italy and abroad.

Our employees can use this platform, which is part of the digitalisation process of our Human Capital department, to share their experiences and career aspirations, as well as stories of personal growth.

In 2023 alone, we used E-ingenious to digitalise the following business processes:



the onboarding process, focusing, in particular, on the experience of new hires, starting from the completion of the recruitment process until they join the company and their first months of work. The dashboard provides the onboardees with an immersive experience, starting with the Chairwoman's welcome message, which, together with the "Who We Are" and the "Bonfiglioli Heritage" videos, "plunges" them into the history, culture and values of our company;



the remuneration process, which has been standardised, shared and integrated thanks to the increased access to current and past employee information and the availability of internal and external benchmarks, which can be used to identify and adequately remunerate the individual's contribution and employability with respect to the business strategy.

Furthermore, in order to elevate employee engagement and participation in the Group's life, we launched the **Bclose** internal communication platform in order to bring together all the Bonfiglioli people around the world. Bclose is a **common and shared**, informative, engaging, reliable and smart area: a place that provides up-to-date information about the main news concerning the Bonfiglioli ecosystem.



### 3.1.2 equality & inclusion

For us, diversity adds value to our growth



We operate worldwide: therefore, for our Group, creating an **inclusive culture** is essential. In this sense, our respect for the diversity and individuality of people underpins our decision to promote and protect the beliefs, ideas and experiences of our employees and collaborators, considering them as added value rather than a hindrance.

As stated in our Code of Ethics, we are committed to creating a healthy and inclusive work environment where everyone feels free to express their aspirations. In addition, **we prohibit any form of discrimination** based on gender, religion or nationality. Indeed, we see diversity as a strength, as an expression of richness and freedom.

We must be able to ensure impartiality and fairness in the selection, recruitment, training and management of our people, offering equal professional opportunities to all employees and prohibiting any form of discriminatory conduct. Specifically:

- candidates are hired solely on the basis of their **professional skills** and **abilities**. In this respect, the selection procedure takes place in full compliance with the principle of equal opportunities, without discrimination of any kind and avoiding any form of nepotism or unfair competition;
- HR management policies guarantee all resources the same **job opportunities** and **career advancement**, as well as remuneration (including salary increases and incentive tools), based not only on the law and collective labour agreements, but also on personal merit, excluding any discrimination. The variable portion of the remuneration is pegged to the achievement of clear, objective and shared corporate goals assigned in compliance with the law, the applicable contract and the principles of the Code of Ethics.

Similarly to the previous years, we are proud to confirm that, once again in 2023, there were no instances of discrimination.

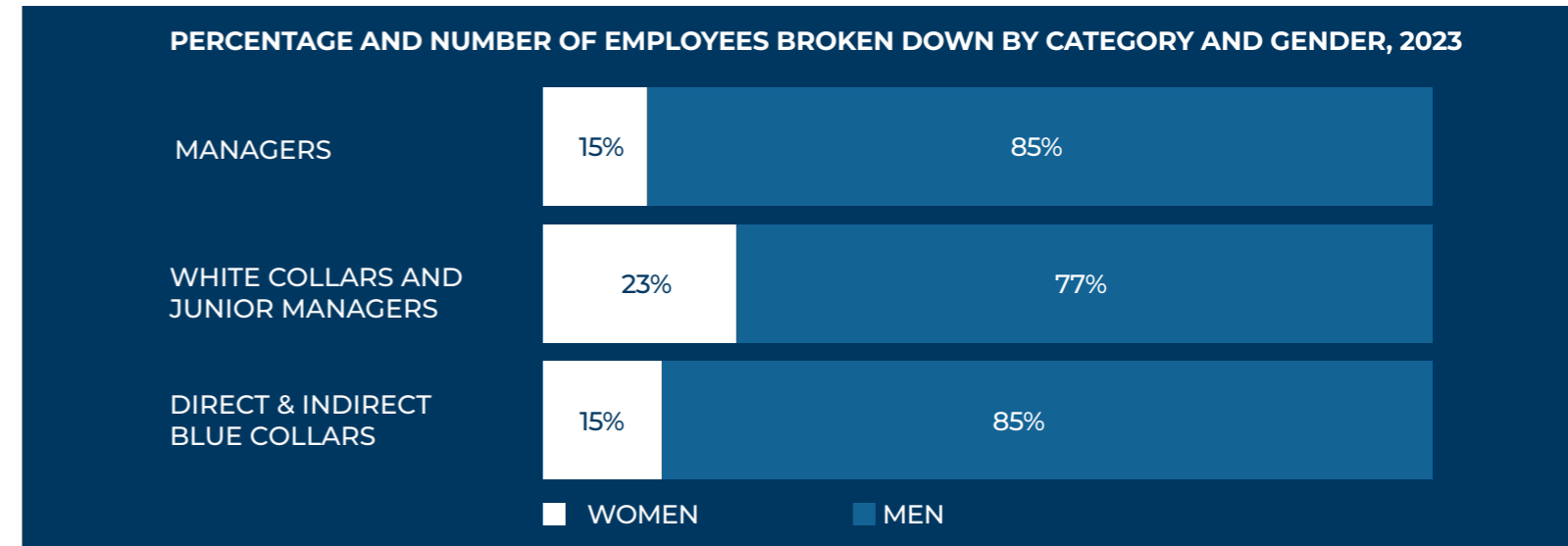
Furthermore, we abide by our constant commitment to prevent and prohibit the use of child labour, as well as the employment of children under the legal age, in all countries where we operate: indeed, as in 2022, also in 2023, there were no Group activities exposed to a significant risk of child labour, forced or compulsory labour or activities that employ young workers in hazardous work.

Finally, gender diversity is another issue close to our hearts. Indeed, year after year, we pursue our commitment to equal opportunities, **offering all our employees the same contractual conditions, regardless of their gender and age.**

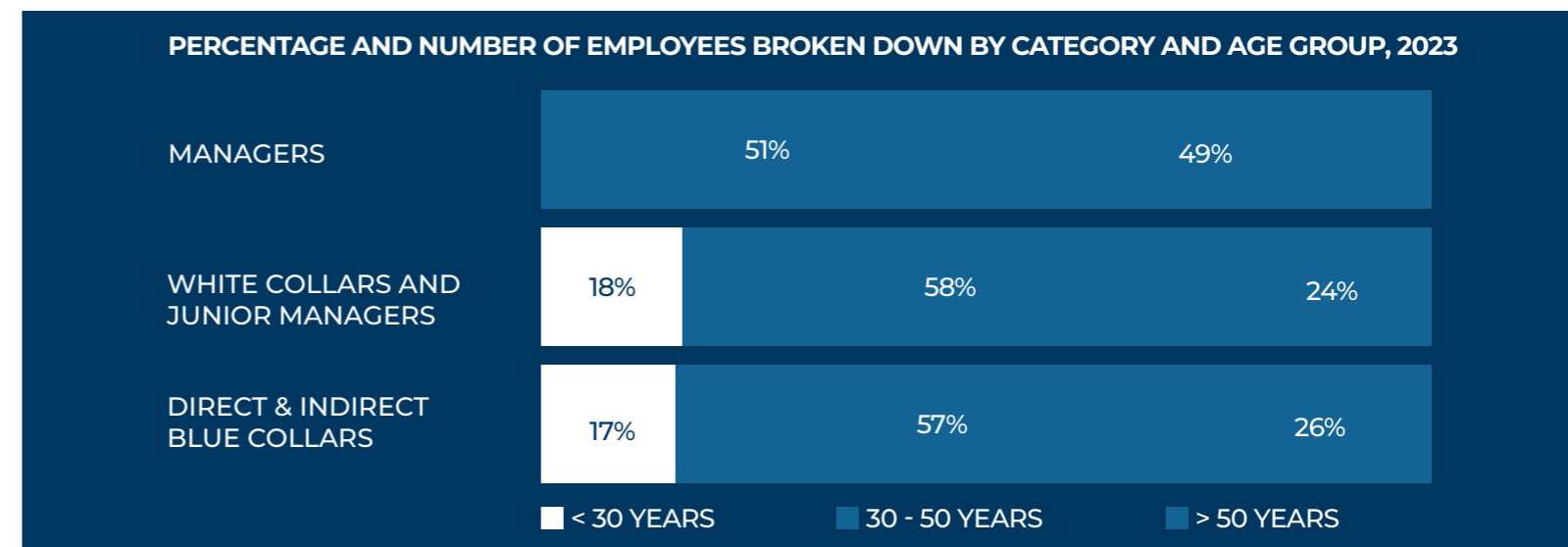
<sup>15</sup> The increase is also due to the recent acquisition of Selcom Group S.p.A.

With respect to the gender breakdown, men account for approximately 81% of the Group's employees (down 5% on 2022).

A breakdown of employees by age Group in 2023 shows that 17% of our employees were under 30 years old, 57% were between 30 and 50 years old and the remaining 26% were over 50 years old. This distribution ensures a good mix of expertise and skills, which are necessary in order to maintain our high-profile status in an increasingly complex market.



BREAKDOWN OF EMPLOYEES BY POSITION AND GENDER	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	157	28	185	150	20	170	155	19	174
White collars and junior managers	1,802	532	2,334	1,592	422	2,014	1,536	412	1,948
Blue collars	1,910	349	2,259	1,827	137	1,964	1,816	134	1,950
<b>Total</b>	<b>3,869</b>	<b>909</b>	<b>4,778</b>	<b>3,569</b>	<b>579</b>	<b>4,148</b>	<b>3,507</b>	<b>565</b>	<b>4,072</b>



BREAKDOWN OF EMPLOYEES BY POSITION AND AGE GROUP	2023				2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Managers	0	94	91	185	0	78	92	170	0	97	77	174
White collars and junior managers	420	1,362	552	2,334	266	1,253	495	2,014	287	1,248	413	1,948
Blue collars	379	1,294	586	2,259	273	1,131	560	1,964	302	1,160	488	1,950
<b>Total</b>	<b>799</b>	<b>2,750</b>	<b>1,229</b>	<b>4,778</b>	<b>539</b>	<b>2,462</b>	<b>1,147</b>	<b>4,148</b>	<b>589</b>	<b>2,505</b>	<b>978</b>	<b>4,072</b>

## NON-GENDER DISCRIMINATION PROTOCOL

In order to elevate understanding of gender equality issues, during the year, we chose to support the **“GeneriAMO cultura” national awareness-raising campaign** sponsored by Federmeccanica and sector trade unions. By signing the “Agreement on the elimination of all forms of discrimination against women”, particularly gender discrimination, we confirm our commitment in this respect, which is also fully in line with the Group’s system of values.

This document, which was signed at the EVO facility in Calderara di Reno, lays down principles and includes an action plan which covers training, employment, discrimination in the workplace, and corporate culture.

Furthermore, as part of the agreement, we also signed the Statement in Annex B to the Framework agreement on harassment and violence in the workplace agreed by Confindustria and the trade unions (CGIL, CISL and UIL) on 25 January 2016. Accordingly, we confirm our commitment in this respect, stating that “all Bonfiglioli Group companies will not tolerate any act or behaviour constituting harassment or violence in the workplace and that they commit to taking appropriate measures against those who carried them out”.

Finally, the bilateral technical commission for “Equal opportunities and inclusion”, envisaged by the Bonfiglioli corporate supplementary agreement of 21 March 2022, continues its work and is currently discussing several issues concerning equal opportunities in career development.



## 3.1.3 trade unions and employee protection

We are committed to consolidating a system of industrial relations whose principles rely on social cohesion and the promotion of skills and professionalism



> **71%** OF THE EMPLOYEES ARE COVERED BY COLLECTIVE BARGAINING AGREEMENTS



> **40** ANNUAL MEETINGS BETWEEN THE COMPANY AND THE SOCIAL PARTNERS, ACTIVATING ALL COMMITTEES ENVISAGED BY THE APPLICABLE SUPPLEMENTARY CONTRACT

We have always promoted fair and improved working conditions, applying collective labour agreements in accordance with the legislation of the countries in which we operate. In 2023, 3,414 of our employees (accounting for 71% of the total, +9% on 2022) were covered by a collective bargaining system.

Given our global footprint and the different stage of development of labour regulations in the countries in which we operate, we seek to establish an informed and ongoing dialogue with trade union representatives, in order to formalise and implement collective bargaining agreements, which also cover work-life balance, corporate welfare, safety and environmental sustainability-related issues.

Consequently, we apply an open and collaborative approach to industrial relations and, through dialogue and listening tools, we strive every day to develop a particularly fruitful and virtuous network of relationships and contacts.

The bilateral technical commissions are a unique opportunity for constructive discussion on issues such as training and professional categorisation, equal opportunities, work organisation, corporate welfare, performance bonuses and improvement systems.

We intend to increase our commitment, also in our relations with the social partners, to overcome cognitive biases and oppose all actions that violate the dignity of the individual and of women in the workplace.

Finally, in each area in which we operate, we meet with the main trade union representatives, in order to share and promote open and transparent communication by analysing business scenarios, investments, analytical data on the workforce, corporate welfare initiatives and the main future projects.

## GENDER PAY GAP

As a further measure to promote diversity and inclusion within the Group, we continue to focus on monitoring the **Gender pay gap**, i.e., the percentage difference between the average salaries of women and men holding the same job and role and with the same job seniority.

Although we are aware of the many variables which can influence this percentage, such as seniority and professional experience, we believe that implementing actions that reduce the **gender pay gap** is a form of proactive commitment to gender equality. Therefore, **we value and reward individual professional skills, ensuring gender pay equity**.

The gender pay gap percentage for the past three years is shown below by category:

GENDER PAY GAP PERCENTAGE BY CATEGORY <sup>16</sup>	2023	2022	2021
	Total	Total	Total
Managers	5.8%	5.7%	5.8%
White collars and junior managers	2.6%	3.7%	4.0%
Direct and indirect blue collars	3.4%	3.0%	3.0%

<sup>16</sup> The gender pay gap is calculated as the percentage difference between the average gross annual earnings for women and men.

### 3.1.4 employee welfare

For us, the well-being of our people is a priority. For this reason we have developed a holistic corporate welfare and well-being strategy based on the needs of our employees and founded on three main pillars: skills development, well-being and work-life balance, and safer and more welcoming working environments



#### OUR CORPORATE WELFARE AND WELL-BEING STRATEGY

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

For this reason, we have devoted time and energy to developing a **holistic corporate welfare and well-being strategy** that is based on people and on three main pillars:

- Skills development
- Work-life balance
- Welcoming and smart working environments

Together with our people, we want to generate culture and be proactive socially and in our relations with our stakeholders.

#### SKILLS

The **first pillar** is the development of skills, focussing on professional growth, using a well-established tool: Bonfiglioli Academy.

The ultimate aim is to ensure a consistent development of their knowledge and skills, using dedicated training programmes, specific to our area of business.



#### WELLBEING AND WORK-LIFE BALANCE

The **second pillar** of our wellbeing programme, however, is centred around the overall wellbeing of our employees, focussing on initiatives to achieve a healthy work-life balance.

We offer our employees a wide range of services and initiatives to improve their quality of life, such as psychological support, sport and cultural initiatives to name a few.



#### WORKING ENVIRONMENT

The **third pillar** gives absolute priority to providing care and comfort in the work environment: a very important factor for our employees' wellbeing.

We are always committed to ensuring safe and ergonomic work spaces with high quality equipment and materials and to adopting environmentally sustainable policies for a more secure future and for the good of our planet.



The main well-being tools made available by the Group in 2023 include the following initiatives which confirm the importance attached to the well-being of our employees and to improving their working and private lives:

#### FITPRIME AND BONFIGLIOLI HEALTH CARE SYSTEM



In Italy, we expanded the range of well-being and psycho-physical health services by partnering with Fitprime, a well-being platform. This platform provides both employees and their families with a wide range of services related to sport, home fitness and nutrition plans. As part of the Fitprime Therapy platform, we also signed an agreement on psychological-emotional well-being.

Furthermore, we developed preventive healthcare initiatives by launching the Bonfiglioli Health Care Project plan available to our people. The cost of this project is entirely borne by the Bonfiglioli Group and complements the services offered by the preventive healthcare plan envisaged by collective bargaining agreements. In 2023, we launched a plan for the prevention of cardiovascular risk and conducted clinical analyses and specific tests at our infirmaries.

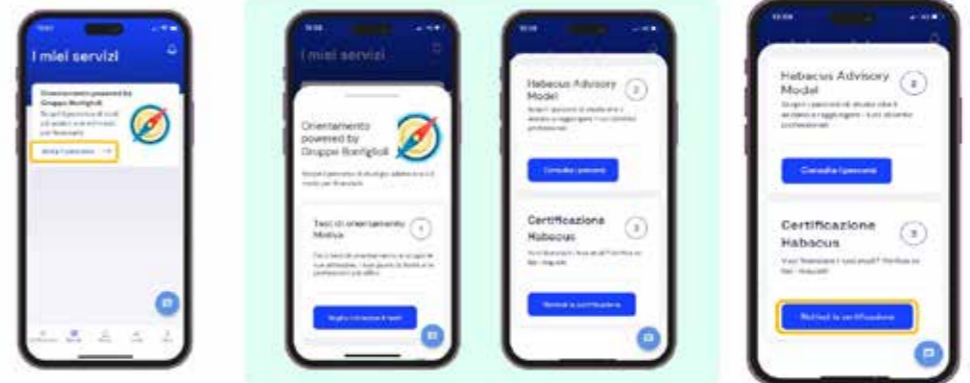
#### HABACUS PLATFORM

With respect to corporate welfare policies, we partnered with Habacus, an Italian social impact company that helps high school students find funding to go on to third level education and provides our employees' children interested in continuing their studies with options and advice.

The project, which is open to students aged between 18 and 25, who plan to continue to third level education (e.g., three-year undergraduate degree, two-year post-graduate degree, ITS and master's degree), supports, including financially, the new generations in their academic and professional growth, and promotes the elevation of technical and professional skills of workers in our local communities. In addition to this, the "Habacus Certification" allows the students to check their eligibility for a sustainable student loan granted by a bank partner of Habacus.

For the 2023-2024 two-year period, the Group will provide 100 students with a place as part of the Habacus project<sup>17</sup>.

The student loan obtainable with the Habacus certification **is an example of the corporate welfare initiatives implemented for the entire company population.**



**THE HABACUS CERTIFICATIONS**

The certification request takes just under 5 minutes and is made up of 5 steps:

- PERSONAL DATA
- COURSE OF STUDY
- DOCUMENTS
- RECOGNITION
- SIGNATURE (Advanced Electronic Signature)

<sup>17</sup>The amount and term of the loans can change depending on the selected course and its length.



Again with respect to the second pillar, we provide our employees with various benefits which contribute to their well-being, and we try, as far as possible, to improve their private and professional lives. In order to respond to the needs of our employees and provide them with effective corporate welfare tools, each commercial company has developed its offering over the years, which has resulted in a range of different opportunities around the world.

In 2023, the **Corporate Benefits** portal was used massively in Italy and at the German and Spanish facilities. Specifically, the most common benefits offered to employees with a permanent employment contract include:

 <p>SUPPORT FOR PARENTS AND OTHER FORMS OF LEAVE</p>	 <p>LIFELONG LEARNING AND THE RIGHT TO EDUCATION</p>	 <p>FLEXIBLE WORKING HOURS AND REMOTE WORKING</p>	 <p>HEALTHCARE AND PREVENTION PLANS</p>
 <p>SUSTAINABLE MOBILITY &amp; PLASTIC FREE</p>	 <p>WORK ENVIRONMENT &amp; WELL-BEING</p>	 <p>PENSIONS</p>	 <p>GENDER EQUALITY</p>

In addition to these benefits, the EVO production facility signed an agreement with **Rybit** for the free supply of 10 e-bikes to be shared by the employees in order to facilitate travel between their homes and work. Furthermore, a free shuttle bus system was introduced connecting the facility to the Osteria Nuova station in order to encourage rail mobility and make home-work commuting more sustainable.

Finally, in 2023, we confirmed the **Bonfiglioli Welfare System** extending it to the Rovereto and Carpiano employees. It now includes scholarships, support for parental equality, specialist visits for children, permits for hospitalisation and for the first few days of children's placement at nursery schools.

# 3.2 knowledge as the key to success

The role of a responsible company includes educating future generations which are our future.




> 75.000 HOURS OF TRAINING PROVIDED IN 2023


> 80% OF EMPLOYEES PARTICIPATED IN TRAINING ACTIVITIES

At Bonfiglioli, we strongly believe that, only by constantly investing in the development of the skills and abilities of our human capital, can people become a key factor for the company's success, as well as a critical tool to take on the technological challenges and changes underway. **To this end, we provide our employees with a wide range of training tools, activities and courses, so that they are always up-to-date. This approach also concurrently stimulates industrial and technological innovation.**

Over the past few years, we have launched and consolidated an important **process digitalisation** project for our human capital. In this respect, the **Bonfiglioli Development System** assists employees to acquire technical skills and expertise. This system was developed in-house and is based on four strategic pillars.

## LEADERSHIP

PREPARING OUR MANAGERS TO LEAD THE ORGANISATION

## TRAINING

SUPPORTING OUR EMPLOYEES' GROWTH

## BONFIGLIOLI DEVELOPMENT SYSTEM

## VALUES

REINFORCING OUR FUNDAMENTAL VALUES

## PERFORMANCE

MAKING OUR COLLABORATORS AWARE OF OUR CULTURE

In 2023, we provided **79,658 hours of training**<sup>18</sup>, up 44% on the previous year. Compared with the data for the previous two years, the 2023 trend is tilted upwards, confirming once again our focus on training and personal development of people.

TRAINING HOURS BY CATEGORY AND GENDER <sup>19</sup>	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	2,669	752	3,421	-	-	2,491	-	-	2,320
Junior managers and white collars	32,431	11,322	43,753	-	-	30,497	-	-	25,728
Blue collars	25,747	6,737	32,484	-	-	22,407	-	-	15,194
<b>Total</b>	<b>60,847</b>	<b>18,811</b>	<b>79,658</b>	<b>46,572</b>	<b>8,824</b>	<b>55,395</b>	<b>35,793</b>	<b>7,449</b>	<b>43,242</b>

AVERAGE ANNUAL TRAINING HOURS	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	17	27	18	-	-	15	-	-	13
Junior managers and white collars	18	21	19	-	-	15	-	-	13
Blue collars	13	19	14	-	-	11	-	-	8
<b>Total</b>	<b>16</b>	<b>21</b>	<b>17</b>	<b>13</b>	<b>15</b>	<b>13</b>	<b>10</b>	<b>13</b>	<b>11</b>

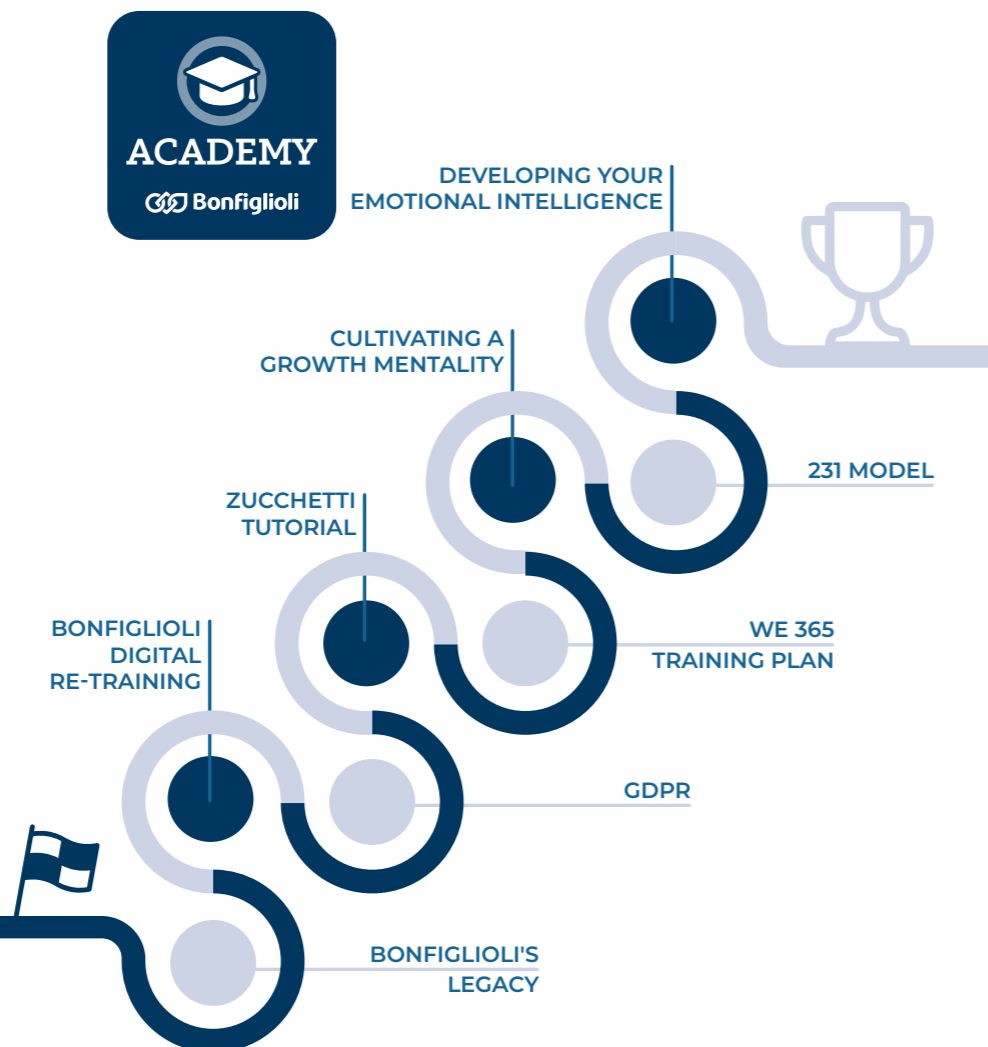
*The average training hours provided, broken down by gender, were not available for 2022 and 2021*

In 2023, each employee received an average of 17 hours of training, compared to 13 in the previous year.

This system was launched in 2021 and was further consolidated improved in the 2022-2023 two-year period with the introduction of a centralised management system which involves all managers.

Furthermore, we had already developed the “Bonfiglioli Academy”, a digital learning platform available to all Bonfiglioli employees, regardless of their geographical location and position in 2020.

Thanks to the Bonfiglioli Academy, we are also able to accompany the entry of new colleagues into within our company, managing and monitoring the entire onboarding and training process all over the world.



## BONFIGLIOLI ACADEMY: A GROWTH OPPORTUNITY FOR EMPLOYEES

Over the past four years, the Bonfiglioli Academy has provided more than 180,000 hours of training worldwide



The Bonfiglioli Academy platform includes more than 18,000 LinkedIn Learning courses available to employees. The courses fall into the following four main categories:



### BONFIGLIOLI CULTURE

Bonfiglioli Culture courses are designed to spread our corporate culture and our key messages around the world.



### LEADERSHIP GYM

Leadership Gym courses allow us to support our employees as they develop new skills and refine their existing ones through an approach of continuous learning on different subjects.



### PROFESSIONAL SCHOOLS

Through our Professional School courses, we share know-how about the different professions in Bonfiglioli. To this end, in recent years, we have structured career paths and training programmes that reflect the group's organisation.



### TECHNICAL TOOLBOX

The Technical Toolbox training programmes allow us to develop our employees' skills in using new tools and technology.

<sup>18</sup> The total number of training hours shown in this Sustainability Report also includes the hours related to HSE training.

<sup>19</sup> The training hours for 2022 and 2021, broken down by category and gender, were not available according to the methodology adopted for 2023.

In 2023, the Bonfiglioli Academy provided **more than 75,000 hours of training to 80% of the Group employees**. The best result was achieved in Italy with 100% of employees involved in training activities.

The distribution of the total training hours for 2023 is shown below (as a total and as a percentage):

HOURS OF TRAINING BY AREA SUBJECT	2023	2022	2021
	Total	Total	Total
Employees and Managers	1,064	352	-
Leadership Gym	9,023	7,534	-
Bonfiglioli Culture	1,148	4,221	-
Professional School	15,484	21,233	-
Technical Toolbox	38,552	10,526	-
Health and safety	14,387	11,529	-
<b>Total</b>	<b>79,658</b>	<b>55,395</b>	-

*In order to correctly read the table, it is noted that no training hours, broken down by subject were available for 2021*

HOURS OF TOTAL TRAINING BY SUBJECT	2023	2022	2021
	Total	Total	Total
Employees and Managers	1.3%	0.6%	-
Leadership Gym	11.3%	13.6%	-
Bonfiglioli Culture	1.4%	7.6%	-
Professional School	19.5%	38.3%	-
Technical Toolbox	48.4%	19.0%	-
Health and safety	18.1%	20.8%	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	-

The Bonfiglioli Academy provides training activities under three different methods: in classrooms (physical or virtual) with a teacher and a group of participants, in digital learning mode, whereby e-learning courses are uploaded to the platform and are available at any time, and as blended learning, a type of mixed training, which combines virtual and physical classroom learning, digital learning and sharing of materials.

Over the past few years, our efforts have been acknowledged by the Italian media and social platforms. Furthermore, we were very proud to have been shortlisted in the “Learning Champions” category at the LinkedIn Talent Awards Italia 2023 and presented as a success case at the People Engagement & Development: When people succeed, your organization succeeds” workshop.

Two important management training projects were also launched in 2023: the **People Manager Program** and the **Manufacturing People Manager Program**.

The first project is designed for Bonfiglioli’s new people managers and aims to provide common management skills and support their professional growth in accordance with a sustainable leadership model. The project involved more than 70 people managers, both in Italy and abroad in 2023 and it will be continued in 2024.

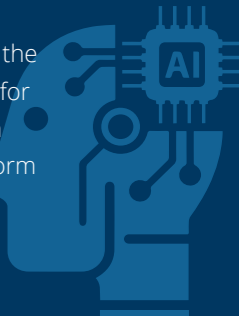
The Manufacturing People Manager Program targets all team leaders of Italy’s production operations. It lasts one year and aims to develop a “common” language among the team leaders of the various production sites, generating a one-to-one link between the four Bonfiglioli values and the cross-functional and management skills of those directly involved (strategic thinking, responsible leadership and active listening).

In line with the Group’s commitment to raising employee awareness on inclusion and equal opportunities, the 2024 edition of the Bonfiglioli training breaks will be focused on promoting an inclusive culture and enhancing diversity, covering, in particular, gender violence and discrimination.

The main projects carried out during the year are described below.

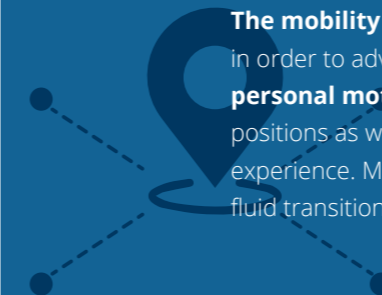
## ROBOTICS AND AI CERTIFICATION

In 2023, in the midst of a digital transformation and the advent of AI, we confirmed our concrete commitment to supporting future generations, renewing our partnerships with schools and technical institutes in Italy as part of the “**Bonfiglioli’s AI and Robotics certification**” project. This project has become a practical learning opportunity for students, thanks to our collaboration with **ABB**, a technology leader in electrification and automation. More than 3,500 students, from 250 classes in Italy, took part in robotics and Big Data courses through the e-learning platform STEMMA. With support from tutors, following the courses, they completed quizzes and tailor-made projects and received attendance certificates.



## MOBILITY OPPORTUNITIES

The **mobility project** is designed to encourage collaboration and contamination opportunities within the group, in order to advance the staff’s **personal** and **professional growth**, considering the **career aspirations** and **personal motives** of each individual. Using the E-NGENIOUS platform, users can consult and apply for global positions as well as participate in **Job Rotation** programmes to develop transversal skills and diversity their work experience. Moreover, the **Succession Plan** process identifies and develops talent within the group to ensure a fluid transition and that the organisation can continue to operate.



## LESSONS LEARNED PORTAL

We have implemented a portal for sharing possible solutions to problems encountered throughout the group, setting up **a centralised platform to upload and share lessons** learned in the Bonfiglioli offices. Every document that is uploaded is subjected to a rigorous quality control to ensure the information is correct and complete before it is distributed. The portal has a **feedback** function to maintain clarity and relevance of the shared content where necessary



## employee engagement in sustainability

We are aware of the importance of the values of sustainable and responsible growth, not only for our Group, but also at international and European level. Accordingly, in 2023, we continued to invest in a series of initiatives aimed at raising awareness among our employees on this topic. The main initiatives launched are described below.



### TIME OUT:

#### A BREAK FOCUSED ON CONTINUOUS IMPROVEMENT, WELL-BEING AND SPORT!

The project, which is now in its second edition, was developed in collaboration with the Virtus Bologna basketball team, which our Group has been sponsoring for years. Time out is an ideas contest that involved the employees of the Emilia Romagna offices in a challenge on corporate welfare and well-being, security, sustainability and mobility, diversity and inclusion.

**4 THEMES**

- Welfare & Wellbeing
- Sustainability and Mobility
- Safety
- Diversity & Inclusion

**30 SEASON TICKETS**

2023-2024 Season tickets for the Virtus Bologna club, were awarded to the competition winners.

**>200 IDEAS PROPOSED**

Attraverso un form, i dipendenti hanno potuto fornire suggerimenti e idee, da attuare nel perimetro aziendale, sulle tematiche elencate.

Furthermore, the sport metaphor contributed to raising the awareness among employees and the community on the above four themes via the testimony of the basketball team coach, who starred in an inspirational video on the key values of our Group. The video is available online on the Bclose company portal and on the Bonfiglioli Academy platform.



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

In 2023, we joined the Bologna **Club PRO** whose mission is to support employee mobility to and from company offices, while heightening the focus on the environmental impact and creating synergies between local companies in order to create a virtuous circle between public and private parties. In this respect, the company's **Mobility Manager** plays a fundamental role given their responsibility for managing sustainable mobility and creating an **Employee commuting plan** for the company.

In early 2023, a six-month pilot scheme was launched in two areas (northeast Bologna and Calderara di Reno)

Involvement in the construction of green (environmentally-friendly) mobility pilot schemes, to help companies and their employees, through close collaboration with the local public administration.	More information on urban mobility policies and projects (e.g., public transport passes).	More frequent updates on urban traffic issues and alternative travel solutions, to be implemented as a result of "temporary disturbances" caused by road works.	
<b>JAN-MARCH 2023</b>	<b>MARCH-APRIL 2023</b>	<b>MAY-JUNE 2023</b>	<b>JUNE-JULY 2023</b>
<b>01.</b> Scouting the area and its challenges	<b>02.</b> Joint involvement in the designs of the group's mobility manager with the town council urban transport officer	<b>03.</b> Pilot area	<b>04.</b> Final event
<ul style="list-style-type: none"> <li>• <b>Engaging and scouting</b> businesses interested in taking part in the trial</li> <li>• <b>Analysis</b> of the geographical area's <b>data</b>, focusing on the shared challenges and needs</li> </ul>	<p><b>Joint management</b> of the project by the two managers appointed to identify the most suitable pilot project or intervention in response to the needs of the specific area.</p>	<p><b>Constructing the pilot area</b> together with businesses involved</p>	<p>The project comes to a close with a <b>final presentation</b> of the results: outcomes reached and, specifically, the setup of two pilot areas</p>
<p><b>OUR INVOLVEMENT</b></p> <p><b>Area kick off</b></p> <p>1 design workshop</p> <p>#validation of the challenges</p> <p>#sharing good practices</p>		<p><b>OUR INVOLVEMENT</b></p> <p>2 design workshops</p> <p>#design study</p> <p>#prototype</p>	<p><b>OUR INVOLVEMENT</b></p> <p>1 final event</p>

After completing an online data collection form on the company's employee commuting plan model, a number of workshops, co-design activities for innovative solutions and plenary meetings with the institutions were held in order to discuss critical issues, risks and growth opportunities, together with the other industrial players in the area. The related results were unveiled during the event "**ClubPRO Mobilità Sostenibile, Infrastrutture e Grandi Investimenti. Una città che cambia**", held on 18 July. The mayor of Bologna and our chairwoman, Sonia Bonfiglioli, attended the event as coordinator of the sustainable mobility circle.

# 3.3 employee safety

Our Group is constantly committed to improving safety standards in order to minimise the risk of accidents and injuries at work, as well as reducing the likelihood of creating conditions that could cause physical and psychological discomfort. In this respect, our focus on responsibility, excellence and continuous improvement drive our daily actions in order to improve all aspects of the value chain. Many of our production sites have adopted an occupational Health and Safety Management System certified in accordance with the ISO 45001 standard.



 **63%** OF EMPLOYEES WORK IN ISO 45001-CERTIFIED SITES



The adoption of an occupational health and safety management system confirms a facility's decision to implement a structured approach which defines and identifies potential risks and to carry out effective actions that prevent, minimise and eliminate risks.

In order to standardise the procedures and regulations governing the various sites in which we operate, we set up a **centralised HSE team for occupational health and safety** which is responsible for defining policies and guidelines to be applied by all Group companies. The activities carried out by the team go beyond the harmonisation of safety measures. In fact, they also include on-site visits aimed at checking the correct adoption of the recommendations and the implementation of effective HSE measures. Indeed, each site carries out its own risk assessment in order to identify any critical issues, which are usually closely related to the operations carried out by each plant. Accordingly, each production site has a specific team which manages and supervises occupational health and safety. Furthermore, worker representatives regularly participate in formal joint management-worker committees, while guidelines and policies are managed at Group level. In order to simplify and improve data transmission to the parent, **in 2017, we implemented an internal dashboard to collect information on occupational health and safety at all facilities.**

A safe working environment also includes **awareness-raising** activities among the individual workers. For this reason, we actively involve our employees in creating a safer working environment and strongly encourage their suggestions, ideas and recommendations. Training is another key factor in the creation of a safe workplace: every year, we organise various training activities, which focus on both general topics and specific risks linked to each position. Indeed, in 2023, we provided **14,387 hours of training** on occupational health and safety, compared to 11,529 in 2022, accounting for 18% of the overall training provided to our employees worldwide.

Thanks to our commitment to improving safety, injuries decreased on the previous year, despite the larger number of employees. The injury rate of the year was 4.10, **down from 4.75 in 2022.**

Our goal of actively contributing to achieving **"ZERO INJURY"** working conditions pushes us to focus closely on this issue, constantly identifying and eliminating the main reasons behind foreseeable injuries. The major types of injuries that occurred in 2023 are similar to those recorded in previous years and include cuts, slips, material handling, collisions and lower back pain.

In 2023, we continued to monitor and check near misses, i.e., those events that did not lead to injuries or work-related ill health, but which could have done so: during the year, 248 instances were recorded for employees and none for outsourced workers.

WORK-RELATED INJURIES - EMPLOYEES <sup>20</sup>	2023	2022	2021
	Total	Total	Total
<b>Number of work-related injuries</b>	<b>38</b>	<b>38</b>	<b>32</b>
High-consequence work-related injuries**	1	1	0
Fatalities	0	0	0
<b>Number of hours worked***</b>	<b>9,265,116</b>	<b>7,998,880</b>	<b>7,925,457</b>
<b>Rate of recordable work-related injuries</b>	<b>4.10</b>	<b>4.75</b>	<b>4.04</b>
<b>Rate of high-consequence work-related injuries*</b>	<b>0.11</b>	<b>0.13</b>	<b>0.0</b>

\*Data to be restated - Change of the total compared to that published in the previous version of the report.  
 \*\*High-consequence work-related injury means a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.  
 \*\*\*At 31 December 2023, the Group's employees of the EMEA and APAC Regions increased on the previous years following the acquisition of Selcom Group S.p.A. This resulted in an increase in the number of hours worked.

<sup>20</sup>The work-related injuries involving employees shown in the table also include those pertaining to temporary workers.

Our Group's responsibility also includes safeguarding the health and safety of outsourced workers. Thanks to our commitment, the injury rate of outsourced workers is decreasing, with only one injury recorded in 2023.

WORK-RELATED INJURIES – OUTSOURCED WORKERS <sup>21</sup>	2023	2022	2021
	Totale	Totale	Totale
Number of work-related injuries	1	4	3
High-consequence work-related injuries*	0	0	0
Fatalities	0	0	0
Number of hours worked	1,247,352	1,312,803	1,006,094
Rate of recordable work-related injuries	0.8	3.98	2.29
Rate of high-consequence work-related injuries*	0.0	0.0	0.0

\* High-consequence work-related injury means a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.



## HSE golden rules








The “**HSE Golden Rules**” are guidelines that strengthen the **environmental and safety measures** already adopted and implemented by the Group's facilities, in accordance with national and international rules and regulations on health and safety.






They recommend the conduct that all employees should adopt in specific situations in order to reduce dangerous behaviours and, therefore, prevent injuries and safeguarding the environment. These ten rules are applied in all our facilities worldwide and act as a “guide” during the planning, execution and control of the Group's activities, according to a continuous improvement approach.



**Training pills** on HSE procedures are made available on the E-ngeinous portal, enabling all employees to access training courses, which are updated periodically.

### BONFIGLIOLI'S “HSE GOLDEN RULES” ARE:

- 1° RULE**  **LIFTING OPERATIONS**  
provide accurate information and instructions on manual handling, lifting and transport with mechanical equipment and lifting with slings and chains.
- 2° RULE**  **PERSONAL PROTECTIVE EQUIPMENT**  
inform employees, external workers and visitors on the relevant personal protective equipment to wear and how to use it.
- 3° RULE**  **SAFE DRIVING**  
provide guidance on safe driving by identifying potential dangers, checking the general condition of the vehicle and respecting the highway code and local traffic legislation
- 4° RULE**  **ISOLATION AND LOCKOUT-TAGOUT**  
explain how to correctly carry out isolation and lockout-tagout (LoTo) procedures and apply these after having completed the “last minute risk assessment”
- 5° RULE**  **WASTE MANAGEMENT**  
encourage preventative behaviour and minimise accidents and injuries linked to waste management procedures

- 6° RULE**  **PREVENT LEAKAGES AND EMISSIONS**  
provide information on how to contain and control leakages and emissions of chemical substances in order to reduce to a minimum the effects and limit the hazards to people, the environment and property
- 7° RULE**  **WORK PERMITS**  
establish necessary precautions for working safely by authorising certain people to carry out specific tasks within a set period of time
- 8° RULE**  **ELECTRIC AND MOVING PARTS**  
explain the potential electrical hazards in the workplace due to the electrical current such as shocks, burns, fires and electrocution
- 9° RULE**  **CONFINED SPACES**  
provide instructions on necessary precautions to ensure the safety of workers in confined spaces, avoiding fires, explosions, loss of consciousness, asphyxiation or drowning
- 10° RULE**  **OVERHEAD WORK**  
inform workers on the possible dangers of working at height such as falling from height and falling objects

<sup>21</sup> The 2022 and 2023 figures covering work-related injuries involving outsourced workers, but whose work and/or place of work is under the control of the organisation, refer to all facilities. Compared to the past, the data relating to outsourced workers were collected on time and the scope was extended to all the Group's outsourced workers. In contrast, the 2021 figures covered 17 facilities for which the information was available.

## SAFETY BREAK - GENERATING SUSTAINABILITY

The **Safety Break** initiative was launched in 2021 in order to engage the employees of all Italian facilities in an awareness-raising campaign on occupational health and safety.

The third edition of the Safety Breaks held in 2023 was characterised by a new look and focused on **reducing food waste and promoting healthy eating habits**, in collaboration with Last Minute Market, a spin-off of the Bologna university. This year, we successfully involved almost all Bonfiglioli Italia employees, including the new colleagues from Selcom Group, demonstrating the exceptional level of attendance and commitment.



## BONFIGLIOLI HEALTH CARE PROJECT

In line with the Ministry of Health's **2022-2025 National Prevention Plan**, the **Bonfiglioli Health Care Project** aims to consolidate the focus and care of the individual through an annual preventative healthcare programme, which includes cardiovascular risk screening and special projects to prevent cardiovascular diseases, which, according to WHO forecasts, will reach 55 million in 2030.

The test, which is available to Italian employees, provides an individual score of their risk of cardiovascular illness, estimating the likelihood of a cardiovascular event in the next ten years, considering the following risk factors: gender, age, diabetes, smoking habit, systolic blood pressure, total cholesterol, HDL cholesterol and anti-hypertensive treatment, allowing us to contribute positively to the **health and wellbeing of our employees**.



working  
today  
towards a  
sustainable  
tomorrow



our  
impact



# 4.1 innovation for a sustainable future

We lead the change and are the pioneers in rewriting the concept of the factory, elevating manufacturing in order to become excellence partners for customers and suppliers



We focus our energies on monitoring market trends, following the evolutions and challenges over time, in order to provide our customers with cutting-edge technological solutions. Our commitment means constantly investing in new projects to improve our products and production processes and guarantee top quality solutions.

Thanks to the talent and skills of our people, we push our limits every day, developing solutions that integrate mechanical products with sophisticated electrical, electronic and hydraulic systems.

Specifically, our journey towards excellence relies on **three pillars**:

 <p><b>R&amp;D</b> Our projections for the future</p> <ul style="list-style-type: none"> <li>• IoT solutions</li> <li>• Trials</li> <li>• R&amp;D Test Lab</li> <li>• Co-engineering</li> </ul>	 <p><b>PRODUCTION</b> The heart of our business</p> <ul style="list-style-type: none"> <li>• Bonfiglioli Business Operational Excellence Programme</li> <li>• Industry 4.0</li> </ul>	 <p><b>QUALITY</b> Our overriding ambition</p> <ul style="list-style-type: none"> <li>• Certification system</li> <li>• Product certification and declarations of conformity</li> <li>• Top distributors</li> </ul>
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## 4.1.1 research and development

Our R&D team works on the development of innovative solutions that satisfy customers' application needs, supporting them along their growth path.

Our R&D centres are located in various parts of the world, including Italy, Germany, China and India, and employ around 300 employees.

### R&D CENTERS



**ITALY**

- BOLOGNA
- ROVERETO
- FORLÌ



**GERMANY**

- HATTINGEN
- KREFELD



**INDIA**

- CHENNAI



**CHINA**

- SHANGHAI



# Powering Your Future

## IoT SOLUTIONS (INTERNET OF THINGS)

The R&D team develops tailor-made IoT solutions to improve efficiency, while concurrently increasing the productivity of our customers' machines.



The Bonfiglioli predictive maintenance system is one of the IoT services, which we usually associate with the acquisition of data from our smart systems in order to predict malfunctions and schedule maintenance. Furthermore, other IoT technologies enable users to estimate the residual useful life of individual components, as well as the status parameters of an industrial plant or self-propelled machine, including geolocation services, or performance monitoring services and an overload prevention system, which provides customised alerts when usage exceeds a critical level

### IoT AND PRODUCT SENSORISATION

By combining sensors, software and algorithm, it is possible to provide a constant flow of information on products and their state of health, supporting the customers in implementing a predictive maintenance plan, from components to communicative products.

CONDITION MONITORING



PREDICTIVE MAINTENANCE



SENSORS



INDUSTRIAL IOT  
EDGE GATEWAY



CLOUD

BONFIGLIOLI IoT  
PLATFORM

## TRIALS

Our R&D team can rely on **advanced virtual simulation techniques**, which enable us to design optimised products in order to guarantee the highest standards of reliability, while reducing the time necessary to shift from the product design stage to its launch on the market. Furthermore, we improve end-users' experience, updating and improving the techniques used and working on the resolution of problems typical of industrial applications, such as vibrations and resonances that may occur during operation.

## R&D TEST CENTRES

We produce the solutions that we have designed in our facilities located all over the world, where the test laboratories carry out the **validation** activities **necessary for homologation and certification purposes, including through extensive controls**, starting from the tests conducted on individual components, up to those on the final product.

Our specialists use cutting-edge equipment to conduct performance and fatigue life tests on all our electrical, mechanical or hydraulic solutions, using test benches of different sizes and power to simulate a wide range of working conditions, even replicating particularly harsh environmental conditions and monitoring temperature, vibrations and noise.

As part of the research into and the development of new products and market solutions, **Test Labs are a fundamental tool which supports the conception and design process of new solutions**, through bench validation and testing of innovative technologies and cutting-edge components.

At the test labs, our qualified staff, who are part of the R&D team, carry out tests and combine new materials, technologies and solutions, and liaise constantly with the other group teams.

### TEST LAB AT THE MECCATRONICA DI ROVERETO HUB

As part of Trentino Sviluppo (business development and marketing agency), an endurance test, also performed in "healthy and faulty" modality, aimed at collecting data for the development of AI-based predictive maintenance mathematical models. The algorithms developed by the Rovereto R&D Test Lab are used by the Bonfiglioli IoT Edge and User Interface team to create IOT services for our customers



### EVO TEST CENTRE

Development of a dedicated area to optimise inverter operations, focusing specifically on the development of electric motor control algorithms.

Employing dedicated work stations to test electric transmissions, also through the installation of a battery emulator, capable of simulating the behaviour of complete powertrain solutions dedicated to electric and hybrid vehicles for both on-highway and off-highway use.



### TEST CENTRE IN B6 - FORLÌ

Use of the linear bench, installed in 2022, dedicated to the validation of the new range of gearboxes for winch applications.

Updating control panels and bench control systems, with the implementation of a modern system compliant with the requirements of Industry 4.0, which will involve several cells of the Test Lab in B6 over the next few years.



## CO-ENGINEERING

In order to best meet the requests of our customers, we also provide them with the possibility of **developing highly customised solutions**. In this respect, we support the development of our customers' projects from the design phase to mass production, always considering their needs. Thanks to the ongoing dialogue and interaction about technical aspects and specific calculation tools, the final tailor-made solution **maximises productivity, efficiency and reliability, saving development time**. Furthermore, the continuous integration with customers generates several combined advantages for end users, those who install the product and for us.

### THE CHALLENGE

GreenBig was looking for an innovative solution, which met its product concept, and found Bonfiglioli to be the right partner to implement the project



Recycling and environmental sustainability continued to drive our collaboration with the GreenBig start-up in 2023.

Consequently, as part of a co-engineering initiative, we put our recycling skills at the service of the French company and developed an innovative solution for recycling PET bottles. This recycling machine, which can also be installed in public places, such as supermarkets, is able to start a completely sustainable economic cycle as it is patented to store approximately 3,500 bottles in one square meter. The system, which directly connects the gearmotor with the shredder and, above all, which meets the size required for the product, has enabled GreenBig to implement an innovative circular economy model<sup>22</sup>



## PARTNERSHIPS WITH UNIVERSITIES AND INSTITUTIONS

In 2023, our R&D team continued its partnerships with local and international universities and institutions, with a view to developing new projects. By adopting a vision open to challenges and our willingness to share skills, technologies and good practices with valuable partners, we encourage the development of innovative solutions and applications. Thanks to this approach, we launched several initiatives during the year. The main ones are described below:



<sup>22</sup> For additional information, reference should be made to the company website ("Bonfiglioli & GreenBig").

\*Bi-Rex was set up in 2018 and is one of the eight national competence centres founded by the Ministry of Business and Made in Italy (formerly MISE or ministry of economic development), as part of the government's Industry 4.0 project.  
\*\*Moliere is a sensor that can monitor the production performance and energy efficiency of machinery.

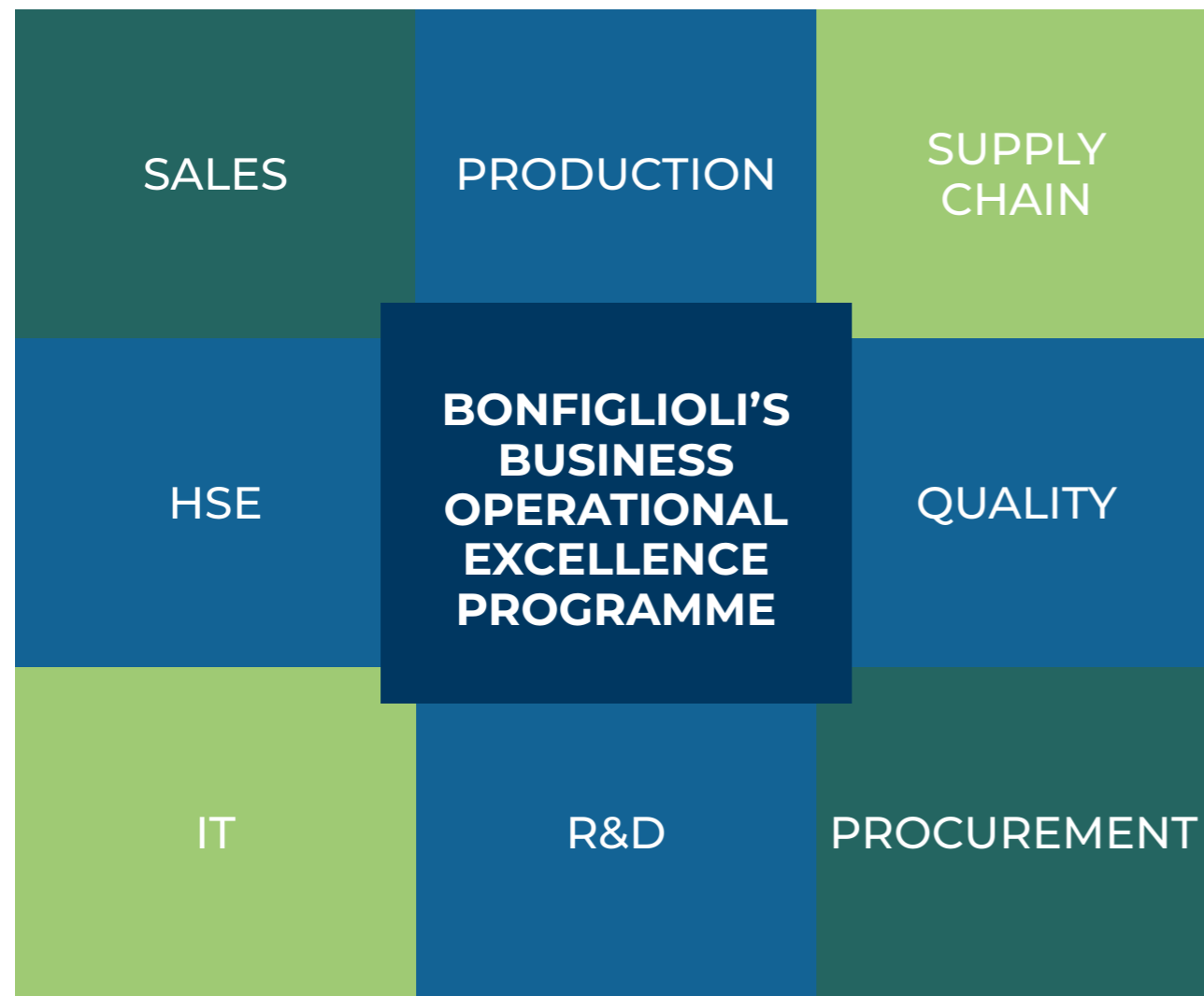
## 4.1.2 production and digitalisation

Our production ranges from the assembly of standard and customised solutions up to the construction of gearmotors, inverters and advanced motors, in order to provide our customers with the highest quality standards.

Our vision has enabled us to acquire new skills and expertise to enhance and optimise the implementation of digital tools and advanced technologies in all 18 facilities. For this reason, over the years, our production sites have specialised in separate, though interconnected, product lines, which share some key values, namely ensuring high quality standards and responding effectively to the changing needs of the market and our customers.

### BONFIGLIOLI BUSINESS OPERATIONAL EXCELLENCE PROGRAM

The **Programma di Eccellenza Operativa Aziendale Bonfiglioli** enables us to monitor our performance and standardise production processes around the world, ensuring the same quality levels. The Program is based on eight pillars, which guide our internal processes.



The program was launched with the aim of improving our overall performance, in terms of lead times, delivery times and reduction of production loss, while ensuring the same level of production and assembly quality, in all our sites and at any time. This is achieved, for example, by the simulation, the testing and the optimisation of processes before their effective deployment: in this way, we work to maintain constant product quality over the useful life of the machine.

## INDUSTRY 4.0

Over the past few years, we have implemented the **Manufacturing Execution System** at some sites, which enables us to blend the benefits of Industry 4.0 with the advantages generated by lean management.

Thanks to this system and by connecting the machines to the internal IT system, we can collect production data and information and monitor production processes: in this way, we can easily identify areas for improvement and corrective actions to improve the efficiency of every phase, from inception to shipping.



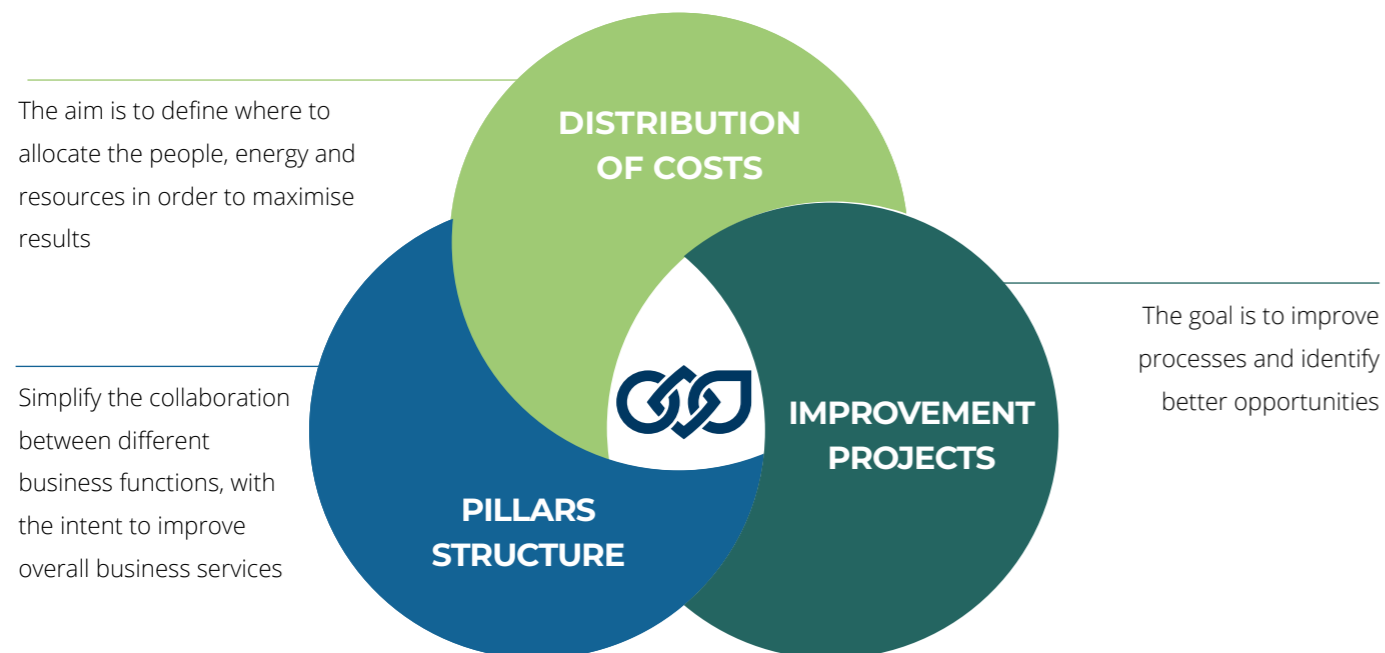
## BONFIGLIOLI PRODUCTION SYSTEM

The Bonfiglioli Production System ("BPS") is a **production management system designed to continuously improve our processes and efficiency**. It was developed to accelerate innovation within the Group.



The data collected and the trend analysis carried out by our experts enable our teams to detect potential malfunctions and areas for improvement and to implement the necessary corrective actions. The possibility of detecting and pre-empting inefficiencies and errors enables us to constantly improve internal processes, while implementing the zero-waste policy. Our employees are actively involved and committed to the Bonfiglioli Production System via the key roles of BPS leader, team leaders and team members, based on their knowledge and specific tasks. Under this system, everyone can make recommendations, express opinions and put forward ideas for improvements that can lead to the launch of new projects.

The BPS is comprised of the following three main areas:



## 4.1.3 quality and products

We are increasingly focused on guaranteeing and continuously improving the **quality of our products and the safety of end users**, along the entire supply chain, involving both suppliers and customers. In order to maintain high quality standards throughout all phases of production development, we have our suppliers sign and comply with the reference parameters included in our Sustainability Policy.

### SYSTEM CERTIFICATIONS

The **Bonfiglioli quality management system** ensures that the ethical principles and quality standards are upheld, encouraging the continuous improvement of our products. To confirm our commitment to providing solutions that meet our customers' needs, as well as regulatory requirements, we have undertaken several initiatives, thanks to which Bonfiglioli's management systems have obtained the following certifications:

**ISO 9001** (Quality Management Systems) at group level; **ISO 14001** (Environmental Management Systems); and **ISO 45001** (Occupational Health and Safety Management Systems). Moreover, in 2023, the **ISO 50001** certification (Energy Management Systems), already obtained by the Forlì and Calderara facilities, was extended to the Rovereto facility.





## PROMOTING “QUALITY” THROUGH A DEDICATED TRAINING PROGRAMME

In 2023, we continued the project to develop **training courses covering the main company procedures** in order to provide specific technical knowledge and a complete set of minimum skills necessary for each company process. The aim of the project is to raise employee awareness of internal procedures and align all our offices around the world as part of a structured training programme.

The QHSE team organised the courses and the related content with the support of the Human Capital department, which is responsible for standardising the training methodology throughout the entire Group. The main benefits of this project include sharing company know-how and best practices about training, more timely and effective training for new hires or role changes, standardised training recordings, an easier and faster collection of KPIs and a unique repository of training materials.



### BEST CERTIFICATION

We operate via a network of over 550 partners, which provide our customers with both ready-to-use products and after-sales services. The BEST (Bonfiglioli Excellence Service Team) distributor certification rewards the best commercial partners. Several distributors have been certified by an independent accreditation body. The audit and certification services are provided by TÜV, which guarantees consistently high-quality standards to end users around the world.



## WE LISTEN TO OUR CUSTOMERS TO ENSURE QUALITY

With a view to continuously improving our services, we listen to our customers through specific surveys that monitor the performance of our products, their strengths and weaknesses and possible areas for improvement.

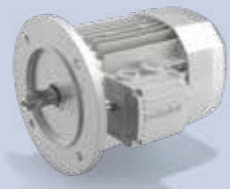
Furthermore, every two years, we periodically perform customer satisfaction assessments by surveying multiple Business Units. The related results are combined into a single indicator called **Net Promoter Score (NPS)**, whose trends enable us to measure and monitor how and why our customers would recommend Bonfiglioli to their colleagues. The data collected are subsequently analysed and used to implement customers’ recommendations. According to the analysis of the 2022/2023 customer surveys, the quality of our products is one of our strengths.

## NEW SOLUTIONS TO BUILD A SUSTAINABLE FUTURE

Building a sustainable future goes beyond reducing the impact of our internal processes; in fact, it includes our efforts to develop more sustainable products.

Over the past few years, we have launched many new products with a reduced environmental impact. An example of the latest innovations is shown below.

### RANGE OF SYNCHRONOUS RELUCTANCE MOTORS



- Minimisation of energy consumption at different operating points
- Minimisation of emissions
- Full integration into Industry 4.0 plant and machinery

**Solutions with high efficiency class (IE4),** providing with motors are the same size as the standard induction motors of class IE2.

The new motors were also combined with the **Active Cube** inverters with dedicated sensorless vector control, to develop a **more efficient Power Drive System**.

### INVERTER ACTIVE REGENERATIVE SYSTEM

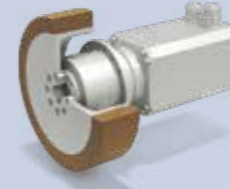


- Easy-to-use in various electrically controlled industrial applications
- Effective reduction of consumption and emissions by reconvertng kinetic energy into electrical energy

#### Effective energy recovery braking system.

Thanks to the installation of AEC with our monitoring systems, one of our customers was able to quantify the amount of energy recovered: the pilot installations alone achieved energy recovery of between 10% and 50%.

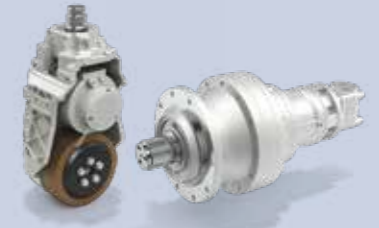
### TRACTION UNITS FOR SELF-DRIVING VEHICLES



- Energy reduction through the solution's high-level integration in the system in which it is installed and the minimisation of inertial effects of vehicles

**Platform for Automated Guided Vehicles (AGVs) and Autonomous Mobile Robots (AMRs),** designed to optimise performance in terms of power density, precision and load capacity, while enabling easy installation and assembly.

### GEARMOTORS FOR SUSTAINABLE MOBILITY



- Reduction of direct emissions
- Maximisation of efficiency by limiting waste and noise



### Extend the life of our products through a circular approach

- Reduce the life cycle impact of products (backward compatibility guarantee)
- Extend products' life by reducing replacements
- Minimise natural resources in new products
- Reduce waste and scrap

Learn more about our solutions

[www.bonfiglioli.com](http://www.bonfiglioli.com)

# 4.2 embracing digital transformation

Digital transformation has been one of the pillars of the Group's corporate strategy for several years.



After launching the Bonfiglioli Digital Journey in 2018, a symbolic journey that led us to discover the potential of advanced technologies and robotics in our production plants around the world, year after year, we have embarked on new adventures along our journey towards digitalisation. The **Information technology and digital** department, which combines the traditional management of IT systems with the new activities carried out for the Digital area, constantly promotes innovation.

In 2023, we continued to deploy **end-to-end IoT solutions (from sensors to the cloud), elevating significantly the Group's digital skills.**

## 4.2.1 new digital projects in 2023

1.  **SERVERLESS SITES**  
 The "*Serverless Sites*" cloud transition programme led to the elimination of the local infrastructure at the South African, French, UK, Turkish and Spanish commercial companies, as well as the new production plant in Pune (India). We launched an on-premise service management service, strengthening our cybersecurity systems, reducing the possibility of cyber attacks and relying instead on the robust built-in security offered by our cloud service providers.
2.  **THE RIGHTSIZING PROJECT**  
 The **Rightsizing** project focuses on the analysis of processes at the commercial companies, by conducting a series of interviews and follow-up audits, which involve key players in our organisation. The aim of the project was to identify any potential room for improving productivity through digital automation, in order to free up resources to reinvest in activities with higher added value.  
**In 2023, the IT & Digital and Human Capital departments carried out a joint investigation of the Italian and Spanish branches.**
3.  **OTS (ON TIME SALES) ORDERS**  
 This **Agile project** was conceived to redefine the process of managing special product contracts, which are developed to meet specific customer requests.  
 The project became fully operational in 2023 and requires significant integration between its two parts: the technical product development part - managed through the PLM (Product Lifecycle Management) system - and the commercial part of sales opportunity management, handled by the CRM department.
4.  **NEW AI DEVELOPMENTS: CHATGPT**  
 We have decided to immediately embrace the opportunities offered by AI, as confirmed by the implementation of a **ChatGPT service**, connected to our internal platform, based on the Microsoft Azure system. The use of AI enables us to increase the level of data privacy, also compared to the commercial version of the application.
5.  **E-COMMERCE: A NEW CUSTOMER EXPERIENCE**  
 E-commerce is an important milestone as part of the group's innovation journey. In 2023, we upgraded to the **2.0 version of our e-commerce** system, with a user-friendly interface for our users and additional functionalities. Finally, order fulfilment was managed by capitalising on the group's widespread Italian logistics network.

**FAST SHIPPING**

- delivery within 2 working days
- user-friendly and accessible platform



**QUICK PAYMENTS**

- upon completion of the transition, direct access to the Mosaico 3.0 online configurator tool



**LIVE SUPPORT**

- live chat and 3D CAD files for each product
- user-friendly and accessible platform







**BENEFITS OF THE AGILE PILOT PROJECTS**

IMPROVED RESPONSE TIMES	INCREASED EFFICIENCY	PROACTIVE COLLABORATION AMONG TEAM MEMBERS	CREATIVITY AND INNOVATION
CONTINUOUS UPDATES TO STAKEHOLDERS	FAST DISSEMINATION OF SKILLS	EXTENSION OF PERSONAL NETWORKS	GREATER UNDERSTANDING OF THE COMPANY'S CONTEXT



After the successful experience with Birex and the European consortia with Horizon 2020 and Horizon Europe, we joined the **consorzio iFAB<sup>23</sup>**. This privileged channel of cooperation with the technopole will enable us to support the innovation of the Group's products and internal processes by researching and developing cutting-edge solutions.

In addition, again in 2023, we completed the **Vendor Invoice Automation** system as a significant step towards the full automation of the process to record the invoices to be paid by the Italian companies. The Manufacturing & Supply Chain sector reached another important milestone following the completion of the launch of the process to generate and manage product IDs (**Digital Product ID**). This process guarantees product traceability from design to shipping, which is a fundamental prerequisite to allow the application of advanced features based on IoT technologies.

Finally, we expanded the use of the **Agile methodology** again in 2023 to include the corporate digitalisation sector. This methodology is mainly used to develop software and sets minimum viable product (MVP<sup>24</sup>) goals to be achieved in a short time (three months with a two-day effort per week, for a total of 24 actual working days), using a dedicated full-time team, at predetermined intervals, coordinated by a specific project leader (the "scrum master").

Since 2020, Bonfiglioli has successfully completed nine Agile projects, involving 131 people covering all roles required by the Scrum Agile framework. In 2023, 42 employees were involved in the seventh Agile wave. The resources came from 21 different departments, belonging to all our Business Units.

## 4.2.2 investing in innovation

In 2023, we continued the **Digital@Bonfiglioli** project, financed by the **Innovation Agreements of the Ministry of Economic Development**. The time window for reporting costs eligible for non-repayable financing was closed at year end, once again enabling the Group to continue investing in all the project streams covered by above agreements, especially those for predictive maintenance in production.

We continued to invest in our pillars of digital innovation, as described below:

### PREDICTIVE MAINTENANCE (PM) IN PRODUCTION

The widespread collection of information from mechanical processing machines (almost 100 connected work centres at the Bologna and Forlì facilities at the end of 2023) allowed for the application of machine learning techniques for the early interception of faults and performance drifts, as well as timely monitoring of their efficiency. There have been multiple positive impacts, from the machinery's life cycle to its maintenance, as well as the contribution to making a safer work place.



### ADVANCED WAREHOUSE

In 2022, we implemented new technologies to optimise warehouse processes and tested them in the EVO plants to support the inflow and outflow of goods, assisted component picking and services to assembly lines by integrating the technologies with warehouse management. During 2023, the system was successfully extended to the Bonfiglioli USA branch. This represented the first major step in extending the solution globally.



### PRODUCT SELECTION TOOL AND 3D CONFIGURATOR

This tool was developed to help customers when selecting products online. The digital configuration can be carried out on a catalogue containing 70 product categories. By combining the skills of industry experts with the needs expressed by internal users and Bonfiglioli customers, the result is an improved user experience and interface (UX/UI) of the product selector.

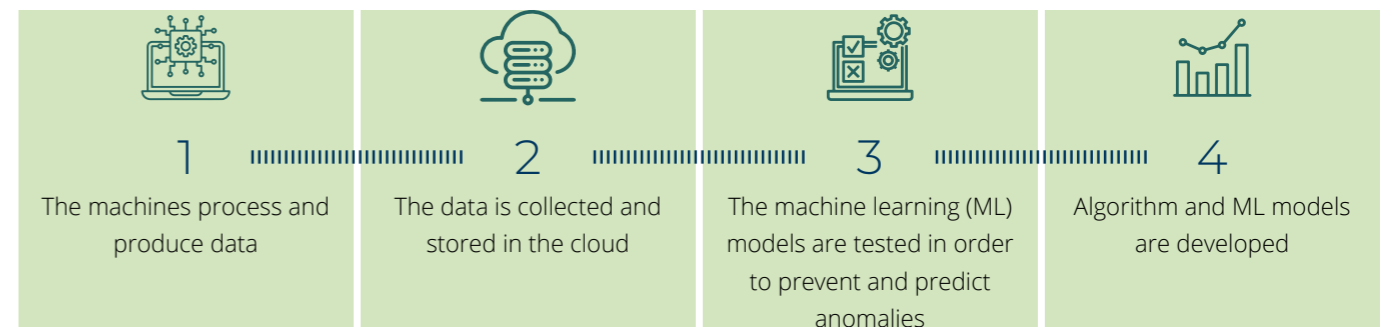


### ELECTRONIC WORK INSTRUCTIONS

The introduction of new augmented reality (AR) technology lets the user visualise the assembly instructions in real time. The development of the 3D electronic work instructions (EWI) was designed to be integrated with a specific CAD module that allows you to migrate assembly elements from the PLM to the 3D experience visualization engine.



### HOW WE USE DATA TO PREVENT ANOMALIES



<sup>23</sup> iFAB combines private companies, universities and research centres in a single network in order to bring the production industry closer to the Bologna Big Data Technopole, which became fully operational in 2023.

<sup>24</sup> The MVP goals refer to the basic version of a product that a company can launch on the market in order to meet the basic needs of the first users and receive feedback for future product developments..

# 4.3 a responsible supply chain

Decency, probity and integrity are the guiding principles of our relationship with suppliers and partners

## BONFIGLIOLI'S CODE OF ETHICS



The expansion of our global **network of partnerships** is part of our commitment to innovation and continuous improvement. The development of long-lasting relationships of trust with our "upstream" partners enables us to procure essential goods and services in compliance with the main quality standards.

In 2018, we launched a process to **centralise purchases**, which allowed us to increasingly standardise internal processes, simplify their flow and align purchasing decisions with corporate strategy.

Purchases can generally be classified into two main groups, distinguishing between "indirect" and "direct" purchases. The former refer to the procurement processes in place with suppliers of goods and services which are not directly involved in product development (e.g., suppliers of offices or outsourced facilities and services). In contrast, "direct" purchases refer to the goods and services which are necessary to manufacture end products, such as materials and goods for production. **Most indirect purchases are centralised, while, given their importance, direct purchases are managed by the relevant Business Units and the procurement team**, which participate in the supplier evaluation phase, discussing the specific needs identified.

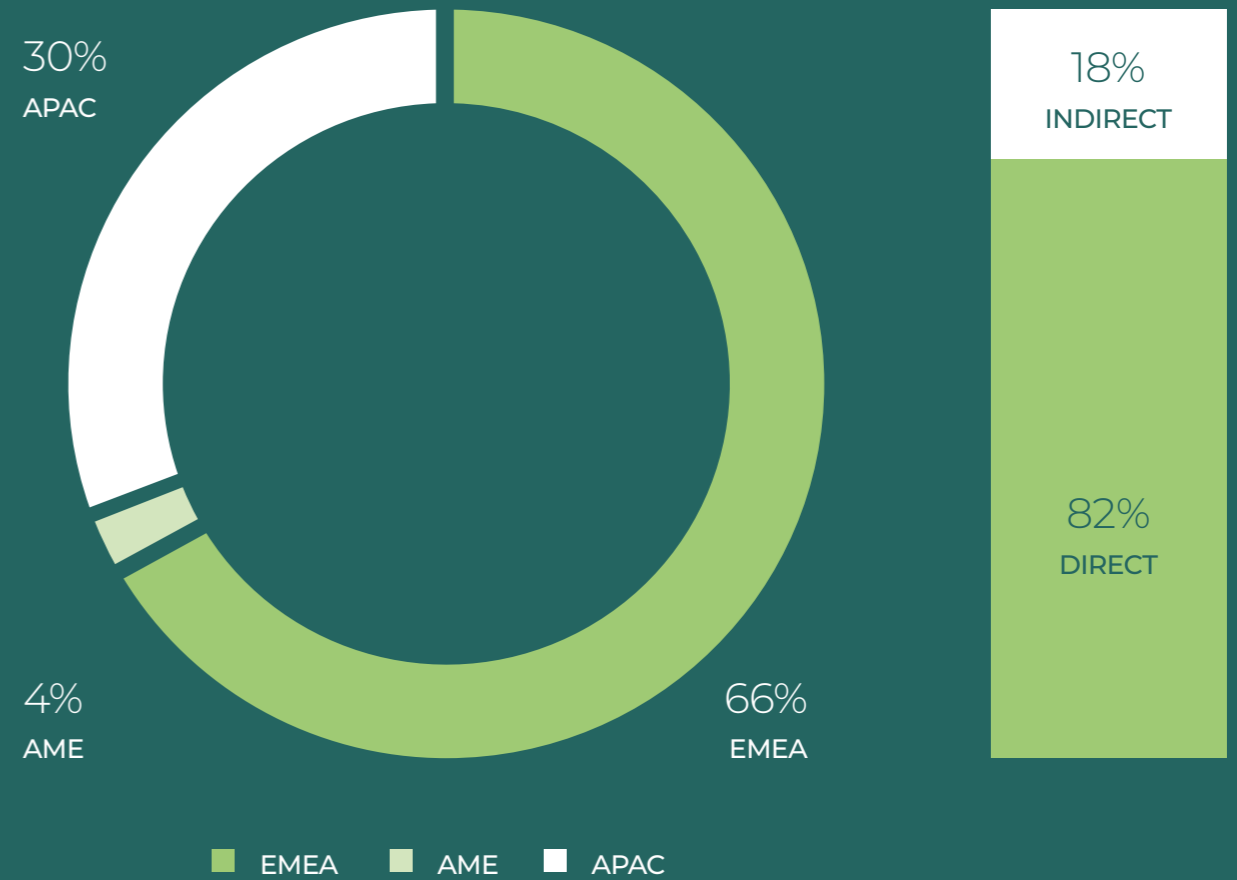
The adoption of a centralised approach ensures greater decision-making synergy between departments and an increasingly accurate supplier evaluation process, both in qualitative and economic terms. Accordingly, we hold weekly meetings (the "global staff meetings"), involving all the Group's purchasing managers and commodity leaders, with the aim of:

- carrying out a **periodic analysis of performance** at BU, Region and facility level, which covers all commodities used globally, identifying any deviations from the budget;
- finalising resourcing and product **development strategies**;
- carrying out a comprehensive **supply risk analysis**, discussing mitigation plans if necessary;
- monitoring **quality KPIs** over time, while implementing improvement strategies.

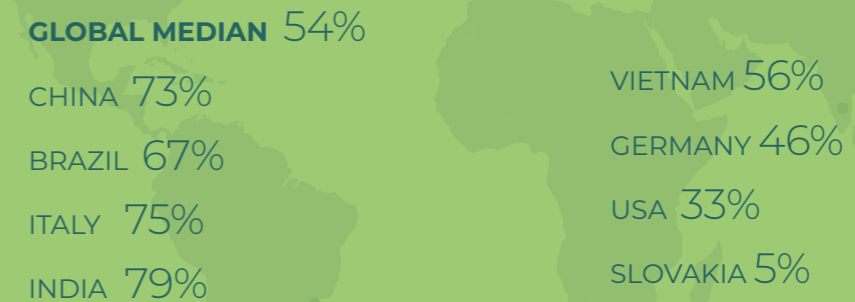
In 2023, total costs for goods and services amounted to more than €895 million, up 25% on the previous year. This strong upward trend is in line with the growth strategy adopted in 2023, which extended the business scope to include the Selcom Group S.p.A. supply chain. The figure includes both indirect and direct purchases, which comprise raw materials and semi-finished products.

Most of our suppliers are based in Europe, the Middle East and Africa (EMEA), followed by the Asia-Pacific (APAC) and Americas (AME) Regions.

SUPPLIERS BROKEN DOWN BY DISTRIBUTION AND GEOGRAPHICAL AREA, 2023 (AS % OF COSTS)



COSTS BY LOCAL SUPPLIERS (%) IN 2023<sup>25</sup>



We aim to generate a positive impact in each country in which we operate, fostering the growth of the local economy and improving the economic and social conditions of the local community. The graph below shows the percentage of products purchased locally (only direct costs, generated by the production sites, are considered).

<sup>25</sup> Purchases from suppliers based in the same country as the site were considered local. The figures only include the costs related to direct suppliers. The global average was calculated based on the purchases of individual countries, including those considered in-scope in the analysis.

## DIGITAL TRANSFORMATION OF THE PURCHASING DEPARTMENT

In 2023, the Purchasing department benefited from the positive effects of the recently-launched **digital transformation** process. By developing a single global portal through which the Group can manage the entire supply chain, processes and purchasing decision criteria are harmonised and supplier scouting activities can be mapped, ensuring shared management of customers and suppliers.

The roadmap for the digitalisation of the purchasing department envisages the gradual transfer of all procedures and documents relating to suppliers into a virtual “area” at global level. By collecting all information about the supply chain (such as legal documents, certifications, order information) in a **single platform**, we can manage current and potential suppliers in a comprehensive manner, from an economic, environmental and legal standpoint.

Furthermore, the **implementation of a data mining process** (Celonis) allows us to map all system deviations and inefficiencies in order to define an action plan to improve and increase process efficiency. This tool, which is expected to be rolled out in 2024, was developed in 2023.

We firmly believe that digitalisation can provide us with a solid basis for collecting supply chain environmental data. Consequently, since 2023, we have devoted time and resources to build up the **SAP database used to calculate Scope 3 GHG emissions**.

### 4.3.1 a sustainable growth path

In order to pursue excellence, we expect the highest quality standards of our suppliers. For this reason, every week, we update our **Vendor Rating system**, which evaluates supplier performance based on several indicators. This evaluation system, which is focused on delivery times and quality, facilitates the identification of the potential corrective actions to be implemented which are then communicated in a monthly report to suppliers.

Specifically, by using the KPIs covering quality parameters on a global basis, we intend to increase the level of control and monitoring of suppliers with higher risks. The implementation of a vendor rating system has enabled us to help suppliers improve their performance, confirming the success of our approach. We revised the vendor rating system in 2023, focusing, in particular, on its “qualitative” content, in order to obtain even more representative estimates: the **main changes** introduced included updating the evaluation parameters used and increasing the level of detail, by BU, Region and individual commodity.

In order to further improve the quality of our supply relationships, our purchasing department started carrying supplier quality audits in 2020. To date, the **Audit Quality team** continues to monitor the evaluation process of direct suppliers we have been working with for at least two years. During the audit, the purchasing department evaluates suppliers using several criteria, including occupational safety. Once combined, they contribute to the definition of a final rating. They also enable us to identify improvement opportunities and, consequently, suggest corrective actions to improve performance and achieve a higher rating. In 2023, we carried out **61 process audit** on suppliers from different parts of the world, and we plan to increase this number in the next few years.

In addition to quality, we also monitor suppliers’ **financial rating** to ensure greater continuity in the supply of materials, while reducing the risks associated with suppliers which are highly dependent on our business. Specifically, our aim is to identify suppliers with higher risks by periodically updating the plan and monitoring targets. In 2023, the analysis process covered all the suppliers in the EMEA, while it will be extended to all Group Regions in 2024.

Our priorities for the near future include extending the analysis process to the **assessment of ESG risks** in the supply chain at corporate level. In 2023, we also updated the procurement procedure and included the ESG rating among the criteria for sourcing and supplier selection. Our goal is to make social and environmental parameters a key element in the supply chain scouting process, guiding “upstream” players along a sustainable and long-lasting growth path. Conducting a future qualitative ESG assessment is, indeed, a starting point for an even more structured path in the future.

Suppliers are required to comply with the applicable international standards and provide us with various certifications, including the **UE REACH** (Registration, Evaluation, Authorization and Restriction of Chemicals) regulation and the EU **RoHS** (Restriction of Hazardous Substances). Since 2019, in line with EU legislation, we have required a certification of the **origin of purchased components and goods**, i.e., their place of production or manufacture. This certification facilitates the identification of materials and products that come from countries with which special trade agreements are in place, which are considered and labelled as “preferential origin”. In this respect, in order to ensure monitoring of the Group’s risks of potential non-compliance with national laws and regulations, information on international requirements and regulatory frameworks is constantly monitored and updated via an internal platform. With respect to exports, we became an authorised exporter<sup>26</sup>, having obtained transport and customs management certifications, in 2021.

## CONFLICT MINERALS STATEMENT

Conflict minerals are “3TG” minerals (tantalum, tin, tungsten and gold) that are extracted from cassiterite, columbite-tantalite and wolframite in countries in conditions of armed conflict and human rights violations. To underline its commitment to a responsible and fair supply chain, since 2018, the Bonfiglioli Group has signed a statement in which it states that:

- the products and components provided by the Group do not include raw materials such as tin, tungsten, tantalum or gold mined in the Democratic Republic of the Congo (DRC) or its surrounding countries.

- Bonfiglioli will inform and support its suppliers to conduct an RCOI (Reasonable Country of Origin Inquiry) to determine the possible origin of raw materials from blacklist countries;
- some parts of the products manufactured by Bonfiglioli were purchased from its own suppliers who declare that they do not use raw materials from blacklist countries;
- the Group will continuously inform all customers of the results of its RCOI activities.

## VALUABLE PARTNERSHIPS

In 2023, we renewed our membership of APQP4Wind, a non-profit organisation founded by the world’s major producers and suppliers of wind turbines. Being a member of APQP4Wind offers our customers further assurance about the high quality of our wind energy solutions, as it represents the quality assurance methodology used throughout the global wind industry supply chain, from design to the customer. Moreover, this underlines our commitment to a sustainable future and confirms our key role in the development of the wind energy industry.

**APQP4Wind**  
Company Member

<sup>26</sup> The status of “approved exporter” is a facilitation measure introduced by EU customs legislation, which grants import and export advantages vis-à-vis certain third countries, based on agreements entered into between the EU and those countries.

### 4.3.2 supplier communication and engagement

Similarly to the past few years, we adopted a conscious and transparent approach in managing relationships with our “upstream” stakeholders again in 2023. Consequently, we prepared a price index for raw materials and energy, communicating any changes to our suppliers on a monthly basis. This enabled us to stay focused on monitoring fluctuations, highlighting possible upward cost trends to suppliers.

Furthermore, since 2021, we have supported our suppliers by granting them supply chain finance and we set up a reverse factoring scheme for our suppliers. We firmly believe that by listening to our stakeholders we can obtain positive impacts for both parties: indeed, the reverse factoring tool has enabled us to assist our suppliers, including when they find themselves in financial difficulties.

Furthermore, suppliers are **among the recipients of the Group’s Code of Ethics** and are required to share its key values and principles: the new agreements we have entered into **include a reference to the Code**, to be signed by each business partner. The publication of a **Supplier Code of Conduct** in 2024, to be formally accepted by suppliers, confirms the importance of developing a responsible supply chain.

At present, the orders sent to suppliers of the main production sites (Italian, German, Indian, Slovakian, Chinese and Vietnamese) include the updated version of the general terms and conditions of purchase, which cover 97% of the purchases made, both direct and indirect.

## 4.4 production designed to protect the environment

The Bonfiglioli Group is committed to promoting actions that ensure sustainable development and environmental protection and supporting innovative product and service improvements that generate environmental and social benefits. The recipients of our Code of Ethics must develop an in-depth knowledge of the issues surrounding global sustainable development and safeguarding of bio-diversity and act in order to protect the environment in their daily lives, in the workplace and in society. Furthermore, they must cooperate in the implementation of environmental protection actions and projects.

### BONFIGLIOLI’S CODE OF ETHICS



Protecting the environment is a key priority for us: we constantly strive to respond to climate challenges by taking decisions that **reduce our environmental impacts** and by implementing improvement actions during the design, development and manufacturing of our products.

Over the years, we have implemented several initiatives that enabled all the Italian companies and four production sites in Asia – Chennai (India), Shanghai (China), Binh Duong Province (Vietnam) and Mannur (India) - to obtain the ISO 14001 Environmental Management System certification, which is also used by all Selcom production sites.

## 4.4.1 use of energy resources

With respect to the use of energy resources, in addition to responding to the most pressing needs, we believe that these drives for change are an opportunity to develop environmentally friendly cutting-edge solutions, with a view to internal improvement.

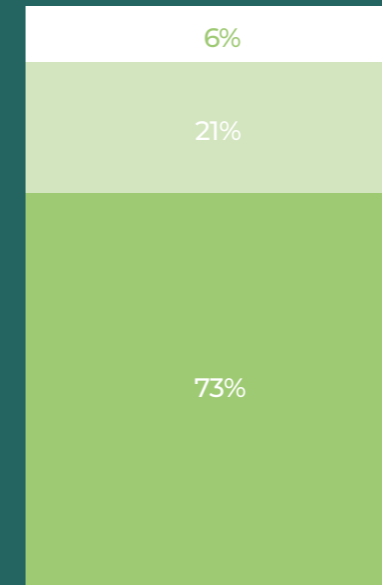
In fact, we have installed **geothermal wells** at the new EVO site in 2021. This project will generate an estimated 25% reduction in energy consumption for air conditioning in the building.

We continued our project to gradually **restructure** the industrial production sites during the year. In 2022, the design of an approximately 200 kWp photovoltaic power plant at the new Tecnotrans Bonfiglioli SA (Spain) offices under construction was completed. It should be able to cover 35% of the building's electricity needs. At the same time, the installation of a photovoltaic power plant on the roof of the EVO car park was completed, along with the design of the system for the Group's offices in South Africa, in order to compensate the irregularities in the local grid's supply and use renewable energy to meet the facility's needs. The system is expected to supply 104.50 kWp, avoiding the emission of 70.56 tonnes of CO2. At the Forlì site, a state-of-the-art electrical substation was installed, the car park was completed by installing photovoltaic panels, and the lighting system was revamped with high-efficiency LED technology, significantly reducing the site's energy consumption.

### STRENGTHENING DATA COLLECTION

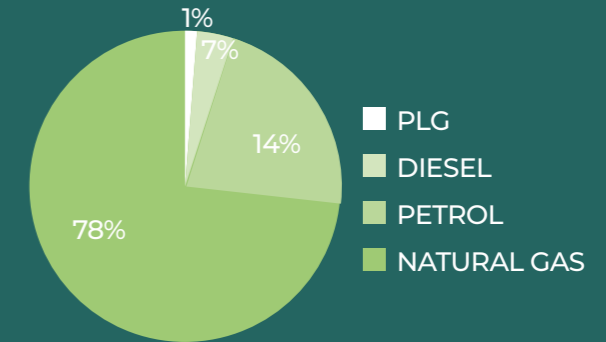
We collect information about the environment, which includes, inter alia, details of our electricity and water consumption and waste generation, from all Group companies once a month via an online platform. The availability of monthly data enables us to acquire in-depth understanding of our environmental performance and, therefore, to identify further opportunities for improvement.

**BREAKDOWN OF DIRECT ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES, 2023**



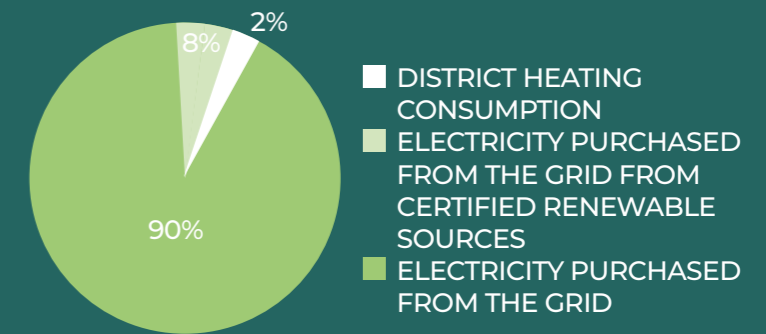
- SELF-CONSUMPTION OF ELECTRICITY
- DIRECT ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES
- INDIRECT ENERGY CONSUMPTION

**BREAKDOWN OF DIRECT ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES, 2023**



- PLG
- DIESEL
- PETROL
- NATURAL GAS

**BREAKDOWN OF INDIRECT ENERGY CONSUMPTION, 2023**



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

In 2023, we further strengthened our commitment to reducing the Group's environmental impact by confirming the use of energy from renewable sources. In fact, we used approximately 3,086,588 kWh of energy produced from renewable sources (as confirmed by the Guarantees of Origin - GO), which is a significant increase. In 2023, 58% of the renewable energy produced came from EVO's photovoltaic systems, which generated **1,784,173 kWh** of electricity. Of the total energy produced, 97.5% was consumed by the building, while the remaining 2.5% was sold to the national grid.



**1,784,173 kWh**  
OF ELECTRICITY GENERATED  
BY EVO SOLAR PANELS



### A PHOTOVOLTAIC POWER PLANT IN EVO'S CAR PARK

In line with our commitment to reducing the environmental impact, this photovoltaic power plant in the EVO's car park came into operation in 2023. The roof structure was equipped with 6,150 square meters of solar panels, capable of providing 1.3 MWh per year.

The introduction of a solar energy system provides several benefits for a group like ours. First of all, it allows us to meet a significant portion of the energy needs of our structure, in turn reducing electricity-related expenses. In addition, by using solar energy, the Italian facility is increasing its commitment to reducing its environmental impact, thus obtaining the NZEB (Nearly Zero Energy Building) certificate.



**SOLAR PANELS**  
6.150 M<sup>2</sup>



**SAVING ELECTRICAL ENERGY**  
NZEB BUILDING

In 2023, total energy consumption amounted to 310,792 GJ, up by 3% on 2022 as a result of the addition of the four Selcom facilities.

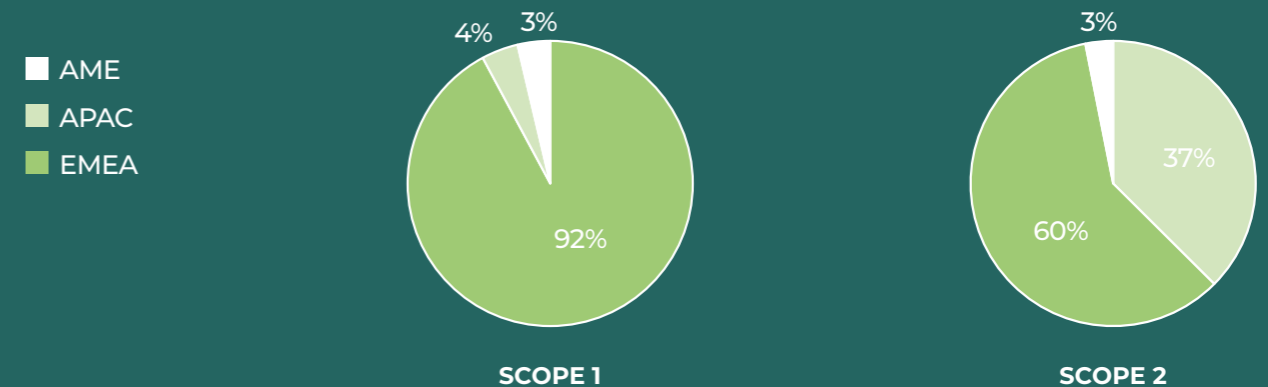
ENERGY CONSUMED BY BONFIGLIOLI [GJ]	2023	2022	2021
	Total	Total	Total
<b>Direct energy consumption from non-renewable sources</b>	<b>65,791</b>	<b>89,406</b>	<b>75,325</b>
Petrol	1,794	4,321	5,244
Diesel	12,229	18,536	13,668
Natural gas	51,758	65,251	55,772
LPG	9	1,268	641
<b>Indirect energy consumption</b>	<b>233,889</b>	<b>212,632</b>	<b>208,700</b>
Electricity purchased from the grid	229,687	207,053	201,535
<i>of which from certified renewable sources</i>	20,026	7,382	17,168
District heating consumption	4,202	5,578	7,165
Electricity self-produced and self-consumed from renewable sources	11,112	9,649	9,440
Electricity from photovoltaic systems generated and sold to the grid	141	208	611
<b>Total energy consumption</b>	<b>310,792</b>	<b>311,686</b>	<b>293,465</b>

## 4.4.2 atmospheric emissions

Measurement and monitoring activities enable us to become aware of the environmental impact of our operations. We will complete the process of tracking the greenhouse gas emissions of our entire Group in 2024. We will focus on checking the calculation of the emissions generated directly by the organisation (Scope 1) and indirect emissions (Scope 2), as well as the calculation of other emissions related to our value chain (Scope 3), in line with the main applicable international standards. This fundamental step is essential for the correct identification of areas where future actions to reduce emissions can be taken.

GHG EMISSIONS [TON CO <sub>2</sub> eq]	2023	2022	2021
	Total	Total	Total
<b>Direct emissions (Scope 1)<sup>27</sup></b>	<b>2,936</b>	<b>5,637</b>	<b>4,495</b>
<b>Indirect emissions (Scope 2)</b>			
Location-based <sup>28</sup>	25,436	24,882	25,267
Market-based <sup>29</sup>	31,040	29,156	28,625

### GHG EMISSIONS BY GEOGRAPHICAL AREA, 2023






<sup>27</sup> The DEFRA 2023 conversion factor was used to calculate direct emissions (Scope 1).

<sup>28</sup> The conversion factor used to calculate location-based indirect emissions (Scope 2) was published by TERNA on a country-by-country basis.

<sup>29</sup> The conversion factor used to calculate market-based indirect emissions (Scope 2) was published by the Association of Issuing Bodies (AIB) in 2022.

## Energy Transition Roadmap

During 2023, we launched an important project aimed at creating a roadmap for the group's energy transition and decarbonisation with reference to direct ("Scope 1") and indirect ("Scope 2") emissions.

<p><b>1.</b> Facility/branch analysis</p>  <p>All the group's sites are analysed in terms of the type of energy vectors used, their uses and related energy consumption and contribution to GHG emissions.</p>	<p><b>2.</b> Technology and applicability</p>  <p>Identification of all possible technologies to improve energy performance and analysis of their technical applicability to different sites analysed. For those evaluated positively, further analysis will determine the cost-effectiveness and impact in terms of energy consumption and emissions reduction (pre-feasibility analysis).</p>	<p><b>3.</b> Decarbonisation plan</p>  <p>Based on the outputs of the previous phases, the decarbonisation roadmap/plan for the group is created.</p>
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### POLLUTING EMISSIONS

Our production process does not release significant amounts of air pollutants into the atmosphere. Despite their small amount, the main ones include **particulate matter (PM)**, **nitrogen oxides (NO<sub>x</sub>)** and **carbon oxides (CO<sub>x</sub>)** and other pollutants. The upward trend recorded by the latter is due to more detailed monitoring of pollutants by all Group facilities.

EMISSIONS OF AIR POLLUTANTS [KG]	2023	2022
	Total	Total
Nitrogen oxides (NO <sub>x</sub> )	568.90	190.53
Sulphur oxides (SO <sub>x</sub> )	181.54	12.80
Volatile organic compounds (VOC <sub>s</sub> )	72.85	51.10
Particulate matter (PM)	306.21	459.15
Carbon monoxide (CO <sub>x</sub> )	10,078	3,230
Other pollutants	306	241.40

## 4.4.3 waste management

We aim to manage our waste correctly by **reducing its generation and disposal at our sites**. To this end, the collaboration of our employees and the choices of our business partners are a key element in implementing proper waste management.

Indeed, we are committed to minimising waste generation during the production process by adopting initiatives that encourage recycling and reuse as alternative disposal methods: several **local projects** launched in 2022 continued in 2023, focusing, in particular, on the reuse of wood, paper and cardboard packaging. Our suppliers took part in some of these projects. To this end, we have set some site-level goals, introducing targets equal to the ratio of kilograms of waste generated to hours of production carried out.

In 2023, we disposed of a total of **14,322** tonnes of waste, up 18% on 2022, as a result of the increase in the number of facilities following the acquisition of Selcom. Approximately 82% of the waste disposed of is non-hazardous waste. Once again, waste directed to disposal, which accounts for only 5,02% of the total waste, decreased. Our commitment to ensuring the proper management of waste recovery processes was confirmed also in 2023: 5,699 tonnes of waste were diverted from disposal and sent for recycling, composting or energy recovery.

BREAKDOWN OF WASTE BY TYPE AND DISPOSAL [TONS]	2023	2022	2021
	Total	Total	Total
<b>Total waste by type</b>	<b>14,322</b>	<b>12,083</b>	<b>13,169</b>
Hazardous waste	2,535 (17.7%)	2,454 (20.3%)	2,491 (18.9%)
Non-hazardous waste	11,787 (82.3%)	9,629 (79.7%)	10,678 (81.1%)

BREAKDOWN OF WASTE BY TYPE AND DISPOSAL [TONS]	2023	2022	2021
	Total	Total	Total
<b>Total waste by disposal operation</b>	<b>14,322</b>	<b>12,083</b>	<b>13,169</b>
Reused or recycled	355 (2.5%)	3,429 (28.4%)	8,034 (61.0%)
Incinerated (including energy recovery)	719 (5.0%)	546 (4.5%)	782 (5.9%)
Directed to disposal	9,989 (69.7%)	4,447 (36.8%)	699 (5.3%)
Other disposal operations	3,259 (22.8%)	3,661 (30.3%)	3,654 (27.7%)

## INITIATIVES IN FORLÌ TO CONTAIN POLLUTANTS AND WASTE

At our Forlì site, we have launched a series of projects to better manage the use and, consequently, the quantity of disposed materials used in the production phases, in order to **improve our environmental performance**.

Specifically, in partnership with one of our suppliers, we have replaced the synthetic mineral cutting oils used for lubrication/cooling on machine tools with plant-based oils, produced using sunflower seeds.

Furthermore, in order to significantly reduce the quantity of oil used by the machinery, the preventive maintenance & training technique (PMT) was implemented to maintain machinery in their basic conditions (i.e., factory settings).



## 4.4.4 use of water resources

We are aware of the importance of water for all living beings and the entire ecosystem and that climate change is threatening its availability, increasing, for example, the dangers linked to drought and the worsening of extreme weather events. For these reasons, we are committed to responsible water management, starting from its withdrawal, its use and, finally, its return to the water network. In particular, we considered the areas with water stress. Out of all the areas in which we operate, nine are particularly exposed to risks linked to water withdrawal.

In order to make people aware of the importance of **using water responsibly**, we organise communication activities with internal stakeholders to promote responsible water consumption. Water is mainly used for uses equivalent to domestic ones, i.e., bathrooms, in changing rooms and kitchens and facilities with canteens. In our production processes, water plays a residual role as it is only used by washer machines for production washing and, in general, in mechanical processes (machines to wash parts).

In 2023, we reduced our total water withdrawal to 103,370 m<sup>3</sup>, demonstrating our improved efficiency compared to the previous year.

TOTAL WATER WITHDRAWAL [M3]	2023	2022
	Totale	Totale
<b>Total water withdrawal - all areas</b>	<b>103,370</b>	<b>111,935</b>
Total water withdrawal - areas with water stress <sup>30</sup>	83,538	88,024

<sup>30</sup> The level of water stress is assessed using the Aqueduct Water Risk Atlas tool (wri.org) from Aqueduct (World Resources Institute), which gives a score of between 0 and 5 for the area entered. The query in the tool began from the city of the area being assessed. Areas with a score above 3 were deemed areas with water stress.



# ANNEX

## methodology



This document, which is the **Bonfiglioli Group's fourth Sustainability Report**, has been prepared in order to describe its commitment to sustainable development, as well as its efforts to promote a business model that respects the social, environmental and economic context in which the Group operates.

## content and methodology



In line with the previous year, the Sustainability Report is published annually and has been prepared in accordance with the GRI-Sustainability Reporting Standards 2021 (the "GRI Standards") ("in accordance with" the GRI Standards option).

It covers the sustainability issues deemed significant for the Group and our stakeholders and shown in the materiality assessment.

The reporting period covers 2023, which, unless otherwise specified in the individual sections, coincides with the calendar year from 1 January 2023 to 31 December 2023. The Sustainability Report is published annually. The Sustainability Report covering 2022 was published in June 2023.

During the 2023 reporting process, we decided to revisit the calculation of certain prior year figures. Specifically, the few restatements made have always been properly disclosed in the notes, next to the table in section "3.3 Employee safety".

## reporting boundary



The reporting boundary of this report comprises Bonfiglioli S.p.A., with registered office in Calderara di Reno and its consolidated subsidiaries: the Italian (Bonfiglioli Riduttori S.p.A. single-member company) and foreign subsidiaries (Bonfiglioli Transmissions S.A.S., Bonfiglioli Slovakia s.r.o., Bonfiglioli UK Ltd., Bonfiglioli Power Transmission & Automation Technologies JSC, Tecnotrans Bonfiglioli S.A., Bonfiglioli Power Transmission PTY Ltd., Bonfiglioli South Africa PTY Ltd., O&K Antriebstechnik GmbH, Bonfiglioli Deutschland GmbH, Bonfiglioli Vectron GmbH, Bonfiglioli Transmissions PVT Ltd, Selcom Group S.p.A., Bonfiglioli Drives (Shanghai) CO. Ltd., Bonfiglioli Trading (Shanghai) CO. Ltd., Bonfiglioli Vietnam Ltd., Bonfiglioli Drive Solutions PVT Ltd., Bonfiglioli Transmission (Aust.) PTY Ltd., Selcom Eletronics (Shanghai) Co. Ltd, Bonfiglioli Redutores Do Brasil Industria e Comercio LTDA, Bonfiglioli Canada Inc. and Bonfiglioli USA Inc.).

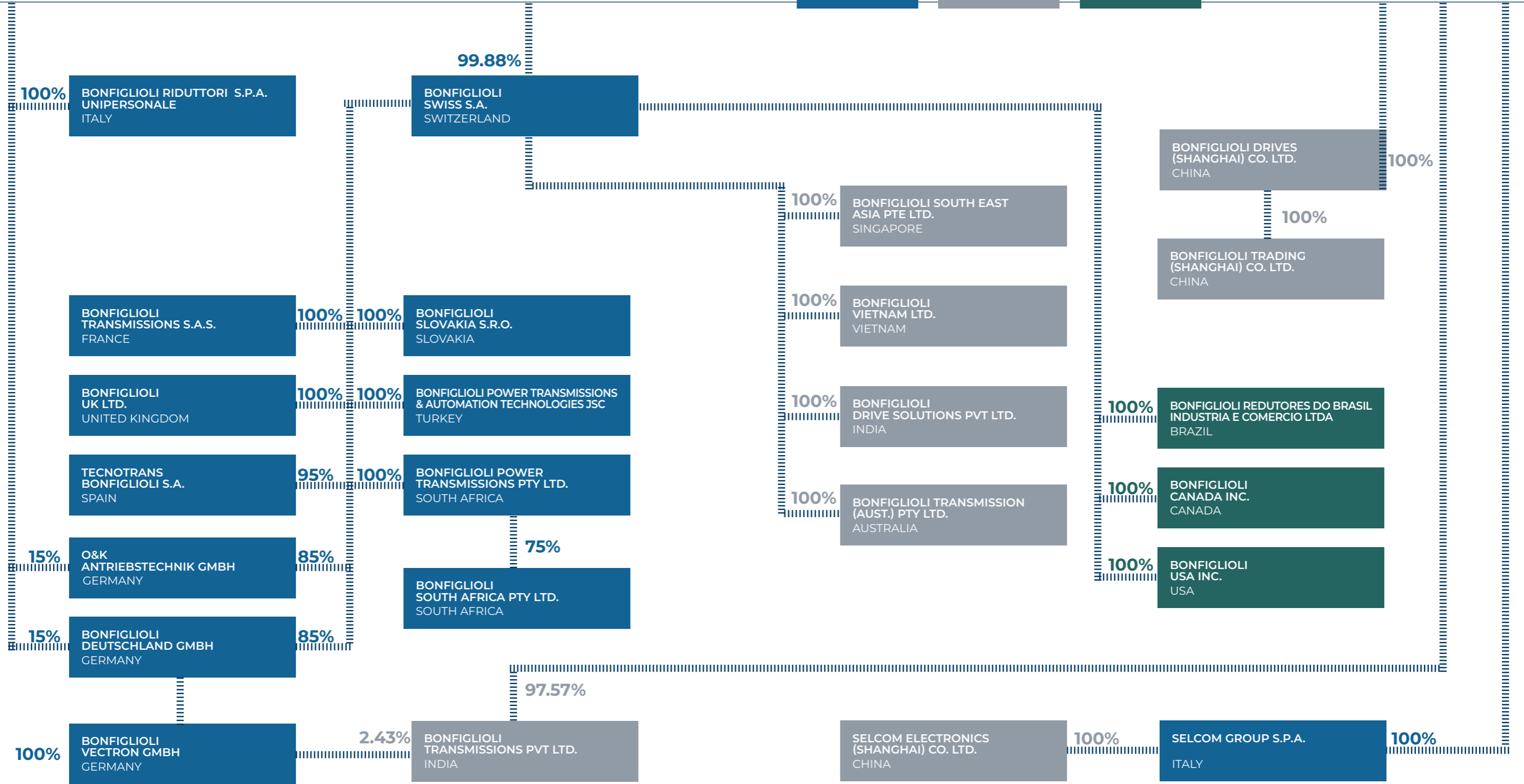
Bonfiglioli Swiss S.A and Bonfiglioli South East Asia PTE Ltd (Singapore) have not been included in the reporting boundary. Despite being included in the consolidated financial statements, they are not significant for sustainability reporting purposes as they have a small number of employees. Selcom Group S.p.A, based in Cologno (LO), was also excluded from the reporting boundary. As it was decommissioned in the first half of the year, it was deemed insignificant in terms of its contribution to the Group's performance. Any further limitations to the reporting boundary are indicated elsewhere in this document.



The group as of  
31.12.2023



 Bonfiglioli S.p.A.



## quality assurance principles for the sustainability report



The 2023 Sustainability Report has been prepared in accordance with the reporting principles of the GRI Standards 2021 (accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, verifiability), which ensure the quality of the information reported and provide a proper presentation of the Group's activities and impacts.

## calculation criteria



The methodology used to calculate the quantitative information disclosed in the Sustainability Report is described below.

The Group's energy consumption, which comprises electricity, natural gas, diesel, petrol and LPG, was calculated in Gigajoules (GJ). The figures relating to electricity from renewable sources include energy self-produced from renewable sources and energy purchased from renewable sources certified in accordance with current regulations.

Direct greenhouse gas emissions (Scope 1), calculated in CO<sub>2</sub> equivalent, were determined using the following emission factors:

- Fuels (petrol, diesel, natural gas, LPG, refrigerant gas): the most recent version of the UK Government GHG Conversion Factors for Company Reporting, published by DEFRA for 2023;
- When figures are unavailable, estimates were made considering the percentage change in hours worked within the facility or the Group's overall reduction on the same energy source.

Indirect greenhouse gas emissions (Scope 2) were calculated using the following emission factors:

- Metodo di calcolo "location-based": fattore proposto dalla pubblicazione "Confronti internazionali" pubblicata da "TERNA" per gli anni 2019, 2020 e 2021;
- Location-based calculation method: factor provided by TERNA in the International comparisons publication for 2019, 2020 and 2021;
- Market-based calculation method: factors provided by the Association of Issuing Bodies – European Residual Mixes for 2019, 2020 and 2021;
- Scope 2 emissions are calculated in tonnes of CO<sub>2</sub>. However, considering the negligible quantity of natural gas (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and ozone (O<sub>3</sub>) in the overall Scope 2 emissions, the related figure is expressed in carbon dioxide equivalent (CO<sub>2</sub>eq), in line with Scope 1 emissions.

With respect to the indicators relating to employees and health and safety:

- The rate of work-related injuries is the ratio between the total number of injuries and the total number of hours worked, multiplied by 1,000,000;
- The rate of high-consequence work-related injuries is the ratio between the total number of high-consequence work-related injuries and the total number of hours worked by all employees during the year multiplied by 1,000,000;
- The calculation of the rate of new employee hires and of employee turnover is the ratio between the number of new employee hires and of employee turnover by age group, respectively, compared to the total number of group employees, multiplied by 100. The rate of new employee hires and of employee turnover by geographical area is the ratio between new employee hires and of employee turnover in the Region, respectively, and the total number of employees in the geographical area, multiplied by 100.



# GRI CONTENT INDEX

**STATEMENT OF USE** Bonfiglioli's Sustainability Report complies with the GRI Standards and covers the period from 1 January 2023 to 31 December 2023.

**GRI 1 USED** GRI 1: Foundation 2021

**APPLICABLE SECTOR STANDARDS** At the publication date of this document, no Sector Standards envisaged by the most recent GRI Sector Program and applicable to the sector in which the Group operates were available.

GRI STANDARD	DISCLOSURE	SECTION	PAGE	OMISSIONS		NOTE
				OMITTED REQUIREMENTS	REASON DESCRIPTION	
<b>GENERAL DISCLOSURES</b>						
	2-1 Organizational details	Global reach to act locally	16-21			
	2-2 Entities included in the organization's sustainability reporting	Annex	112-117			
	2-3 Reporting period, frequency, and contact point	Annex	112-117			
	2-4 Restatements of information	Annex	112-117			
<b>GRI 2 – GENERAL DISCLOSURES 2021</b>	2-5 External assurance					This report was not subject to external assurance
		Global reach to act locally	16-21			
	2-6 Activities, value chain and other business relationships	Our Business Units	22-25			
		A responsible supply chain	98-102			
	2-7 Employees	Collaborative growth through innovation	52-64			
	2-8 Workers who are not employees	Collaborative growth through innovation	52-64			



GRI STANDARD	DISCLOSURE	SECTION	PAGE	OMISSIONS		NOTE
				OMITTED REQUIREMENTS	REASON DESCRIPTION	
<b>GRI 2 – GENERAL DISCLOSURES 2021</b>	2-9 Governance structure and composition	Sustainability-oriented governance	40-42			
	2-10 Nomination and selection of the highest governance body					At present, Bonfiglioli has no formalised procedures for the nomination and selection of the highest governance body. The chair of the highest governance body is not a senior manager of the organisation.
	2-11 Chair of the highest governance body					The Chair of the highest governance body is not a senior manager of the organization.
	2-12 Role of the highest governance body in overseeing the management of impacts	What sustainability means to us	26-31			
		Sustainability oriented-governance	40-42			
	2-13 Delegation of responsibility for managing impacts	Sustainability oriented-governance	40-42			
	2-14 Role of the highest governance body in sustainability reporting					At present, the BoD is not responsible for approving the Sustainability Report. Sustainability figures are validated by c-suite managers.
	2-15 Conflicts of interest					There are no procedures to assess the performance of the highest governance body in overseeing controls over the management of the impacts on the economy, the environment and people.
	2-16 Communication of critical concerns	Committed to responsible business	43-49			
	2-17 Collective knowledge of the highest governance body	Sustainability-oriented governance	40-42			

GRI STANDARD	DISCLOSURE	SECTION	PAGE	OMISSIONS		NOTE
				OMITTED REQUIREMENTS	REASON DESCRIPTION	
<b>GRI 2 – GENERAL DISCLOSURES 2021</b>	2-18 Evaluation of the performance of the highest governance body					There are no procedures to assess the performance of the highest governance body in overseeing controls over the management of the impacts on the economy, the environment and people.
	2-19 Remuneration policies	Sustainability-oriented governance	40-42			
	2-20 Process to determine remuneration	Sustainability-oriented governance	40-42			
	2-21 Annual total compensation ratio	Sustainability-oriented governance	40-42			
	2-22 Statement on sustainable development strategy	Letter to the stakeholders	6-7			
	2-23 Policy commitments	Committed to responsible business	43-49			
	2-24 Embedding policy commitments	Committed to responsible business	43-49			
		What sustainability means to us	26-31			
	2-25 Processes to remediate negative impacts	Committed to responsible business	43-49			
	2-26 Mechanisms for seeking advice and raising concerns	Innovation for a sustainable future	80-93			
		Committed to responsible business	43-49			
	2-27 Compliance with laws and regulations	Committed to responsible business	43-49			

GRI STANDARD	DISCLOSURE	SECTION	PAGE	OMISSIONS		NOTE
				OMITTED REQUIREMENTS	REASON DESCRIPTION	
<b>GRI 2 – GENERAL DISCLOSURES 2021</b>	2-28 Membership associations	Highlights	8-9			
		Value creation and our commitments to local communities	32-37			
	2-29 Approach to stakeholder engagement	What sustainability means to us	26-31			
	2-30 Collective bargaining agreements	Collaborative growth through innovation	52-64			
<b>MATERIAL TOPICS</b>						
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-1 Process to determine material topics	What sustainability means to us	26-31			
	3-2 List of material topics	What sustainability means to us	26-31			
<b>TOPIC STANDARDS: ECONOMIC (GRI 200)</b>						
<b>ECONOMIC PERFORMANCE</b>						
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31			
		Value creation and our commitments to local communities	32-37			
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>	201-1 Direct economic value generated and distributed	Value creation and our commitments to local communities	32-37			
<b>PROCUREMENT PRACTICES</b>						
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31			
		Management of non-financial risks and safeguards adopted	43-49			
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>	204-1 Proporzio- ne di spesa verso fornitori locali	A responsible supply chain	98-102			

GRI STANDARD	DISCLOSURE	SECTION	PAGE	OMISSIONS		NOTE
				OMITTED REQUIREMENTS	REASON DESCRIPTION	
<b>ANTI-CORRUPTION</b>						
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31			
		Management of non-financial risks and safeguards adopted	43-49			
<b>GRI 205: ANTI-CORRUPTION 2016</b>	205-3 Episodi di corruzione accertati e azioni intraprese	Committed to responsible business	43-49			
<b>TOPIC STANDARDS: ENVIRONMENTAL (GRI 300)</b>						
<b>ENERGY</b>						
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31			
		Committed to responsible business	43-49			
		Production designed to protect the environment	103-111			
<b>GRI 302: ENERGY 2016</b>	302-1 Energy consumption within the organization	Production designed to protect the environment	103-111			
<b>EMISSIONS</b>						
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31			
		Committed to responsible business	43-49			
		Production designed to protect the environment	103-111			
<b>GRI 305: EMISSIONI 2016</b>	305-1 Direct (Scope 1) GHG emissions	Production designed to protect the environment	103-111			
	305-2 Indirect (Scope 2) GHG emissions	Production designed to protect the environment	103-111			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	Production designed to protect the environment	103-111			

GRI STANDARD	DISCLOSURE	SECTION	PAGE	OMISSIONS		NOTE
				OMITTED REQUIREMENTS	REASON DESCRIPTION	
<b>WASTE</b>						
		What sustainability means to us	26-31			
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	Committed to responsible business	43-49			
		Production designed to protect the environment	103-111			
	306-1 Waste generation and significant waste-related impacts	Production designed to protect the environment	103-111			
	306-2 Management of significant waste-related impacts	Production designed to protect the environment	103-111			
<b>GRI 306: WASTE 2020</b>	306-3 Waste generated	Production designed to protect the environment	103-111			
	306-4 Waste diverted from disposal	Production designed to protect the environment	103-111			
	306-5 Waste directed to disposal	Production designed to protect the environment	103-111			

**TOPIC STANDARDS: SOCIAL (GRI 400)**

**EMPLOYMENT**

		What sustainability means to us	26-31			
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	Committed to responsible business	43-49			
		Collaborative growth through innovation	52-64			
<b>GRI 401: EMPLOYMENT 2016</b>	401-1 New employee hires and employee turnover	Collaborative growth through innovation	52-64			

GRI STANDARD	DISCLOSURE	SECTION	PAGE	OMISSIONS		NOTE
				OMITTED REQUIREMENTS	REASON DESCRIPTION	
<b>LABOR/MANAGEMENT RELATIONS</b>						
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31			
		Collaborative growth through innovation	52-64			
<b>GRI 402: LABOR/MANAGEMENT RELATIONS 2016</b>	402-1 Minimum notice periods regarding operational changes					The Group did not set a minimum number of weeks, but promptly communicates organisational changes to employees from time to time depending on the circumstances
<b>OCCUPATIONAL HEALTH AND SAFETY</b>						
		What sustainability means to us	26-31			
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	Committed to responsible business	43-49			
		Employee safety	72-77			
		Global reach to act locally	16-21			
	403-1 Occupational health and safety management system	Employee safety	72-77			
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>	403-2 Identificazione dei pericoli, valutazione dei rischi e indagini sugli incidenti	Employee safety	72-77			
		403-3 Occupational health services	Employee safety	72-77		
		403-4 Worker participation, consultation, and communication on occupational health and safety	Employee safety	72-77		
	403-5 Worker training on occupational health and safety	Employee safety	72-77			

GRI STANDARD	DISCLOSURE	SECTION	PAGE	OMISSIONS			NOTE
				OMITTED REQUIREMENTS	REASON	DESCRIPTION	
<b>GRI 403: SALUTE E SICUREZZA SUL LAVORO 2018</b>	403-6 Promotion of worker health	Employee safety	72-77				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee safety	72-77				
	403-9 Work-related injuries	Employee safety	72-77				
<b>EDUCATION</b>							
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31				
		Knowledge as the key to success	65-71				
<b>GRI 404: TRAINING AND EDUCATION 2016</b>	404-1 Average hours of training per year per employee	Knowledge as the key to success	65-71				
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>							
<b>GRI 3: TEMI MATERIALI 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31				
		Committed to responsible business	43-49				
		Employee safety	72-77				
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016</b>	405-1 Diversity of governance bodies and employees	Sustainability-oriented governance	40-42				
		Collaborative growth through innovation	52-64				
<b>NON-DISCRIMINATION</b>							
<b>GRI 3: TEMI MATERIALI 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31				
		Committed to responsible business	43-49				
		Employee safety	72-77				
<b>GRI 406: NON DISCRIMINAZIONE 2016</b>	406-1 Incidents of discrimination and corrective actions taken	Collaborative growth through innovation	52-64				

GRI STANDARD	DISCLOSURE	SECTION	PAGE	OMISSIONS			NOTE
				OMITTED REQUIREMENTS	REASON	DESCRIPTION	
<b>CHILD LABOUR</b>							
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31				
		Committed to responsible business	43-49				
		Collaborative growth through innovation	52-64				
<b>GRI 408: CHILD LABOUR 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labour	What sustainability means to us	26-31				No about suppliers at significant risk for incidents of child labour are available for the 2021-2023 period
		Committed to responsible business	43-49	Suppliers at significant risk for incidents of child labour	Unavailable or incomplete information		
		Collaborative growth through innovation	52-64				
<b>FORCED OR COMPULSORY LABOR</b>							
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31				
		Committed to responsible business	43-49				
		Collaborative growth through innovation	52-64				
<b>GRI 409: FORCED OR COMPULSORY LABOUR 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	What sustainability means to us	26-31				No figures about suppliers at significant risk for incidents of child labour are available for the 2021-2023 period
		Committed to responsible business	43-49	Suppliers at significant risk for incidents of child labour	Unavailable or incomplete information		
		Collaborative growth through innovation	52-64				
<b>CUSTOMER HEALTH AND SAFETY</b>							
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31				
		Committed to responsible business	43-49				
		Innovation for a sustainable future	80-93				
<b>GRI 416: SALUTE E SICUREZZA DEI CLIENTI 2016</b>	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Innovation for a sustainable future	80-93				



GRI STANDARD	DISCLOSURE	SECTION	PAGE	OMISSIONS		NOTE
				OMITTED REQUIREMENTS	REASON DESCRIPTION	
<b>CUSTOMER PRIVACY</b>						
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	What sustainability means to us	26-31			
		Committed to responsible business	43-49			
<b>GRI 418: CUSTOMER PRIVACY 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Committed to responsible business	43-49			
<b>SPECIFIC TOPICS NOT COVERED BY THE GRI STANDARDS</b>						
<b>PROCESS AND PRODUCT INNOVATION AND SUSTAINABILITY</b>						
<b>GRI 3: MATERIAL TOPICS 2021</b>	3-3 Management of material topics	Innovation for a sustainable future	80-93			

*We engineer dreams*

 **Bonfiglioli**



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.

**HEADQUARTERS**

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