



We Are the Drivers

Letter to Stakeholders

There is no single concept of sustainability: leaving aside purely economic aspects, there are many initiatives concerning environmental and social sustainability implemented by the various companies in Italy's industrial network.

For us, being sustainable means growing through organisational and business models capable of creating shared value. The aim is to ensure that the economic performance of our company and our customers progresses and, at the same time, to generate value for the society in which we operate and for all our stakeholders, paying particular attention to environmental protection and to the protection of future generations.

Playing an active role in the creation of a sustainable ecosystem implies a clear entrepreneurial responsibility when adopting a conscious and responsible lifestyle. It involves introducing measures which conserve energy resources and at the same time ensure the business progresses, while respecting people, the planet and youth.

At SEW-EURODRIVE Italy, this path towards sustainability is embodied in a systemic and transparent approach, which cultivates a strong focus on innovation and technology. We consider these factors fundamental to improving the way we measure the impact of all our corporate choices and the behaviour of us all. Be-

cause sustainability is an individual commitment, even before a corporate one.

Particular attention is also paid to our employees, through the promotion of mechanisms to include skills, competencies, background and gender in recruitment processes, as well as in safety management, training provision and the establishment of welfare plans that contribute to the well-being of employees and their families. We also promote remote working methods, both to increase the sense of autonomy and responsibility and to reduce polluting emissions.

Finally, for us sustainability also means bringing forward various projects, workshops and meetings with schools, universities, foundations and all interested parties, to contribute to the sustainable development of society also from an ethical and cultural perspective.

This sustainability report is intended as a first step towards building a sustainable future and evolving the social and economic system, while protecting the environment and fundamental human and labour rights.



Giorgio Ferrandino
General Manager

“ON THE
ROAD TO
SUSTAINABILITY”



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Highlights 2021



over
90 YEARS
OF HISTORY



138.6 € m
ECONOMIC VALUE
GENERATED

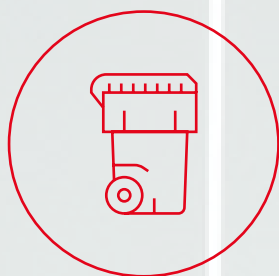
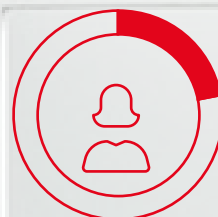


97%
EMPLOYEES
hired under
permanent
contracts



206
EMPLOYEES

of which
22%
women



94.8%
waste
products
sorted



22%
of waste
reused
internally



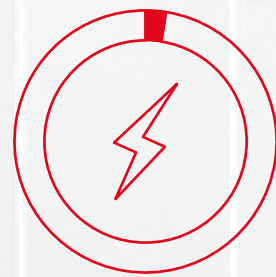
5,385
total training
hours



100%
renewable electricity
consumption



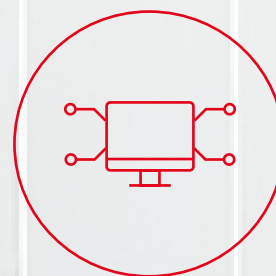
12.7
indication of the
level of cultural
sustainability



Self-production
of energy from
photovoltaics equal
to 2.5% of annual
consumption



Sustainability
embedded in
the corporate
strategy



Digital
technologies
and Smart
Assembly Plan

What SEW-EURODRIVE does

Technologies

20

families

Standard and industrial
IG gear units and
complete gearmotors

13

families

Asynchronous
and synchronous
electric motors

13

families

Inverters and
servo inverters

12

families

Motion
Controller

1

family

MOVITRANS®
inductive energy
supply system



Solutions

AGV

Complete
Automated
Guided Vehicles

Delta Robot

Tripod

PE-S

(Power and Energy Solutions)

Intelligent power
management system

DriveRadar®

Software as-a-Service
Platform for Condition
Monitoring and Predictive
Maintenance

Services

- Repair of electric motors, gear units and complete gear motors
- Repair of electronic components such as inverters and servo inverters
- Mapping on products installed at End Users' premises
- Qualitative oil analysis of gear units installed at End Users' premises
- Thermographic analysis of gear units installed at End Users' premises
- Pick-up & Delivery Service for End Users
- Basic training courses on programming electronic devices







Sustainability in SEW-EURODRIVE Italy

Sustainability in SEW-EURODRIVE Italy

BE SEWstainable!: our practical commitment to creating a sustainable future

SEW-EURODRIVE Italy has chosen to take an active role in creating a sustainable future, contributing to the progress and well-being of the economic, social and environmental system combined.

The first step was first and foremost to promote a culture of sustainability through the adoption of an internal Green Policy. Here the goal is to identify objectives to improve working conditions and social balance by introducing measures to preserve the environment on the one hand, and to ensure the economic continuity of the business system on the other. In doing so, SEW-EURODRIVE Italy wishes to ensure its actions deliver sustainable success for itself and all for stakeholders.

The company is therefore committed to achieving specific goals by 2025 and 2030, in line with the 2030 Agenda and a series of identified SDGs, by implementing multiple initiatives in different areas. These include, for example, transport, material reuse, reduction of non-sustainable materials, building efficiency and zero-impact event management.

To this end, by identifying seven of the goals expressed by the United Nations Global Compact for the protection of the environment, SEW-EURODRIVE Italy has drawn up its Green Policy, a strategic document outlining the actions and initiatives that the company intends to implement to develop a culture of sustainability and achieve its environmental and social protection objectives.



The 2030 Agenda and the UN SDGs

On 25 September 2015, the United Nations approved the Global Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs), divided into 169 Targets to be achieved by 2030.

The implementation of the Agenda requires a strong involvement of all components of society, from business to the public sector, from civil society to philanthropic institutions, from universities and research centres to information and cultural operators.








To give substance to this historic challenge, the Italian and German management of SEW-EURODRIVE Italy has set up an observation process known as a *trend radar*, which is designed to explore practical ideas that will inspire the company's long-term management. The SDGs goals have thus found their way onto the strategic corporate agenda.

The medium- and long-term focus desired by the ownership provides a decisive starting point.

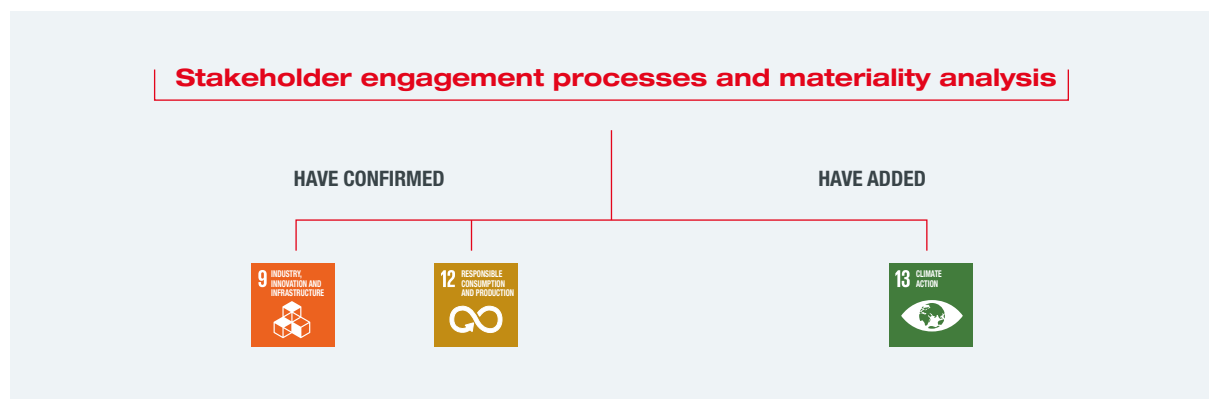
Specifically, SEW-EURODRIVE Italy has identified the goals to which it can contribute directly and indirectly, for each of which it envisages specific actions as shown below:



Of the **169 SDGs targets**, SEW-EURODRIVE Italy has identified the following goals and related targets:

GOALS	TARGETS
 SDG 4: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> ■ set up public-private partnerships with NGOs, universities, the public sector and other enterprises to promote quality education ■ introduce a human resources management model that provides opportunities for continuous training and learning for all
 SDG 5: achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> ■ define corporate policies that include gender mainstreaming and promote equality and inclusion as values of the corporate culture
 SDG 7: ensure access to affordable, reliable, sustainable and modern energy systems for all	<ul style="list-style-type: none"> ■ install energy-efficient technologies ■ use renewable energy sources in the company's activities, to this end also making changes to the business model
 SDG 8: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> ■ adopt a Diversity Management policy targeting women, young people and disadvantaged groups in order to ensure equal development and career opportunities for the entire workforce
 SDG 9: build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<ul style="list-style-type: none"> ■ invest in research, development and innovation to promote technological development and innovation in business activities ■ introduce and develop innovation, transforming products, services, production processes and internal management according to sustainability criteria
 SDG 12: ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> ■ use biodegradable, recyclable or reusable materials in business activities ■ develop the company's products and services in such a way that energy and natural resources are used efficiently at all stages in the value chain
 SDG 17: strengthen the means of implementation and revitalise the global partnership for sustainable development	<ul style="list-style-type: none"> ■ raise awareness and train all departments and employees on the SDGs, defining common values for the whole company ■ align the social responsibility strategy with the Sustainable Development Goals (SDGs), integrating them into the corporate culture

The materiality analysis and stakeholder engagement process launched in 2021, involving internal and external strategic stakeholders (p. 16), highlighted 14 high and medium materiality aspects (i.e. relevant to corporate strategy) which will be integrated into the process of achieving the 2030 Agenda goals outlined and defined above.



The high and medium materiality aspects that emerged can be correlated with the SDGs in the following way:

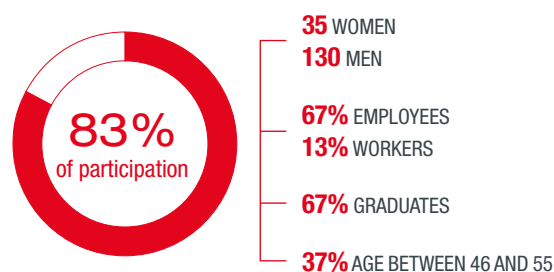


The culture of sustainability and the 2030 Agenda

The UNESCO Institute for Statistics (United Nations Educational, Scientific and Cultural Organisation), in collaboration with a number of international organisations and experts, has developed the Culture2030 Indicators. The aim is to support and complement the global indicators agreed in the 2030 Agenda to measure the contribution of culture to national and local implementation across the different Goals and targets of the 2030 Agenda¹.

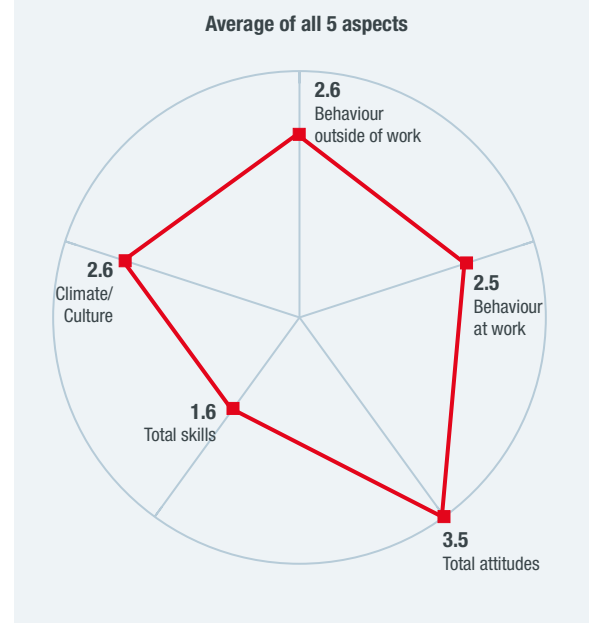
In order to align itself with the cultural indicators of the 2030 Agenda, SEW-EURODRIVE Italy decided to assess the corporate culture in terms of the all-important issue of environmental sustainability by launching an organisational diagnostic process through a survey extended to everyone in the company.

At the end of the process, in May 2021, 165 out of 198 questionnaires were completed:



Details of the assessment of the corporate culture of SEW-EURODRIVE Italy in terms of sustainability are included in the Methodological Note (p. 106).

The average of the evaluated items is shown in the following radar chart:



1. More information can be found on the website: <https://whc.unesco.org/en/culture2030indicators/>

The general index gave SEW-EURODRIVE Italy the cultural level of the company regarding human aspects (behavioural, cultural, psychosocial) linked to environmentally relevant issues and actions. The classification levels of the general index are as follows:

GENERAL INDEX CLASSIFICATION TABLE*

PATHOLOGICAL CULTURE	0 to 4: Level 0: pathological culture
CULTURE OF EXPERIMENTATION	4 to 8: Level 1: reactive culture
	9 to 11: Level 2: calculation culture
CULTURE OF RATIONALISATION AND ORGANISATIONAL LEARNING	12 to 14: Level 3: culture of improvement
CULTURE OF CONSOLIDATION	15 to 17: Level 4: proactive culture
	18 to 20: Level 5: generative culture



*Classification drawn by synthesising the Hearts & Mind Programme and Marella-Caramazza models.

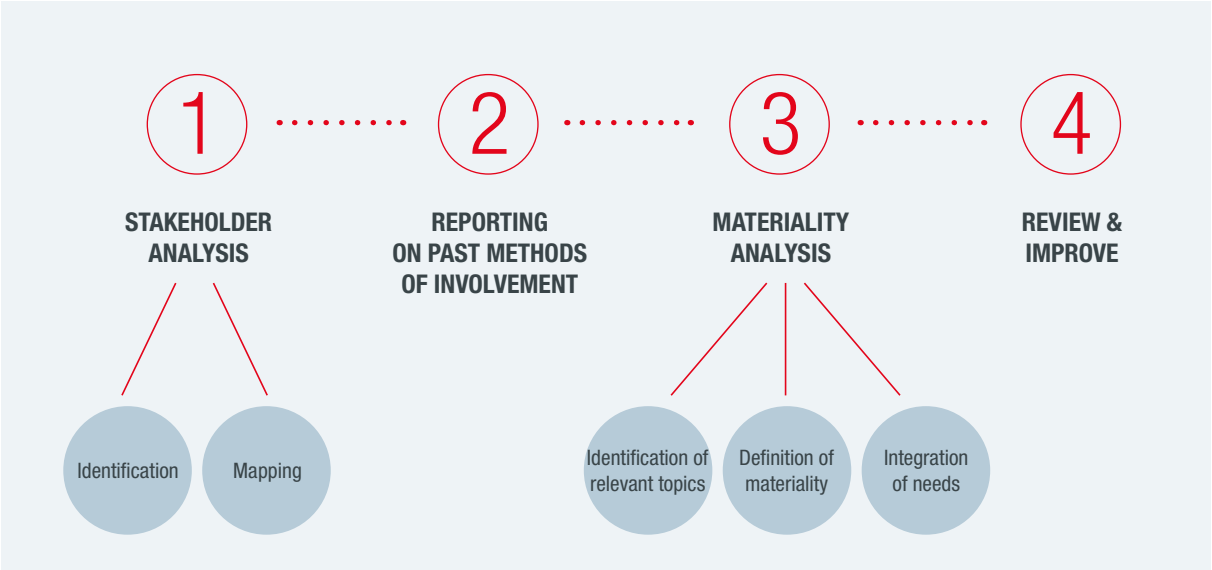
SEW-EURODRIVE Italy achieved an overall index of **12.7** thus placing it at **Level 3** in a culture of improvement. Following this process, an improvement plan emerged to enable SEW-EURODRIVE Italy to move from its current level to the next one, the main points of which were included in the sustainability targets for 2022.

Stakeholders and materiality analysis

SEW-EURODRIVE Italy strongly believes in the importance of involving its stakeholders and aims to maintain an ongoing and fruitful dialogue, taking into account the opinions and expectations of its stakeholders.

To enable them to make an informed assessment of SEW-EURODRIVE Italy's sustainability and its performance, several stakeholder engagement activities were planned with the entire sustainability team.

The Stakeholder Engagement and Materiality Analysis processes can be summarised as follows:



STAKEHOLDER ENGAGEMENT

The stakeholder categories identified (primary stakeholders in the innermost area and secondary stakeholders in the outermost area) are briefly represented in the following diagram.



Details of SEW-EURODRIVE Italy's Stakeholder Engagement are included in the Methodological Note (p. 106).

MATERIALITY ANALYSIS

SEW-EURODRIVE Italy carried out a materiality analysis to identify the activities and phenomena of greatest relevance with respect to the creation of company value.

The materiality matrix obtained is as follows, with light grey highlighting medium materiality aspects and darker grey highlighting high materiality aspects:



A crucial element in forming the materiality matrix is the quality of stakeholder engagement, which helps to define the parameters. The work of the first year will be further refined.

Details of SEW-EURODRIVE Italy's materiality analysis process are included in the Methodological Note (p. 106).





The Covid-19 risk

SEW-EURODRIVE Italy places great emphasis on protecting its internal and external stakeholders. For this reason, it immediately put in place multiple actions to manage the Covid-19 pandemic.

Firstly, SEW-EURODRIVE Italy implemented a strategy of centralising decision-making and communication through:

- The establishment of a permanent crisis unit to take rapid decisions in the event of changing epidemiological and regulatory scenarios and to support employees in the event of difficulties
- Frequent communication in real-time: an instant messaging system (SEW Alert) via SMS was implemented to inform and alert all staff about changes in national legislation, company decisions on anti-contamination measures and the evolving epidemiological picture within the company. In addition, more in-depth institutional communication was added to update everyone on the pandemic situation and explain the most significant corporate decisions
- Operational management of the emergency, centralised in the HR Manager, cutting through the normal chain of command to enable the one-off management of procurement, facilities, health and safety activities in a more agile and integrated way
- Raising awareness across management regarding the need to maintain a daily relationship with employees, albeit mainly at a distance, in order to strengthen the bond of trust and monitor the corporate climate by preventing situations of professional isolation

Secondly, SEW-EURODRIVE Italy committed to risk prevention and business continuity management:

- Multiple risk scenarios were envisaged, each associated with a plan of operational decisions. As the scenario changed, the company was able to rely on quick and considered decisions
- Appropriate backups were defined for each critical process and key person. This ensured business continuity even in the event of any inability to operate due to serious Covid-19 health issues
- Business continuity was also ensured by the fact that all staff is equipped with laptops and by the fact that remote working has been used for a few years, albeit to a lesser extent
- In addition to the minimum measures imposed by national and local legislation, many other health protection measures were taken from the outset (e.g. increasing the physical safety distance to 2.5 metres, providing Covid-19 diagnostic services – first serological tests and then swabs; psychological support for all staff and their families)

Finally, SEW-EURODRIVE Italy focused on customer proximity:

- Implementation of technologies to effectively manage remote business relations and learning
- Increased capacity to develop after-sales technical assistance to customers also through the use of augmented reality and Remote Assistance
- Mass production of training videos and tutorials for workers and customers
- Implementation of marketing automation and lead management platforms
- Acceleration of digital transformation processes and related skills building
- Transparent communication with customers

Thanks to the actions described above, the company ensured full operations for its customers at all times during the pandemic.



A photograph of a modern building with a large glass facade framed in red. The building is set against a clear blue sky, and a green lawn is visible in the foreground. The text 'Our identity' is overlaid in white on the red frame of the glass facade.

**Our
identity**

At a glance

**1931**

SEW-EURODRIVE was born

**52**

Countries in the world



Over

19,000

employees

**17**

production plants

**88**

Drive Technology Center

Drive Center Italy

The Drive Centers serve sales, technical and commercial needs for SEW-EURODRIVE Italy's strategic sectors, which are:

**Automotive | Consumer Goods | Beverage | Post&Parcel | Airport
Metal | Plastic | Construction & Building Material | Warehouse Logistics**

Drive Center Milan

- In business since 1968
- It covers all the industrial sectors of SEW-EURODRIVE Italy, in particular Metal, Airport, Warehouse Logistics, Construction & Building Material, Post&Parcel, Plastic

Drive Center Verona

- In business since 1973
- It covers all the industrial sectors of SEW-EURODRIVE Italy and in particular Metal, Consumer Goods, Beverage, Post&Parcel, Plastic, Construction & Building Material

Drive Technology Center Solaro

Drive Center Turin

- In business since 1973
- It covers all the industrial sectors of SEW-EURODRIVE Italy and in particular Automotive, Warehouse Logistics, Metal, Post&Parcel, Consumer Goods

Drive Center Bologna

- In business since 1969
- It covers all the industrial sectors of SEW-EURODRIVE Italy and in particular Consumer Goods, Beverage, Warehouse Logistics, Post&Parcel, Plastic

Drive Center Caserta + Pescara office

- In business since 1976
- It covers all industry sectors of SEW-EURODRIVE Italy and in particular Automotive, Warehouse Logistics, Consumer Goods, Beverage, Airport, Plastic

The identity of SEW-EURODRIVE Italy

HISTORY OF THE COMPANY

THE HISTORY OF SEW-EURODRIVE

1931

SEW-EURODRIVE is a long-established, family-owned German multinational company operating worldwide in the field of industrial, logistics and process automation. It all began in 1931, with the courage and pioneering spirit of banker Christian Pähr. He founded the company Süddeutsche Elektromotorenwerke, SEW in Bruchsal, after noticing the enormous potential of the innovative motor created by inventor Albert Obermoser.

**1945
1960**

From 1945, his son-in-law Ernst Blickle took over the reins of the company and, with a strong entrepreneurial spirit, decided to expand it, first founding another branch in Graben and then, in 1960, opening the first branch abroad, in Alsace.

1965

The turning point came when, in 1965, under his leadership, the concept of modularity was introduced in the creation of products. This solution, combining flexibility, innovation and convenience, allows the marketing of high quality products at competitive prices. The principle of modularity, which still remains a pillar of the company's production today, became a success and gave the company the opportunity to expand internationally.

1968

In 1968, the company began to expand considerably across Europe: a factory was opened in Sweden and two small offices in Italy, in Milan and in Bologna. Production in Italy began the following year with the opening of the Limbiate plant and proceeded apace, so much so that the need for additional space was already apparent in 1971 to satisfy increasing demand. The various European subsidiaries continued to grow steadily and were extremely successful, which is why Ernst Blickle decided to shake off the label of medium-sized regional company and announce the name SEW-EURODRIVE.

1975

Under the leadership of Blickle's sons, Rainer and Jürgen, the company continued to confirm its status as a global leader step by step. International development continued as it branched out into the American continent: in 1975 with the branches in Sao Paulo, Brazil, and then in 1983 in Lyman, USA. The opening of the SEW-EURODRIVE INC. subsidiary in the USA was an important step for the company, as it is still recognised as one of the most important locations.

When Ernst Blickle died in 1986, his sons took over the important task of carrying on the success story written by their father. In the course of four decades, he had transformed a small family business in Bruchsal into a global company: SEW-EURODRIVE. Following in their father's footsteps, Rainer and Jürgen continued to develop and expand the company. In 1994, SEW-EURODRIVE once

1994

again demonstrated a strong drive for innovation by introducing new drives and developing an innovative steel gearing system that immediately won the interest of the market. That same year, SEW-EURODRIVE continued its expansion into northern Europe and then went on to conquer another continent: China. A new subsidiary was founded in Tianjin, a central hub of activities in China.

1995

In 1995, an innovative series of gear units was introduced and met with huge success. The same year also saw the group of companies being restructured: management and holding companies were established in Rotterdam and a subsidiary in Bruchsal. Growth continued with the construction of a new factory in Bruchsal in 1999, which, only a year later, won the competition for the title of "Best Factory of the Year 2000".

1999**2003**

SEW-EURODRIVE began the new millennium with the same success as the previous one. In 2003, turnover exceeded Euro 1 billion for the first time. In the same year, the Ernst-Blickle-Innovation-Center, EBIC, was opened in Bruchsal in honour of Blickle. It serves as the control centre for all SEW-EURODRIVE research and development activities.

2004

In 2004, the central Service Competence Center was opened in Graben Neudorf and, to mark the occasion, the Complete Drive Service, CDS®, was also presented: a modular system of services that forms the basis of a tailored customer service.

2006

SEW-EURODRIVE continued to look to the future in its 75th anniversary year. The DriveAcademy® was established as SEW-EURODRIVE's central training institute for customers, internal employees and the next generation of qualified workers.

2008

In 2008, the production of a new series of industrial gear units began, supplying the world's needs in the area of bulk and group conveyor technology as well as large process machines. In 2010, the large gear unit plant was opened in Bruchsal, marking the start of production of industrial gearboxes for use in port areas, in the mining industry and for cement grinding mills.

2022

Today, SEW-EURODRIVE continues to innovate and expand and is present in 52 countries. It has 17 production facilities, 88 Drive Technology Centers and more than 19,000 employees.

SEW-EURODRIVE ITALY

SEW-EURODRIVE S.a.s., hereinafter referred to as “SEW-EURODRIVE Italy”, is an Italian company belonging to the SEW-EURODRIVE Group, located in Bruchsal. A historic family-owned German multinational company, it has been operating worldwide in the field of industrial, logistic and process automation since 1931 and is one of the leading suppliers of drive technologies and automation solutions.

1968

It all began on 21 October 1968, when SEW-EURODRIVE Italy was entered in the company register of the Milan Chamber of Commerce. Production commenced a year later, in 1969, at the Limbiate plant (Monza and Brianza – then still in the province of Milan).

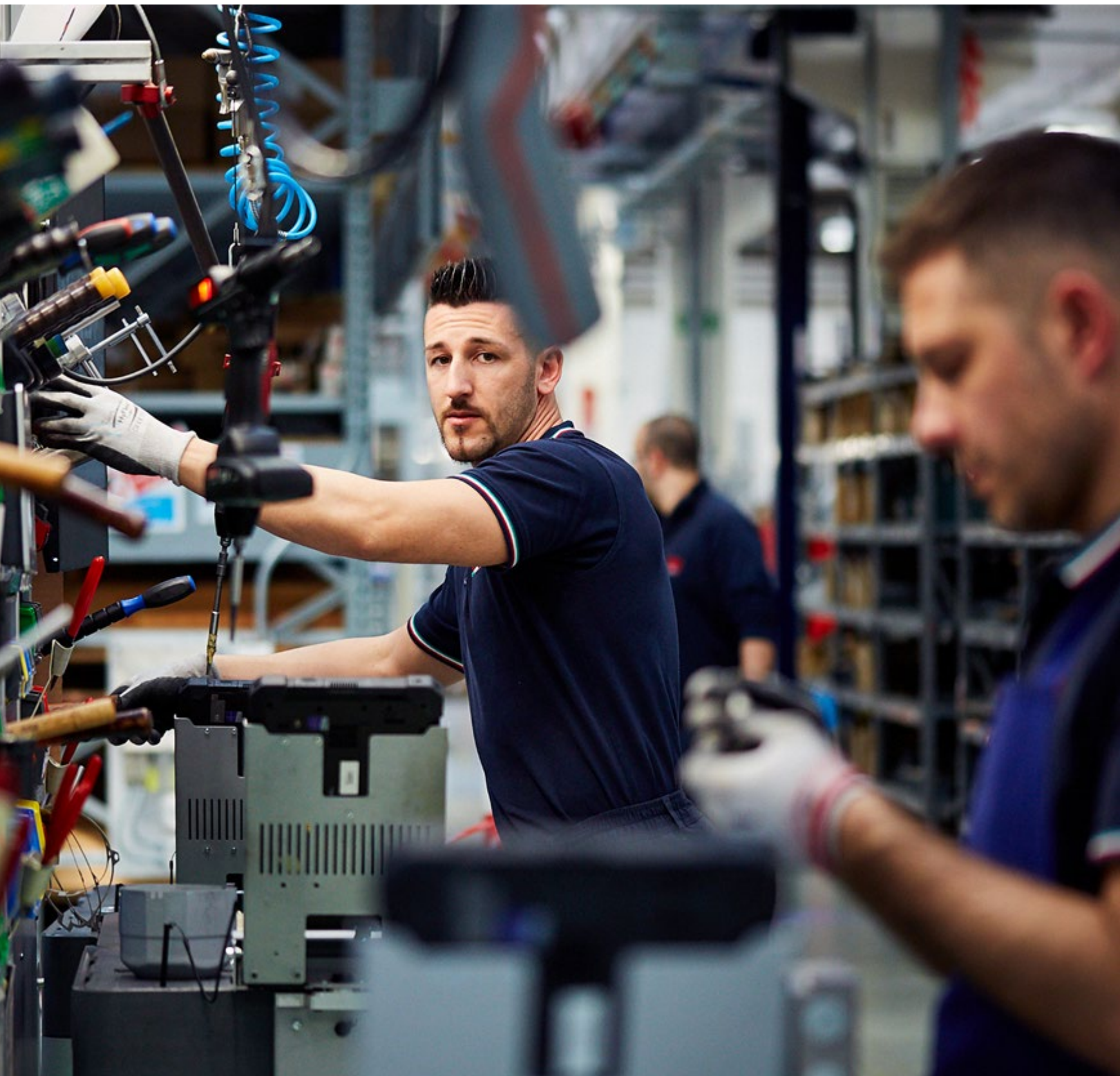
1973

Since 1973, SEW-EURODRIVE Italy has been supporting its customers with regional Drive Centers in Turin, Milan, Bologna, Verona, Caserta and the Sales Office in Pescara, ensuring a comprehensive service throughout the country.

2017

With the aim of combining the new concepts of Industry 4.0 and the principles of Lean Management, the restyling and expansion of the Solaro headquarters was completed in 2017. The Drive Technology Center includes management offices, the assembly workshop, Operations and Service, Engineering, and Innovation Technology. The project has particularly revolutionised the production area: a Smart Factory that represents the beating heart of the technological innovation that SEW-EURODRIVE Italy is experiencing as a key player.





Andrea Molinari, Assembly Worker

Sustainability in
SEW-Eurodrive

**Our
Identity**

Product
Responsibility

Economic
Responsibility

Environmental
Responsibility

Social
Responsibility

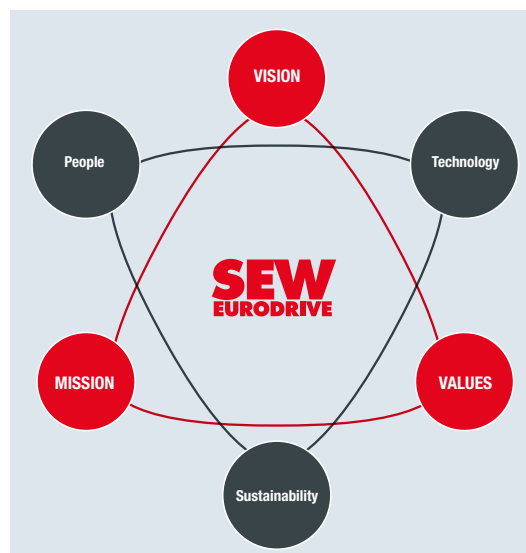
Annex



The strategic map

The **Vision** of SEW-EURODRIVE Italy aims to generate a creative, trusting environment where people can grow. The aim is to ensure that the ecosystem – to be understood in a social and environmental context – can progress and to ensure economic sustainability for those who operate in the industrial system. In order to achieve excellence in technological innovation and in industrial automation, while maintaining financial independence to ensure greater flexibility and proximity to Stakeholders, SEW-EURODRIVE has launched a number of strategic initiatives to make its vision a reality. The aim is to:

- Implement measures for sustainable development
- Achieve excellence in customer services
- Create the characteristic team spirit of the company
- Develop growth projects in the fields of automation, service and heavy industrial solutions, with a direct channel with end users
- Digitally transform all processes, including component assembly and logistics, into state-of-the-art ones.



In this way, SEW-EURODRIVE Italy helps to improve living standards and conserve energy resources by developing new **skills, services and sustainable solutions, as well as innovative and reliable** technologies to ensure lasting success for its customers.

It builds direct links with the customers, employees, institutions and business partners with which it works, and the social contexts in which it operates. These links are based on mutual trust and underpinned by financial independence, enabling a **long-term vision** even in extremely dynamic markets.

Flexibility, spirit of **collaboration, transparency** and **ethical behaviour** are the values that guide the company's actions, guaranteeing efficient, **safe** and **customised solutions** for all major industries.

Driving the world in a SEWstainable way

Be SEWstainable!

Advance the industrial, social and economic ecosystem while protecting the environment and future generations.

We develop **technologies and systems in the field of industrial automation, logistics and processes** to ensure **long-term success** for our customers, improve **living standards** and conserve **energy resources**.



SEW-EURODRIVE Italy's strategic map



The strategic map shows how the **values** and **distinctive elements** of SEW-EURODRIVE Italy are the foundation of the company's Mission and Vision, constant features and drivers that remain unchanged over time.



For several years now, SEW-EURODRIVE Italy has been committed to consolidating a paradigm shift in business: from a rationale of "products" to one of "solutions/systems".

With its focus on service, SEW-EURODRIVE Italy has thus decided to put people and the working environment at the heart of its corporate strategy. By creating an "enabling environment", SEW-EURODRIVE Italy strongly believes that everyone will give their best to work as a team and ensure business development and the evolution of the industrial environment.

This vision seeks to implement the values of the entire SEW-EURODRIVE group within the Italian context:

"We move the world. We represent movement, tradition, innovation, quality and services. Regardless of the application or industry. We also motivate ourselves and decisively contribute to the future of drive technology. We have high standards that we strive to meet on a daily basis: high quality in all areas, environmental protection, ensuring occupational safety, information security and functional safety of our products. Over 18,000 employees from around the world strive daily to meet the standards we have set ourselves. Challenge us and measure us by our own standards; we grow with every challenge."

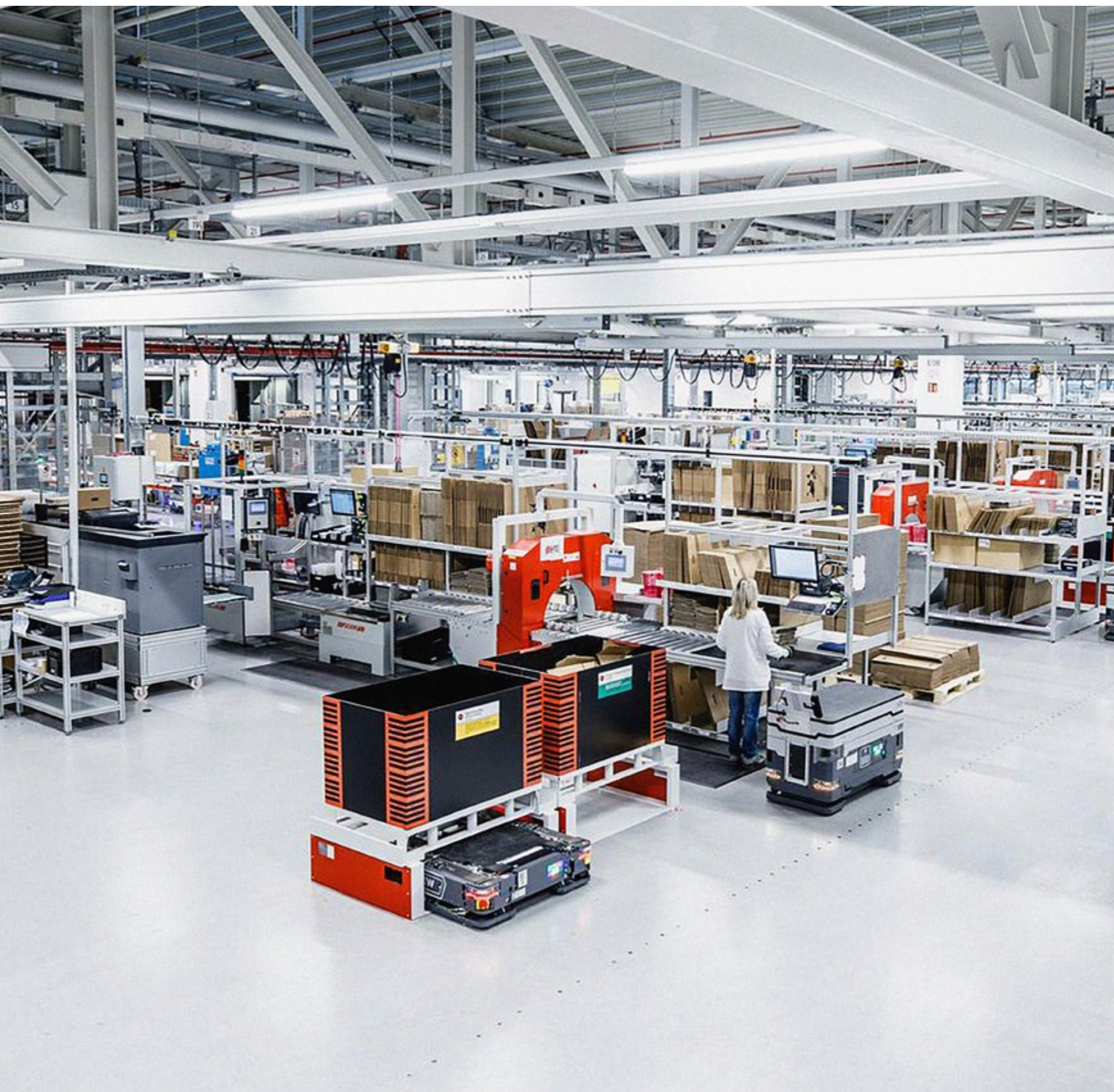


Andrii Bilyi, Logistics worker



Chiara Motta, Application Engineering Consultant

In order to translate the corporate values into everyday practice, SEW-EURODRIVE Italy has developed a further level of practical principles, a set of behavioural guidelines to foster collaboration and the application of corporate values.



Corporate governance

The company name of SEW-EURODRIVE Italy is SEW-EURODRIVE S.a.s. di SEW S.r.l. & Co.

Due to its corporate form, the governance of SEW-EURODRIVE Sas is entrusted to the general partner who, in the Italian structure, is represented by SEW S.r.l. & Co.

The latter is in turn governed by a three-member board of directors: Jürgen Dietmar Blickle (Chairman of the Board of Directors and member of the family that owns the SEW-EURODRIVE Group), Jürgen Zanghellini (Director and Group CFO) and Giorgio Ferrandino (Managing Director and General Manager of the Sas company).

Powers in the Sas (commandite company) are currently entrusted to:

- Giorgio Ferrandino: holds broad powers with limitations and deferral to the board of directors of the Srl (private limited liability company) on certain specific issues
- Umberto Galli: holds the power of legal representation, in addition to the power of disposal with joint signature with another legal representative
- Francesco Di Pasquale: holds joint signatory powers with another legal representative

Internally, a "*4 eyes principle*" system has been implemented for financial management. Even within the amount-related limitations identified in the powers of attorney, an approval process involving at least two persons is required to make payments of any nature and in any amount (binding management through rules settings in the banking platform).



Core Team SEW-EURODRIVE Italy

It is important to emphasise that within the scope of Italian Legislative Decree 231 (draft), specific efforts are under way to broaden the beneficiaries of powers of attorney and revise them in line with current management needs.

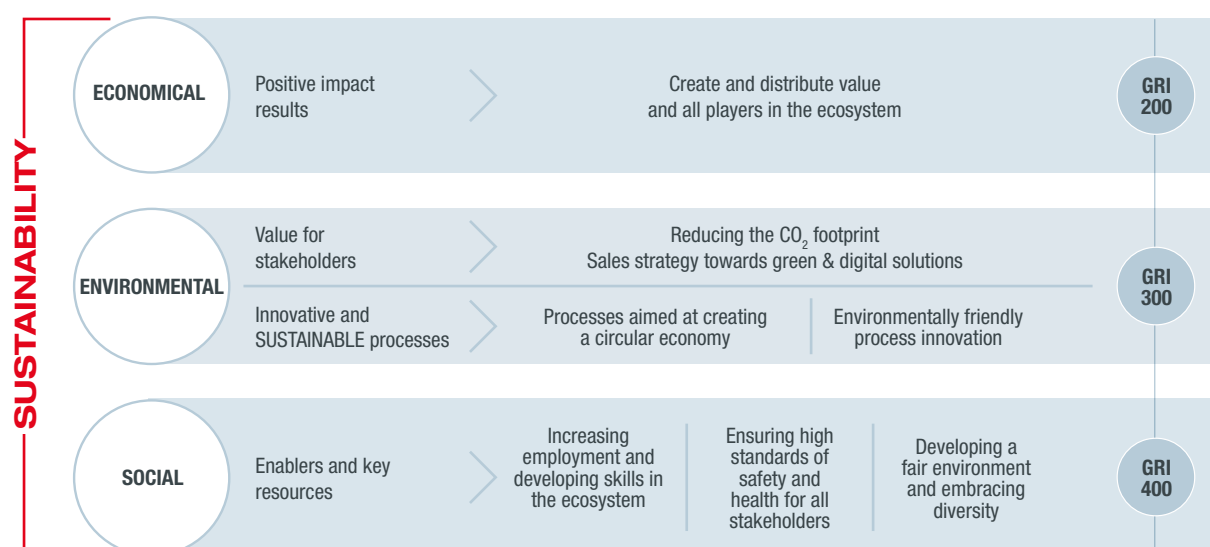
In addition to the Board of Directors, SEW-EURODRIVE Italy has the following specific Committees and Teams:

Body	Members	Goal	Frequency of meetings
Core Team	DG CFO HR Manager Operations Manager Innovation Technology Manager Industry Manager	Defines strategic activities related to the management model and operational business issues of importance. Validates any proposed changes in business model strategy within the Digital Innovation Team.	Biweekly
Extended Team	Core Team + Regional Managers	Addresses the performance of business results and any deviations from the budget. Defines the management mode in Drive Centers.	Quarterly
Digital Innovation Team	DG (sponsor) Marketing Manager IT Manager Regional Manager DC MI Customer Service Manager Change Agents	Promotes radical digital innovation.	Monthly
Sustainability team	DG Sustainability Manager CFO HR Manager Operations Manager Marketing Manager	Coordinates the sustainability reporting process and all sustainability-related processes.	At least once a month
Sales Mgmt Team	DG Regional Managers Industry Manager	Addresses different business experiences at Drive Center level. Elaborates actions to implement the commercial strategy on each Drive Center. Monitors the sales trend and introduces corrective measures where necessary, seeking harmonisation at SEW-EURODRIVE Italy level.	Monthly
Middle Mgmt Team	Responsible for a unique function in the company, with a 6 th or 7 th level clerical or managerial position and with hierarchical or functional coordination of people.	It is informed about business developments and major company projects. It offers contributions in defining ways of implementing people management projects and activities.	Twice a year
Senior Technical Team	Innovation Technology Manager Leader Application Eng. Consultant Senior Specialists	Discusses technical issues of general interest and defines how to introduce new products and solutions.	Quarterly
Application Meeting	Innovation Technology Manager Technical structure	Establishes technical implementation activities, best practices and technical news.	Half-yearly
Sales Meeting	Extended Team + Technical and commercial structure	Establishes business trends and the main corporate initiatives affecting the technical and commercial structure.	Annual
Departmental meetings	Contact person and staff for each department	Discusses the progress of departmental activities and projects, stimulates proposals for solving any problems. Ensures operational business goals are adequately achieved, optimising workloads among all employees. Establishes the corporate strategy. Helps to define departmental goals, actions to be pursued and performance indicators (Balanced Scorecard).	At least once a month

At present, there are still no processes in place to assess the performance of the governing body on the three pillars of sustainability, with reference to the entire board of directors of the Srl. If, on the other hand, only the managing director Giorgio Ferrandino is taken into account, the periodic analysis of the Balanced Scorecard (BSC – carried out monthly by the Core Team) and all review or setting activities carried out annually can be considered as evaluation processes. In addition, there is an MBO for CEO Giorgio Ferrandino, which is evaluated by the parent company.

THE SUSTAINABLE ECOSYSTEM AND THE BALANCED SCORECARD

SEW-EURODRIVE Italy has initiated a process of integrating sustainability at a strategic level. In particular, the Sustainability Team and the Core Team have worked on the company's existing Balanced Scorecard, redefining it according to GRI indicators and sustainability best practices, and developing a sustainable corporate ecosystem to strive for.



The aim is to provide the company with an integrated strategic management tool that includes not only the employees and owners of the company, but also all strategic stakeholders, to translate the mission, vision, principles and values expressed by SEW-EURODRIVE Italy into a set of actions and projects consistent with the new road taken on the path towards sustainability.



The Code of Ethics

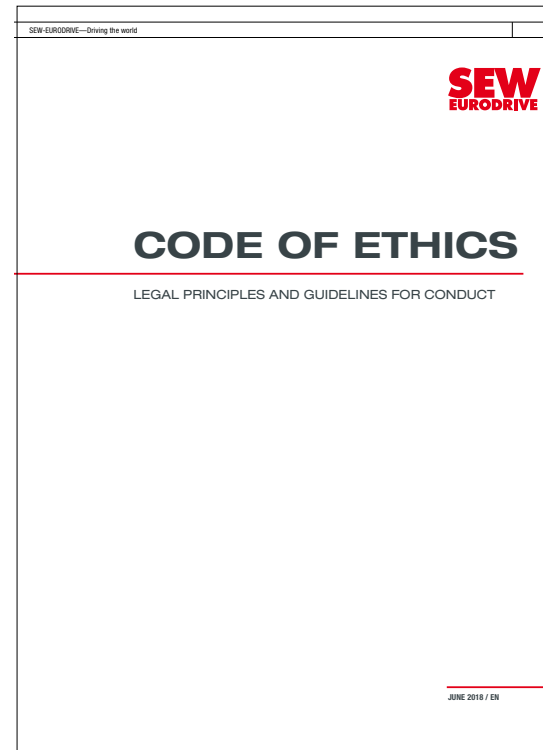
SEW-EURODRIVE Italy's Code of Ethics sets out the commitments and responsibilities that must inspire the conduct of company business and activities, with all those who have any kind of relationship with SEW-EURODRIVE Italy. Above all, it is an instrument of social responsibility vis-à-vis SEW-EURODRIVE Italy's employees, customers, suppliers and the community.

This responsibility includes compliance with applicable laws, respect for essential ethical values and adherence to the key principles of SEW-EURODRIVE Italy, on which the company's actions are based.

SEW-EURODRIVE Italy's Code of Ethics is available on the company website and constitutes an essential element of the internal control system. This is because complying with it enables SEW-EURODRIVE Italy to prevent the commission of certain acts or offences prohibited by various Italian laws, in particular by Legislative Decree no. 231/01.

SEW-EURODRIVE Italy's Code of Ethics is designed as a guide for the company's actions, includes compliance with all applicable laws, emphasises the corporate values of transparency, flexibility, ethics and cooperation, and is divided into the following parts:

- **Compliance with laws:**
SEW-EURODRIVE Italy always acts in accordance with the laws of the country in which it operates
- **Management culture:**
all employees of SEW-EURODRIVE Italy, whatever their role, have a special responsibility and pay the utmost attention to the rules of the Code of Ethics
- **Human rights:**
child and forced labour are strongly condemned and the company monitors for human rights violations
- **Workers' rights:**
SEW-EURODRIVE Italy respects all employees' rights and promotes the implementation thereof
- **Health and safety:**
SEW-EURODRIVE Italy attaches great importance to the health and safety of all employees and supports the continuous improvement of safety measures



- **Cooperation and respect to counter any form of discrimination:** mutual respect is essential and any form of discrimination is banned
- **Environmental protection:**
SEW-EURODRIVE Italy always works conscientiously to minimise its impact on the environment and preserve resources
- **Compliance with tax obligations:**
SEW-EURODRIVE Italy undertakes to fully comply with all tax obligations incumbent upon it
- **Respect for the free market and competition:** SEW-EURODRIVE Italy introduces a number of strategies to ensure compliance with the requirements of free competition
- **No to any form of corruption:**
SEW-EURODRIVE Italy promotes a management system to fight corruption and illegality
- **Traceability and transparency of commercial agreements:** all agreements with customers and suppliers are based on the principles of traceability and transparency
- **Restrictions on gifts and invitations:**
SEW-EURODRIVE Italy undertakes to regulate gifts and invitations and to ensure that they do not influence decision-making processes

- **Attention to conflicts of interest:**
SEW-EURODRIVE Italy always puts the interests of the company before personal interests to avoid possible conflicts of interest
- **Confidentiality and data protection:**
SEW-EURODRIVE Italy guarantees the protection of personal data and ensures the utmost confidentiality, treating information with extreme caution

There is an internal system within the company to promote the Code of Ethics, collect any reports and take appropriate action, consisting of a Compliance Board made up of: Christopher Iliou (Compliance Officer – SEW-EURODRIVE Germany), Franco Zannella (Innovation Technology Manager – SEW-EURODRIVE Italy), Mirko Otranto (HR Manager & Compliance Officer – SEW-EURODRIVE Italy).

Reports of unethical or illegal conduct may be reported through various channels while protecting the anonymity of the reporter. In particular: by informing one's supervisor or the Compliance Officer of SEW-EURODRIVE Italy or the Compliance Officer of SEW-EURODRIVE Germany, by e-mail or via a special portal, and finally by mail.

The Organisational Model

SEW-EURODRIVE Italy has always adopted principles of prudence in its approach to business and, for the aforementioned Code of Ethics, despite not falling within the mandatory scope, it has thus initiated a process for the introduction of an organisational model compliant with Italian Legislative Decree no. 231/2001, concerning the administrative liability of entities in relation to offences committed by their representatives. To this end, it has adopted an internal control system that is appropriate to the complexity and operational risks of SEW-EURODRIVE Italy.

The project includes the following phases:

- **Identification and mapping of company areas and processes** where there is the potential risk of offences being committed in scope
- **Analysis of the existing control system and Gap Analysis** compared to an "optimal" control system





- Definition of actions to adapt the control system
- Preparation of Model 231, in line with the analyses carried out

In addition, the company, through external consultancy support, has started a process of reviewing formal delegations in line with the company's management needs and taking into account the 231 Model that will be implemented.

In addition, a "Control and Risk Self Assessment" project is under way since 2020. It will enable SEW-EURODRIVE Italy to equip itself with a risk mapping and management system, which can assess and highlight the emergence of critical issues with a significant impact on the company's business and, as far as possible, identify them at an early stage to avoid them or at least mitigate their effect.

The analysis considered risks related to various spheres of business operations, as well as risks arising from the context in which the company operates, estimating their probability of occurrence and potential financial impact. By way of example, the mapping covered the following risk areas:

- Risks of loss of company assets
- Fiscal risks
- Product risks
- Financial risks
- Risks related to compliance with national/international regulations
- Risks related to international crises or pandemics

Finally, the company has implemented a "Corporate Tax Directive" which calls for transparency and fairness in relations with tax authorities and in the application of tax regulations.

SEW-EURODRIVE Italy also undertakes to avoid and manage any conflicts of interest. In accordance with the provisions of the Code of Ethics and the Compliance System, each employee is obliged to report any indications of a conflict of interest either personally or on behalf of other colleagues. Possible situations of conflict of interest are managed on a case-by-case basis by implementing process corrections to prevent the person involved from making decisions independently.



ANTI-CORRUPTION

SEW-EURODRIVE Italy promotes, at all levels and within the scope of its business activities, the fight against corruption in all its different forms, whether active or passive, direct or indirect, and involving subjects who work for the public or private sector.

At SEW-EURODRIVE Italy, each employee is obliged to report any actual or suspected bribery situations, based on the provisions of the Code of Ethics and the Compliance System. In order to strengthen activities to prevent and control corrupt behaviour, within the 231 Project currently under way there is a section entirely dedicated to this issue.

To provide communication and training on anti-corruption policies and procedures, SEW-EURODRIVE Italy currently uses general communication methods should the Code of Ethics be breached.

In the residual risk mapping phase, carried out by an external consultancy firm, no significant corruption-related risks emerged, but medium risks mainly related to an internal control system that can be improved at procedural level.

Finally, there are no corruption-related public lawsuits brought against SEW-EURODRIVE Italy or its employees.

ANTI-COMPETITION

The Code of Ethics also governs the way in which issues relating to anti-competitive behaviour, antitrust and monopolistic practices are handled in SEW-EURODRIVE Italy. In this case:

- **Corruption:** SEW-EURODRIVE Italy rejects any form of preferential treatment or bribing in business relations
- **Agreements:** through the continuous traceability of company agreements, SEW-EURODRIVE Italy excludes any suspicion of criminal offences. Agreements with customers and suppliers are always based on the principles of transparency, objectivity and the free market

- Gifts and invitations: donations or gifts should never influence the decision-making process. Individual gifts and invitations with a value of up to Euro 50 do not require authorisation, whereas higher values must be reported and justified to the compliance officer. The maximum limit for a single customer or supplier over a financial year is Euro 150, with higher values to be reported
- Competition: restrictive agreements prohibited
- Conflicts of interest: SEW-EURODRIVE Italy always acts in such a way as to put the interests of the company before its own interests and to avoid situations that may indicate a conflict of interest
- Confidentiality: SEW-EURODRIVE Italy handles information with care, always ensuring the appropriate level of confidentiality
- Data protection: SEW-EURODRIVE Italy attaches great importance to personal data protection

The main results of the legal actions in which SEW-EURODRIVE Italy is involved are as follows:

- In 2019, a lawsuit brought by a customer was concluded concerning a claim for damages for SEW-EURODRIVE Italy's liability in the incorrect dimensioning of a drive belonging to the company. SEW-EURODRIVE Italy was partially unsuccessful in the judgement. The judge rejected the other party's claim for further damages
- In 2021, a first instance verdict was reached in a lawsuit brought by SEW-EURODRIVE Italy against a supplier for damages during roofing work at a factory owned by the company. The judgement awarded SEW-EURODRIVE Italy part of the compensation claimed
- Two lawsuits brought by customers for derisory damages are still pending

FUTURE OBJECTIVES

Identity

- 1 Definition of targets for each SDG chosen internally and through materiality analysis.
- 2 As part of the Risk Assessment project, set up a risk tracking process, with a senior manager, with a final audit summary report and reporting to the board of directors/employer, for all privacy, health and safety, quality, etc. processes.
- 3 Completion of the 231 project and review of powers of attorney.



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Product Responsibility

Product Responsibility

Quality, innovation and sustainability in products, automation and services

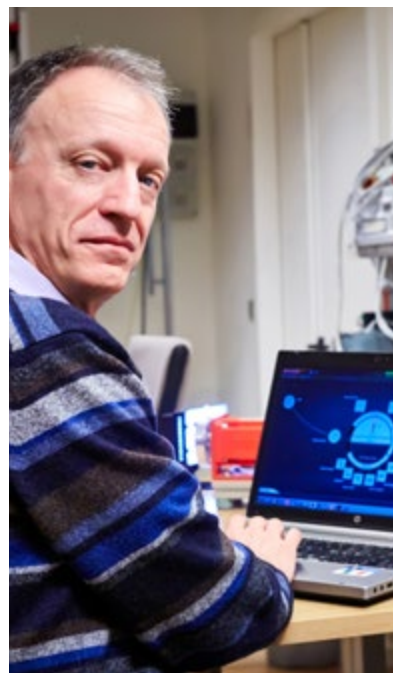
SEW-EURODRIVE Italy ensures that all developed and delivered products, services and systems are safe, meet the highest quality standards and comply with national and international regulations.

In addition, there are Continuous Improvement Process activities that allow ongoing and significant improvements to internal processes within the company with a strong positive impact on quality as a whole. In addition, during 2021, a specific group of change agents was set up to generate internal process innovation in departments. The aim was to increase the innovative impact on the promotion of technology trends as a sales lever.

In terms of product and solution innovation, SEW-EURODRIVE Germany is constantly updating the technological level and functionality of its products, following its customers' needs and requirements and integrating new technological trends in line with the most significant references on the market. For this reason, the new digitalised automation platform MOVI-C® integrates technological functionalities at the highest level, allowing it to be used in Machine Automation, Factory Automation and Material Handling applications, meeting the requirements of functional safety, intelligent management of electrical energy consumed, robotics, AGVs (automated guided vehicles) for mobile movements and above all advanced software functionalities for Condition Monitoring and predictive maintenance through the use of analytics and machine learning algorithms, which are increasingly in demand on the market.



Giuseppe Cirillo, Assembly Worker



Luciano Dal Lago, System Consultant



Stefano Cirulli, Assembly Worker

The mechanical and electronic products meet the most stringent requirements of energy saving reference standards (IE5 and IES2) and actually contribute to environmental sustainability also in terms of their disposal at the end of their life cycle, as they are designed to limit the impact of their disposal on the environment from the outset (see WEEE and RHOS regulations).

With this in mind, SEW-EURODRIVE Italy invests heavily in the technical training of its application engineers and sales consultants, in order to provide customers with specific high-level advice on how to implement increasingly efficient and less energy-intensive

automation applications to reduce their impact on the environment.

Similarly, the Service department offers ad hoc services and solutions that allow customers to maintain efficient production machines and systems with modernisation solutions to current standards in accordance with relevant regulations.



Our sectors and our brands

SEW-EURODRIVE is a German family-owned multinational company that, since 1931, has been working with about 19,000 people worldwide in the field of Industrial, Logistic and Process Automation; it produces both mechanical components (gear motors) and electronic control components (Drives and Motion Controllers) that are then used as automation solutions by OEMs and System Integrators in the Machine Automation field and by End Users in the Factory Automation field.

Overall, the company has an annual turnover of around Euro 3 billion, generated across the sectors in which it is most active:



There are many other secondary markets of business importance not listed here.





SEW-EURODRIVE has been operating in Italy for more than 50 years with its Drive Technology Center in Solaro (MI), which also houses the gearmotor and electronics assembly plant, also including the mechanical and electronic repair service department.

Sales-related commercial activities are related to Italy and managed through five regional offices, Drive Centers distributed throughout the country and with regional business responsibilities, such as: Milan, Turin, Verona, Bologna, Caserta and a Sales Office in Pescara linked to the Drive Center in Caserta.

At hardware technology level, SEW-EURODRIVE produces and sells the following types, which are divided into product families as diversified as:

- Standard gear units, IG industrial gear units and complete gear motors (20 families)
- Asynchronous and synchronous electric motors (13 families)
- Inverters and servo inverters (13 families)
- Motion Controller (12 families)
- MOVITRANS® Modular inductive energy supply system (1 family)

As complete automation systems, SEW-EURODRIVE is able to develop complete factory solutions such as:

- Complete automated guided vehicles (AGVs) (5 models)
- Delta Robot (Tripod)
- Intelligent power management system Power and Energy Solutions PE-S
- DriveRadar® Condition Monitoring and Predictive Maintenance Solution

In the service area, SEW-EURODRIVE Italy offers the following services:

- Repair of electric motors, gear units and complete gear motors
- Repair of electronic components such as inverters and servo inverters
- Mapping on products installed at End Users' premises
- Qualitative oil analysis of gear units installed at End Users' premises
- Thermographic analysis of gear units installed at End Users' premises
- Pick-Up & Delivery Service for End Users
- Basic training courses on programming electronic devices

The types of customers to whom SEW-EURODRIVE Italy offers its products and services are as follows:

- O.E.M. (machine manufacturers)
- System Integrators
- End Users (production end-user companies)
- Distributors/Resellers


Research in digital innovation and technology

The research and development of each individual piece of automation technology/solution is a specific task of the R&D department of the German parent company, which is also responsible for certifying products in the catalogue.

An important topic in SEW-EURODRIVE Italy is that of managerial training on digital transformation issues, both in terms of know-how and in terms of their application in daily work and medium- and long-term perspectives.


In this regard, the board in recent months organised a course on digital transformation issues for management, with the support of an external training organisation, which took care of and provided the training aspects.

The Innovation Technology department is also constantly involved in providing training on the technological innovation of products and solutions for various internal figures such as Application Engineer Consultant, Industry Consultant and Sales Consultant, with the aim of increasing the specific technological knowledge required to sell SEW-EURODRIVE automation systems.




Digital Innovation projects

SEW-EURODRIVE Italy has activated a series of radically innovative digital projects.




Chatbot

Autonomous and proactive Chatbot response system, responding to basic level technical and commercial support requests and guiding towards increased use of Online Support. The goals include: providing basic technical support 24/7, 365 days a year, guaranteeing real-time and personalised online support, exploiting the full potential of online support, offering a digital user experience focused on the actual needs of individual users, and experimenting with new technologies using a user-centric approach.



Lead Management

The process of managing a set of methodologies, practices and systems designed to generate new business opportunities from online channels and convert them into useful turnover by implementing various marketing campaigns and content. The goals are: to establish a digital relationship with customers, prospects and general users; to qualify the contacts generated by various online touchpoints and analyse the Intent Data to bring out new needs and identify new business opportunities; to convert prospects into turnover through a personalised value proposition; to increase the demand for Orders and Offers via Online Support; to improve support for customers and prospects in after-sales activities.



RoBee

During 2021, experimentation and introduction of a humanoid in the assembly area that will help to restock parts in supermarkets according to the KANBAN method, with the aim of replacing repetitive and low value-added labour in the restocking of materials and to test new technologies in the field of humanoid robotics. The evaluation will also take place for the front desk in view of new openings.

System certifications

In 2021, SEW-EURODRIVE Italy underwent a quality audit by the parent company SEW-EURODRIVE GmbH & Co KG, which is authorised to certify other sites.

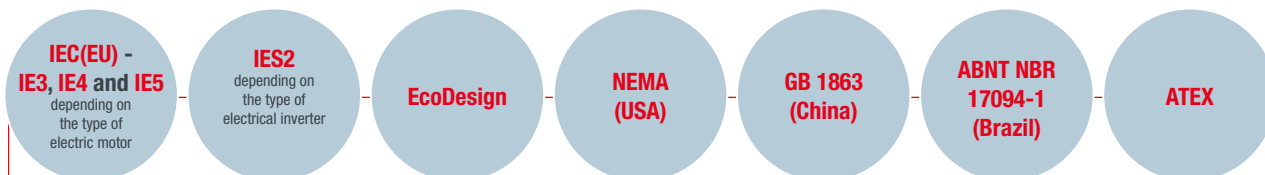
The company has obtained the following certifications according to SEW standards:



Product certifications

SEW-EURODRIVE mechanical products (electric motors and gear units) are certified by the relevant certification body to be sold worldwide according to local regulations in the target countries (e.g: CE, UL, UNKA, CSA, NEMA, CCC, ABNT, etc.)

With regard to certifications relating to environmental operating characteristics and energy impact, they are as follows²:



- Nema: National Electrical Manufacturers Association. US association of electrical equipment manufacturers with the aim of defining common standards.
- GB 18613 (CHINA) This is a standard that defines the legal requirements for efficiency classes expressed as Degrees of three-phase asynchronous motors imported or manufactured in China. The law is applied to imported products and products manufactured in China, so manufacturers and those responsible for placing the product on the Chinese market must ensure that the products comply with the law.
- ABNT NBR 17094-1 BRAZIL: Associação Brasileira de Normas/Técnicas: requires information on the nameplate in addition to the information required by IEC 60034. Specifies requirements for three-phase induction motors.
- ATEX: ATmosphere EXplosible: The European Union has adopted two health and safety directives, known as ATEX 2014/34/EU (also ATEX 114) and ATEX 1999/92/EC (also ATEX 153), to address the risk from potentially explosive atmospheres.

2. The IEC is an organisation founded in 1906 in Geneva to formulate and disseminate internationally valid standards for electrical, electronic and related technologies.

- IE: International Efficiency. Identifies the efficiency of electric motors in classes IE1,2,3 indicating in succession Standard Efficiency, High Efficiency and Premium Efficiency
- IES2: International Efficiency of system. Identifies the efficiency of the motor-electrical drive system assembly in IES classes 1, 2 and 3
- EcoDesign: Process of conceiving and designing everyday objects with the aim of minimising environmental impact during their life cycle

Customers

Customer Satisfaction

SEW-EURODRIVE Italy attaches great importance to customer satisfaction, placing it at the heart of its strategy. The ability to understand customers' needs and expectations and to satisfy them are in fact the first of the values on which the company's culture is based. The stakeholder engagement process notably highlights that, of the stakeholders mapped by the Sustainability Team, 34% are customers.

The Customer Satisfaction activity is aimed at monitoring the satisfaction of SEW-EURODRIVE Italy's customers every three or four years, by submitting a questionnaire to everyone. This is an important and impactful process, affecting large numbers: about 18,000 people in more than 6,000 companies.

The goal is to measure the degree of customer satisfaction with regard to:

- Online support and website
- Sales staff
- Offer and order management processes
- Technical assistance

The questionnaire also analyses the degree of customer preference for digital channels and SEW-EURODRIVE Italy's positioning compared to its competitors. Finally, it seeks to identify specific needs in the area of Service (after-sales service and maintenance) and in terms of technological solutions, new products and software.

The last questionnaire was distributed between January and February 2021 via e-mail addresses and using the Google Form platform. 280 company customers responded, 356 users, mainly Top Customers of which 80% were OEMs (Original Equipment Manufacturers). Responding customers have, on average, had contact with SEW-EURODRIVE Italy in the previous 3 months.

Generally, feedback is very positive on both the technological offer and the technical expertise. Just under half of the respondents do not con-





sider SEW-EURODRIVE to be their main supplier, but almost all of them are very satisfied with the company. However, a non-positive perception of the ability to innovate emerged, but recognising extreme reliability, competence and support.

Goals emerged for the sales force to promote SEW-EURODRIVE's new hardware and software solutions for digitisation and connectivity, as well as for predictive maintenance and condition monitoring. Business opportunities also emerged for both energy efficiency solutions and Lean consultancy on production processes. Finally, the usefulness of the Online Support e-business platform was highlighted, which requires increased monitoring and continuous improvements of the available functionalities.

Safety and reliability

SEW-EURODRIVE Italy is committed to offering products that do not have any direct impact on the health and safety of people and the environment. Everything it produces is dimensioned and supplied upon specific customer requests. The products are adapted by the client company or, very often, directly configured by buyers. SEW-EURODRIVE Italy is responsible for delivering these according to the technical specifications requested by the customer and as stated in the order confirmation.

If the customer has provided inconsistent design data or omitted fields of application for products that may endanger the health or safety of persons at SEW-EURODRIVE Italy, unfortunately, the company cannot acquire knowledge thereof during product configuration. In this case, it is the customer who bears the responsibility for not having provided the company with all the necessary information for correct dimensioning.

Non-conformities may be visual (e.g. wrong or imperfect paint or denting of components during handling) or functional and/or concern configuration/assembly (e.g. wrong construction shape, unusual noise or defective component preventing operation). However, this type of non-compliance does not normally pose any risk to the health and safety of people.

Customer privacy

For SEW-EURODRIVE Italy, privacy and the protection of customers' personal data are paramount.

Therefore, the Company processes the data of natural persons based on the provisions of the EU General Data Protection Regulation No. 2016/679 (known as the GDPR) as well as applicable national regulations (Legislative Decree no. 196/2003 and Legislative Decree no. 101/2018); it also constantly adapts its system by complying with the periodic recommendations and interpretations issued by the Data Protection Authority. In accordance with Articles 24 and 25 of the Regulation, SEW-EURODRIVE Italy has complied with all its general obligations, in particular the adoption of appropriate technical and organisational measures, in order to:

- Ensure that personal data is processed in accordance with the Regulation and other applicable rules
- Inform data subjects of the purposes and methods of data processing, including information on data storage, the duration of processing and how to proceed with any requests for deletion of data
- Protect data and provide appropriate storage facilities
- Ensure that only the personal data necessary for each individual processing purpose has been processed, having made the personal data inaccessible to an indefinite number of natural persons (having indeed expressly identified the authorised persons)

The data is processed in accordance with the principles of lawfulness, correctness and transparency; collected for the legitimate purposes set out below; kept in a form which permits identification of data subjects for no

longer than is necessary for the purposes for which the personal data is processed; processed in such a way as to ensure adequate security against the risk of destruction, loss, alteration, disclosure or unauthorised access by means of technical and organisational security measures. The personal data collected by the company is exclusively that of persons acting on behalf of customers, suppliers and employees. SEW-EURODRIVE Italy collects and processes data belonging to special categories for which more stringent protection regimes are envisaged only for the latter category of data subjects; in any event, such information is collected for the purpose of properly executing the existing employment relationship or for the purpose of verifying whether the requirements for future recruitment are met. SEW-EURODRIVE Italy was also authorised by the local ITL to install a video surveillance system to protect the company's assets, and employees were therefore informed of the installation. Appropriate measures have also been taken to ensure that third parties are also informed of the system's presence.

SEW-EURODRIVE Italy collects personal data both through contacts originating from ongoing contractual relationships and through its institutional website or through entities organised by the Company (e.g. trade fair events, sponsorships, collaborations with third parties, etc.).

Please note that the company collects and processes personal data solely for:

- Responding to requests from the data subject, managing the data subject's involvement in the activities carried out by the Controller, fulfilling legal obligations
- Promotional purposes consisting in sending commercial communications strictly related to the type of product for which the data subject has already had previous contractual relations
- SEW-EURODRIVE Italy may send advertising material to data subjects who are not already customers of the company and may analyse the habits and behaviour of those concerned for profiling purposes, in order to offer a better and more personalised service
- Carrying out market studies for statistical purposes only

All data is retained for as long as it strictly necessary for the pursuit of the above-mentioned purposes and is deleted at the end of this period (which may vary according to the type of processing envisaged), unless the data has to be retained due to legal obligations or in order to enforce a right in court. Specific technical and operational security measures are observed to prevent loss of data, unlawful or incorrect use and unauthorised access. SEW-EURODRIVE Italy is fully aware of the fact that any event that may result in the loss or misappropriation of data must be promptly reported to the Authorities and to the Data Protection Authority. SEW-EURODRIVE Italy has also considered appointing a Data Protection Officer (DPO).

Finally, the Company has implemented a system to constantly monitor the tools designed to ensure compliance with regulations; a review of its procedures is currently under way, after which its organisational model will be updated. To implement the model, the different purposes of data processing have already been monitored and verified once again through an audit to update the processing methods carried out by individual offices. This has involved

analysing the procedures already in use with regard to:

- Information on the processing of personal data
- Contracts for the appointment of external data controllers
- Appointments of persons in charge of personal data processing
- Data acquisition protocols (e.g. access to offices)
- Specific protocols (e.g. COVID-19 data collection)

The Model – which will be made available to all interested parties – will consist of two sections:

- General part: will clearly describe the roles and responsibilities of the subjects involved in the processing of personal data
- Special section: this will describe the management processes and measures adopted for the proper governance of personal data processing within the Company, in line with the requirements of current legislation

There have been no substantiated complaints regarding breaches of customer privacy and loss of customer data.



Suppliers

Supply chain management

SEW-EURODRIVE Italy's supply chain is divided into:



These three types of suppliers correspond to the following product categories:

- A) The electronic and mechanical components that make up the products assembled by SEW-EURODRIVE in Italy, as well as the special tools & equipment developed by SEW-EURODRIVE Germany, are purchased from the Parent Company
- B) Oils and varnishes specially developed for SEW brand products are purchased from international suppliers, as well as IT equipment
- C) Packaging materials, part of the equipment, clothing and PPE, and all services in the Facility area (maintenance, cleaning, security, utilities, corporate fleet, etc.) are purchased from the local market

Operationally, procurement is managed by two different teams: the Material Production Planning (MMP) team is tasked with monitoring and planning warehouse stocks and orders the necessary components and tools from the parent company (A); the Procurement team orders goods and services from suppliers other than the Parent Company, including international suppliers with whom SEW-EURODRIVE Germany has framework agreements (B+C).

Suppliers that are selected by SEW-EURODRIVE Italy, i.e. those in group C, are qualified by means of a supplier card that is designed to collect key data:

1. Master data and main information on the activity
2. Safety and quality certifications and information
3. Necessary business requirements
4. Description of the supplier's commitment to sustainability
5. Internal notes by the Procurement department

The cards are updated every time there is a change and, in any case, annually for active suppliers; in this way, SEW-EURODRIVE Italy is sure that the data concerning the suppliers with whom there are more intense relationships in terms of volume of turnover and service characteristics are updated.

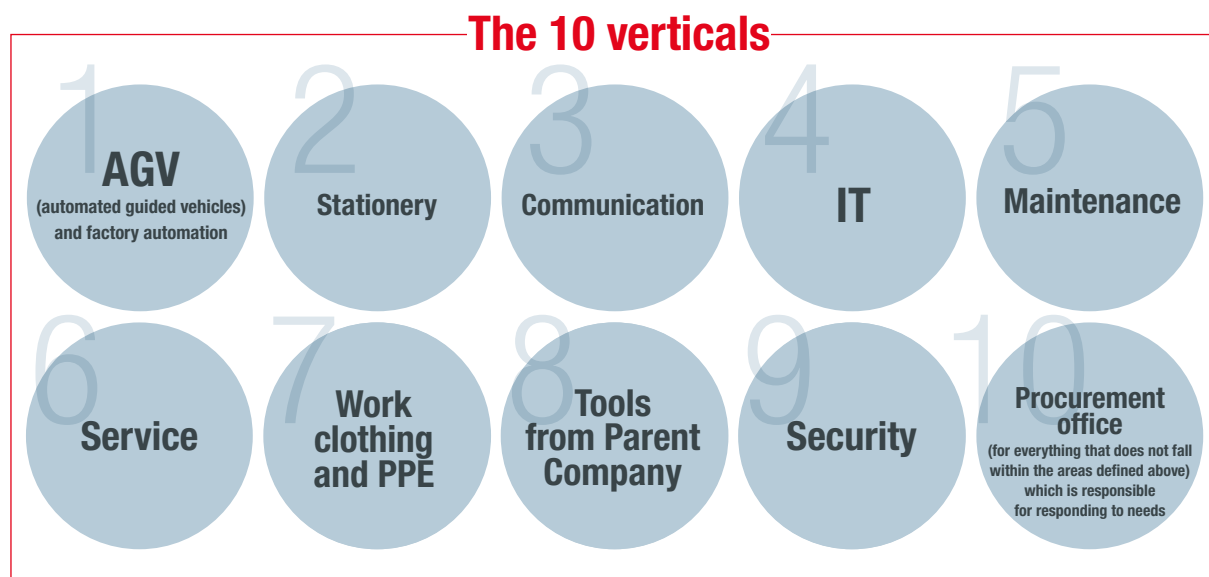
Annual audits are planned and provide for:

- For material suppliers: a visit to the supplier by the Quality Team and the Procurement Team
- For service providers: an internal audit at SEW-EURODRIVE Italy's headquarters

The line manager enjoying the purchased goods/services is also involved in the audits, as s/he is the one who first experiences the relationship between SEW-EURODRIVE Italy and the suppliers. Procurement has therefore adopted an inclusive approach towards colleagues in the departments concerned in order to negotiate operational and logistical aspects correctly and in order to spread culture and knowledge among SEW-EURODRIVE Italy departments.

INTERNAL ORGANISATION

In order to guarantee the company the best choices and the best purchasing process with local suppliers (case C), area specialists, called "verticals", have been defined in the company, who have specific competences and are therefore the best internal experts in their field.



The colleague who has a need or requirement is therefore treated as an internal customer and has a specialist at his/her disposal who can guide him/her towards the best solution. For example, if s/he needs a printer that can be placed in a small space, s/he will express his requests to the specialist, i.e., to his/her colleague in the IT department who will find the best solution in the warehouse, or in the catalogues of SEW-EURODRIVE Italy suppliers, or by looking for a new supplier. The resulting Purchase Requisition (RDA) ensures the fairness of the authorisation process for the relevant managers up to the CEO depending on the amount of the purchase.

Procurement remain in charge of guiding the procurement process, finalising the RDA and supporting the negotiation, ensuring that a clear agreement is drawn up through contracts with all agreed terms (SOW, Scope of

Work & SLA Service level agreement) and that the most important clauses are included, including duration and renewal, terms of notice, warranties, names of contact persons and privacy. Finally, procurement deal with the archiving of contracts and the management of complaints and anomalies in collaboration with the administration. The appropriateness of the request and, therefore, the actual need remains with the person expressing the need and his/her manager. The responsibility for the economic and technical viability of the purchase remains with the Vertical, who knows the market and the products. The Vertical will evaluate solutions together with the user who made the request and this approach, similar to the one defined for the procurement role, was strongly desired to increase opportunities for collaboration and cultural contamination among SEW employees and to avoid the silo effect.

In 2021 SEW-EURODRIVE Italy restructured the RDA process and approval flow with these important goals in mind:

- Improve the management of resources and procurement decisions
- Make full use of the skills present in the company
- Increase dialogue and collaboration between colleagues to achieve better results

ENVIRONMENTAL ASSESSMENT

SEW-EURODRIVE Italy has not yet begun an environmental assessment of its suppliers; however, they are asked to set out their commitment to sustainability through the supplier card. SEW-EURODRIVE Italy is therefore in the process of activating an initial monitoring phase concerning its suppliers' attention to the environment and sustainability.

During 2021, SEW-EURODRIVE Italy carried out the environmental assessment of the new electricity supplier, Enel, with whom the contract was signed in early 2021. Enel was awarded the contract because it was able to secure higher shares of renewable energy than the other suppliers considered. SEW-EURODRIVE Italy thus buys and consumes 100% of its energy from renewable sources. Enel has issued a special certification testifying to SEW-EURODRIVE Italy's exclusive use of renewable sources. This assessment of the electricity supplier with regard to the measurement of environmental impacts is to be considered as a first action to assess the impacts of its own suppliers, which will be followed by a more extensive programme on other types of suppliers as well.



In 2021, a reorganisation of suppliers in the Facility area was also carried out, limiting all maintenance and cleaning of buildings to a single supplier, going from 15 minor suppliers to 1 supplier. SEW-EURODRIVE Italy avoided general contractors offering high subcontracting quotas in order to shorten the supply chain and maximise the value obtained. Another goal achieved with this reorganisation was the introduction of a supplier with greater environmental awareness and commitment to the company, improving the quality of service in the local offices and introducing IT management systems to ensure the traceability and effectiveness of communications and a consequent fall in the use of paper and email.

In addition, a restructuring of the waste disposal supplier base is under way: this simplification process will lead to better monitoring of the potential environmental impact generated.



Daniele Pisu, Assembly Worker



Industry Consultant Team

SOCIAL ASSESSMENT

Again, SEW-EURODRIVE Italy does not carry out any social assessment of suppliers, but they are asked to declare their compliance with all laws that underpin their social impact (e.g. payment of contributions, safety at work, etc.) through the supplier card.

In service contracts, to which SEW-EURODRIVE Italy is jointly and severally liable, the company requires the supplier to provide proof that contributions and wages are paid regularly both at the start of the contract and at any other time during the relationship; the typical contract used by SEW-EURODRIVE Italy contains a suspension clause in the event of default by the supplier, as a guarantee for its own employees.

SEW-EURODRIVE Italy also pays particular attention to the approach of its suppliers: for example, in the maintenance and cleaning contract, SEW-EURODRIVE Italy preferred to choose a local company (North Milan area) also because of its distinction of having a high number of direct staff; i.e., unlike the other suppliers assessed, this company limits subcontracting, a condition that often leads to low wages and poor worker engagement.

Similarly, when choosing a consultancy firm, SEW-EURODRIVE Italy preferred one with many hired collaborators rather than similar firms with VAT-registered collaborators, a phenomenon resulting in low salaries and little protection for many young professionals in Italy.

The percentage of supply budgets for local suppliers is 19.82% of the total.

FUTURE OBJECTIVES →

Product Responsibility

- 1 Mapping all suppliers, with policy criteria.
- 2 Conducting audits of 6 main suppliers.
- 3 Rationalisation and stock management of material stocks from the main supply activities (cat. C): cardboard, pallets, forklifts, PPE, stationery, electricity.

willkommen
welkom
أهلاً وسهلاً
benvenuti
bienvenido
欢迎
welcome
bienvenue
bem-vindos
добре дошъл



A modern interior space, possibly a lobby or hallway, with a prominent red overlay. The space features a curved ceiling with a large circular opening, a staircase with a glass railing, and large glass windows on the right side. The red overlay is semi-transparent, allowing the architectural details to be visible while creating a strong visual impact.

Economic Responsibility

Economic Responsibility

The economic value generated and redistributed

The production and distribution of Value Added express, in monetary terms, the relationship between the company and the socio-economic system with which it interacts, with particular reference to some of the main categories of stakeholders (collaborators, lenders, shareholders, public administration and the community).

Positive Value Added highlights the company's ability to generate wealth and distribute it, thanks to its growth strategies and the effectiveness, efficiency and affordability of its management.

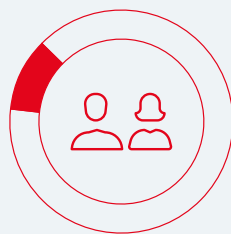
figures in thousands €

	2021	2020	2019
Economic value generated by the company (A)	138,662	127,056	143,093
Revenues	138,401	126,782	142,671
Other income	248	251	394
Financial income and interest	13	23	28
Economic value distributed by the company (B)	137,738	120,732	144,650
Economic value for suppliers	105,385	94,159	108,136
Economic value for employees	14,862	13,631	14,418
Economic value for the public administration	4,338	3,826	4,969
Economic value for shareholders	13,076	9,088	17,086
Economic value for lenders	0	0	0
Economic value for the community	77	28	41
Economic value invested in the company (A-B)	924	6,324	-1,557

The economic value generated by SEW-EURODRIVE Italy in the financial year 2021 was Euro 138,662,000. Compared to 2020, there was an increase of 8.9%. This was mainly due to the economic recovery following the slowdown in the world economy caused by the COVID-19 pandemic, the resulting restrictions on operations and, in general, the uncertainty that slowed down and sometimes froze economic operators' investment policies and households' spending capacity.

The value invested in the company, consisting mainly of depreciation and allocations to equity reserves, net of profit transfers to shareholders, amounted to Euro 924,000 in 2021. This value fluctuated over the three-year period 2019/2021, due to payments of past profits to shareholders varying greatly from year to year (from Euro 17.1 million in 2019 to Euro 9.1 million in 2020). The main reason for this is the self-financing of investment plans (mainly in production facilities and capital buildings), which also fluctuated during the period.

The Value distributed in the year 2021 is divided among stakeholders as follows:



total value of
14,862,000
Euro
consisting mainly of wages, salaries
and social security charges



total value of
4,338,000
Euro



total value of
13,076,000
Euro



total value of
77,000
Euro

65,000 Euro in sponsorships to
university-based initiatives to
promote digital transformation
and disseminate the Industry
4.0 culture

12,000 Euro purely for donations for
cultural initiatives

SEW-EURODRIVE Italy has not made any infrastructure investments that benefit external stakeholders, either in kind or pro bono.

With regard to indirect economic impacts, the company carries out:

- Financial support of Euro 12,500 for the "Girls code it better" project, which aims to direct women's studies towards scientific subjects (p. 100). This dovetails with a corporate commitment enshrined in the improvement plan following the 2018 Great Place to Work (GPTW) survey, whereby managerial, commercial and technical career opportunities are prioritised for the female population (with equal skills)
- Financial support (Euro 15,000/year for 3 years), in materials (free loan of equipment worth approximately Euro 66,000) and man-hours (Euro 2,600 in 2021) for an initiative of the Politecnico di Milano (MADE Scarl) aimed at creating a contest featuring advanced technological solutions from a Smart Factory/Industry 4.0 perspective (p. 100)
- Financial support of Euro 20,000 plus lectures by SEW-EURODRIVE staff in the Master in Mechatronics (MEMA) at LIUC University (p. 100)
- Financial support of Euro 30,000 to the Industrial Innovation Lab (p. 101)

Economic and financial results in 2021

figures in thousands €

SCALAR PROFIT AND LOSS ACCOUNT	2021	2020	2019
Revenues from sales	138,029	126,742	142,406
Miscellaneous income	248	529	512
External costs (*)	(105,559)	(96,130)	(108,334)
Added value	32,718	31,141	34,584
Labour costs	(14,525)	(13,310)	(14,116)
Gross Operating Margin (EBITDA)	18,193	17,831	20,468
Amortisation and depreciation	(2,298)	(2,264)	(2,136)
Gross Operating Profit (EBIT)	15,895	15,567	18,332
Financial income (expenses)	13	28	27
Income tax	(647)	(372)	(733)
Net result	15,261	15,223	17,626

Notes on the reconciliation of the items in the reclassified income statement and the statement of income:

(*) Includes the items "Purchase expenses", "Change in inventories of raw, ancillary and consumable materials and goods", "Cost of services", "Expenses for rental and leasing from third parties" and "Other operating expenses", net of any "Capitalised costs for internal production".

The income statement for 2021 essentially sees sales volumes return to pre-pandemic crisis levels. In fact, the value is slightly below that of 2019, but the growth recorded was significantly limited by the difficulty in finding raw materials, particularly in the field of electronics (shortage), which led to the extension of delivery times for many materials (whose delivery was originally expected within the year) and in any case an extension to 2022 for the delivery of orders that, in normal times, would have taken place in 2021.

The order intake for the year in fact shows a growth rate (+31.1%) well above that recorded by sales revenue (+8.9%). The backlog of orders purchased but not delivered amounted to Euro 39,498,000 at 31/12/2021, compared to Euro 12,240,000 at 31/12/2020 (+182%).

Without these effects, the 2021 turnover volume would probably have been higher than in 2019.

On the other hand, the acquisition of a number of large projects, often linked to groups benefiting from international agreements, led to a decrease in margins, which resulted in a loss of almost one percentage point in added value compared to the previous year (-0.9).

This is in addition to personnel costs, which have increased on the one hand to adapt the structure to increasing demands on the sale of complex solutions, and on the other hand to cope with a retirement plan that will involve several figures, especially at a commercial level, in the coming years. These two elements also result in the EBITDA and EBIT falling by 0.8 percentage points compared to the previous year.

figures in thousands €

BALANCE SHEET (significant data)	2021	2020	2019
Fixed assets	17,554	18,995	15,831
Non-current liabilities	(1,093)	(1,163)	(1,288)
Inventories	4,381	3,997	3,922
Trade receivables	45,797	47,637	50,407
Net financial position	21,001	20,516	18,002
Trade payables	(23,738)	(25,542)	(24,194)
Net assets	(61,716)	(62,075)	(60,217)
Net working capital	45,254	44,244	45,674
Invested capital (*)	40,715	41,559	42,215

(*) Equity net of cash and cash equivalents

On the assets side, however, there were no significant changes.

Fixed assets, after the increase in 2020 following the purchase of a building in the province of Caserta and a plot of land in the municipality of Bologna to be used as the headquarters of the commercial offices which are currently rented, did not undergo any significant changes in 2021, except for the natural decrease following depreciation (Euro 2 million in 2021), calculated on the estimated useful life of the individual assets.

The renovation of the Caserta building and its entry into service is scheduled for 2022, while the Bologna building is to be completed by 2024.

The Company has no recourse to third party capital (debt) and the net financial position is largely able to ensure that current liabilities are covered.

Taxes

In 2018, the SEW-EURODRIVE group issued a "Corporate Tax Directive" in which the rules for approaching tax matters in the various group companies were set out.

As a global, family-owned company with a history dating back more than 85 years, SEW-EURODRIVE proudly ranks among the leading suppliers of drive technology and drive automation. However, as such, it has a social responsibility towards employees, customers, suppliers and the general public. This responsibility includes compliance with applicable laws and respect for fundamental ethical values.

As an international group, SEW-EURODRIVE is subject to a continually changing tax environment. It is therefore necessary to transpose uniform principles and guidelines throughout the Group, which form the common working basis.

The purpose of the "Corporate Tax Directive" is to provide principles for carrying out tax transactions throughout the organisation. These principles serve to:

- Ensure the regularity, reliability, effectiveness and cost efficiency of tax activities across the Group
- Respect the tax and regulatory requirements applicable in the various countries
- Define tasks and responsibilities in tax matters

Based on SEW-EURODRIVE's corporate goals, the tax strategy includes setting tax goals and responsibilities as well as planning all measures necessary to achieve said tax goals.

The main aim of the tax strategy is to comply with tax laws worldwide and to develop a co-operative relationship with the tax authorities in each country. Open and constructive communication, together with the consideration that the tax authorities are partners for cooperation and discussion, is the primary goal for ensuring effective cooperation with them.

In Italy, tax issues are managed by the CFO (Chief Financial Office) in coordination with an external tax consultant. Taxes borne by the company must be managed in accordance with local regulations, without aggressive tax planning. Any risk affecting the company's reputation must be avoided.

Local subsidiaries are also responsible for actively supervising audits ordered by tax authorities. It must be ensured that requests are promptly answered and that the requested documents and records are submitted promptly and completely.

In order to be able to fulfil its tax duties within the Group, the central Corporate Tax department must be involved in the local tax matters of the subsidiary companies, in particular in the following significant matters:

- a) Transfer pricing problems;
- b) Other cross-border issues (e.g. in relation to permanent establishments, licensing, withholding taxes);

- c) Issues related to mergers and acquisitions (e.g. purchase and sale of companies and business units);
- d) Tax issues related to cash management (e.g. capital market operations and international financing);
- e) Corporate restructuring (e.g. mergers, liquidations);
- f) Establishment or modification of significant operations (such as the establishment of new subsidiaries and joint ventures);
- g) Procedures with tax authorities (e.g. Advance Pricing Agreements with Tax Authorities - APAs);
- h) Criminal tax investigations by the Agenzia delle Entrate (Italian inland revenue service);
- i) Management of significant tax risks identified by subsidiaries as part of risk management.

In principle, the tax assessment and advice of subsidiaries is handled locally, unless the central corporate tax department has a special jurisdiction.

If necessary, subsidiary companies may engage external consultants to fulfil their tax obligations or to assist them in implementing them.

In order to ensure optimal coordination of tax knowledge and advisory tasks, the Corporate Tax department must be involved in the following tasks carried out by external consultants:

1. Significant issues under this Directive (see list above);
2. Other very important issues, e.g. issues related to fiscal risk or the volume of taxes;
3. Significant international tax issues directly or indirectly related to subsidiaries in other countries (e.g., reports or documentation on international transfer pricing issues)

The Corporate Tax Directive was officially adopted by the Management Board of SEW-EURODRIVE Italy on 10/09/2018 and brought to the attention of all employees who manage aspects with accounting and tax implications in the organisation.





A hand is shown holding a red cloth over a field of green grass. The red cloth is partially covering the grass, and the hand is visible on the left side. The text "Environmental Responsibility" is overlaid in white on the red cloth.

Environmental Responsibility

Environmental Responsibility

Green Policy

SEW-EURODRIVE Italy wants to take an active role in creating a sustainable future, contributing to the evolution of the social and economic system while protecting the environment at the same time.

By pursuing goals to improve working conditions and social balance, and by introducing measures that can both preserve energy resources and ensure its business results continually progress, SEW-EURODRIVE Italy intends to base its actions on protecting the ecosystem for future generations.

The Code of Ethics explicitly provides that development should also be based on environmental protection, to which the SEW-EURODRIVE Italy Group contributes by encouraging the reduction of direct environmental impacts – resulting from operational activities – and indirect impacts associated with the value chain.

SEW-EURODRIVE Italy is aware of the impacts deriving from its business activities and the role it can play in spreading virtuous behaviour, promoting a culture of sustainability within all its spheres of influence, particularly among its employees, customers and suppliers.

It is also aware that climate change poses a global environmental, social and economic threat and that a commitment from all sides is needed to reduce the emission of greenhouse gases and CO₂ from human activities.

By identifying seven of the goals expressed in the 2030 Agenda, SEW-EURODRIVE Italy has drawn up its Green Policy, a strategic document intended to outline the actions and initiatives that the company intends to implement to develop the sustainability goals and help to achieve them.



In the Green Policy approved in February 2020 and its subsequent revisions dated 2022-2024, for the continuous improvement of the company's environmental responsibility, it is stated that the company, in line with the European Union's 2030 Agenda for climate and energy, is committed to achieving precise goals within two deadlines: 2030 and 2050.

The areas of intervention are:

1. COMPANY CARS

1.1. Type of car

SEW-EURODRIVE Italy is committed to purchasing cars for its employees within established CO₂ emission limits. In addition, where possible, electric or plug-in cars will be introduced to further reduce emissions.

1.2 Methods of use

Employees using company cars are required to observe a driving style aimed at minimising greenhouse gas and pollutant emissions into the environment, using the suggestions made by the Italian Ministry for Economic Development (MISE) in its "Guide on fuel economy and CO₂ emissions".

All behaviour aimed at reducing fuel consumption by using fewer vehicles should also be promoted.

1.3. Pick-up

SEW-EURODRIVE Italy favours the use of public transport, instead of cars, to reach a set destination. With this in mind, pick-ups at air-

ports, railway stations or other points of arrival are not foreseen if public transport can be used to reach and/or approach the destination.

2. CIRCULAR ECONOMY

2.1. Supplier selection

SEW-EURODRIVE Italy undertakes to include factors related to the sustainability of activities carried out by the company's main suppliers among the selection parameters.

2.2. Waste management and waste sorting

SEW-EURODRIVE Italy undertakes to reduce waste sources of any kind generated by its business activities, to dispose of non-recyclable waste in compliance with regulations and, at the same time, to implement waste sorting for all the rest.

2.3. Use of paper

SEW-EURODRIVE Italy is committed to minimising the use of paper in its business activities and to replacing the use of blank paper with recycled paper where elimination is not possible. Where the use of recycled paper is not possible, the company is committed to purchasing products made from virgin fibre guaranteed by independent third-party certification. SEW-EURODRIVE Italy is also committed to promoting all those changes in processes and technology that may allow further reductions in the use of paper and for it to be replaced with digital documents.

2.4. Reducing the use of plastic

SEW-EURODRIVE Italy is committed to reducing the use of plastic in offices where its business activities are carried out, discouraging the use of disposable containers and raising employee awareness in this regard. It also undertakes to eliminate all disposable items from initiatives promoted by the company, including through external companies.

3. BUILDINGS AND THEIR EQUIPMENT

3.1. Energy efficiency

SEW-EURODRIVE Italy is committed to improving the energy efficiency of locations where the company's business activities are carried out, whenever new buildings are constructed or existing ones renovated.

3.2. Use of thermal plants (heating/cooling)

Thermal plants – both heating and cooling – should be useful for the purposes of limiting energy consumption. Therefore, the temperatures set in the premises where the business activity is carried out must comply with national regulations in terms of prescribed switch-on limits, periods and times. In addition to the above limits, all behaviour aimed at optimising the use of the air conditioning system must be adopted.

3.3. Electrical and lighting installations

Where new buildings are built or existing ones are renovated, SEW-EURODRIVE Italy undertakes to use only low-consumption lamps with the lowest wattage that can be used in accordance with the lighting design. The LEDs will be equipped with automatic luminous flux control according to natural lighting.

3.4. Plant, machinery and equipment

SEW-EURODRIVE Italy is committed to purchasing low-energy machinery, equipment and work tools and characterised by a lower environmental impact throughout their life cycle, including the possibility of recycling/reuse at the end of their useful life.

3.5. Equipment

Equipping all SEW-EURODRIVE-owned buildings with charging stations for electric and plug-in vehicles and installing systems for self-generation of energy from renewable sources, such as photovoltaic panels.

4. ORGANISATION OF EVENTS

4.1. Transport and accommodation

SEW-EURODRIVE Italy is committed to minimising travel and favouring the use of accommodation facilities that pay attention to environmental impacts.

4.2. Site selection, set-up and event management

SEW-EURODRIVE Italy aims to prioritise the use of buildings with high energy efficiency and/or powered by renewable energy sources. In addition, priority is given to the use of reusable materials or materials made from certified, recycled or recyclable raw materials. Environmentally friendly catering companies are favoured. Finally, it is important to inform participants of the environmental sustainability solutions adopted for the event.



Deborah Clerici, Digital Customer Care Consultant

Circular processes

Reduce - Recycling - Reuse

In order to reduce the amount of waste produced by SEW-EURODRIVE, the company invests in circular processes, i.e. in a series of actions that, curiously, have the same initial in common:

- **REDUCE**, i.e. using fewer of nature's resources
- **RECYCLING**, i.e. disposing of waste correctly so that it can be transformed into new resources
- **REUSE**, i.e. extending the useful life of the product instead of throwing it away. In turn, in SEW-EURODRIVE reuse is divided into REPAIR and REMANUFACTURING.

REDUCE

The "reduce" activity finds expression in the commitment to reduce electricity consumption, the carbon emissions of the company fleet and the share of waste produced, both in workshop and office activities.

Reducing plastic in offices

In 2020, the introduction of SEW-EURODRIVE Italy's personalised water bottles, water fountains and thermal flasks distributed to each employee reduced the amount of plastic used in offices. Informally, SEW-EURODRIVE Italy also noted that the initiative was appreciated by all employees, not only because of the financial savings involved. In particular, the reduction of plastic bottles achieved by the changes implemented is represented in the table below, where vending = bottles sold by vending machines, SEW-EURODRIVE Italy = bottles purchased by SEW-EURODRIVE Italy.

U.M.: kg	2019			2020			2021			Delta total 2021/2019
	Vending	SEW-EURODRIVE Italy	Total	Vending	SEW-EURODRIVE Italy	Total	Vending	SEW-EURODRIVE Italy	Total	
Total	6,050	1,440	7,490	1,670	336	2,006	2,109	288	2,397	-32%

In addition, in 2021 plastic cups will be replaced by paper cups, which will be disposed of in wet waste. The summary of the operation resulted in about 3,500 glasses being replaced per year. A vending machine dedicated to healthy food (Foorban) and packaged with recyclable elements in the wet waste container was introduced in November 2021. The introduction of this dispenser not only provides a new service to employees, but also allows them to choose food packaged in biodegradable plastics and materials, avoiding the classic supermarket plastic packaging. In addition, the Foorban distributor does not waste the leftover food, which can be sent to other sales channels or charities.

Reducing paper in offices

SEW-EURODRIVE Italy replaced the paper towels available in the toilets with recycled paper in 2021.

In November 2021, it activated a badge-based print monitoring system to measure the number of prints produced on all machines in the offices. The aim was to make users responsible for printing and to eliminate "orphan" prints, i.e. documents sent for printing and then abandoned. The printing paper is 100% recycled paper. The printed paper to be disposed of is fully directed to separate paper collection.

By 2022, SEW-EURODRIVE Italy aims to purchase wall-mounted whiteboards for executive offices to replace blackboards with sheets of paper.

RECYCLING

The recycling activity is reflected in the high percentage of waste sorting and in the attention paid to suppliers in the waste disposal chain (listed in the table above and summarised below):

RECYCLING	kg	%
TOTAL WASTE GENERATED BY SEW	111,830	100%
TOTAL WASTE RECOVERED [R]	82,006	73.3%
TOTAL WASTE DISPOSED OF [D]	5,816	5.2%
TOTAL REUSED WASTE [RIU]	24,008	21.5%

REUSE

The reuse activity finds expression in the reuse of packaging materials, and, above all, in SEW-EURODRIVE's business model, which has always offered its customers the SERVICE service dedicated to the repair of SEW engines (Repair and Re-manufacturing).

The packaging materials that protect the goods received by SEW-EURODRIVE Italy from the parent company are REUSED at the rate of:

- Boxes: 11% of SEW-EURODRIVE branded packaging cartons from parent company supplies are reused to protect products being shipped to Italian customers
- Wooden pallets: 67% of the pallets received are reused. An exception is made only for pallets that are damaged and, since they are no longer suitable and safe, are therefore sorted and disposed of as wood

The process of reusing boxes and pallets is not easy: during the first year of this virtuous practice, a "learning-by-doing" management mode was tested. In the course of 2022, as already mentioned, a process for the re-use of these materials will be formalised, with the preparation and dissemination of a specific internal procedure.

SEW-EURODRIVE Italy will soon start marking recycled boxes with a special sticker to emphasise this virtuous behaviour to recipients of the goods.

Projects to increase the Reuse quota

In 2022 an area will be set up in the Service workshop for separating the metals that make up our scrap products. A special press capable of opening motors will be used to sort copper from aluminium and other ferrous metals. As well as improving the quality of our waste collection, this sorting process is part of a wider project, still in its infancy, to reuse these metals on an international scale.

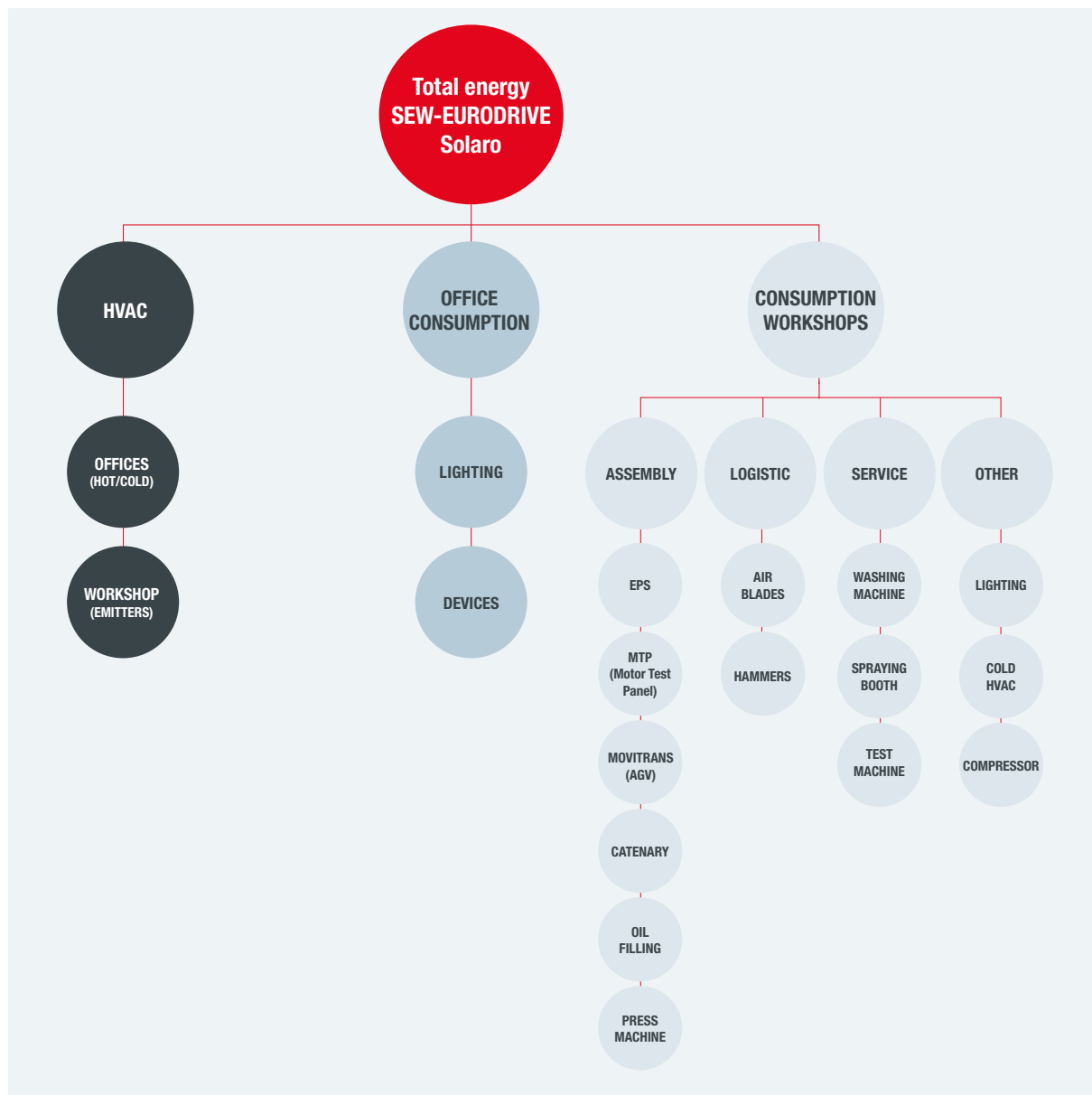
Repairs will also evolve into a reconditioning service (under R for Re-manufacturing), as plans are under way to activate workshop services aimed at increasing the life and extending the warranty of used products that are still in good condition and fit for purpose.

Environmental performance

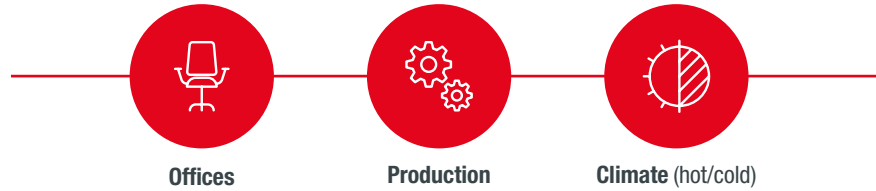
ENERGY CONSUMPTION

SEW-EURODRIVE Italy's Sustainability Manager joined the company's staff in late February 2021; since then, he has coordinated the reporting process, especially with regard to the environmental responsibility pillar. As a result, SEW-EURODRIVE Italy's environmental performance prior to his arrival does not always cover the three-year period 2019-2021; where possible, data also refers to the past two years, sometimes with estimates, commented on for clarity and transparency.

The energy consumption data of SEW-EURODRIVE Italy's sites are available in the form of total consumption defined for each site by electricity bills; an internal individual measurement network is still lacking to accurately determine the consumption of individual activities and machines. The goal for 2022-2024 is therefore to build a network of current meters downstream of the main plants and machinery that can provide us with this data set:



The aim is to determine consumption for each activity:



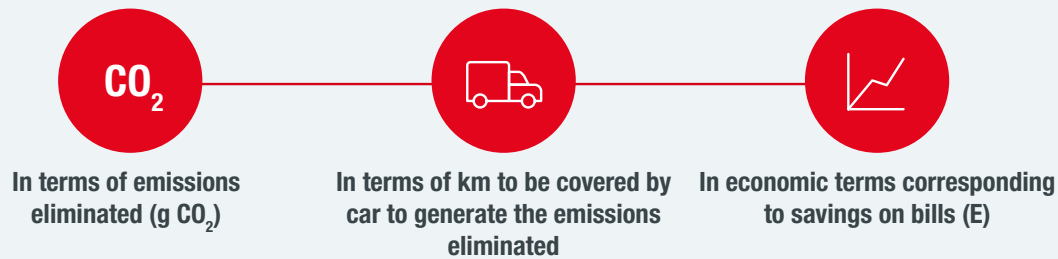
Production consumption can in turn be divided into the main industrial activities:



Measuring devices (meters) will enable energy consumption accounting for each unit produced: the aim is to determine the direct energy consumption and related emissions for each product prepared in SEW-EURODRIVE Italy's factories. This figure, added to indirect consumption, will determine the share of carbon footprint generated by SEW-EURODRIVE Italy's activities.

In addition, precise energy monitoring will provide control and savings over the entire production system, while also improving the operating conditions of machinery. It will then be possible to monitor the effects in terms of energy savings.

Each savings action is quantified in equivalent terms in order to make its impact clear to the reader:



The conversion parameters are as follows:

- Emissions eliminated (g CO₂) = 270 g CO₂/kWh (from ISPRA-ENEA publication)
- Emission equivalent km = 150 g CO₂/km (resulting from the average emission value of SEW-EURODRIVE vehicles)
- Saving on bills: 1 kWh costs Euro 0.16 (cost based on average bill in 2020)

Using the electricity measurements provided by some meters already installed in the electrical system in Solaro, 7 precise energy monitoring cards were created and the energy monitoring procedure was included in the quality system.

Each energy monitoring card contains:

- The description of the monitored equipment/machinery
- The analysis data, i.e. the observation period, the operating parameters of the monitored machinery and the machinery's electricity consumption (thanks to the meter reading)
- The identification of possible consumption savings and the related operational proposal to achieve the reduction

The monitoring cards implemented in 2021 are as follows:

Technology plant	➤ Summer and winter air-conditioning systems
Pump station	
Chiller unit	
Workshop EPS (dryer oven)	
Workshop lighting	
Engine test equipment in the workshop	
MOVITRANS® (AGV charging – automated guided vehicles) in the workshop	

100% of the energy used by SEW-EURODRIVE Italy comes from renewable sources, and annual energy consumption can be summarised in the following table:

CONSUMPTION	2019	2020	2021	DELTA 2019/2021
Total electricity consumption Solaro (U.M. = kWh)	1,147,937	1,173,144	1,279,850	11.5%
Total electricity consumption Drive Center (U.M.= kWh)	118,306	98,450	111,202	-14.4%
Total energy consumption	1,266,243	1,271,594	1,391,052	9.9%
Gas consumption for heating Solaro offices + Workshop (mc)	89,533	91,258	116,387	30.0%
Gas consumption for heating Drive Center offices (mc)	1,951	1,688	1,871	-4.1%
Total gas consumption	91,484	92,946	118,258	29.3%
Self-produced electricity from photovoltaic panels installed in Solaro (kWh)	32,718	34,790	33,370	2.0%

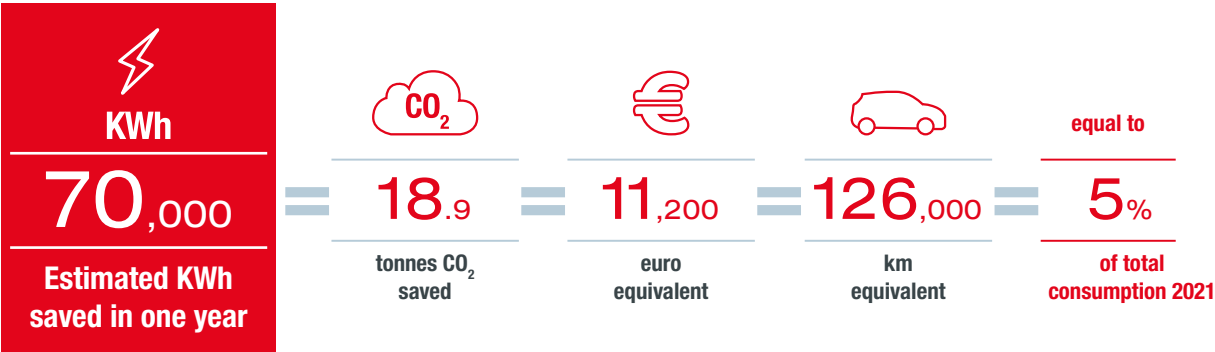
From 2019 to 2021, consumption increased due to the pandemic and the company's decision to keep the fan units switched on all the time for air to be circulating 24/7, 365 days a year. The increase in energy consumption is the result of this choice, amounting to approximately 100,000 kWh (which would bring SEW back to 2019 values).

It was not possible to measure the energy consumption for summer air conditioning and winter recirculation (HVAC) of the Solaro offices and workshop (2022-2024 goal, which will be made possible by the metering network with meters).

SEW-EURODRIVE Italy's annual energy consumption in 2021 (as in the table below) is 1,381,168 kWh. Based on the considerations in the energy cards, the company expects to save 70,000 kWh in energy consumption in 2022, or 5% of the total consumed in 2021.

Energy saving actions

Total energy savings expected by 2022:



- NOTES:
- Working days considered for estimating annual consumption = 255 days
 - CO₂ emissions per Kilowatt hour consumed = 270 gr/kWh (Source: ISPRA)
 - Cost of 1 kWh = 0.16 E/kWh (Source: ENEL Energia bills, 2021)
 - Average car emissions diesel engine = 150 g CO₂ per km

The success of these proposals and saving actions will be monitored by verifying the information in the card and not through a 5% net reduction of in consumption because:

- The company expects an increase in consumption due to an increase in production
- Consumption is influenced by annual climatic conditions, and should be weighed against temperatures for their share of air conditioning

It is worth noting the scale of the investment to extend the metering system and set up specific energy monitoring, which, besides being an identified economic investment for the company, helps to map waste and avoid it more effectively than considering total consumption; moreover, it helps to give information on the functioning of machinery, which is fundamental to setting up correct predictive maintenance. This investment achieves two sustainability goals: reduced consumption and safety.

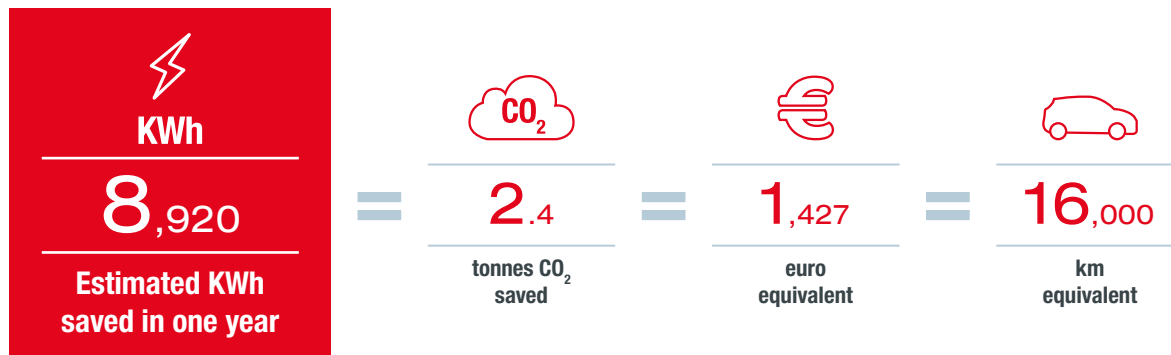
Practical examples of actions planned in 2022 that will lead to 5% savings

For example, the energy cards produced this year showed that a reduced switch-on time of 90 minutes for the EPS dryer (product drying oven) may generate savings of around 25,500 kWh per year.

Changing the switch-on time of the dryer will result in the following reductions:



Switching off the lighting in the workshop for one hour will result in the following reductions:



NOTES:

- Working days considered for estimating annual consumption = 255 days
- CO₂ emissions per Kilowatt hour consumed = 270 gr/kWh (Source: ISPRA)
- Cost of 1 kWh = 0.16 €/kWh (Source: ENEL Energia bills, 2021)
- Average car emissions diesel engine = 150 g CO₂ per km

RENEWABLE ENERGIES

A photovoltaic system consisting of 140 panels with a total area of 174 square metres is installed at the Solaro site, offering a maximum power output of 32.4 kWp.

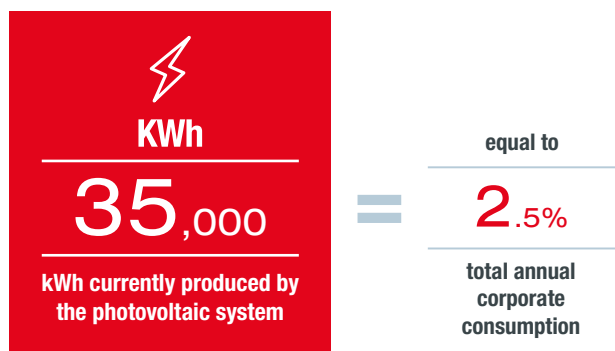
The energy produced is self-consumed as a productive activity; in fact, unlike other contexts, SEW-EURODRIVE Italy's industrial activity has the "advantage" of requiring a lot of energy during the day, when the photovoltaic system produces more energy.

The "production curve" of the system is similar to and coincides with the "consumption curve" of activity.

This energy is constantly monitored and communicated to SEW-EURODRIVE Italy colleagues via monitors in the common areas.

The installed system exceeds 20 kWp and is therefore considered an "electrical workshop" and requires the following to be fulfilled each year by the Facility office:

- Submission of the annual declaration of consumption to the Customs Agency
- Transcription of monthly photovoltaic production in registers approved by the Customs Agency.



The goal for the years 2022-2023-2024 is to double the surface area of photovoltaic panels in Solaro, by building a photovoltaic platform roof to cover the private parking spaces in the square, and thus the production of energy. Other panels will be installed in the new offices in Caserta (63 square metres on the roof of the office building, for a total expected production of 16,000 kWh/year, opening at the end of 2022) and Bologna (opening 2024).

ATMOSPHERIC EMISSIONS

The only direct greenhouse gas (GHG) emissions that SEW-EURODRIVE Italy is able to measure are the CO₂ emissions from the use of company fleet cars. Compared to 2019, these emissions were reduced by 4%, with a larger reduction in 2020 as a result of limited travel due to the pandemic. In order to continue to cut emissions, green vehicles with reduced emissions will be introduced into the car policy in 2021, in particular electric cars and plug-in cars with dual electric and thermal power. Four green vehicles were ordered in 2021 and will be delivered in 2022, with the aim of increasing the green car fleet by introducing more green cars and reducing CO₂ atmospheric emissions.

Actions were also initiated to raise awareness and to propose the use of green cars among SEW-EURODRIVE employees (who were assigned company cars) whose travel behaviour is clearly suitable for electric cars.

More green cars will be purchased in 2022 and electric vans assigned to the service for repair services in the local area will be added.

In the course of 2022, a process will be initiated to understand how other direct and indirect emission indicators (Scope 1 and Scope 2) of SEW-EURODRIVE Italy will be assessed.

Direct GHG emissions (kg) CO ₂ equivalent - Scope 1	2019	2020	2021	DELTA 2019/2021
Distance travelled by the company car fleet (km)	2,679,319	1,762,717	2,196,701	-18.0%
Corresponding total CO ₂ emissions (kg)	401,898	264,408	329,505	-18.0%



Deborah Clerici and Ilenia Imperatrice, Digital Customer Care Consultants

WASTE

In SEW-EURODRIVE Italy, the flow for waste disposal in the workshop follows a linear flow based on 6 macro-activities:

1. Waste production
2. Waste classification and storage
3. Contact supplier for waste recovery
4. Waste collection
5. Archiving Form Waste
6. Data collection and analysis for sustainability performance monitoring (and selection of elements suitable for re-use)

Dedicated storage containers for each category of waste are provided within the company buildings.

SEW-EURODRIVE Italy separates 100% of the waste produced, which also includes the so-called "dry" part, i.e. 8.8% (9,820 kg) of the total waste, consisting of oil-stained plastics, oil-soaked paper, indivisible composite materials and other mixed waste, which, due to their composition, are in any case further recovered by the disposal firm, for example as fuel in waste-to-energy plants.

However, constant attention is paid to improving the % of "dry" waste and, therefore, to preferring a homogeneous waste sorting by material, which is recovered with better yields in the waste disposal chain.

The main goal for 2022 is to further sort the collection of metals by splitting up aluminium and copper, which are currently placed together with other less valuable metals in the same container.



The quantities of waste produced are shown in the following table:

	CONSUMPTION	2019	2020	2021	% of total
NON-HAZARDOUS WASTE	Sorted paper (A4 workshop + office) - [kg]	n.a.	n.a.	2,105	
	Unsorted waste = dry workshop waste [kg]	n.a.	n.a.	9,820	
	Workshop plastic [kg]	n.a.	n.a.	1,740	
	Pressed cardboard [kg]	n.a.	n.a.	29,460	
	Cardboard [kg]	n.a.	n.a.	3,522	
	Metals: [Kg]	n.a.	n.a.	24,382	
	- Scrap iron	n.a.	n.a.		
	- Empty iron packaging	n.a.	n.a.		
	- Aluminium	n.a.	n.a.		
	Wooden packaging [kg]	n.a.	n.a.	9,920	
	Wooden pallets [kg]	n.a.	n.a.	8,936	
	Wooden pallets sold [kg]	n.a.	n.a.	11,550	
	Paint booth filters: absorbents, filtering materials, rags and protective clothing [kg]	n.a.	n.a.	2,426	
	Discontinued equipment	n.a.	n.a.	1,368	
	Waste paints and varnishes [litres]	n.a.	n.a.	90	
	Spent printing toners [kg]	n.a.	n.a.	36	
	TOTAL NON-HAZARDOUS WASTE			105,355	94.4%
HAZARDOUS WASTE	Non-chlorinated emulsions [litres] (SPENT OIL)	n.a.	n.a.	4,073	
	Paints [litres]	n.a.	n.a.	2,045	
	Contaminated filters [kg]	n.a.	n.a.	24	
	Contaminated packaging [kg]	n.a.	n.a.	94	
	Hazardous sludge waste (waxes, greases, adhesives and sealants) [litres]	n.a.	n.a.	28	
	TOTAL HAZARDOUS WASTE			6,264	5.6%
	TOTAL WASTE			111,619	
	Of which correctly sorted (recovered)			81,795	73.3%
	Of which disposed of			5,816	5.2%
	Of which reused			24,008	21.5%

The breakdown of waste by category and disposal method is shown in the tables below:

WASTE BY TYPE AND DISPOSAL METHOD* (KG)		2021 (compared to total) [kg]	2021 (compared to total) [%]	2021 (compared to hazard class) [%]
NON-HAZARDOUS WASTE	Recovered [R]	81,291	73%	77%
	Disposed of [D]	56	0.1%	0.1%
	Reused [RIU]	24,008	22%	23%
	Total	105,355	94%	100%
HAZARDOUS WASTE	Recovered [R]	504	0%	8%
	Disposed of [D]	5,760	5%	92%
	Total	6,264	6%	100%
TOTAL		111,619	100%	

WASTE BY TYPE AND DISPOSAL METHOD (KG)		2021 [kg]	2021 [%]
CARDBOARD [KG]	Recovered [R]	29,460	89%
	Reused [RIU]	3,522	11%
	TOTAL	32,982	100%

WASTE BY TYPE AND DISPOSAL METHOD (KG)		2021 [kg]	2021 [%]
WOODEN PACKAGING [KG]	Recovered [R]	9,920	33%
	Reused [RIU]	20,486	67%
	TOTAL	30,406	100%

The terminology used in the above table has the following meaning:

- Recovered = Waste sorted by SEW-EURODRIVE and recovered by the disposer in accordance with law 2006/C 272 E/02.
- Disposed of = Waste sorted by SEW-EURODRIVE and disposed of by the disposer in accordance with law 2006/C E/02.
- Reused = Waste sorted and set aside by SEW-EURODRIVE for reuse; to date, the category includes pallets and cardboard packaging which are reused for the same purpose for which they were originally produced and used.

Reused waste is part of SEW-EURODRIVE Italy's commitment to maximise aspects of circularity. Selecting and reusing materials is a burden on the company's employees, who often find it easier and faster to use new material. The Logistics Department of SEW-EURODRIVE Italy has promoted awareness in the operational departments to ensure that packaging is not damaged during the opening phase in order to guarantee reusability. In 2022, the operational procedures of these re-use processes will be formalised, and sales and service staff will continue to be trained and educated on the issue of re-use. Finally, it is planned to adopt a label identifying reused boxes in order to make them more visible.

Each of the above categories is disposed of by a specialised private supplier. SEW-EURODRIVE Italy is collecting information from suppliers on the final destination of waste, which will lead to a review of tenders in the coming year whereby preference will be given to companies that ensure greater transparency and circularity.

With regard to the waste quota that is delivered to the municipal service, SEW-EURODRIVE Italy has established a good dialogue with the technical department of the municipality to assess its proper disposal.

SEW-EURODRIVE Italy has set up a lot of information signs and waste bins in the various offices for separate waste collection.

In 2022, an area will be set up for separating metals that make up the products to be scrapped. An engine-opening press will be used to sort copper from aluminium and other ferrous metals. As well as improving the quality of separate waste collection, this is part of a wider project, still in its infancy, for the internal re-use of these metals on an international scale.

WASTE WATER

At SEW-EURODRIVE Italy, water is not used for industrial or production purposes, but only for normal cleaning and sanitation. There are no major observations on either its supply or release.

There is no canteen or cafeteria inside, but a kitchen area for heating and eating meals.

The water in the toilets is supplied from taps with aerator filters to reduce the flow, and therefore the quantity, and are operated by timed photocells to avoid waste.

Aerated shower heads are also installed in the showers for labourers.

The toilets are equipped with dual-button flushers to optimise water consumption.

Rainwater collected on the roof is channelled into a system of drainage wells that return it to the environment; the same happens with rainwater collected in the forecourt, which, however, is first cleaned through the oil separator.

Rainwater is thus diverted away from the municipal sewage system and into the sewage treatment plant, where waste water from toilets and washbasins is conveyed. This attention to the environment was voluntary and agreed with the municipality of Solaro while building permits were being obtained for the construction of new offices adjacent to the warehouse. The investment made in 2016 to build the underground wells, the oil separators and the dedicated drainage network was solely for the benefit of the environment.

COMPANY CARS

During 2021, SEW-EURODRIVE Italy launched the position of Mobility Manager, starting from early 2022, whose main task will be to investigate the corporate mobility of SEW-EURODRIVE Italy employees, also by carrying out surveys on home/work trips. For the first year, the Mobility Manager will be an external figure with the necessary skills and experience to lead SEW-EURODRIVE Italy in a new issue for the company.

The analysis of home/work trips will concern all employees at the Solaro site.

The project involves the development of a number of key steps:

1. Involving all players in the company (management, employees, collaborators and consultants) in defining a number of areas of involvement (and values) considered to be priorities
2. Analysing the main problems related to corporate mobility (accessibility of peripheral sites, travel between sites throughout Italy, mobility of employees coming from remote locations)
3. Drawing up the home/work travel plan, using GIS software that allows the results to be easily communicated
4. Defining a set of actions agreed with the various stakeholders in order to achieve the goals that each group of individuals has set itself
5. Implementing and managing the actions defined in the previous point;
6. Monitoring according to the values and indicators defined in the plan
7. The overall evaluation of the experience, opportunities for improvement if the action is extended, communication of results

The project will run until 2022 and will also continue in the future to constantly monitor and improve mobility conditions.

In 2023-2024, SEW-EURODRIVE Italy will implement the improvement actions from the Mobility Plan and update them annually.

Company fleet

In accordance with the goals of the green policy, the company is working to lower the average emissions of the company fleet. The minimum goals are as follows:

2022	2023	2024
150 gr	145 gr	140 gr
CO ₂ / Km	CO ₂ / Km	CO ₂ / Km

The actions identified consist, on the one hand, in updating the list of cars with less polluting vehicles, offering a wide choice of electric, plug-in, hybrid and mild hybrid vehicles; on the other hand, in analysing urban, extra-urban and motorway driving habits (especially when changing cars) to identify the vehicle with the best power supply in terms of environmental performance.



**Eva De Col, Procurement,
Facilities & Sustainability Manager**

Initiatives and projects to reduce environmental impacts

Biodiversity

SEW-EURODRIVE Italy in the Solaro plot has 5,200 square metres of gardens with around twenty tall trees. The company is also located adjacent to the Parco Regionale delle Groane. Established in 1976, this protected natural area is in Lombardy and home to a rich fauna and flora, while also boasting elements of geological interest and numerous sites of historical, artistic and industrial/archaeological value.

SEW-EURODRIVE Italy has planned to activate sponsorships and donations for planting in areas of the park, as the company's aim is to enhance the park surrounding the headquarters.

Oils and pick-ups

In order to improve the efficiency of the service and repair work offered by SEW-EURODRIVE Italy's Service for regular customers, a Pick-Up & Delivery Service has been developed. This is a logistics service for handling and collecting components by means of a robust, reusable plastic crate that can hold 4-8 motors depending on their size. The crate is picked up by the customer once it is full of motors to be repaired, with the effect of:

- Reducing the handling of goods, i.e. avoiding a socket for every broken motor
- Containing spilt oils
- Being washable and therefore reusable, unlike wood and cardboard which, once soaked in oil, are thrown in the general waste bin
- Improving the service and conditions/programming of internal work in our workshops
- Building customer loyalty by making their systems less vulnerable to breakdowns/repairs



Lubomir Batchev, Customer Service Foreman

Environmental compliance

SEW-EURODRIVE Italy has not identified any non-compliance with applicable environmental laws and/or regulations.



FUTURE OBJECTIVES →

Environmental responsibility

Improvement and culture

- 1 Increase in GRI 300 indicators measured.
- 2 Regular communication and signposting to promote common consumption-conscious behaviours, e.g. turning off lights and monitors, closing windows, etc.
- 3
 - a) Raising awareness among internal staff to make them understand that reusing a material is an invaluable process that reduces emissions and waste; the aim is to break down old cultural traditions that see reuse as saving money at the expense of quality.
 - b) Prototyping labels to be placed on reused packaging boxes to shift this sensitivity onto customers as well.
- 4 Updating the company's green policy to enhance its message and effectiveness in terms of consumption.

Consumption

- 5 Consumption reduction target monitored through energy cards of 5% of the total electricity consumption recorded for 2021.
- 6 Upgrading the network of current meters needed to measure the consumption of individual activities and machines.
- 7 Increased self-generation of renewable energy. In the three-year period 2022-2024, it is planned to double the panels installed in Solaro, as well as to install photovoltaic panels at the new sites in Caserta and Bologna.
- 8 Actions to discourage and reduce paper consumption by optimising the most printed documentation formats and increasing the use of erasable boards and digital tools.

Emissions

- 9 Initiating a process of understanding how to measure and evaluate other indicators of direct and indirect emissions, with reference to scope 1 and scope 2.
- 10 Appointment of the Mobility manager and creation of the first PSCL (Home-Work Travel Plan) to measure the trips generated by the Solaro site and propose improvement measures.
- 11 Purchase of cars with lower emissions, at least 3 plug-in vehicles and 2 electric vehicles.
- 12 Reduction of the average emissions of SEW fleet cars from the current 154 g CO₂/km₂ to 150 g CO₂/km.

Biodiversity

- 13 Protecting the biodiversity of the area surrounding Solaro, through use of the company gardens and the establishment of partnerships with local park authorities.
- 14 Launching a biodiversity protection project concerning the use of the company fleet by allocating a portion of the meadow to wild flowers, which are increasingly rare and therefore valuable for pollinating insects.

Waste

- 15 Increasing the number of CER categories that can be sorted through the purchase of a dedicated press to open engines and extract and separate the different metals they contain: aluminium, iron and copper.
- 16 Drawing up of instructions for the reuse of cardboard and pallets, with the preparation and dissemination of a specific internal procedure.





Social Responsibility

Social Responsibility

Our people and their sustainable development

SEW-EURODRIVE Italy is fully aware that its business has changed and is changing.

The company has progressed from a rationale of "products" to a rationale of "solutions/systems". For a company like SEW-EURODRIVE, with its 90-year-plus history of success (50 in Italy), this represents a major change. Selling a product is, in fact, totally different from selling a solution/system. The business paradigm is changing profoundly and is expected to evolve more and more: gradually SEW-EURODRIVE Italy will become more of a service company, where the difference will not be the "what" (the technology), but the "how" (i.e. the sales methods and the type of unique experience that the company is able to convey to the cus-

tomers). The more SEW-EURODRIVE Italy is able to understand the customer's needs and respond in a personalised and unique way, the greater the competitive advantage. At a time of historic integration and convergence between different technologies and disciplines, the major players are becoming increasingly adept at offering quality products. Therefore, in order to win over the competition, it is crucial to focus increasingly on another differentiating element: service, namely people.

We talk about people and not "person" because SEW-EURODRIVE Italy believes that individual talent is no longer enough. Providing excellent service requires all departments to be excellent and, above all, synchronised with



Students from the Università Cattolica del Sacro Cuore visiting the Solaro plant

each other. Teams are everything. The level of complexity (technological, organisational, commercial) is such that it becomes dangerous to rely on individual talent. Moreover, we know very well that a team makes a difference if it believes in what it does and if it is able to express its full potential.

This aspect, i.e. the possibility of expressing one's own potential, becomes the central point around which SEW-EURODRIVE Italy's corporate culture and social policy is developed in order to face current challenges. In this sense, downward empowerment, i.e. delegation, becomes central to making people grow. SEW-EURODRIVE is a large, family-owned and managed multinational company, but the delegation process is not a finished one. Unleashing more and more creative energy from below is the real challenge facing the company today.

Therefore, the goal, which is also represented by our corporate vision, is to create a fertile environment, a 4.0 corporate culture that allows people to express their potential. Only in this way is it possible to build a set of relationships based on trust and creativity. There may be cultures in companies that disable or enable the human potential present: it is this factor that determines whether the company succeeds or fails. This is why the corporate culture has been incorporated into the most important strategy, the corporate vision.

This is where SEW-EURODRIVE's commitment to supporting a management and social policy model based on involvement and trust between management and workers stems from, both through continuous training to convey an appropriate leadership style and through climate and management evaluation systems involving all workers. Each manager periodically meets with his/her staff either in departmental meetings to review activities, monitor workloads and promote discussion, or in individual feedback and development interviews to support growth by identifying strengths, areas for improvement and ways of developing each individual.

With regard to the Health and Safety policy, in addition to complying with the relevant regulations, the company considers it essential to focus on people's Health and Safety in a broad sense, with a view to overall well-being in the workplace. In addition to continuous attention to the physical premises in accordance with the most modern ergonomic principles, a great deal of attention is paid to monitoring the well-being of everyone through an open, listening and trusting climate. This is why SEW-EURODRIVE Italy periodically participates in the Great Place To Work® survey, following which an improvement plan is always implemented to promote overall well-being and a positive work climate. In addition to this, there is the whole system of corporate welfare that has been in place for many years, before the recent regulatory requirements.

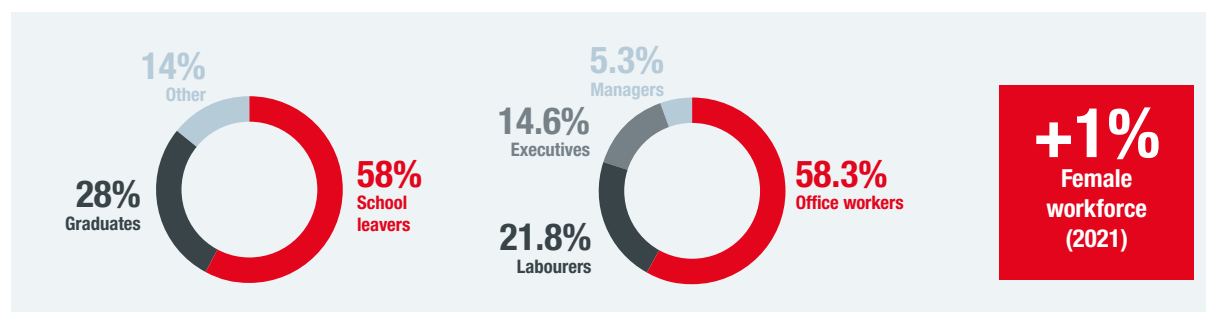
Training is a fundamental pillar of SEW-EURODRIVE Italy's social policy to promote the skills necessary for business and personal development. The training programmes cover three areas: soft skills, technical skills and quality and safety.

In SEW-EURODRIVE Italy, there has been no company trade union representation for several years; moreover, since 2013 there has been a gradual decrease in trade union membership, despite the fact that there is clearly freedom of association and despite the periodic on-site information provided by the Territorial Organisations of the major trade unions. It is likely that the participatory management model, the direct relationship with management and, more generally, the social policy of caring for people and the low level of conflict may have led people to consider it superfluous to be represented by third parties as they already have the opportunity to express their opinions and be heard directly by management.

Composition and size

The following chapter shows the employees of SEW-EURODRIVE Italy, divided by gender, region, professional category, educational qualification, age, seniority in the company and contract type.

From 2019 until today, taking into consideration employees with permanent and fixed-term contracts, the total number of SEW-EURODRIVE Italy employees has been maintained, amounting to 200 people in the last 3 years. At the same time, there was a slight increase in the percentage of women in the total workforce, which went from 21% to 22%, even though SEW-EURODRIVE Italy has a mainly male corporate population due to its core business (there are no female executives, among middle managers women went from 7.1% in 2019 to 10% in 2021, while among office workers women went from 35.4% in 2019 to 34.7% in 2021. Finally, there are 3 women labourers employed under a labour administration contract). 97% of the employees of SEW-EURODRIVE Italy are employed on a permanent basis, mainly on a full-time basis, with the exception of 8 women employed on a part-time basis (growing from 2.5% in 2019 to 3.9% in 2021). The number of people with other types of contract is insignificant (2 interns and 4 temporary workers in 2021).



32% of employees are between 30 and 40 years old, 30% are over 50 years old and 29% are between 40 and 50 years old.

8.7% are young people under 30 years of age.

The breakdown by departmental area is shown in the following table: the area with the largest number of people is commercial activities, with Drive Centers in five Italian regions (Lombardy, Emilia-Romagna, Piedmont, Veneto and Campania), followed by Operations, located in Solaro, in the Milan area.

The distribution of SEW-EURODRIVE Italy people among the Italian regions did not change in the three years under consideration: 70% of SEW-EURODRIVE Italy people work in the Solaro site, in 2021 10.7% worked in the Drive Center in Bologna, 9.2% in the DC in Verona, 5.8% in the DC in Turin and 4.9% in the DC in Caserta.

Departmental area	2019		2020		2021	
	Men	Women	Men	Women	Men	Women
AFC	3	9	4	7	3	7
General Management, Marketing, IT, HR	6	6	8	5	7	5
Operations	54	5	56	9	48	13
Innovation Technology – Customer Services	31	6	20	2	23	3
Industry Management – Central Sales	5	0	11	4	10	5
Total Solaro	99	26	99	27	91	33
Drive Center (DC)	62	26	62	16	66	16
of which:						
DC Milan	14	3	15	4	15	4
DC Bologna	15	6	15	6	16	6
DC Turin	10	2	10	2	10	2
DC Verona	14	4	14	3	16	3
DC Caserta	9	1	8	1	9	1
Total	161	42	161	43	157	49
Total	203		204		206	

When considering seniority, the results are as follows:

Length of service	2019				2020				2021			
	M.	W.	Tot	%	M.	W.	Tot	%	M.	W.	Tot	%
< 5 years	57	10	67	33.0%	59	9	68	33.3%	50	14	64	31.1%
5-10 years	21	7	28	13.8%	25	9	34	16.7%	27	10	37	18.0%
11-15 years	33	7	40	19.7%	26	6	32	15.7%	24	5	29	14.1%
16-20 years	13	7	20	9.9%	14	8	22	10.8%	16	7	23	11.2%
20-25 years	13	4	17	8.4%	15	4	19	9.3%	14	6	20	9.7%
> 25 years	24	7	31	15.3%	22	7	29	14.2%	26	7	33	16.0%
Total	161	42	203		161	43	204		157	49	206	

Recruitment and selection

SEW-EURODRIVE Italy firmly believes that business development must go hand in hand with the protection of jobs and the creation of new ones. Hence, special attention is paid to the professionalism of each individual employee, while at the same time raising awareness of the importance of constantly putting oneself on the line and stepping out of one's comfort zone.

A specific example is the project to modernise the assembly workshop for the purposes of Smart Factory 4.0. The introduction of automated guided vehicles in the factory stems from the need to increase productivity, not to cut staff costs. In this case, the challenge was multi-faceted: technological, process-based and social (changing people's mindset by encouraging them to use tablets and new working methods).

In order to achieve this goal, people need to meet the challenges of change that SEW-EURODRIVE Italy sets itself. Therefore, much attention is paid to the selection processes based on interviews with the HR department and the line, and on analysis tools such as the DISC model that photographs behavioural and communication styles. In this regard, each candidate fills in the DISC® questionnaire before being hired and receives thorough feedback for results by SEW-EURODRIVE Italy staff holding international DISC certification.

Induction into the company is facilitated by a so-called Induction Plan in which new recruits get to know all the company's departments and make themselves known. In addition, during the first few months, mentoring interviews are held with one's manager and the HR Manager to monitor one's successful integration into the company and make adjustments if necessary. Depending on the profile, basic and specific training is then carried out, possibly also at the in-house training school at the parent company (Drive Academy®).

The retention model is mainly based on offering a value-added environment in which people can live in a climate of trust and grow professionally in relation to their aptitudes and motivations. Regular feedback and development interviews, participation in training, a system of individual and collective performance appraisal and a compensation model that takes into account market benchmarks result in low company turnover, net of retirements. Moreover, vacancies are almost always first made available to internal staff through job posting. As with external recruitment, internal applications are also considered and evaluated through an interview with the HR department and the relevant Manager and through evaluation using a DISC® questionnaire (with the results being returned in a session lasting approximately 2 hours). Wherever possible, SEW-EURODRIVE Italy tends to give preference to an internal application.

In general, the company prefers to hire workers directly, in order to retain people and invest in their professional development. Moreover, the activity is not subject to seasonality, so there is no need to call upon temporary external workers. However, in a marginal sense the company makes use of staff leasing relationships when necessary, usually during technological change or organisational changes that require temporary staff reinforcements.

The number of employees who left SEW-EURODRIVE Italy voluntarily or as a result of dismissal, retirement or death during service did not change over the last three years, going from 9 persons in 2019 and 2020 to 10 persons in 2021, mainly men (one woman left SEW-EURODRIVE Italy in 2019 and one in 2021). In the last year, 5 of the 10 who left were between 30 and 50 years old, 4 others were over 50 years old and only one was under 30. In addition, the 10 people leaving SEW-EURODRIVE Italy in 2021 are all from the Solaro office.

On the other hand, 7 men were hired in 2019, 9 people in 2020 (including 1 woman) and 13 in 2021 (including 2 women), all of whom were hired from Italy. Of the latter, 61.5% are between 30 and 50 years old, while the remaining 38.5% are under 30. 85% of the new hires in 2021 are in the Milan office, the remaining 15% in the Verona DC. No recruitment took place in the other Drive Centers in 2021. In 2019 there were two recruitments in DCs, one in Caserta and one in Verona; in 2020 there were three recruitments in DCs, one in Verona, one in Caserta and one in Bologna.

In all SEW Drive Center locations (Verona, Turin, Caserta, Bologna) managers are recruited from the local community. As far as Solaro is concerned, 3 managers and 15 executives (2 of whom are women) are employed by the local community (up to 25 km from home to office).

Training

SEW-EURODRIVE Italy, in order to be able to count on adequately trained professional resources that are up to the challenges facing the company and the market, trains its employees according to the training needs defined annually by each department. This process expresses the budget needed to address the needs of various departments, the standard training paths per role/professional family and the strategic projects underlying new challenges.

The mode of use is defined according to the type of course. In addition to face-to-face classroom lessons, on-the-job training, e-learning, video-conferencing and Train-the-Trainer training are organised.

At the end of the course a satisfaction questionnaire is sent to each participant in order to evaluate the contents, the method and the teacher. In the case of safety courses, tests are also carried out to assess learning.

The total hours of training provided in the last three years and the number of staff involved in training are shown in the table below:

	2019	2020	2021
Total number of training hours provided	6,972	3,942	5,385
No. of employees involved in training	192	92	154

No. of employees involved in training	2019	2020	2021
Managers	10	11	11
Executives	27	22	25
Office workers	111	43	104
Labourers	44	16	14
Total	192	92	154

As the table shows, the pandemic had an impact on training especially in the 2020, which was characterised by lockdowns and heavier regulatory restrictions. Being face-to-face training, the training for labourers in particular suffered the most cancellations and postponements. On the other hand, training activities that can be delivered online were maintained and, in some cases, intensified in 2021.

There are three types of training areas, as represented in the table below:

- Quality – Safety – Environment
- Strategic-transversal (communication, leadership, languages, coding, digitalisation, coaching)
- Technical and linguistic, the costs of which are shown in the second table.

No. of training hours	2019			2020			2021		
	M.	W.	Total	M.	W.	Total	M.	W.	Total
Strategic training	2416	965	1456	1167	125	1250	1958	412	2370
Training on ethical aspects (human rights, etc.)	0	3	3	0	0	0	0	0	0
Foreign language courses	230	0	230	144	0	144	60	30	90
Specialist technical training	2587	261	2848	1966	401	2367	421	364	785
General health and safety at work / compulsory training	168	38	206	110	29	139	1580	552	2132
Specific training on occupational hazards	292	12	304	0	0	0	0	8	8
Total	5,693	1,279	6,972	3,387	555	3,942	4,019	1,366	5,385

Values in euro

Training cost (U.M.: €)	2019			2020			2021		
	M.	W.	Total	M.	W.	Total	M.	W.	Total
Strategic training	54,000.00	10,000.00	44,000.00	76,300.00	6,800.00	76,900.00	15,519.00	34,881.00	150,400
Training on ethical aspects (human rights, etc.)	-	-	-	-	-	-	-	-	-
Foreign language courses	9,434.00	-	9,434.00	3,500.00	-	3,500.00	866.67	433.33	1,300.00
Specialist technical training	769.00	385.00	1,154.00	3,000.00	3,213.00	6,213.00	5,500.00	3,550.00	9,050.00
General health and safety at work / compulsory training	1,893.00	347.00	2,240.00	1,810.00	160.00	1,970.00	5,175.00	3,000.00	8,175.00
Specific training on occupational hazards	6,100.00	-	6,100.00	-	-	-	10,000.00	320.00	10,320.00
Specific training on occupational hazards	72,196.00	10,732.00	82,928.00	84,610.00	10,173.00	94,783.00	137,060.67	42,184.33	179,245.00
Total	72,196.00	10,732.00	82,928.00	84,610.00	10,173.00	94,783.00	137,060.67	42,184.33	179,245.00

In line with the company's vision, which focuses on creating an environment that develops individual and collective talent, training focused on specific strategic skills:

- Managerial skills to provide advanced management tools for those with responsibility for co-ordinating people (e.g. training in personal mastery and ego management, general management, coaching, team leadership)
- Communication skills and agile culture

Performance appraisal, remuneration policies and incentive systems

In SEW-EURODRIVE Italy, the performance appraisal and salary review process has the main goal of developing people in the company. The HR Department is the hub around which these people development processes revolve. It is, in fact, the department that provides individual managers with data on the remuneration positioning of each employee against both internal and external benchmarks. It is then up to each Manager to propose level growth and salary adjustments within predefined budget constraints.

SEW-EURODRIVE Italy constantly reminds its managers that merit is only measured by objective results and visible behaviour in the past and present (performance, results). All that pertains to the future is therefore not merit, but potential. Therefore SEW-EURODRIVE Italy assesses how to reward potential with development paths (training, assignment of new tasks, etc.) and only when the expected results are achieved does it recognise salary and level adjustments.

In assessing the degree of compliance and areas for improvement of each employee, each SEW-EURODRIVE Italy manager considers who has a degree of compliance higher than the expected level and who can be considered for a different classification; in formulating a proposal for recognition, market benchmarks are also analysed:

- External: how much the external reference market (e.g. automation market, companies similar to SEW-EURODRIVE Italy, etc.) pays on average for the same figure;
- Internal: within the SEW-EURODRIVE Italy population how much the same levels and the same professional family are paid.

SEW-EURODRIVE Italy also periodically stresses the need to take into account the continuity of professional integrity and adherence to company values, improvements in professionalism/performance over time, the date and extent of the latest accolade (reported in a document called "merit increase"). The purpose of this monitoring is that at SEW-EURODRIVE Italy it is not allowed to tolerate under-performance for long, or to level down one's expectations in order to "justify" poor performance.

Each type of intervention refers to a specific goal. Notably, a request for:

- An increase in Gross Annual Salary (GAS) expresses recognition of an increase in competence and autonomy in line with the market
- A change of level indicates recognition of increased responsibilities/areas of activity in line with the declaratory list of the National Collective Labour Agreement (CCNL)
- A one-off payment expresses recognition of concrete results for extraordinary activities/projects or, in the case of people with an already excessively high salary position, enhanced professional skills without being able to increase the salary further

The managers' proposals are discussed with the HR Manager & Compliance Officer who, if necessary, makes changes and then submits them to the General Manager for final validation.

Before proceeding with the performance evaluation through the Management By Objectives (MBO) process, HR Management periodically reminds the various managers that it is important to manage expectations of each role considered in terms of:

- Areas of activity/responsibility and expected results in terms of autonomy/delegation given;
- Managerial and/or technical/specialist skills and related desired behaviours.

At SEW-EURODRIVE Italy, 100% of managers, executives, office workers and labourers undergo regular performance and professional development evaluations.

SEW-EURODRIVE Italy also carries out a process called "360° feedback": all personnel are required to express their assessment of each manager each year (top and middle management). Therefore, each manager is assessed on his/her managerial skills by his/her line manager, peers, co-workers and other colleagues who, for various reasons, have the opportunity to work with him/her.

The ratio of the average gross remuneration of women to men, by category, is shown in the following table. At SEW-EURODRIVE Italy, a review process is under way to reduce pay gaps, by sensitising management about properly assessing professional skills and through interchangeability projects and the hiring of female staff with technical training (the highest paid roles are the more technical, male-dominated ones).

The pay differential between the male GAS and the female GAS:

Percentage comparison of Male Fixed GAS and Female Fixed GAS	2019	2020	2021
	Women/Men	Women/Men	Women/Men
Managers	-	-	-
Executives	0.83	0.82	0.95
Office workers	0.70	0.69	0.70
Labourers	-	-	-

Percentage between female variable GAS and male variable GAS	2019	2020	2021
	Women/Men	Women/Men	Women/Men
Managers	-	-	-
Executives	0.84	0.81	0.90
Office workers	0.71	0.68	0.70
Labourers	-	-	-

The working conditions defined in the individual contract are normally better and never worse than those defined in general labour legislation or collective agreements.

100% of SEW employees have the extreme minimum, i.e. they have salaries above the minimum wage. Only labourers employed on a temporary basis have the minimum rates.

All employees of SEW-EURODRIVE Italy are covered by collective bargaining agreements.

Welfare of SEW-EURODRIVE Italy: work-family and work-leisure balance

In the analysis period from 2019 to 2021, SEW-EURODRIVE Italy provided the following benefits:

	Permanent employees	Temporary employees	Full-time employees	Part-time employees
Hourly flexibility	X	X	X	X
Willingness to grant part-time	X		X	
Extension of paternity leave	X	X	X	X
Time-saving services (laundry, mail, car maintenance/washing, parcels on site)	X	X	X	X
Filling in form 730	X	X	X	X
Credit on top on welfare portal	X	X	X	X
Health insurance	X	X	X	X
Pink parking spaces for pregnant colleagues	X	X	X	X
Paid leave for medical examinations	X	X	X	X
Covid-19 services (epidemiological screening for employees and family members)	X	X	X	X
Listening desk	X	X	X	X
Scholarships for children of employees	X		X	X
Company internships for children of employees	X		X	X
Corporate conventions	X	X	X	X
Loans to employees	X		X	X
Restaurant ticket	X	X	X	X

Since the inception of the corporate welfare system (SEWelfare) in 2015, SEW-EURODRIVE Italy has paid great attention to the issue of work-family balance. In addition to part-time work for new mothers, one of the many tools available for this purpose is parental leave. In addition to the parental leave for new fathers provided for by law (10 compulsory and 1 optional day), the company provides an additional 2 optional days.

In the three years under consideration, the rate of return to work after leave was 100%. Only 1 employee is no longer employed by SEW-EURODRIVE Italy in the 12 months following the return. As far as pension funds are concerned, SEW-EURODRIVE Italy is not in the habit of adopting pension slides; in fact, there are no such provisions in the reporting period.

With regard to the pension plan, the company adopts the provisions of the relevant National Collective Labour Agreement (CCNL); therefore, the funds provided are:

- Cometa for labourers, office workers and executives or alternatively other open-ended funds at the employee's choice
- Previndai for managers or alternatively other open-ended funds chosen by the employee

SEW-EURODRIVE Italy Eurodrive Italy has established the following percentages for participation in the pension plan:

- For labourers, office workers and executives, the minimum percentage to be borne by the worker is 1.2%, the minimum percentage to be borne by the company is 2%
- For executives, a flexible contribution scheme was adopted, whereby the employee pays 1%, while the company's contribution comes to 7%

	2019	2020	2021
% of salary contributed by the employee or by SEW-EURODRIVE Italy for pension plans	3.2 to 8	3.2 to 8	3.2 to 8

SEW-EURODRIVE Italy periodically participates in the well-known survey called Great Place To Work® to monitor the corporate climate and improve the quality of the working environment.

In 2021, SEW-EURODRIVE Italy took part in this survey, obtaining certification from the Institute for the second time in a row, proving that SEW-EURODRIVE Italy has created a good working environment, albeit with some aspects still to be improved.



Equal opportunities

To promote equal opportunities and fairness, SEW-EURODRIVE Italy adopts two types of management models:

- 1. Competencies-based model:** recruitment, meritocratic recognition, evaluation and development systems are all primarily based on the competency model, which by definition is a fair model that ensures fairness in day-to-day management
- 2. Compliance model:** the code of ethics on the one hand (which places great emphasis on the importance of ensuring equal opportunities and equal treatment) and the system of reporting violations to the Compliance structure on the other hand ensures an adequate apparatus for the repression of discrimination

The current national legislation on equal opportunities applicable to SEW-EURODRIVE Italy concerns the Workers' Statute - Articles 15 and 16, the prohibition of discrimination, referred to in Article 37, paragraph 1 of the Constitution, on maternity and paternity protection, enshrined in Article 3, Consolidated Act and the so-called equal opportunities code.

Internal communication

The primary goal of SEW-EURODRIVE Italy's internal communication is to involve all employees in order to connect people, set up functions, activate processes and establish connections that give added value to the company. The governance system itself, which is constantly evolving (e.g. the creation in March 2021 of the Digital Innovation Team with the contribution of the Change Agents) includes, among other goals, an increase in internal communication that is participatory, if not actually transformative, and not one-way.

Internal communication is promoted through various activities, as well as through a governance system, as mentioned, consisting of several committees/teams/working groups:

- Internal communication campaigns to support the communication needs of the various corporate departments
- Regular meetings where SEW-EURODRIVE Italy employees have the opportunity to ask for additional information on topics of particular interest and to take stock of activities, share any difficulties and proposals, and balance workloads
- Digital Signage, monitors placed inside offices which transmit daily information and updates on events, Corporate Social Responsibility initiatives, activities with strategic customers, economic data, energy consumption and performance of renewable sources, and the progress of interdisciplinary and innovation projects
- DriveNet, the group's Intranet, which publishes organisation charts, internal communications, updates on the performance indicators of various departments and from which it is possible to access various company tools for managing documents for internal use and monitoring specific commercial and administrative activities, while also being possible to access e-learning training and much more

THE DECISION TEST

Employee involvement tool for significant changes

For SEW-EURODRIVE Italy, the relationship between employees and management is crucial, especially during significant changes in the company. This is why, since 2018, SEW-EURODRIVE Italy has introduced the "Decision Test", a method of involving workers whenever management wants to introduce significant changes in the company. Basically, the company has undertaken to always include a phase of listening to people concerned in order to better understand the effects, fears, concerns and aspects to be taken into account. The instruments adopted may be focus groups, internal surveys or both, depending on the complexity of the change projects. In general, whenever it is appropriate to implement a significant change project, a dedicated project team is formed whose membership is based solely on specific expertise.

For example, before implementing the 7/7 SEW Help Service, the free telephone technical assistance service at weekends, SEW-EURODRIVE Italy started a phase for the involvement of workers concerned to understand their point of view, their doubts and their concerns. As a result of that involvement, the project underwent some changes, incorporating some demands that would have had too great an impact on the private lives of individuals and families. Finally, the process took time to make all the workers involved understand the application logics and what being involved in the Service department is trying to achieve.

During the period under review, from 2019 to 2021, SEW-EURODRIVE Italy established a minimum notice period of one month before significant operational changes.

Protected categories

As far as employment policies for people with disabilities are concerned, it should be remembered that they are part of a policy framework defined at European level by social inclusion policies. In Italy, law 68/99 introduces the key concept of "targeted" employment, understood as "that series of technical and support tools which allow people with disabilities to be adequately assessed in terms of their ability to work and to be placed in the right place, through analysis of workstations, forms of support, positive action and solutions to problems related to the environments, tools and interpersonal relations in the everyday workplace and in relationships".

The number and percentage of the total workforce of people with disabilities in SEW-EURODRIVE Italy increased from 4.0% in 2019 to 5.5% in 2021.

Health and safety

At present, SEW-EURODRIVE Italy has not implemented an occupational health and safety management system. Safety at work is managed in accordance with the provisions of Legislative Decree no. 81/08 and the current body of legislation.

Hazard identification, risk assessment and accident investigation

In accordance with current legislation, risks are assessed by the Health and Safety Officer (RSPP), in consultation with the Employer. The assessment method involves, for each generic and specific risk identified in the workplace, compiling a matrix $R = P \times D$ (Risk = Probability of Damage). Input data is collected directly with input from supervisors and workers, with whom all the steps and equipment involved in each work cycle, as well as the products used, are examined in detail. A fundamental contribution is provided by the information received from the occupational physician, gathered during the inspections or interviews carried out during health surveillance. The risk assessment results in an improvement programme, i.e. a programme of measures, which is shared with all security stakeholders.



Giovanni Del Giacco, Assembly Worker



In the training course for employees, SEW-EURODRIVE Italy emphasises that reporting possible dangers is essential to prevent accidents and to protect the person from company initiatives. There is a specific procedure to be followed and the RSPP personally interviews workers, who can report any critical situations which, when necessary, are reported to the employer, protecting the anonymity of the source.

In the event of an accident or near miss, SEW-EURODRIVE Italy will, as a matter of priority, talk to the injured or affected person if possible; otherwise, the company will use the accounts of staff present and postpone the interview with the person as soon as possible (generally upon his/her return to the company).

SEW-EURODRIVE Italy uses a special form containing a range of information to guide the analysis of what happened:

- General information on the event
- Circumstances leading to the observed event that must be taken in by talking to those involved in the event in various ways
- Mode of occurrence
- Analysis of causes
- Corrective/preventive actions to be taken

Occupational health services

In accordance with current legislation, health surveillance is carried out by the (external) Medical Officer.

The Medical Officer carries out at least one workplace inspection per year, preferably in conjunction with the RSPP. During health surveillance, s/he collects reports from workers and proposes risk mitigation measures to the employer.

Through the Health and Safety Manager (ASPP), who acts as a link, all workers can contact the Medical Officer.

As provided for in Ministerial Decree. 4 March 2009 (O.G. general series no. 146 of 26 June 2009), the Medical Officer is enrolled in the National List of Competent Doctors referred to in Article 38, paragraph 4, of Legislative Decree no. 81 of 9 April 2008, held at Office II of

the General Directorate for Prevention of the Ministry of Health.

All supervision is carried out on the premises, during working hours, in consultation with the persons concerned. During the training all workers are informed about the significance of health surveillance and the role of the Medical Officer.

Worker participation and consultation and communication on health and safety at work

Consulting with workers on risk assessment and protective measures is a legal requirement.

The various figures involved in risk assessment in the company (Employer - E, RSPP, MO and Workers' Safety Representative - RLS/Representative of workers for territorial safety - RLST) are required to participate in certain activities which, in relation to the way they are carried out and documented, regardless of specific regulations, represent the cornerstone for effective and demonstrable collaboration for evidential purposes. This collaboration can happen during:

- The inspection of workplaces: this is one of the central moments in which various figures can acquire information useful for defining and assessing the company risks and

is one of the privileged occasions in which the MO can interact with the E and/or the RSPP, but also with the workers and the RLS

- The periodic meeting, during which all the safety figures in the company and outside the company (consultants, technicians, etc.) can meet and discuss the DVR (Risk Assessment Document)

Based on the tasks assigned by law and based on the rules agreed by the parties, the workers' safety representative plays a role within a cooperative/participatory framework, particularly in the area of risk assessment and implementation measures.

Worker training on health and safety at work

The employer shall ensure that each worker receives sufficient and appropriate health and safety training, including language training, with particular reference to:

- a) Concepts of risk, damage, prevention, protection, organisation of company prevention, rights and duties of the various company actors, supervisory bodies, control, assistance
- b) Risks related to tasks and possible damage and to subsequent prevention and protection measures and procedures characteristic of the sector or branch to which the company belongs



Training and, where applicable, specific coaching takes place when:

- a) The employment relationship is formed or employment commences in the case of employment services
- b) Duties are transferred or changed
- c) New work equipment or new technologies are introduced, as well as new dangerous substances and preparations

Managers and supervisors shall receive appropriate and specific training and periodic refresher training by the employer in relation to their duties in occupational health and safety. The contents of the training referred to in this paragraph shall include:

- a) Main stakeholders involved and their obligations;
- b) Definition and identification of risk factors;
- c) Risk assessment;
- d) Identification of technical, organisational and procedural prevention and protection measures.

Training is provided during working hours and is compulsory.

The number of hours and cost of Health and Safety training can be found on p. 96.

Workers in charge of fire prevention and fire-fighting, evacuation of workplaces in case

of serious and immediate danger, rescue, first aid and, in any case, emergency management receive appropriate and specific training and periodic updating.

Prevention and mitigation of health and safety impacts within business relationships

SEW-EURODRIVE Italy verifies whether all suppliers and contractors, if any, are professionally suitable and comply with safety regulations through the acquisition of supporting documentation (absence of disqualification measures, self-certification of professional competence, up-to-date with contributions, employment contracts, etc.).

A DUVRI (Documento Unico di Valutazione dei Rischi Interferenti: Combined Risk-recognition and Interference Assessment Report) is drawn up for each supplier, containing information on the company's own risks and any risks introduced by the supplier.

Coordination meetings are also held to agree on the prevention and protection measures to be taken.

Accidents at work

Considering all employees, only one accident was recorded in 2019, none in 2020 and, finally, 2 in 2021. There were 6 near misses in 2019, 7 in 2020 and 4 in 2021.



For non-employee jobs, however, SEW-EURODRIVE Italy reported only 2 near misses in 2021.

At SEW-EURODRIVE Italy, there has never been a fatality as a result of an accident in the workplace. There have also never been any occupational accidents with serious consequences for the workers involved.

Finally, no deaths resulting from occupational diseases have ever been recorded.

Public Administration

SEW-EURODRIVE Italy does not make financial or in-kind political contributions either directly or indirectly to any political party/power or public institution.

Community

SEW-EURODRIVE Italy is committed to supporting and encouraging the development of local communities. The aim is to create value by establishing effective relationships and promoting various projects and initiatives.

SEW-EURODRIVE Italy supports Officina Futuro fondazione W Group, which founded the "Girls Code It Better" project, an orientation and training initiative created to bring the female world closer to technology, in an attempt to break down cultural prejudices on gender diversity.

The company also has a relationship with the municipality of Solaro and the middle school of the same municipality. Until 2019, it hosted factory visits by young people to offer insights into their professional future and show technologies in action and working environments.

Finally, in 2021 SEW-EURODRIVE Italy became a partner in the "Al Lavoro 4.0" project, a social inclusion project that offers young people who are not working or studying (so-called NEETs: Not in Education, Employment or Training) a free training course to work in the world of Industry 4.0. The initiative, designed by Digi-

tal360, is carried out in collaboration with Caritas Ambrosiana and Fondazione San Carlo.

Universities and the Polytechnic

SEW-EURODRIVE Italy demonstrates its commitment to young people by investing in training and cooperation with various educational institutions. Each year, the company aims to set up and improve various partnerships and projects with universities.

Since 2019, it has been a technology partner of MADE, the centre of technical and managerial expertise for the manufacturing sector of the Polytechnic University of Milan, which was set up to support companies on their path to maturity and subsequent digital transition to Industry 4.0. Until 2019 SEW-EURODRIVE Italy was a sponsor of the Industry 4.0 Digital Innovation Observatories of the Polytechnic University of Milan.

SEW-EURODRIVE Italy also collaborates with the Master's Degree "Management and Digital Transformation - MADIM" at the University of Milan - Bicocca. The main aim of the Master's Degree is to prepare young people to specialise in Management, acquiring the necessary skills to manage the challenges that digital transformation poses to business models, organisational processes, products and services.

SEW-EURODRIVE Italy is a partner of the Master of Science in Innovation and Technology Management organised by the Università Cattolica del Sacro Cuore in Milan. It is a first-level international Master's degree that offers students a comprehensive education aimed at stimulating the creation of innovative business models and increasingly high-performance and sustainable solutions.

The company also sponsors the second-level Master's degree in Mechatronics & Management - MEMA in collaboration with LIUC Università Cattaneo of Castellanza. The main aim of the Master's programme is to prepare young engineers to work in automation companies, combining specific technical training with managerial and behavioural skills.

INDUSTRIAL INNOVATION LAB

At the end of 2020, SEW-EURODRIVE Italy partnered with the Business School of the LIUC University to create a cultural laboratory whose aim is to support the transformation of small and medium-sized enterprises in Italy into agile, innovative and sustainable organisations.

The aim is to create a sustainable entrepreneurial ecosystem that respects the environment and people, and to facilitate the evolution of the manufacturing industry and stakeholders involved in it.

Industrial Innovation Lab is a free initiative intended as a community for SEW-EURODRIVE Italy stakeholders and is open to entrepreneurs, CEOs/general managers, department managers and human resources managers of small/medium sized companies, as well as lecturers, researchers, professors and social players who are particularly sensitive to the lab's goals.

The lab works on four aspects:

- People: the skills and values that underpin a dynamic and responsible business system that can also protect future generations
- Technology: technological innovation as an enabling factor for cultural, organisational and productive renewal and the development of new skills
- Sustainability: understood as responsibility for the environment and energy resources, and vis-à-vis the social context in which the laboratory and its members find themselves
- Business and Management Models: a business environment that supports the adoption of innovative solutions to overcome the challenges of change and enhance the economic sustainability of the enterprise.

The Lab also offers its members the opportunity to measure their own level of readiness for their company's digital transformation through an assessment by the LIUC University Business School

Industrial Innovation Lab members meet at least once a year, to share their experience in the digital transformation of their company and stimulate the debate on innovation and cultural evolution of Italian small and medium-sized enterprises. During workshops, members can propose innovative ideas and experimental projects to advance the economic system while respecting the environment and always with the aim of evolving the social context and protecting future generations. As of December 2021, 12 companies are members of the Lab.



Trade associations

SEW-EURODRIVE Italy is a member of various employers' associations (e.g. Confindustria, Assolombarda, ANIE, UCIMA); therefore, it promotes collective and not exclusively corporate interests.

Media


SEW-EURODRIVE Italy is also committed to creating value by means of effective corporate communication through an external press office and through direct contacts with journalists and publishers in the sector.

The company collaborates with various online publications to keep customers and stakeholders informed of technological developments and news, Corporate Social Responsibility initiatives and projects with universities and local communities.

Sustainability is, for external communication, a driver that is applied in all content (from zero impact energy management technologies to social inclusion projects).

Social Responsibility

- 1 Strengthen partnerships with the school-university system and governmental and non-profit bodies with a high social impact.
- 2 Train people to enhance their ability to make quick decisions and work with standards of excellence in a context of digital transformation.
- 3 Set up individual development paths.
- 4 Increase the presence of female staff.
- 5 Promote pay equity by reducing deviations from various market benchmarks.
- 6 Place at least one person under 30 in each office/department.
- 7 Raise awareness among the SEW population on sustainability issues.
- 8 Monitor the number of information measures carried out and the number of people involved in sustainability.
- 9 Training on sustainable development for leaders/supervisors.
- 10 Training to develop knowledge and skills necessary for the management of environmental aspects.
- 11 Programming tools to link environmental behaviour to employee incentives and career policies.

- 
- 12** Programming tools for linking the performance evaluation system to environmental performance goals.
 - 13** With a minimum of 3 years, setting up a Health and Safety Management System as a basis for working in the Safety field with a structured, cadenced and preventive approach.
 - 14** Regular internal audits of risks and hazards.
 - 15** Increased awareness of Near Miss reports.
 - 16** Machinery and equipment survey and preventive maintenance.
 - 17** Professional development skills and knowledge of the internal RSPP figure.
 - 18** Establishment of a Sustainable Communication Directorate, with a Sustainability Manager who also manages sustainability communication.





ANNEX

Methodological Note

SEW-EURODRIVE S.a.s., which is referred to in this publication as "SEW-EURODRIVE Italy", does not fall within the scope of application of Legislative Decree no. 254/2016, which requires a Non-Financial Statement (DNF) to be drawn up annually. It considers, however, the need to report on its commitments and responsibilities in terms of sustainability to be imperative, and does so with this document drawn up in accordance with the Sustainability Reporting Standards of the GRI (Global Reporting Initiative), according to the "in accordance-core" reporting option.

To ensure the quality of its Sustainability Report, SEW-EURODRIVE Italy follows the principles for defining the content and quality of the report set out in the GRI Standards, which provide a set of criteria for selecting the information to be included in the report and how it should be represented.

PRINCIPLES FOR DEFINING THE CONTENTS OF THE REPORT

- **Stakeholder inclusiveness** – The application of this principle has led SEW-EURODRIVE Italy to implement and report on involvement activities, described in the chapter "Stakeholders and materiality analysis"
- **Sustainability context** – In the chapter "Sustainability in SEW-EURODRIVE Italy", a clear definition is given of how the company interprets sustainability related to the business sector in which it operates. Without losing sight of the overall picture, we have also tried to describe the initiatives at local level by reporting the peculiarities of the different markets (see chapter "Social Responsibility")
- **Materiality** – The sustainability issues considered, including their level of relevance, emerged during the materiality analysis process. SEW-EURODRIVE Italy has also highlighted the close link between these issues and the UN Sustainable Development Goals (SDGs) and the related Targets, both by including them directly in the materiality matrix and by means of a special table that highlights the connection between them (see section "The 2030 Agenda and the UN SDGs" and "The culture of sustainability and the 2030 Agenda")
- **Comprehensiveness** – The report is designed to give stakeholders a complete picture of SEW-EURODRIVE Italy's activities

PRINCIPLES FOR REPORT QUALITY

- **Balance** – In describing the results of the activities carried out by SEW-EURODRIVE Italy, an attempt has been made to reflect on both positive and negative aspects in order to allow for a balanced assessment of performance as a whole
- **Comparability** – To enable stakeholders to analyse changes in the company's performance, the Sustainability Report, despite being the first one produced by the company, presents data for the three-year period 2019-2020-2021, where possible
- **Accuracy** – The Sustainability Report is prepared annually. The reporting scope of the economic and financial data and information corresponds to that of SEW-EURODRIVE Italy's Financial Statements as at 31 December 2021. Quantitative data is mainly extracted from the operational systems of SEW-EURODRIVE Italy. The information for the reporting period is compared with that for two previous years, where available. In order to ensure the reliability of the data, the use of estimates has been limited as much as possible and, if present, they are appropriately reported and based on the best available methodologies
- **Timeliness** – The Sustainability Report is prepared annually
- **Clarity** – The structure of the report has been designed to make the information contained therein easy to identify for stakeholders. The Sustainability Report opens with a letter from

the General Manager and consists of six sections: Sustainability in SEW-EURODRIVE Italy, The identity of SEW-EURODRIVE Italy, Product responsibility, Economic responsibility, Environmental responsibility and Social responsibility. The document concludes with the Methodological Note, the Content Index and the audit report by an independent third party. The level of detail of the information has been chosen so as to make the report understandable, accessible and usable by the different stakeholders

- Reliability – The Board of Directors of SEW-EURODRIVE Italy Srl does not approve the S.a.s. financial statements (see Governance, p. 34) as they are not required by the law on partnerships; therefore, it cannot approve the Sustainability Report either.

The Sustainability Report was audited by an independent third party, PKF Italia SpA, in accordance with the criteria set out in the "International Standard on Assurance Engagement 3000 (revised) – Assurance Engagements other than full audits or limited audits of historical financial information" (hereinafter also "ISAE 3000 Revised") issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements.

SEW-EURODRIVE Italy adopted a Green Policy in 2020 to take an active role in creating a sustainable future, subject to biennial reviews. For more details, please refer to the chapter "Environmental responsibility" in this document.

The Group's Code of Ethics, adopted in July 2018, explicitly requires that economic and social development be based not only on environmental protection but also on respect for fundamental human and labour rights. For more details see the "Identity" chapter of this document.

SEW-EURODRIVE Italy has started to implement Legislative Decree no. 231/2001, defining the steps to implement the Management and Organisation Model and the Supervisory Board in 2021, with provision for constant updates. For further details, please refer to the "Identity" chapter of this document.

The process of integrating sustainability issues within SEW-EURODRIVE Italy's strategy is carried out by defining goals and the related KPIs, and reporting on their achievement in the following year's Report; for more details on the goals achieved and on new ones, please refer to the paragraph "Sustainability goals for next year" in this document.

THE SURVEY TO ASSESS THE LEVEL OF CULTURAL SUSTAINABILITY

The survey to assess SEW-EURODRIVE Italy's cultural level on sustainability analysed the following aspects:

- Behaviour outside work
- Behaviour within work, divided into resource conservation behaviour, prevention behaviour, transforming behaviour, influencing others and taking the initiative
- Leadership behaviour, only in the case of supervisors or managers
- Attitudes, divided into social influences (socially constructed attitudes), social norms (norms of those close to the person interviewed), moral norms (the categorical imperative of the person), concern for the community
- General knowledge, divided into questions on water pollution, clean energy, sustainable consumption, waste disposal, climate change and land degradation

- Environmental climate and culture in the organisation
- Some socio-demographic information

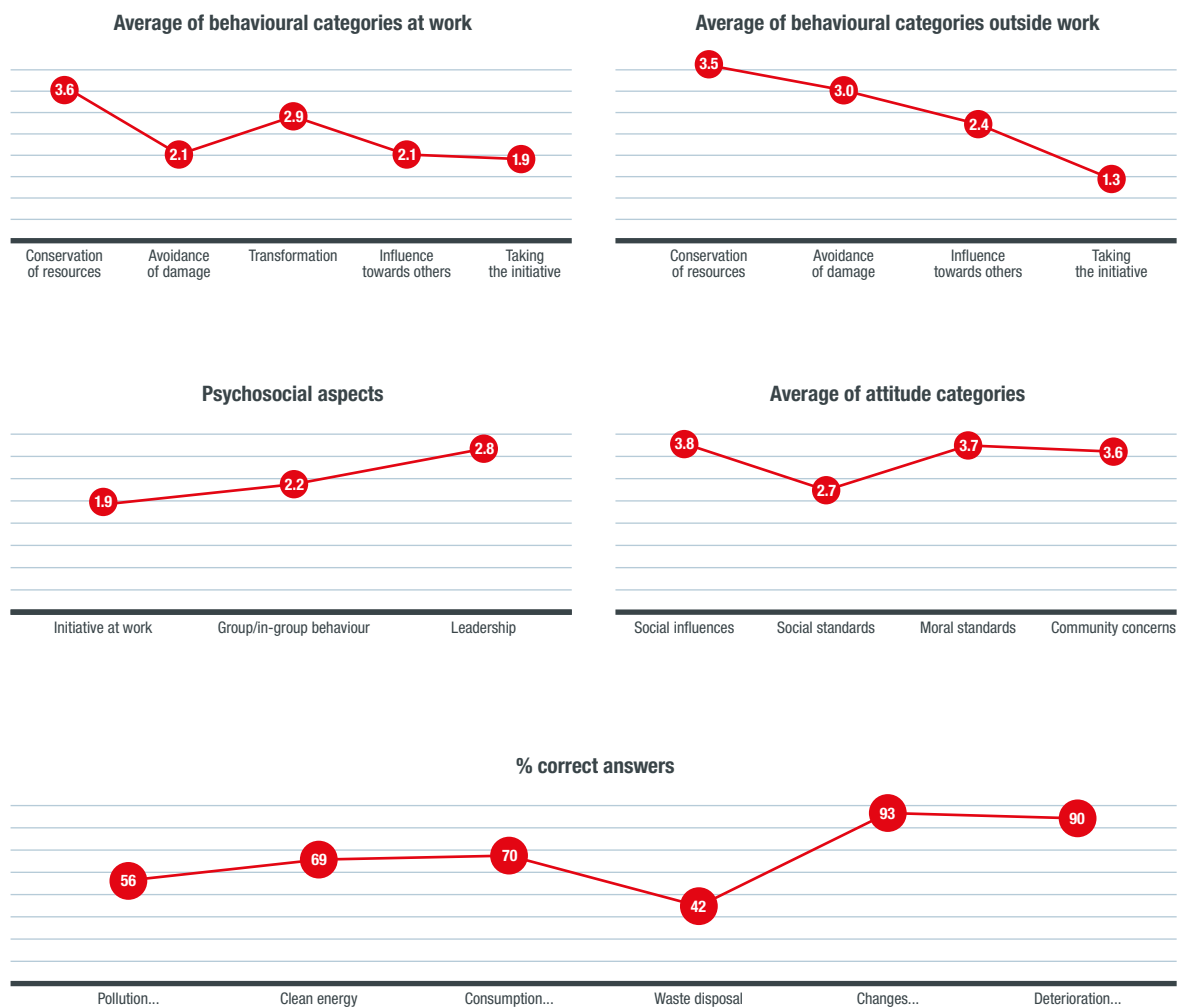
Five questions focused on "high intensity" behaviour, i.e. the behaviour of those who personally promote or join initiatives to adopt environmentally responsible behaviour.

With regard to work behaviour alone, a number of elements have been identified that derive directly from social interactions:

- Initiative behaviour
- Group/in-group behaviour
- Coordination and leadership behaviour

The summary results of the evaluation were as follows, each accompanied by a commentary report:

STAKEHOLDER ENGAGEMENT ACTIVITIES



The process SEW-EURODRIVE Italy referred to was extrapolated by analysing the three main reference standards: AA1000 (AccountAbility), GRI (Global Reporting Initiative) and IR (Integrated Reporting). In particular, AA1000 highlights 3 stages: the identification of relevant aspects, the prioritisation of identified aspects and the review of the process. IR divides the process into the following steps: identification of relevant aspects, assessment of the importance of the identified aspects, prioritisation of the identified aspects and communication. Finally, GRI divides the process into: identification of issues, prioritisation, validation and review.

SEW-EURODRIVE Italy therefore defined its stakeholder engagement activity along the following lines:

1. Carrying out the stakeholder analysis, divided into:
 - a. Identification of stakeholders
 - b. Strategic stakeholder mapping
2. Reporting on past modes of involvement
3. Review & Improve

The evaluation activity was conducted by reasoning on the following value domains:

- Responsibility/interest (stakeholders to whom SEW-EURODRIVE Italy has legal, financial or operational responsibilities)
- Power (stakeholders of SEW-EURODRIVE Italy who influence the performance of the company), influence (stakeholders who are influenced by the operations of SEW-EURODRIVE Italy)
- Need (stakeholders who have already expressed needs to be met by SEW-EURODRIVE Italy in the past)

Dialogue and involvement activities can be represented as follows:

STAKEHOLDER	INFORMATION MEETINGS	DIALOGUE	PARTNERSHIP
Owners	Boards, assemblies, communications for authorisation of specific initiatives/investments	Boards, assemblies, communications for authorisation of specific initiatives/investments	
Business partners			Customer Satisfaction Survey every 3/4 years
Customers		Customer Satisfaction Survey every 3/4 years	
Suppliers	Remote meeting, stock rotation analysis, stock A, B, C and material managed centrally or locally Checking/reviewing quantity of material kept in stock Forecast discussions on purchases, prices, stock to be kept with them to ensure deliveries	Continuous, frequent and structured contacts and quality audits Regular meeting to discuss tariffs and expected level of service	
Collaborators	Regular meetings, internal communications	Department meetings, feedback and development interviews, thematic workshops, surveys	Cross-departmental projects with transversal working groups
Colleagues at the parent company	Technical updates, institutional communication, product sales releases, monitoring international technical and commercial agreements (including NDAs)	Support for operational activities of plant management, website, trade fairs, training, product development, international customer projects, Heavy Industrial Solutions Project Management, pilot projects with strategic customers (e.g. expansion of offices in Italy)	
Local communities	Student visits to the Smart Assembly Plant in Solaro Contributions to sector, technology and market research Scholarship sponsorship		Sponsorship of a Master's in Mechatronics. Recruitment of interns in the departments of Innovation Technology, Marketing, Operations, HR, IT, P&F, HSQ Use of training courses for Middle Management / consultancy for HR activity workshops. Lecturing/ presentations at university courses in Engineering, Mechatronics, Marketing, Economics Technical training on automation, handling and control technologies Secondary specialisation of the Camerana school in Turin, to train specialised technicians after graduation

The classification and evaluation of how to manage relationships with stakeholders was carried out by assessing the stakeholders' impact on SEW-EURODRIVE Italy, their contribution, the type of relationship in place and the possibility that the company might easily replace those stakeholders.

Averaging the results made it possible to distinguish the stakeholders into the following categories:

High importance	Average value = 5	Potential partners
	Average value between 4 and 5	Stakeholders to be involved
Medium importance	Average value between 3 and 4	Stakeholders to be consulted
	Average value between 2.5 and 3	Stakeholders to be informed
Low importance	Average value <= 2.5	Stakeholders to be monitored

The meaning of the stakeholder categories, taken from the classification suggested by AA1000 SES Accountability, is as follows:

- **Potential partners:** stakeholders in whom investments should be made in engagement processes to understand opinions, concerns and expectations and develop solutions of common interest. Transformative communication
- **Actors to be involved:** stakeholders who must be guaranteed fair and responsible treatment, honouring the commitments made in line with SEW-EURODRIVE Italy's policies. And who must also be guaranteed behaviour aimed at keeping them satisfied. Two-way engagement. Transformative communication
- **Stakeholders to be consulted:** Stakeholders to be involved to swiftly grasp the guiding principles that may influence SEW-EURODRIVE Italy, taking care to ensure a balance between their concerns and those which, in turn, are influenced by decisions. Two-way communication
- **Stakeholders to be informed:** Stakeholders whose concerns are to be observed as they may, over time, have an influence on the performance of SEW-EURODRIVE Italy. One-way communication from company to stakeholder
- **Stakeholders to be monitored:** Interlocutors who should be offered access to general and specific channels of information and feedback. And who should also be offered the company's contribution to defined work contexts. One-way communication from stakeholder to company

The total number of stakeholders mapped was **70**, divided as follows:



This prevalence of "customer" stakeholders reflects a sustainability culture of calculation, according to which the customer is the main stakeholder to be taken into consideration; this view is also highlighted in the Survey on the level of cultural sustainability, environmental pillar (see p. 16 and p. 113).

The number of meetings of the Sustainability Team for stakeholder mapping and weighting was five workshops.

MATERIALITY ANALYSIS

The themes to be considered were identified by thinking over the following table:

International standards, rating agencies and international organisations	In-depth investigations carried out by persons of known competence or by expert bodies with recognised professional credentials regarding reasonably estimable economic, environmental and/or social impacts (e.g. climate change, etc.)
	Laws, regulations, international agreements or voluntary agreements of strategic importance to the company and its stakeholders
	Sector rating by organisations
Industry analysis and benchmarking or best practice	The main issues and future challenges of a given sector, identified by peers and competitors
	Industry-wide best practice
	Sector analyses carried out by competent people/experts/academics
	Territorial and geographical analysis in which the company operates
Analysis of policies, procedures and documents	The organisation's main values, policies, strategies, operational management systems, goals and targets
	The current performance of SEW-EURODRIVE Italy
	Main competencies of the company and how they can contribute to sustainable development
	Risk Assessment and Management processes
	Possible certifications (ISO 14001, etc.) and their indications
Stakeholder needs and expectations	Results and feedback from stakeholder engagement
	Aspects on which public opinion is most focused
	Broader economic, social and/or environmental interests and issues raised by stakeholders
	Issues arising from disputes and conflicts with stakeholders

The themes identified were as follows:

Governance:	Code of Ethics Anti-corruption and transparency
Economic responsibility:	Economic performance Market presence Privacy management
Environmental responsibility:	Sustainable management of energy consumption, water, emissions and waste Compliance with environmental laws and regulations Environmental protection expenditure and investments
Social responsibility:	Helping SEW-EURODRIVE Italy people achieve their full potential, enhancing their skills, enhancing their well-being Gender equality (not only in terms of pay) Digital readiness Remote working processes and modes Health and safety at work Corporate welfare Helping to raise awareness on social and environmental issues Sustainable supply chain assessment
Product responsibility:	Assessing the environmental and human impact of products Mechanical and electrical quality of products, and in their entirety Product conformity Sustainable service Product safety Innovation (digital, quality, process, etc.)
SDGs:	SDG 9. Industry, innovation and infrastructure SDG 12. Responsible consumption and production SDG 13. Climate action

For the internal materiality analysis, considering the fact that SEW-EURODRIVE Italy was in its first year of sustainability reporting, the Sustainability Team agreed that the internal analysis should only be done by them; each single aspect was assessed by assigning a relative score:

- To the probability of a business risk associated with the individual aspect: 0 to 3 rating scale
- To the severity of an associated business risk: 0 to 3 rating scale
- To the opportunity of an associated business: rating scale from 0 to 9

For the external materiality analysis, however, of the 70 stakeholders mapped, only the first 51 were to be considered, i.e. those with average values above 3. In view of the fact that this was the first year of carrying out the materiality analysis, the Sustainability Team chose to go down to 23 stakeholders to be contacted, assessing them based on their existing relationship with the individual stakeholder, evaluating each application individually. External materiality activity was carried out using a variety of tools, including questionnaires, video messages, and informal meetings.

In July, the returned questionnaires were analysed and new ways of involving those stakeholders most reluctant to fill in and participate were defined.

GRI Content Index

TABLE OF CONTENTS GRI - CORE OPTION		PAGE	STATUS
GENERAL INFORMATION			
1. Organisational profile			
102-1	Name of organisation	34	Complete
102-2	Activities, brands, products and services	8-9; 44-47	Complete
102-3	Location of head office	28-47	Complete
102-4	Location of activities	25; 28; 47	Complete
102-5	Ownership and legal form	34	Complete
102-6	Markets served	24; 46	Complete
102-7	Size of the organisation	24	Complete
102-8	Information on employees and other workers	92-93	Complete
102-9	Supply chain	54	Complete
102-10	Significant changes to the organisation and its supply chain	55	Complete
102-11	Precautionary principle	18; 35; 38-39	Complete
102-12	External initiatives	62; 106-107	Complete
102-13	Membership of associations	107	Complete
2. Strategy			
102-14	Statement by a senior manager	2	Complete
102-15	Key impacts, risks and opportunities		Not necessary
3. Ethics and integrity			
102-16	Values, principles, standards and standards of behaviour	30-32; 37-38; 41	Complete
102-17	Mechanisms for seeking advice and raising concerns about ethical issues		Not necessary
4. Governance			
102-18	Governance structure	34-35	Complete
102-19	Delegated authority for economic, environmental and social issues		Not necessary
102-20	Executive responsibility for economic, environmental and social issues	34-35	Complete
102-21	Stakeholder consultation on economic, environmental and social issues	36; 101	Complete
102-22	Composition of the highest governing body and its committees	34-35	Complete
102-23	President of the highest governing body	34	Complete
102-24	Appointment and selection of the highest governing body		Not necessary
102-25	Conflicts of interest	34	Complete
102-26	Role of the highest governing body in setting goals, values and strategies		Not necessary
102-27	Collective knowledge of the highest governing body		Not necessary
102-28	Performance evaluation of the highest governing body		Not necessary
102-29	Identification and management of economic, environmental and social impacts		Not necessary
102-30	Effectiveness of risk management processes		Not necessary
102-31	Review of economic, environmental and social issues		Not necessary
102-32	Role of the highest governing body in sustainability reporting	2	Not necessary

TABLE OF CONTENTS GRI - CORE OPTION		PAGE	STATUS
102-33	Communication of critical issues		Not necessary
102-34	Nature and total number of critical issues		Not necessary
102-35	Remuneration policies	97-98	Complete
102-36	Process for determining pay	97	Complete
102-37	Stakeholder involvement in remuneration		Not necessary
102-38	Rate of annual total remuneration	61	Complete
102-39	Percentage increase in the rate of annual total remuneration	61	Complete
5. Stakeholder involvement			
102-40	List of stakeholder groups	17	Complete
102-41	Collective bargaining agreements	98	Complete
102-42	Identification and selection of stakeholders	117-118-119	Complete
102-43	Ways of involving stakeholders	113-114	Complete
102-44	Key issues and critical points raised	115-116	Complete
6. Reporting practices			
102-45	Persons included in consolidated financial statements or other equivalent documents	112	Complete
102-46	Development of report content and topic boundaries	112-113	Complete
102-47	List of material topics	16-18; 118-119	Complete
102-48	Review of information	113	Complete
102-49	Changes in reporting	112	Complete
102-50	Reporting period	112	Complete
102-51	Date of most recent report	112	Complete
102-52	Frequency of reporting	112	Complete
102-53	Contact details for enquiries regarding the report	Last page	Complete
102-54	Statement on reporting in accordance with GRI Standards	112	Complete
102-55	GRI content index	120-129	Complete
102-56	External assurance	130-132	Complete
ECONOMIC RESPONSIBILITY			
ECONOMIC PERFORMANCE			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	60	Complete
103-2	Management mode and its components		Not necessary
103-3	Assessment of management modes		Not necessary
Specific information			
201-1	Economic value directly generated and distributed	60-61	Complete
201-2	Financial implications and other risks and opportunities due to climate change		Not necessary
201-3	Defined benefit and retirement plans and other retirement plans	100	Complete

TABLE OF CONTENTS GRI - CORE OPTION		PAGE	STATUS
MARKET PRESENCE			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	44-48	Complete
103-2	Management mode and its components		Not necessary
103-3	Assessment of management modes		Not necessary
Specific information			
202-1	Relationships between the standard wage of a new employee by gender and the local minimum wage		Not necessary
202-2	Proportion of senior managers recruited from the local community	94	Complete
INDIRECT ECONOMIC IMPACTS			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	62	Complete
103-2	Management mode and its components		Not necessary
103-3	Assessment of management modes		Not necessary
Specific information			
203-1	Infrastructure investments and funded services	62	Complete
203-2	Significant indirect economic impacts	62	Complete
PROCUREMENT PRACTICES			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	55	Complete
103-2	Management mode and its components	55-56	Complete
103-3	Assessment of management modes	55-56	Complete
Specific information			
204-1	Proportion of spending on local suppliers	57	Complete
ANTI-CORRUPTION			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	40	Complete
103-2	Management mode and its components	40	Complete
103-3	Assessment of management modes		Not necessary
Specific information			
205-1	Operations assessed for corruption risks	40	Complete
205-3	Established incidents of corruption and actions taken	40	Complete
ANTI-COMPETITIVE BEHAVIOUR			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	40	Complete
103-2	Management mode and its components		Not necessary
103-3	Assessment of management modes		Not necessary
Specific information			
206-1	Legal actions for anti-competitive behaviour, antitrust and monopolistic practices	41	Complete

TABLE OF CONTENTS GRI - CORE OPTION		PAGE	STATUS
GRI 207: TAXES 2019			
Information on management modes			
207-1	Approach to taxation	63	Complete
207-2	Tax governance, control and risk management	63-64	Complete
207-3	Stakeholder engagement and management of tax concerns		Not necessary
Specific information			
207-4	Country-by-country reporting		Not applicable
ENVIRONMENTAL RESPONSIBILITIES			
MATERIALS			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	71	Complete
103-2	Management mode and its components	71-72	Complete
103-3	Assessment of management modes	71-72; 86	Complete
Specific information			
301-1	Materials used by weight or volume		Not necessary
301-2	Materials used that come from recycling	72	Partial
301-3	Recovered or reclaimed products and their packaging materials	72	Complete
ENERGY			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	73	Complete
103-2	Management mode and its components	73-74; 77	Complete
103-3	Assessment of management modes	74-75; 77; 86	Complete
Specific information			
302-1	Energy consumed within the organisation	75	Complete
302-2	Energy consumed outside the organisation		Not necessary
302-3	Energy intensity		Not necessary
302-4	Reducing energy consumption	76-77	Complete
WATER AND WASTE WATER			
Information on management modes			
303-1	Interacting with water as a shared resource	82	Complete
303-2	Management of impacts related to water discharge	82	Complete
Specific information			
303-3	Water extraction		Not necessary
303-4	Water discharge	82	Complete
303-5	Water consumption	82	Complete
BIODIVERSITY			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	84	Complete
103-2	Management mode and its components		Not necessary
103-3	Assessment of management modes		Not necessary

TABLE OF CONTENTS GRI - CORE OPTION		PAGE	STATUS
Specific information			
304-1	Operational sites owned, leased, managed in (or adjacent to) protected areas and areas of high biodiversity value outside protected areas	84	Complete
304-2	Significant impacts of activities, products and services on biodiversity		Not necessary
304-3	Protected or restored habitats		Not necessary
304-4	Species listed in the IUCN Red List and national lists that find their habitat in the organisation's areas of activity		Not necessary
EMISSIONS			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	78	Complete
103-2	Management mode and its components	78	Complete
103-3	Assessment of management modes	78; 83-84; 87	Complete
Specific information			
305-1	Direct GHG emissions (Scope 1)	78	Complete
305-2	Indirect GHG emissions from energy consumption (Scope 2)		Not necessary
305-3	Other indirect GHG emissions (Scope 3)		Not necessary
305-4	Intensity of GHG emissions		Not necessary
305-5	Reducing GHG emissions		Not necessary
305-6	Emissions of ozone-depleting substances (ODS, "ozone-depleting substances")		Not necessary
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant emissions		Not necessary
WASTE			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	79	Complete
103-2	Management mode and its components	79-80	Complete
103-3	Assessment of management modes	80-82; 84; 87	Complete
Specific information			
306-1	Water discharge by quality and destination (updated and included in GRI 303: Water and waste water 2018)		Not necessary
306-2	Waste by type and disposal method	80-81	Complete
306-3	Significant spills	81	Complete. No spillage
ENVIRONMENTAL COMPLIANCE			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	84	Complete
103-2	Management mode and its components		Not necessary
103-3	Assessment of management modes		Not necessary
Specific information			
307-1	Non-compliance with environmental laws and regulations	84	Complete

TABLE OF CONTENTS GRI - CORE OPTION		PAGE	STATUS
ENVIRONMENTAL ASSESSMENT OF SUPPLIERS			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	56	Complete
103-2	Management mode and its components	54-56	Complete
103-3	Assessment of management modes	54-56	Complete
Specific information			
308-1	New suppliers assessed using environmental criteria	56	Complete
308-2	Negative environmental impacts in the supply chain and actions taken		Not necessary
SPECIFIC SOCIAL STANDARDS			
EMPLOYMENT			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	90-92	Complete
103-2	Management mode and its components	93	Complete
103-3	Assessment of management modes	93	Complete
Specific information			
401-1	New recruitment and turnover	93-94	Complete
401-2	Benefits provided for full-time employees, but not for part-time or fixed-term employees	99	Complete
401-3	Parental leave	99	Complete
RELATIONSHIP BETWEEN WORKERS AND MANAGEMENT			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	92	Complete
103-2	Management mode and its components		Complete
103-3	Assessment of management modes		Complete
Specific information			
402-1	Minimum notice period for operational changes	92	Complete
HEALTH AND SAFETY AT WORK			
Information on management modes			
403-1	Occupational health and safety management system	91; 102-103	Complete
403-2	Hazard identification, risk assessment and accident investigation	102-103	Complete
403-3	Occupational health services	103-104	Complete
403-4	Worker participation and consultation and communication on health and safety at work	103-104	Complete
403-5	Worker training on health and safety at work	96; 105	Complete
403-6	Promoting workers' health	97; 105	Complete
403-7	Prevention and mitigation of occupational health and safety impacts within business relationships	105	Complete
Specific information			
403-8	Workers covered by an occupational health and safety management system	102	Complete
403-9	Accidents at work	105-106	Complete
403-10	Occupational diseases	106	Complete

TABLE OF CONTENTS GRI - CORE OPTION		PAGE	STATUS
GRI 404: TRAINING AND EDUCATION 2016			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	94-95	Complete
103-2	Management mode and its components	95	Complete
103-3	Assessment of management modes	95-96; 108	Complete
Specific information			
404-1	Average hours of training per year per employee	95	Complete
404-2	Employee skills upgrading and transition assistance programmes	96	Complete
404-3	Percentage of employees receiving regular performance and professional development appraisals	98	Complete
DIVERSITY AND EQUAL OPPORTUNITIES			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	93; 98	Complete
103-2	Management mode and its components	98	Complete
103-3	Assessment of management modes	98; 100	Complete
Specific information			
405-1	Diversity in governing bodies and among employees	93; 98	Complete
405-2	Ratio of basic salary and pay of women to men		Not necessary
NON-DISCRIMINATION			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	102	Complete
103-2	Management mode and its components	102	Complete
103-3	Assessment of management modes	102	Complete
Specific information			
406-1	Incidents of discrimination and corrective measures taken		No incidents of discrimination occurred
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	92; 98	Complete
103-2	Management mode and its components		Not applicable
103-3	Assessment of management modes		Not applicable
Specific information			
407-1	Activities and suppliers where the right to freedom of association and collective bargaining may be at risk		There are no cases in question
CHILD LABOUR			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	94	Complete
103-2	Management mode and its components		Not applicable
103-3	Assessment of management modes		Not applicable

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Specific information			
408-1	Activities and suppliers at significant risk of incidents of child labour		No incidents occurred
FORCED OR COMPULSORY LABOUR			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	90-92	Complete
103-2	Management mode and its components		Not applicable
103-3	Assessment of management modes		Not applicable
Specific information			
409-1	Activities and suppliers at significant risk of incidents of forced or compulsory labour		No incidents occurred
SAFETY PRACTICES			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	90-92	Complete
103-2	Management mode and its components		Not applicable
103-3	Assessment of management modes		Not applicable
Specific information			
410-1	Security staff trained in human rights policies or procedures		No security personnel
RIGHTS OF INDIGENOUS PEOPLES			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	90-92	Complete
103-2	Management mode and its components		Not applicable
103-3	Assessment of management modes		Not applicable
Specific information			
411-1	Incidents of violations of the rights of indigenous peoples		Not applicable
ASSESSMENT OF RESPECT FOR HUMAN RIGHTS			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	90-92; 96	Complete
103-2	Management mode and its components		Complete
103-3	Assessment of management modes		Complete
Specific information			
412-1	Activities that have been subject to human rights audits or impact assessments		No incidents occurred
412-2	Training of employees on human rights policies or procedures	96	Not necessary
412-3	Significant investment agreements and contracts that include human rights clauses or that have undergone a human rights assessment		Not applicable

TABLE OF CONTENTS GRI - CORE OPTION		PAGE	STATUS
GRI 413: LOCAL COMMUNITIES 2016			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	54; 106	Complete
103-2	Management mode and its components	55	Complete
103-3	Assessment of management modes	62; 106-107	Complete
Specific information			
413-1	Activities involving local community involvement, impact assessments and development programmes	55; 62; 106-107	Complete
413-2	Activities with significant potential and actual negative impacts on local communities		Not necessary
SOCIAL EVALUATION OF SUPPLIERS			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	57	Complete
103-2	Management mode and its components		Not necessary
103-3	Assessment of management modes		Not necessary
Specific information			
414-1	New suppliers assessed using social criteria	57	Complete
414-2	Negative social impacts on the supply chain and actions taken		Not necessary
PUBLIC POLICY			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	106	Complete
103-2	Management mode and its components		Not necessary
103-3	Assessment of management modes		Not necessary
Specific information			
415-1	Public contributions	106	Complete
CUSTOMER HEALTH AND SAFETY			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	51	Complete
103-2	Management mode and its components	51	Complete
103-3	Assessment of management modes	50-51	Complete
Specific information			
416-1	Assessment of health and safety impacts by product and service categories	51	Complete
416-2	Incidents of non-compliance concerning health and safety impacts of products and services	51	Complete

TABLE OF CONTENTS GRI - CORE OPTION		PAGE	STATUS
MARKETING AND LABELLING			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	50-51	Complete
103-2	Management mode and its components		Not necessary
103-3	Assessment of management modes		Not necessary
Specific information			
417-1	Information and labelling requirements for products and services		Not necessary
417-2	Incidents of non-conformity with regard to information and labelling of products and services		Not necessary
417-3	Cases of non-compliance concerning marketing communications		No incidents occurred
CUSTOMER PRIVACY			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	52	Complete
103-2	Management mode and its components		Not necessary
103-3	Assessment of management modes		Not necessary
Specific information			
418-1	Proven complaints about breaches of customer privacy and loss of customer data	52	No incidents occurred
SOCIO-ECONOMIC COMPLIANCE			
Information on management modes			
MANAGEMENT MODES			
103-1	Explanation of the material theme and its scope	37; 57; 84	Complete
103-2	Management mode and its components		Not necessary
103-3	Assessment of management modes		Not necessary
Specific information			
419-1	Non-compliance with social and economic laws and regulations		No incidents occurred

* Reasons for omission:

- Not applicable
- Confidentiality constraints
- Specific legal prohibitions
- Information not available



Auditing and accounting organisation

SEW Eurodrive S.a.s. di SEW S.r.l. & Co.

INDEPENDENT AUDITORS' REPORT ON THE SUSTAINABILITY REPORT 2021

PKF Italia S.p.A.



Auditing and accounting
organisation

INDEPENDENT AUDITORS' REPORT ON THE SUSTAINABILITY REPORT 2021

To the Members of
SEW Eurodrive S.a.s. di SEW S.r.l. & Co

We were commissioned to carry out a limited assurance engagement of the sustainability report referred to as SEW Eurodrive Italia 2021 drawn up by SEW Eurodrive S.a.s. di SEW S.r.l. & Co (hereinafter referred to as the "Company") for the financial year ending 31 December 2021 (hereinafter referred to as the Sustainability Report 2021).

Directors' responsibility for the sustainability report

The Company's Directors are responsible for drawing up the sustainability report prepared taking into account the guidelines proposed by the IIRC (International Integrated Reporting Council) and in accordance with the Sustainability Reporting Standards defined by the Global Reporting Initiative (GRI Standards), as described in the "Methodological Note" and "GRI Content Index" sections of the Sustainability Report 2021.

Directors are also responsible for that part of internal control that they deem necessary to enable the preparation of a sustainability report which is free from material misstatements due to fraud and error.

Directors are also responsible for defining the Company's objectives in relation to sustainability performance, as well as for identifying stakeholders and significant aspects to be reported.

Independence of the auditing firm and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our auditing company applies the International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains a quality control system that includes documented guidelines and procedures on compliance with ethical principles, professional standards and applicable laws and regulations.

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PKF Italia SpA is a full member of PKF International Limited, a network of legally independent companies that accepts no responsibility or liability for the activities or breaches of any other company belonging to the network.



Auditing and accounting organisation

Responsibility of the auditing company

It is our responsibility to express, on the basis of the procedures performed, a conclusion as to whether the sustainability report complies with the GRI Standards. Our work was carried out in accordance with the criteria set out in the International Standard on Assurance Engagement 3000 (revised) – Assurance Engagements other than full audits or limited audits of historical financial information" (hereinafter also "ISAE 3000 Revised") issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires that limited procedures be planned and carried out in order to gain a limited level of assurance that the sustainability report does not contain material misstatements.

Therefore, our examination involved less work than was necessary to be sure that we were aware of all significant facts and circumstances that could be identified by carrying out full control procedures.

The procedures performed on the sustainability report were based on our professional judgement and included interviews, mainly with Company personnel responsible for preparing the information presented in the sustainability report, as well as document reviews, recalculations and other procedures to obtain evidence deemed useful.

In particular, we carried out the following procedures:

- analysis of the process of defining the material issues reported in the sustainability report, with reference to how they are identified and prioritised for different stakeholder categories and to how the report findings are validated internally;
- comparison with the economic/financial data and information included in the section "Economic Responsibility" of the Sustainability Report 2021 and the data and information included in the annual financial statements of SEW Eurodrive S.a.s. di SEW S.r.l. & Co, on which we issued our voluntary audit report on 7 April 2022.
- understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the sustainability report.

In particular, we conducted interviews and discussions with personnel from the company's management and carried out limited document checks, in order to gather information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the unit responsible for preparing the sustainability report.

Conclusions

On the basis of the work performed, nothing has come to our attention that would lead us to believe that the SEW Eurodrive Italia Sustainability Report as at 31 December 2021 drawn up by SEW Eurodrive S.a.s. di SEW S.r.l. & Co, was not prepared, in all significant aspects, in accordance with the GRI Standards, as described in the "Methodological Note" and "GRI Content Index" sections of the Sustainability Report 2021

Milan (Italy), 29/04/2022

PKF Italia S.p.A.

 Michele Riva

(Partner)



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The Sustainability Report was drafted with the coordination
of the Sustainability Manager and the contribution of the Sustainability Team.

The Sustainability Report is available on the SEW-EURODRIVE Italy website
www.sew-eurodrive.it

Methodological and reporting advice by:
Ethycon by Silvana Carcano, Anticorruption, Lawfulness & Sustainability

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