

Our approach to sustainability

We want to contribute to sustainable development by helping to implement the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda to which we can play an important part. To this end, we have identified the most relevant aspects for our company and our strategic stakeholders and their connections with the SDGs.

The aim of this process is to understand how material issues evolve over time, to track and correct - or even eliminate - their negative impact, to identify ESG targets to create long-term sustainable value and to define the contents to include in the sustainability report.

Analysis ESG themes of impacts according to the GRI 2021 standards

During 2022, we introduced the analysis of impacts required by the new GRI 2021 standards. We assessed the impacts we generate on the economy, environment, and people as well as how much each positive impact contributes to implementing the 2030 Agenda SDGs and ESG topics.



56

relevant stakeholders identified in 2022

Stakeholders

As in 2021, we mapped our strategic stakeholders in accordance with the AA1000 standard. The reclassification resulted in the identification of 56 stakeholders compared to 70 in 2021. We anticipate a number of options for dialogue to engage priority stakeholders.



19

ESG topics and 5 material topics

Priority analysis

The material topics for 2022 are those which, on the basis of the priority analysis, appear to be highly material for external stakeholders and, at the same time, an impact assessment considered to have great significance from the internal perspective of SEW-EURODRIVE Italy. A total of 5 material topics emerged from the 19 ESG topics identified.

Vision and mission

At SEW-EURODRIVE, we have rolled out a number of strategic initiatives to make our vision a reality, aiming 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, and by means of a direct channel with end users
- + Digitally transform all processes, including component assembly and logistics, into state-of-the-art ones.



Balanced Scorecard (BSC)

A Balanced Scorecard (BSC) is used to transform strategy and vision into **operational goals**. The Balanced Scorecard is, therefore, a **performance measurement system** that makes it possible to **organise the activities of all the business divisions** around a common understanding of the organisation's goals.

We pursue our **vision** and **mission** through these tools, which enable us to translate our objectives into reality:

1

Strategic map

shows how our values and hallmarks underpin the company's mission and vision.

2

Balanced Scorecard (BSC): ecosystem

This enables us to extend our outlook to all stakeholders and to translate our strategy into the three pillars of sustainability.

Balanced Scorecard (BSC): business

At Sew Eurodrive, by formalising two Balanced Scorecards (system and business), we can focus on the interests of all stakeholders without falling back on the pure business growth strategies typically associated with the linear growth economic concept, which we want to move away from.

3

Annual MBOs

Annual Management by Objectives assigned to individual managers and linked to these goals.

Sustainability strategy

In 2021, our first sustainability report helped raise general awareness on this theme. In 2022, the reporting process continued with perseverance, commitment, continuous improvement and a desire to grow culturally on sustainability topics.

SEW's sustainability is not a loosely defined ambition, but a data-driven strategy, i.e. based on the data and KPIs that we use to monitor and record our achievements. We achieve our goals with passion, but also with transparency, reporting them through a verifiable, tangible process, with a constant focus on reducing emissions and improving people's working conditions.

Walk the green talk: creating a culture of sustainability

The sustainability reporting process has helped to make clear the actions we have already taken to make SEW's sustainability a reality and, at the same time, to pinpoint the areas for improvement and the corresponding actions to be implemented. Therefore, we have worked to equip the company with the resources and tools to perform better in terms of future sustainability, always with a data-driven approach.

We are also sure that reporting our commitment and achievements in the annual sustainability report, prepared in accordance with European directives, is useful to raise awareness with all our stakeholders.

This is why we organise engagement events called "Walk the green talk" at different company locations.

The EN-ROADS simulator was used at these events to facilitate debate and the direct engagement of the invited stakeholders.

What is En-Roads?

En-ROADS is a global climate simulator developed by Climate Interactive, the MIT Sloan Sustainability Initiative, Boston. It is freely-available online in more than 12 languages, and offers an intuitive, user-friendly interface.

The goal of En-Roads is raising awareness about climate change in order to keep the global temperature increase within 2°C.

This simulator was a revelation for us - the General Manager and Sustainability Manager of SEW-EURODRIVE Italy decided to join the training programme and become Ambassadors.



Flexibility, team spirit, transparency and ethics are the values that guide our actions and those of our employees, ensuring efficient, safe, customised solutions for all major industries.

Our strategic map

Our goal, our reasons

MISSION

We develop technologies and solutions for industrial automation, logistics and the process industry to ensure long-term success for our customers, improve living standards and conserve energy resources.

Achieving our vision

STRATEGIC TARGETS

Sustainable digital transformation:

- Sustainability (positive impact on the ecosystem)
- Added value for stakeholders (Customer Benefits)
- Sustainable and innovative processes (Operational Excellence)
- Enablers and key resources (Enterprise Agility)

Our dream

"BE SEWstainable" VISION

Generate an environment of creativity, trust and personal growth to ensure the progress of the social, environmental and economic ecosystem by achieving excellence in terms of:

- Innovation
- Automation leadership
- Financial independence

Our hallmarks

RESULTS-ORIENTATED | SKILLS | SUBSTANCE | QUALITY | PASSION

Our values

FLEXIBILITY - COLLABORATION - TRANSPARENCY - ETHICS

What we're good at

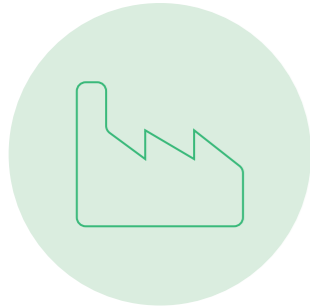
Our style



Be SEWstainable! our commitment continues

In 2022, we continued the process of integrating sustainability at the strategic level. Specifically, the sustainability team and core team worked on the balanced scorecard of the ecosystem, reshaping it in accordance with GRI indicators and sustainability best practices. In 2022, this model evolved further, in keeping with the process of prioritisation and impact analysis required by the new GRIs, aligning the objectives that emerged from the Balanced Scorecard (BSC) with the material topics, increasingly refining our efforts to embed sustainability at the highest levels of corporate management.

Three macro-pillars:



ENVIRONMENTAL

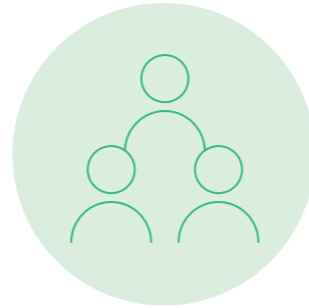
By 2026: reducing and offsetting Scope 1 and 2 greenhouse gas emissions generated to achieve the Carbon Neutral target, in line with the parent company programmes.

By 2030: reducing and offsetting Scope 1, 2, 3 greenhouse gas emissions.



ECONOMIC

Increase low-emission solutions and products, expanding related business and sales markets. Focus on products and services that enable sustainability for the company's customers.



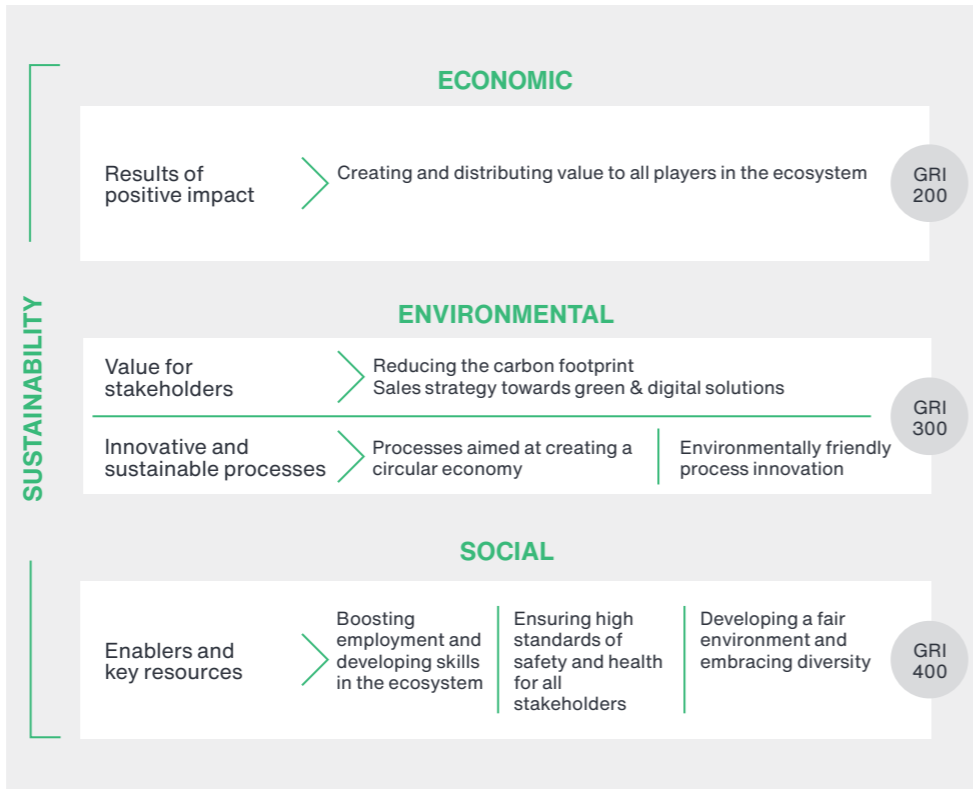
SOCIAL

Increase the Great Place to Work Trust Index score to 68 per cent in 2024, 78 per cent in 2026, and up to 90 per cent in 2030.

Goals

If actively pursued, each sustainability goal can enable us to positively influence the economy, environment and people we interact with, through virtuous behaviour or reducing harmful practices or negative external effects.

Different goals correspond to different impacts - real or potential - and opportunities to contribute to sustainable development in the areas covered by the 19 ESG topics.



The process for identifying the material topics

In 2022, we introduced the impact analysis methodology in line with the requirements of the new GRI Universal Standards 2021, identifying the impacts generated by the company on the economy, environment and people. No specific assessment was made for the impact on human rights, as the company's operational locations and the type of product and service it handles automatically exclude any human rights violations.

We assessed the actual and potential, positive and negative impacts. We determined the significance of the actual negative impacts by their severity or by their severity and likelihood, in the case of potential impacts. We determined the significance of the actual positive impacts by their scale and scope or by their scale and scope as well as their likelihood, in the case of potential impacts. In addition, each positive impact was analysed on the basis of its direct and indirect contribution to the SDGs.

The sustainability team developed the entire process under the oversight of Managing Director Giorgio Ferrandino.

The process for identifying the material topics can be broken down into:

- ↓ Mapping and classifying stakeholders
- ↓ Identifying the ESG topics
- ↓ Assessing the significance of the impacts
- ↓ Prioritising the most significant impacts for reporting

Priority analysis helps identify the most material issues for our company and our strategic stakeholders, highlighting their interconnections with the 17 Sustainable Development Goals of the 2030 Agenda.

The aim of this process is to understand how material issues evolve over time, to track and correct - or even eliminate - their impact, to identify ESG targets to create long-term sustainable value and to define the contents to include in the sustainability report.



Mapping and classifying stakeholders

56

stakeholders identified



As in 2021, we mapped the strategic stakeholders by reworking the classification suggested by AA1000 SES (Accountability).

The stakeholder reclassification in 2022 resulted in the identification of 56 stakeholders compared to 70 in 2021.



	2021		2022		
	No.	%	No.	%	
Trade associations	3	4%	1	2%	-
Business partners	7	10%	7	13%	+
Customers	24	34%	23	41%	+
Suppliers	14	20%	13	23%	+
Social and training operators	4	6%	7	13%	+
Public institutions	7	10%	2	4%	-
Workers	4	6%	1	2%	-
Owners + Board	2	3%	2	4%	+
Average	5	7%	0	0%	-
TOTAL	70		56		

A questionnaire was sent out and a follow-up telephone contact was made with stakeholders classified as highly relevant.

This activity made it possible to:

- + overcome possible barriers (language, gender, power, etc.)
- + engage vulnerable groups, as appropriate (removing social barriers to participation)
- + respect the human rights of all those engaged (e.g. right to privacy, freedom of expression, etc.)
- + be consistent with sustainability principles avoiding unnecessary displacement.



APPROACH TO STAKEHOLDER ENGAGEMENT AND DIALOGUE IN 2022:

Stakeholders	Information meetings and dialogue	Partnerships
Owners	Boards, general meetings, communications for authorisation of specific initiatives/investments, regular meetings regarding progress of the sustainability programme	
Business partners	Walk the green talk events Innovation LAB	Partnerships agreements and contracts
Customers	Customer Satisfaction Survey Walk the green talk events Participation in Innovation LAB Trade fairs Stakeholder engagement questionnaire	
Suppliers	Walk the green talk events Participation in Innovation LAB Stakeholder engagement questionnaire Trade fairs	
Workers	Sustainability training and workshops Internal communications Publication of sustainability report Department meetings, feedback and development interviews	
Colleagues from the parent company	Support for operational management activities Collaboration for international customer projects, Collaboration on developing new solutions and technologies	Specific partnership and consulting contracts for special projects.
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 Lecturing/ presentations at university courses Technical training in the sector technologies to train specialised technicians after graduation from secondary school

Identifying the ESG topics

4

categories of topics identified



We identified the topics related to the positive and negative, actual and potential impacts that we generate or can generate on the economy, environment and people (including human rights), in light of our business activities, the context in which we operate, and the expectations of the main categories of stakeholders with whom we interact.

In identifying the topics, we considered the company's policies and principles of conduct, international standards, industry benchmark studies, best practices, stakeholder listening initiatives, the topics of greatest interest to sustainability rating agencies, as well as advice from consultants.

The ESG topics were broken down into four categories:

- + Environment
- + Economy and governance
- + Social
- + Product

These prioritisation and impact processes evolve over time as our awareness of sustainability topics evolves. For the 2022 impact analysis, we reviewed the ESG topics that emerged in the 2021 reporting process, considering any changes and combinations or renaming some confirmed ESG topics.

Review of ESG topics in 2022 over 2021

Environment

- 1 **Increase circularity**
Goal of the update: addition to highlight one of the strategies that will take the company closer to Net Zero
- 2 **Reduce consumption and emissions**
2021: Sustainable management of energy consumption, water, emissions and waste
Goal of the update: renamed to make it clearer
- 3 **Combat climate change**
Confirmed
- 4 **Protect biodiversity**
Goal of the update: addition to include activities on the topic of biodiversity that the company is putting in place
- ⊗ 2021: Compliance with environmental laws and regulations
Goal of the update: eliminated because now the company awareness goes beyond mere environmental compliance
- ⊗ 2021: Environmental protection expenditure and investments
Goal of the update: eliminated because not significant compared to all the activities that can be highlighted, whatever their financial quantification

Economy and governance

- 5 **Presence, application and dissemination of the Code of Ethics**
2021: Code of Ethics
Goal of the update: renamed to make it clearer
- 6 **Ethics and transparency in the business**
2021: Anti-corruption and transparency (existence of a 231 Compliance Model, a legality rating, etc.)
Goal of the update: renamed to make it clearer
- 7 **Market presence**
Confirmed
- 8 **Economic performance**
Confirmed
- 9 **Dissemination and growth of a sustainable culture**
Goal of the update: addition due to the importance the company attaches to disseminating and raising awareness of the topic
- ⊗ 2021: Privacy management
Goal of the update: eliminated because it is no longer material

Social

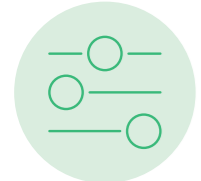
- 10 **Occupational health and safety**
Confirmed
- 11 **Gender equality**
Confirmed
- 12 **Digital culture**
2021: Digital readiness
Goal of the update: renamed to make it clearer
- 13 **Enhancing skills and well-being**
Confirmed
- 14 **Sustainable supply chain assessment**
Confirmed
- ✓ 2021: Corporate welfare
Goal of the update: grouped with well-being
- ✓ 2021: Helping to raise awareness on social and environmental issues (e.g. human rights)
Goal of the update: grouped with dissemination and growth under Environment
- ⊗ 2021: Remote working processes and modes
Goal of the update: eliminated because it is no longer material

Product

- 15 **Assessing the environmental and human impact of products**
Confirmed
- 16 **Product and process research and innovation**
2021: Innovation (digital, in quality, process, etc.)
Goal of the update: renamed to make it clearer
- 17 **Mechanical and electrical quality of products**
Confirmed
- 18 **Product conformity and safety**
Confirmed
- 19 **Sustainable service**
Confirmed

Assessing the significance of the impacts

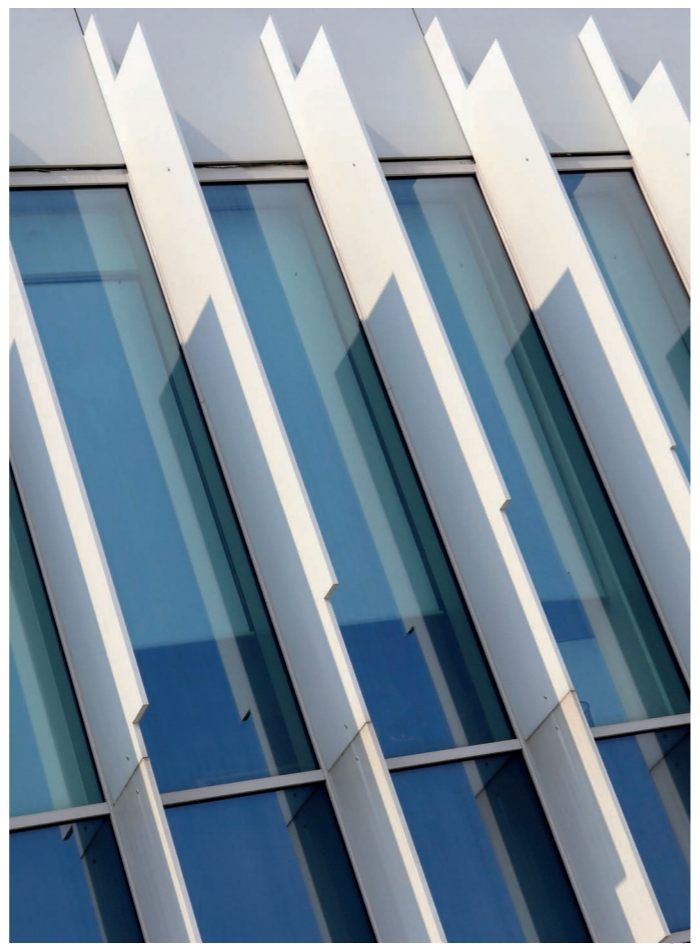
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impacts assessed



When reporting using the GRI Standards, we prioritise reporting on material topics, which are those topics that represent our most significant positive and negative, actual and potential impacts on the economy, environment, and people, including impacts on their human rights, considering our business activities, the context in which we operate, and the expectations of the main categories of stakeholders with whom we interact, which is known as the **inside-out** perspective.

We also conducted an initial voluntary "dual materiality" exercise, incorporating into the analysis an initial qualitative assessment of impacts that, from an **outside-in** perspective, could affect our financial results and performance.

The Sustainability Team assessed the significance of the impacts associated with each potentially material topic (according to the GRI Standards, significance is determined by the likelihood of the impact occurring and its severity should it occur). The results are summarised in the table on the following pages.



19 ESG topics

ENVIRONMENT

1 Increase circularity

Inside out impacts

→ Reduced production of waste and scrap material, second life for mechanical and electronic components, reuse of raw materials within the company's production chain.

→ Complete dependence on the external supply chain resulting in increased vulnerability and risk of difficulties in sourcing raw materials.

Outside in impacts

← Efficient waste management, reuse and reduction of materials and mechanical components, with positive impact on costs.

← Noncompliance with waste production/disposal regulations and shortages in the supply of raw materials (costs, availability), with negative impacts on business results.

3 Combat climate change

Inside out impacts

→ Step 1: Reduce greenhouse gas emissions. Step 2: Offset greenhouse gas emissions that cannot be reduced.

→ These actions may not be enough to stop climate change issues such as the rise in average temperature.

Outside in impacts

← Use of renewables, energy efficiency initiatives and capacity to seize climate change opportunities with positive impacts on business performance and reputation (reduced costs, access to finance/incentives, reputation).

← Vulnerability of physical assets such as buildings and material and equipment contained in them, due to high winds, flooding, fire, soil subsidence.

*material topic



2 Reduce consumption and emissions*

Inside out impacts

→ Reduction of greenhouse gas emissions through energy efficiency initiatives and the production and purchase of certified energy from renewables.

→ Generation of GHG emissions from activities along the value chain.

Outside in impacts

← Use of renewables, energy efficiency initiatives and capacity to seize climate change opportunities with positive impacts on business performance and reputation, as well as beneficial effects of reducing operating costs.

← Inability to efficiently manage energy sources and mitigate climate change risks (extreme weather events, electric mobility, regulations), with negative consequences on business results (costs, damage to assets, operating continuity) and reputation.



4 Protect biodiversity

Inside out impacts

→ Support for local associations/organisations and projects, which work to protect biodiversity. Dissemination of culture and raising awareness concerning biodiversity topics.

→ Potential negative impacts on ecosystems with which the Company interacts.

Outside in impacts

← Positive impacts in terms of reputation in relation to product sectors and associations sensitive to this issue.

← The topic of biodiversity is crucial for all customers in the food and packaging area and could therefore have repercussions on the company's business performance. These are elements to be assessed together with stakeholders so as to implement the best strategies.



GOVERNANCE

5 Presence, application and dissemination of the Code of Ethics; Ethics and transparency in the business *

Inside out impacts

→ Business relations based on transparency and monitoring of the business network.

Outside in impacts

← Reputational damage that could undermine the business and its financial soundness. Disaffection of employees and other stakeholders with the company and management. Lawsuits, including criminal proceedings.

7 Market presence; 8 Economic performance

Inside out impacts

→ Information about the value generated by SEW and distributed to stakeholders

→ Insufficient economic value distributed to the community.

Outside in impacts

← Tax audits on the sustainability of the transfer pricing system. Penalties due to export control violations.



9 Dissemination and growth of a sustainable culture*

Inside out impacts

→ Raising awareness of the ecosystem in the industrial automation world (customers and suppliers) on the topic to help move towards innovative and sustainable solutions in the interests of everyone and in the evolution of the market and the sector. Increased engagement of SEW Italia personnel to achieve sustainability goals.

Outside in impacts

← Attractiveness of new generations in the recruiting process. Positive impacts on retaining talent and on customer loyalty.

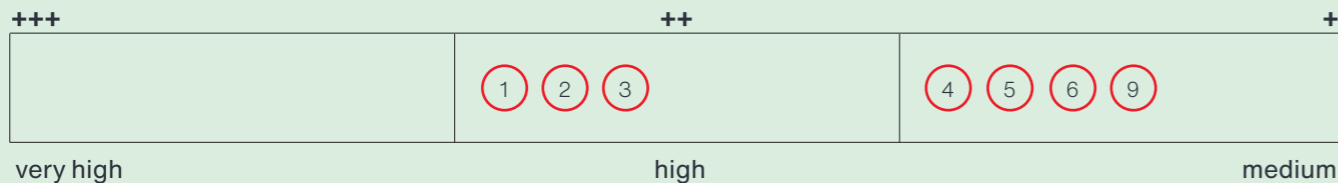


← Risk of exclusion from a market sector that is evolving towards sustainability, with unequivocal feedback from customers through their demands. Reputational risk, when employees no longer feel represented in the company's values and therefore leave the company, especially with respect to new generations.

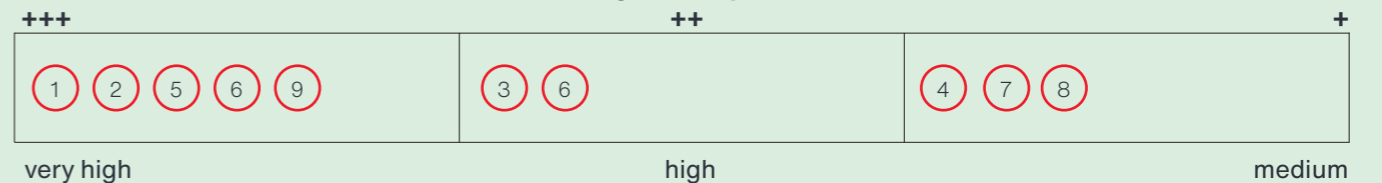
*material topic

- Positive inside out impacts
- Negative inside out impacts
- ← Positive outside in impacts
- ← Negative outside in impacts

Likelihood



Degree of impact



PEOPLE



10 Occupational health and safety*



- Inside out impacts**
- Reinforcing a culture of health and safety through awareness-raising courses and prevention initiatives beyond regulatory requirements, with positive impacts on the physical and mental health of employees.
 - Occupational accidents with serious consequences, inadequate management of pandemic events and inadequate assessment of the psychological and social risks posed by work-related stress.
- Outside in impacts**
- ← Inadequacy of procedures, processes and controls to identify/mitigate occupational health and safety risks and to ensure compliance with applicable regulations, with consequences in financial and reputational terms.

11 Gender equality



- Inside out impacts**
- Creating and spreading an inclusive culture where stakeholders feel satisfied and fulfilled, while reducing potential episodes of discrimination and unequal treatment in the workplace.
 - A non-inclusive workplace contributes to negatively impacting employees through episodes of discrimination and unequal treatment.
- Outside in impacts**
- ← Keeping employee motivation and satisfaction levels high through the creation of an inclusive workplace culture, with positive impacts on productivity and business results.
 - ← Inability to meet customer, employee and market expectations regarding diversity and inclusion and potential occurrence of episodes of harassment, discrimination and unequal treatment, with negative impacts on reputation.

12 Digital culture



- Inside out impacts**
- Preparation for new market challenges and appeal to customers.
- Outside in impacts**
- ← IT security risk caused by staff lacking expertise.

13 Enhancing skills and well-being



- Inside out impacts**
- Professional growth, improved performance and employee satisfaction through adequate and constantly updated training, development and welfare plans aimed at fostering commitment, loyalty and work-life balance.
 - Lack of professional development and employee dissatisfaction due to outdated and/or inadequate development and training plans and insufficient focus on engagement and well-being of employees.
- Outside in impacts**
- ← Keeping employee skills, engagement and satisfaction high, with positive impacts on productivity, business results and talent retention.
 - ← Loss of key personnel due to inadequate recruitment, training, development, retention and employee well-being plans, with negative impacts on productivity and business results.

*material topic

SUPPLY CHAIN



14 Sustainable supply chain assessment



- Inside out impacts**
- Creating and consolidating a responsible supply chain, attentive to social and environmental aspects, traceability in the selection of raw materials and support for local supply chains.
 - Weakening of the supply chain, due to unsuitability of suppliers.
- Outside in impacts**
- ← Maintaining a responsible and socially and environmentally aware supply chain, also by developing synergies with partners along the value chain, with positive impacts on reputation.
 - ← Insufficient monitoring of suppliers' social and environmental performance, failure to meet responsible sourcing targets and costs for increased supply chain surveillance, with negative impacts on financial performance and reputation.

16 Product and process research and innovation



- Inside out impacts**
- Contribute to industry innovation by collaborating with experts and competitors to develop innovative products and services.
- Outside in impacts**
- ← Ability to seize business opportunities for product and service innovation, also by collaborating with experts and competitors, with positive impacts on business performance and positioning.
 - ← Failure to anticipate new trends in product and service innovation compared to competitors, with negative impacts on market share and business performance.

*material topic

PRODUCTS AND SERVICES



15 Assessing the environmental and human impact of the products*



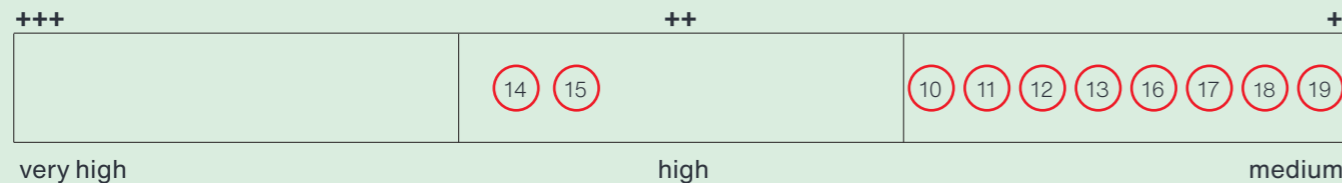
- Inside out impacts**
- Approaching the market with products that bring a benefit in reducing consumption and thus emissions generates an opportunity to retain and acquire new customers, as well as to benefit the environment and combat global warming. Opportunities to meet our end users' primary interest in sustainability by approaching them with a consultative focus - also a vehicle to promote continuous monitoring and reconditioning solutions and thus circularity mechanisms.
- Outside in impacts**
- ← Companies with a strong focus and commitment to sustainability are more attractive to young people. Positive effects on financial performance and company positioning.
 - ← Risk of losing market share and competitiveness in the constantly changing sector. Risk of damaging the company's reputation, with consequent loss of stakeholder trust, including internal stakeholders.

17 Mechanical and electrical quality of products;
18 Product conformity and safety;
19 Sustainable service

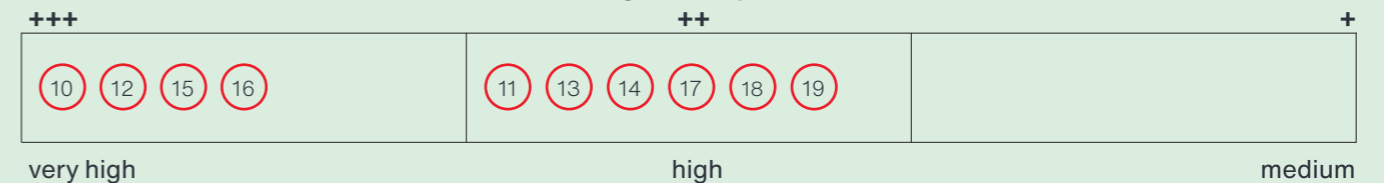


- Inside out impacts**
- Customer advice for sustainable maintenance through long-lasting, energy-efficient products.
- Outside in impacts**
- ← Ability to seize business opportunities, by introducing products that bring benefits in terms of reducing emissions, with positive impacts on business performance and positioning.
 - ← Risk of losing market share and losing competitiveness in the constantly evolving sector. Damaging the company's reputation, with consequent loss of stakeholder trust, including internal stakeholders.

Likelihood



Degree of impact



Prioritising the impacts

5

material topics identified



The prioritisation process allowed us to identify and assess the priority topics for the company (X-axis) and for the stakeholders (Y-axis).

Internally, we assessed the prioritisation of the topics in the Sustainability Team, whereby it continually validated the process and the choices made, taking into account the guidelines of the Balance Scorecard and the corresponding Strategic Plan, as well as the commitments made in the previous year through corporate policies.

The answers we obtained from the questionnaires sent to stakeholders outside the company and from our internal reflections allowed us to construct a matrix of priorities, shown on the following page.

Managing risks and opportunities



Based on the results, and after defining a materiality threshold, we arrived at the updated list of our material topics.

The material topics that emerged for 2022 are those that, based on the priority analysis, were found to be highly relevant to external stakeholders and, at the same time, an impact assessment considered highly significant from our internal perspective.

A total of **five material topics emerged out of the 19 ESG topics** identified in the preliminary analysis.

The identification of the material topics did not exempt us from voluntary reporting of aspects and information of particular relevance relating to the other ESG topics identified.

The material topics

- + Reduce consumption and emissions
- + Assessing the environmental and human impact of the products
- + Occupational health and safety
- + Ethics and transparency in the business
- + Dissemination and growth of a sustainable culture



- 1 Increase circularity
- 2 Reduce consumption and emissions
- 3 Combat climate change
- 4 Protect biodiversity
- 5 Presence, application and dissemination of the Code of Ethics
- 6 Ethics and transparency in the business
- 7 Market presence
- 8 Economic performance
- 9 Dissemination and growth of a sustainable culture
- 10 Occupational health and safety
- 11 Gender equality
- 12 Digital culture
- 13 Enhancing skills and wellbeing
- 14 Sustainable supply chain assessment
- 15 Assessing the environmental and human impact of the products
- 16 Product and process research and innovation
- 17 Mechanical and electrical quality of products
- 18 Product conformity and safety
- 19 Sustainable service

