

# THE GREEN SIDE

# OF DRIVE



<b>Message to stakeholders</b>	5	
<b>The green side of Drive</b>	6	<p>Sustainability: the climate emergency is a priority What we do at SEW EURODRIVE Highlights Our history Our global presence</p> <p><b>Sustainability</b> Vision &amp; Mission Sustainability strategy The process for identifying the material topics</p>
<b>The green side of Governance</b>	38	<p>Our governance Governance and control tools Management and certification systems Economic value generated and distributed</p>
<b>The green side of People</b>	50	<p>Growth starts from the people Our workforce Recruitment and turnover Training and careers Wellbeing of people Equal opportunities and remuneration Occupational health and safety Communication</p>
<b>The green side of Products &amp; services</b>	80	<p>Business model Innovation in products and solutions Innovation in process – Lean Smart Factory Service and circularity Support and loyalty Customer satisfaction</p>
<b>The green side of Production and business processes</b>	94	<p>Green policy Consumption, recycling and reuse Greenhouse gas emissions Biodiversity</p>
<b>The green side of Supply chain</b>	114	<p>Procurement Supplier selection Supplier assessment Raising awareness of suppliers to the Net Zero target</p>
<b>Goals - Follow Up</b>	128	
<b>Report drafting process</b>	130	
<b>Appendix</b>	133	
<b>GRI Content Index</b>	138	
<b>Report of the auditing firm</b>	142	







## Message to stakeholders

“If thou wilt make a man happy, add not unto his riches but take away from his desires.”

These are the words of the Greek philosopher Epicurus, inviting us to abandon the obsessive pursuit of material riches to make room for true happiness of the soul. A concept that popped into my mind again during these unsettled times, and which got me thinking about words like wealth, prosperity, equity and, of course, sustainability.

The current paradigms of economic, social and industrial activities have been the root causes of the destruction of our natural environment, resources and systems that we humans and millions of other species depend on for our wellbeing and survival. Our focus on economic growth alone, exploiting limited materials and resources as if they were limitless, and using energy without regard for the planet, has prevented us from achieving sustainable development and, at the same time, from contributing to human progress based on less consumption and more equitable prosperity. At this critical moment in time, we are once again faced with very ambitious challenges - inclusive growth, a more cohesive society, a cleaner and more regenerative economy and truly sustainable mobility, to name but a few.

At SEW-EURODRIVE, we believe that industry is the real driver of the shift towards a resilient, sustainable, circular and regenerative economy, where people's wellbeing and environmental protection are at the heart of our day-to-day efforts and our medium and long-term plans. And we believe it is essential to regain - and sometimes create - a sense of community where inclusiveness, respect, compassion and sharing are the values underpinning true riches: the kind of riches that sustain people and protect the planet and future generations.

Now is the time to give back the resources used in the past and to rediscover the value of debate and interaction between men and women, free from prejudice or selfishness.

This document is intended to testify to our firm commitment to help create a sustainable, circular and regenerative economy, which aims at a more inclusive society and equitable growth while respecting the environment and the ecosystem that hosts us. A process of sensitivity, as well as sustainability, that we want (and must) embark on with all our stakeholders, so that we can not only ensure long-term prosperity, but more importantly to help us reshape the way we live and thus ensure our survival and the survival of the generations to come. This is only the second stage of our journey, and although the path ahead is long and not free of contradictions and obstacles, the horizon is now clear and we are confident that we will reach it together.



Giorgio Ferrandino  
Managing Director

# Sustainability: the climate emergency is a priority

According to the most recent report by the Intergovernmental Panel on Climate Change (IPCC), by 2100, average global temperatures are set to rise by 3.2 °C.

To understand the importance of maintaining the limits of the Paris Agreement, suffice it to say that if we keep the global average temperature rise within 2 °C of pre-industrial levels, the sea level is expected to rise by 0.5 metres by 2100 and by 0.5 to 2 metres by 2300; on the other hand, if the global average temperature rises by 4.5 °C, sea level rise could be between 0.6 and 1.3 metres, permanently changing the appearance and life in coastal areas.

Rather than discourage us, these statistics should motivate us to take concrete action to mitigate climate change and the depletion of resources: it's not too late, yet.

# -55%

As part of the European Green Deal, CO<sub>2</sub> emissions across Europe are to be reduced by 55% by 2030 compared to 1990 levels

### Tackling climate change with determination

It is encouraging that most people, countries, regions, institutions and businesses around the world have recognised the dangers posed by climate change and are taking action to combat it. Europe is to become carbon neutral by 2050.

These plans demand huge efforts from businesses, including comprehensive sustainability initiatives with clear targets that can be measured.

# CO<sub>2</sub>

Is the main greenhouse gas causing global warming. Its concentration has now exceeded 400 parts per million (ppm).

### Be SEWstainable! is our response to the current situation.

We take responsibility. As part of our long-term initiative, we aim to gradually but significantly safeguard resources, lower CO<sub>2</sub> emissions and consequently optimise our entire value chain.

Still, we are not starting from scratch. For many decades, our philosophy and practical approach have been based on sustainable, lasting actions and products that are embedded in our DNA.

Under the Be SEWstainable! umbrella, we want to systematise these actions. At the same time, this initiative also raises our organisational and strategic level of sustainability, with our establishment of a Sustainability Committee that reports directly to the Board of Directors. This coordinated approach ensures that individual measures and activities can have even more impact than they have done to date.

We know we can't change everything overnight, but if we don't start today, it could be too late by tomorrow .

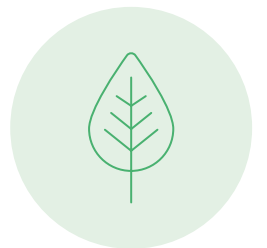
# 1.5 - 2°C

The limit to the increase in global average temperatures set by the Paris Agreement

# 240

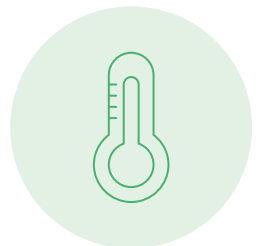
Animal species at risk of extinction according to the WWF

**As global warming levels increase, so do the risks of losing biodiversity.**



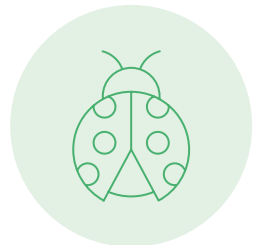
# -69%

Decline in the number of living species between 1970 and 2018 (Global Living Planet Index)



# 2,000

Species and habitats of Community interest to be protected, over 30% of which live in Italy (Source: Italian Institute for Environmental Protection and Research Ispra)





# What we do at SEW-EURODRIVE

## Technologies

**20**  
families

Standard and industrial IG gear units and complete gearmotors

**13**  
families

Asynchronous and synchronous electric motors

**12**  
families

Motion Controllers

**1**  
family

MOVITRANS® inductive energy supply system

**13**  
families

Inverters and servo inverters



## Solutions

### AGVs

Complete automated guided vehicles

### Delta Robot

Tripod

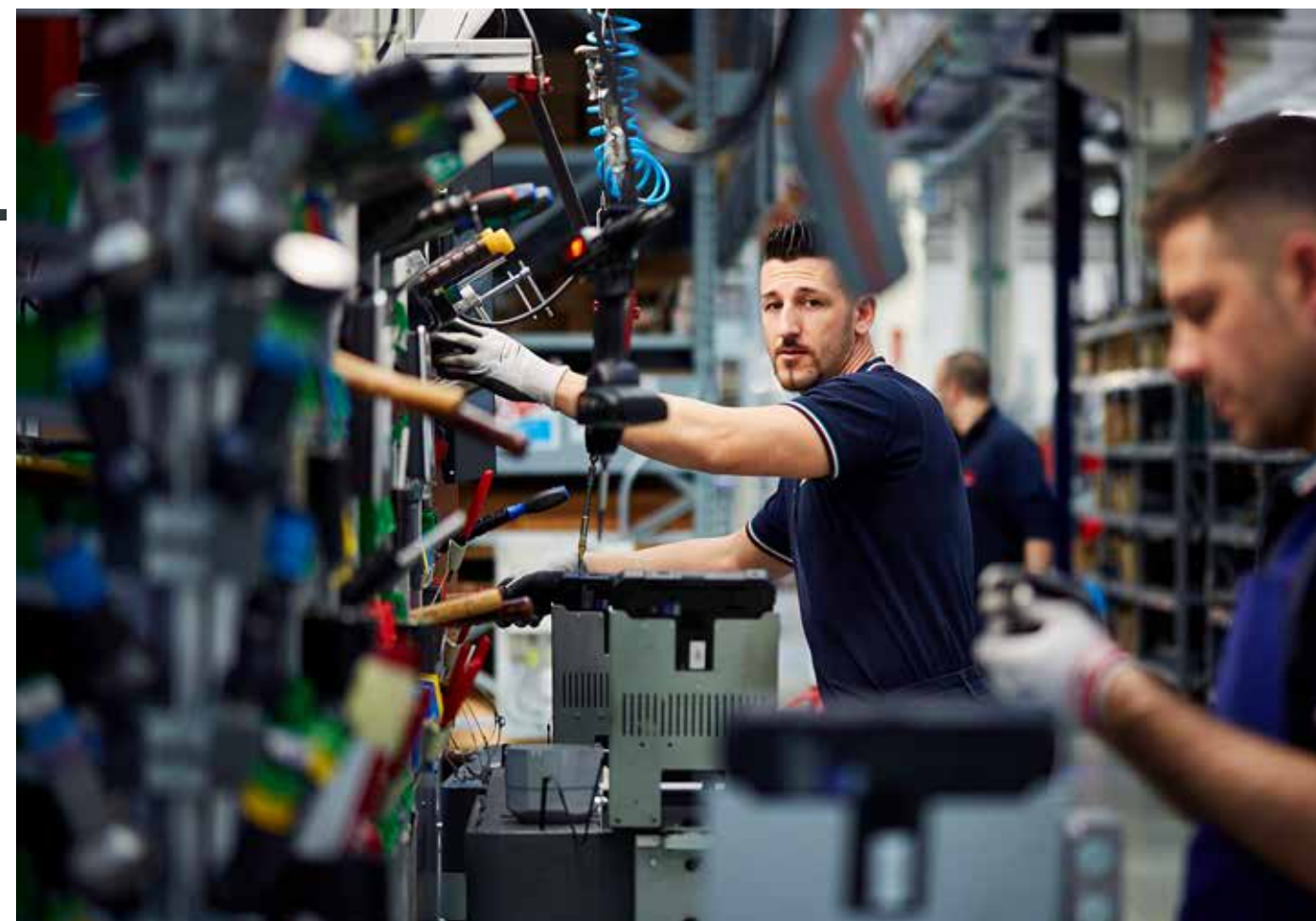
### PE-S

(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 gearmotors



Qualitative oil analysis of gear units installed at the premises of end users



Pickup & Delivery service for end users



Repair of electronic components such as inverters and servo inverters



Thermographic analysis of gear units installed at the premises of end users



Basic training courses in programming electronic devices



Mapping of products installed at the premises of end users



# Highlights

Sustainability for SEW-EURODRIVE Italy is based on data and numbers that we constantly monitor and that confirm and demonstrate our achievements. The transparency and dedication behind our sustainability goals allow us to achieve a measurable, verifiable and concrete virtuous path, with an ongoing, specific focus on reducing environmental impact and improving people's working conditions.

## Economy



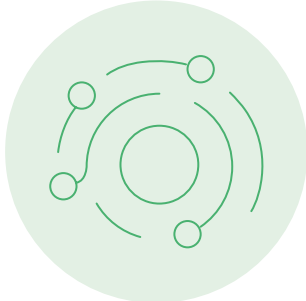
**+20%**

year-on-year increase in turnover

**166 m**

turnover in EUR in 2022

## Product



**Digital technologies and Smart Assembly Plant**

**132**

million euro expenditure with suppliers

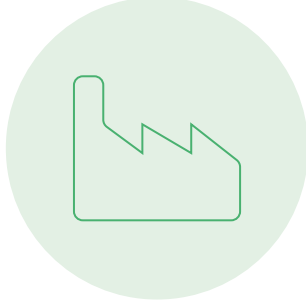
## Environment



**Carbon Neutral Goal for 2026 (Scope 1 & 2)**

**-3.8%**

reduction in energy consumption



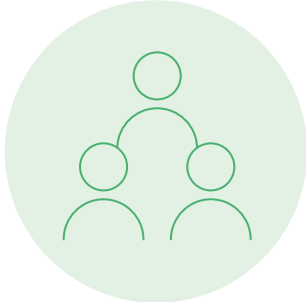
**73.6%**

waste recovered and reused internally

**4%**

hybrid or fully electric vehicles in the fleet

## Company



**213**

employees

**28**

new hires

**25%**

proportion of women in the workforce

**Certification as Great Place to Work® 2021-2022**

**Best Work Place for Blue Collars® award**

\*All figures on these two pages refer to the reporting period, i.e. 2022 over 2021



# Our history

**When a banker founded Süddeutsche Elektromotorenwerke back in 1931, nobody dreamed that it would one day be one of the world's most innovative drive technology companies.**

**Let us take you on a journey back through our history, starting with a truly extraordinary event!**

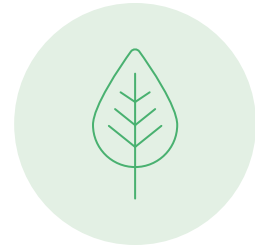


## Origins

**1945** On 1 March 1945, Bruchsal was hit by very heavy bombing, but most of the SEW buildings remained intact. When the war ended, Ernst Blickle, the owner's son-in-law, took over the management of the company. He rapidly acquired engineering expertise and started masterminding SEW's progress with a visionary, entrepreneurial spirit.

**1948** Most of Germany was still in ruins but Ernst Blickle was thinking about reconstruction, and he laid the foundation for a 10,000 square meter manufacturing facility in Graben.

**1960** SEW already had a workforce of 600 employees with a turnover of DM 20 million. But more great strides were on their way. Ernst Blickle came up with an assembly kit of gear units and motors that could be combined flexibly and cost-effectively. This modular system was also perfect for industrial series production at low unit costs and paved the way to enter international markets.



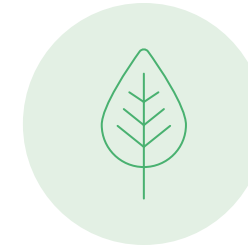
## Arriving in Italy and conquering the New World

**1968** The company expanded its European operations into Italy. Two small offices in Milan and Bologna marked the start of the "SEW era" in the "Stivale" or boot, followed a year later by the opening of the first manufacturing site in Limbiate (MB). A short while later, two representative offices were opened in Bologna and Caserta.

**1971** The European branches enjoyed continuous growth, which led Ernst Blickle to make a clear statement that cast off the company's reputation as a medium-sized regional company.

**1973** SEW-EURODRIVE came into being after taking over its major post-war competitor, Obermoser also based in Bruchsal and specialising in direct drives, refrigerator motors, worm gearboxes, and gearmotors. In the same year, two more representative offices were opened in Turin and Verona.

**1975-83** A few years later, the company expanded to the new continent, opening SEW DO BRASIL Motores-Redutores LTDA in 1975, then the American branch SEW-EURODRIVE INC in 1983. Ernst Blickle spent over four decades turning a medium-sized family-run operation from Bruchsal into a global player – SEW-EURODRIVE. His death in 1986 also marked the end of an era of German entrepreneurship.



## Passing the baton

**1987** The death of the great company patriarch left a gap that needed to be filled. Rainer and Jürgen Blickle took over as Managing Partners of the SEW-EURODRIVE Group.

**1990** It was a case of like father, like son – or, in this instance, sons. Both Rainer and Jürgen Blickle drove the company's further development and steady growth with new ideas and foresight. One example of this is acquiring a majority stake in Pfeffer & Partner Getriebebau GmbH.



## Expansion into Italy and China on the wave of innovation and recognition

**1991** Meanwhile in Italy, the original site in Limbiate, by then no longer big enough to accommodate the company's need for growth, was replaced by new premises in Solaro. But that same year, the company also conquered another continent, with its new branch in Tianjin, China.

**1999-00** Growth continued and peaked with the construction and commissioning of the new production plant for electronic components in Bruchsal. Just one year later, this plant took pride of place on the victory podium when it won the title of "Best Factory of the Year 2000." The new millennium began as successfully for SEW-EURODRIVE as the old one had ended.

**2003** Revenues topped the one-billion-euro mark for the first time. That same year, the Ernst Blickle Innovation Center – EBIC for short – opened its doors in Bruchsal. The futuristic glass building, and the laboratories for tests and experiments located right next door, have served as the global control centre for all of SEW-EURODRIVE's research and development work ever since. A homage to Ernst Blickle's pioneering company leadership, the building is large enough to accommodate 400 workstations.

**2004** The next construction phase ended with the opening of the Service Competence Center in Graben-Neudorf.

**2007** The time came to upgrade the Solaro centre, replacing production lines with work islands. This was a major investment that anticipated concepts of production flexibility that would become established with the Industry 4.0 vision of the following years.

**2017** In Italy, an important transition took place with the construction of a new building to extend the Solaro site, the renovation of the 1991 building and the reorganisation of the assembly workshop layout, making it possible to implement new processes and introduce smart technologies.

**This brings us to the present day. The story of a family business that over the years has become one of the leading global players in its field continues.**



## 2022: highlights

### March

One-time payment of up to EUR 1,000 for the lowest income brackets to address the fuel and energy price crisis.

### April

Work begins on the construction site of the new premises in Caserta.

### May

The first electric machines arrive and are added to the fleet.  
Participation at the SPS trade fair in Parma and Ipack-Ima in Milan with Zero Impact.

### June

Our first Sustainability Report is released.

### July

Summer party. We celebrate the importance of spending time together after the lonely years of Covid.

### October

Walk the green talk: a cycle of events focused on sustainability and products and involving the whole ecosystem.

### November

Awareness-raising course for top and middle management on the topic of gender and gender-related bias.

### December

We hit the quota of 100,000 packages shipped in one calendar year.



## Our global presence



54

Countries in the world



3.6

billion euros in revenues\*

17

production facilities

20,000+

workers

88

Drive Technology Centers

\*2021 result







## 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

Achieving our vision

Our dream

### 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.

### 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)

### "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

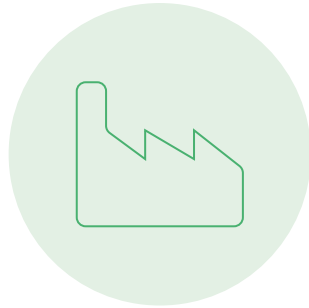




# Be SEWstainable! our commitment continues

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

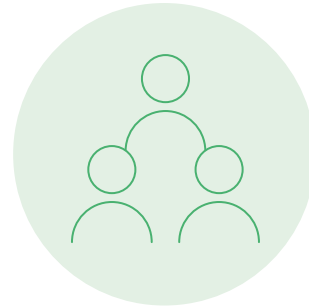
By 2026: reducing and offsetting Scope 1 and 2 greenhouse gas emissions generated to achieve the Carbon Neutral target, in line with the parent company programmes.

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.



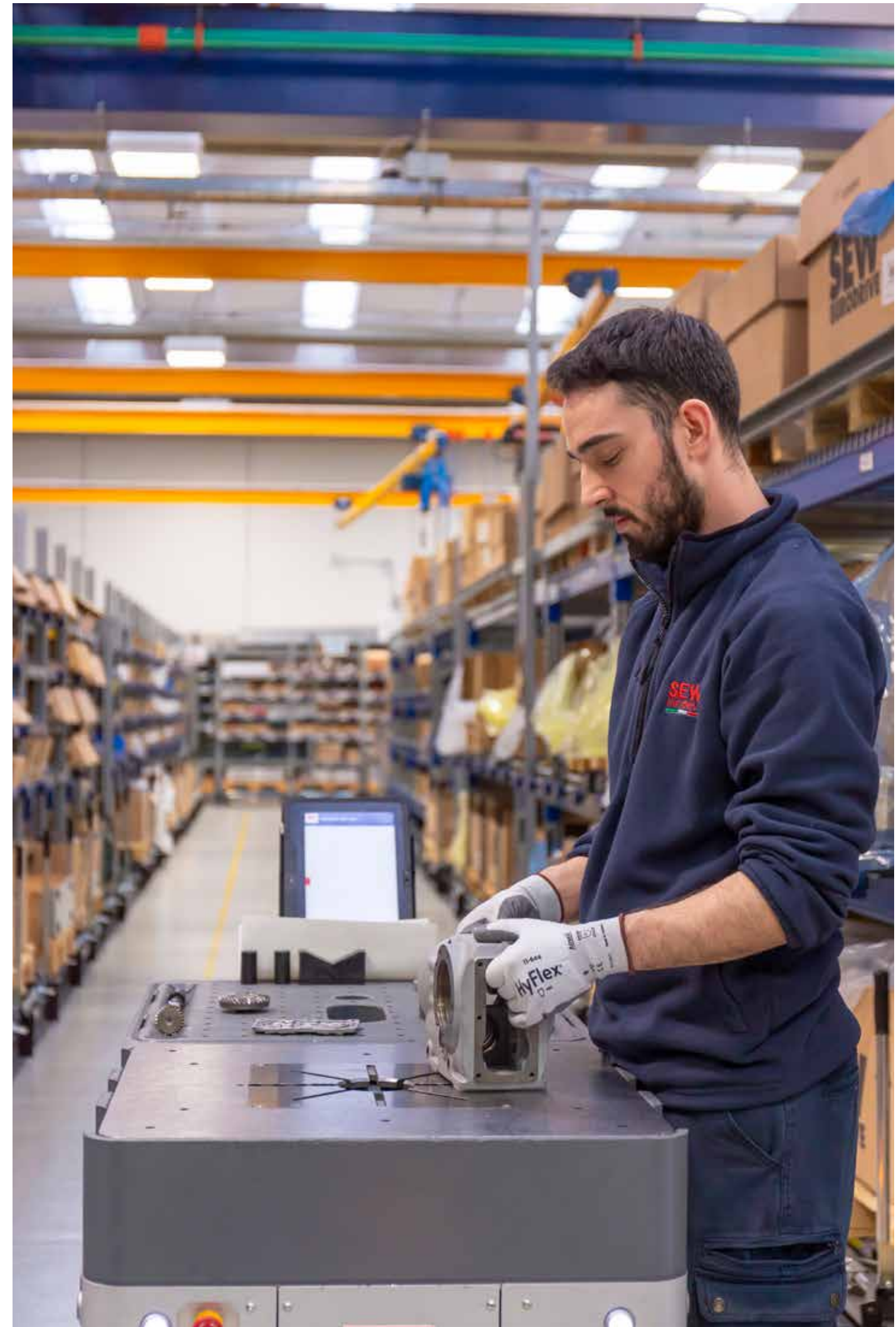
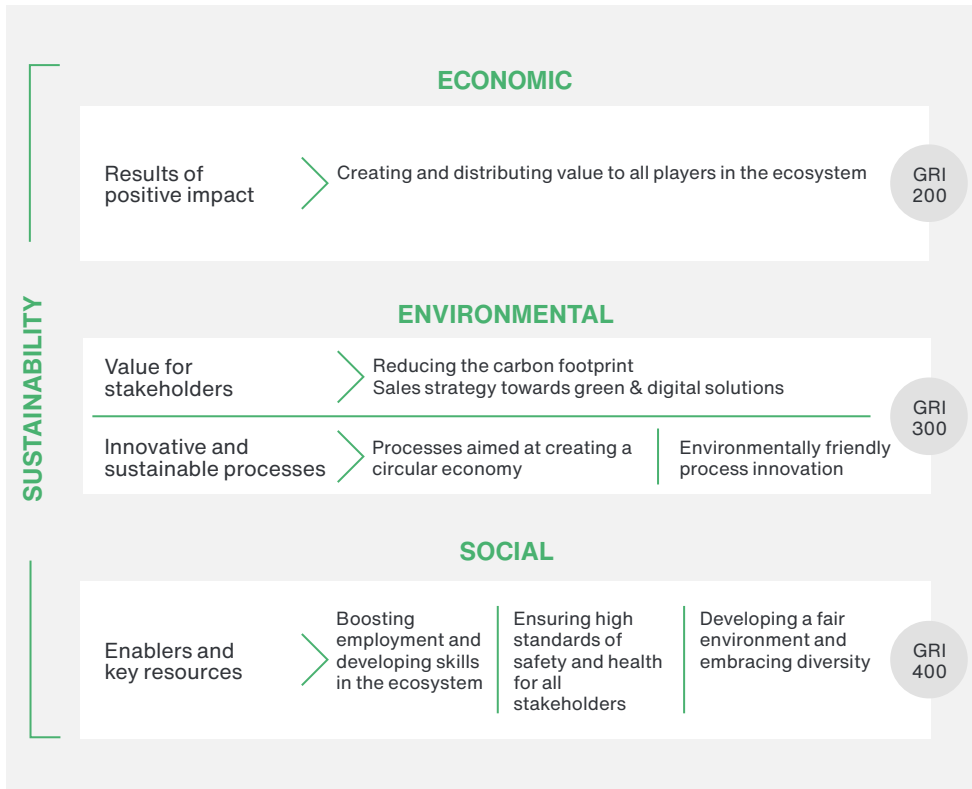
### SOCIAL

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%	-
<b>TOTAL</b>	<b>70</b>		<b>56</b>		

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
<b>Owners</b>	Boards, general meetings, communications for authorisation of specific initiatives/investments, regular meetings regarding progress of the sustainability programme	
<b>Business partners</b>	Walk the green talk events Innovation LAB	Partnerships agreements and contracts
<b>Customers</b>	Customer Satisfaction Survey Walk the green talk events Participation in Innovation LAB Trade fairs Stakeholder engagement questionnaire	
<b>Suppliers</b>	Walk the green talk events Participation in Innovation LAB Stakeholder engagement questionnaire Trade fairs	
<b>Workers</b>	Sustainability training and workshops Internal communications Publication of sustainability report Department meetings, feedback and development interviews	
<b>Colleagues from the parent company</b>	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.
<b>Local communities</b>	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

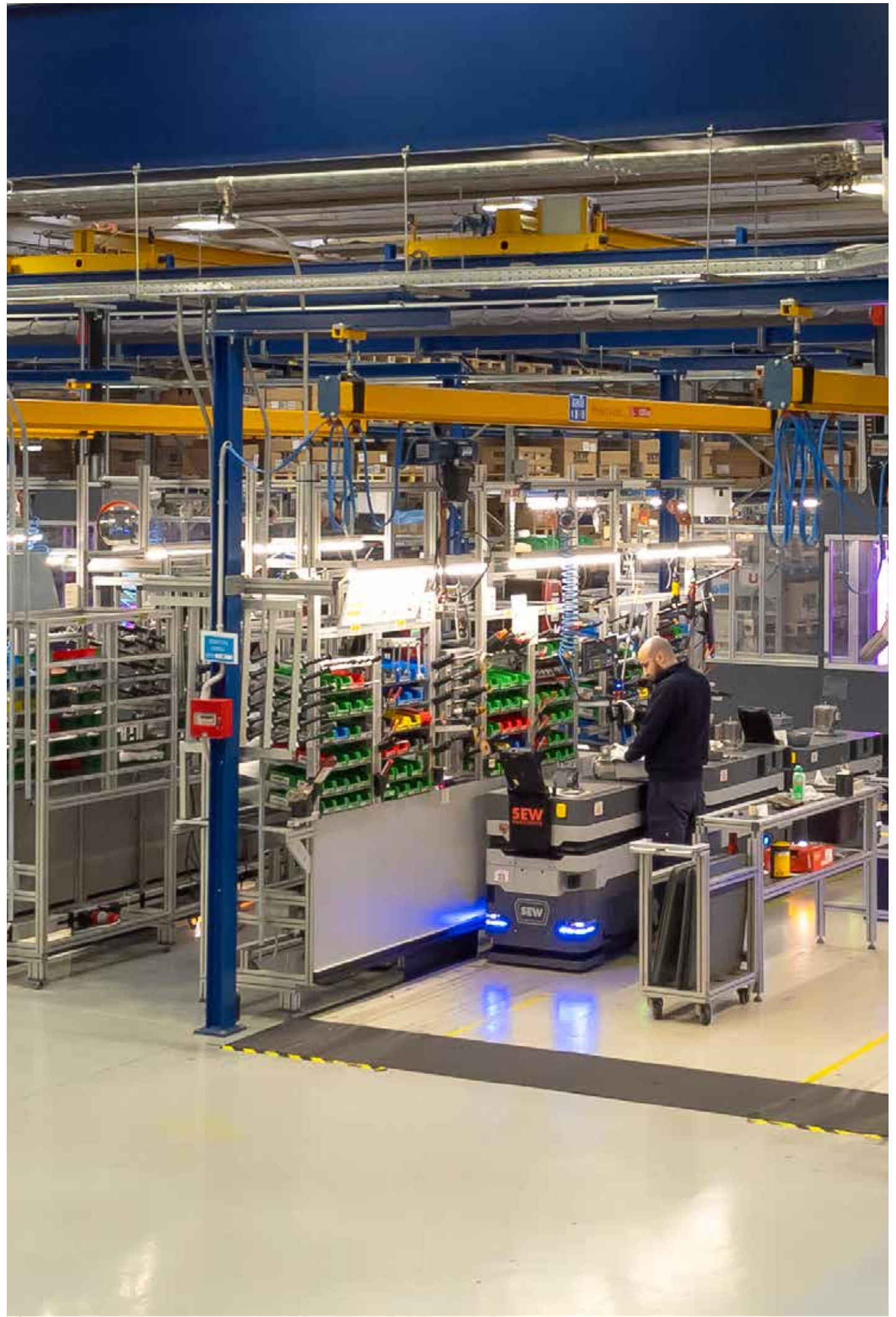
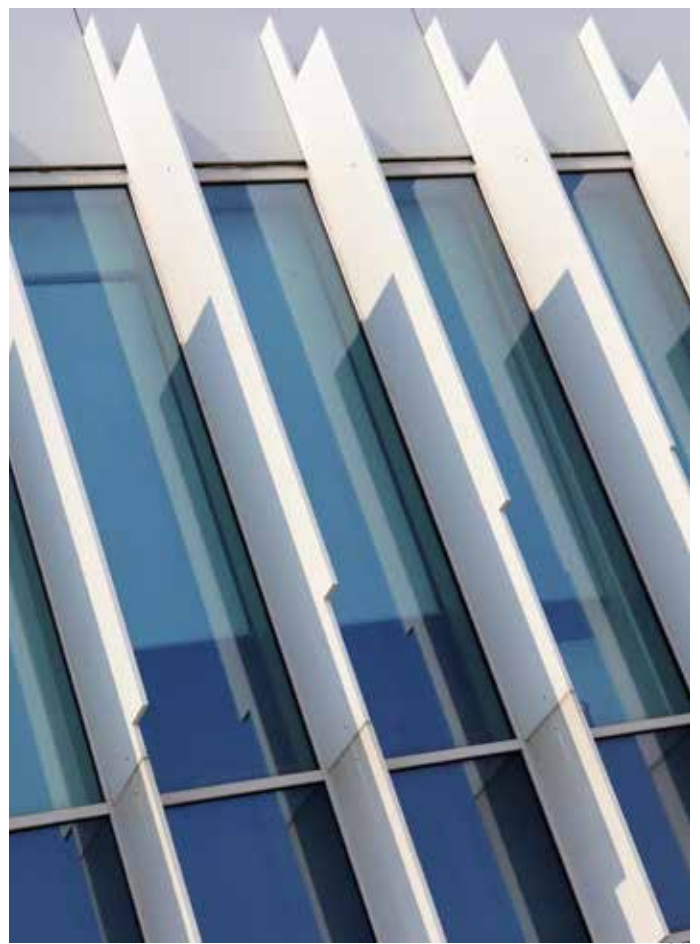
**15**  
impacts assessed



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.

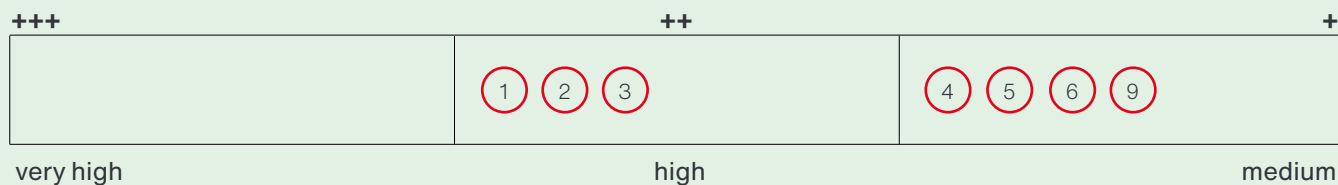
← Risk of exclusion from a market sector that is evolving towards sustainability, with unequivocal feedback from customers through their demands. Reputational risk, when employees no longer feel represented in the company's values and therefore leave the company, especially with respect to new generations.



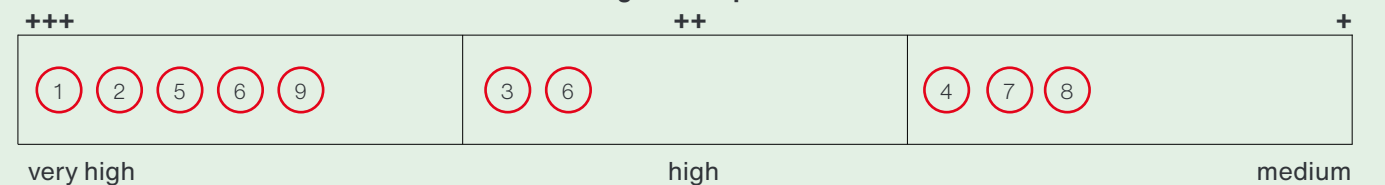
\*material topic

- 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.

**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.

**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.

**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\***



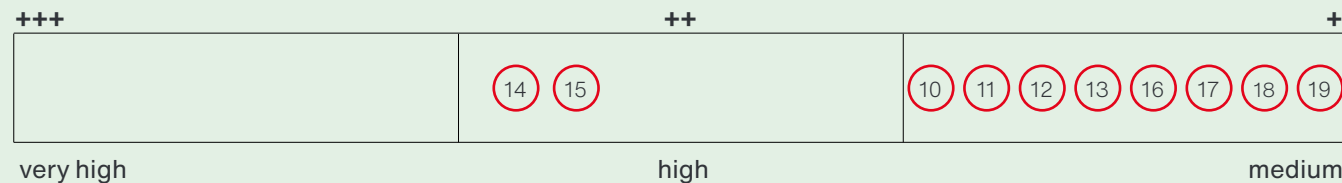
- Inside out impacts**
- Approaching the market with products that bring a benefit in reducing consumption and thus emissions generates an opportunity to retain and acquire new customers, as well as to benefit the environment and combat global warming. Opportunities to meet our end users' primary interest 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; Product conformity and safety; Sustainable service**

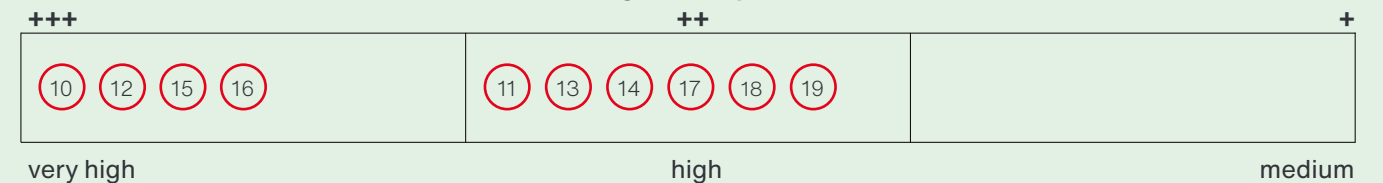


- Inside out impacts**
- Customer advice for sustainable maintenance through long-lasting, energy-efficient products.
- Outside in impacts**
- ← Ability to seize business opportunities, by introducing products that bring benefits in terms of reducing emissions, with positive impacts on business performance 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



# Governance

- 42 Our governance
- 45 Governance and control tools
- 46 Management and certification systems
- 49 Economic value generated and distributed





# Governance, ethics and integrity for real sustainability

For a company that seeks to meet today's challenges, ethics and a transparent organisation go far beyond mere legal compliance. They are the bedrock of good corporate governance, the first step towards being able to formulate and develop a sustainable corporate strategy, incorporating all ESG factors.

This is why we have a solid governance structure, a code of ethics and governance and control instruments that allow for optimal management of the company and related risks.



### Financial management

We have adopted an internal system based on the "4 eyes principle". The approval of at least two people is required to make payments of any kind and amount.



### Behaviour

The SEW-EURODRIVE Italy Code of Ethics is an instrument of social responsibility; it informs how the company conducts its business and activities and is an essential part of the internal control system.



### Core Team

The Core Team, which includes three SEW-EURODRIVE Italia delegates, actively participates in the whole sustainability reporting process.



We adopt the principles of prudence in our approach to business.

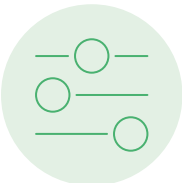


There is a lot of contact between the Italian and parent company sustainability teams, so that any critical issues are immediately brought to the attention of the Board of Directors.



**+20%**

growth in economic value generated



**96.9%**

share of economic value distributed

# Our governance

The governance of SEW-EURODRIVE Sas is entrusted to the general partner, SEW S.r.l. Neither of the two directors receives any remuneration for their work as directors. Giorgio Ferrandino, in the capacity of Managing Director of Sas, is classified as an executive and receives a fixed fee, which may be revised on an annual basis, and a variable fee, according to a target-based scheme, which is formalised and evaluated annually by SEW S.r.l.. However, there is no appointed body or independent committee to oversee the remuneration process of the Board of Directors of SEW S.r.l. or of the Managing Director of Sas, although there are several persons (at least two, in compliance with the 4-eyes principle) who sign the relevant documents.

## Board of Directors SEW S.r.l.



The Managing Director of SEW-EURODRIVE Italy, Giorgio Ferrandino, does not serve on other Boards of Directors nor does he hold any position that may generate a conflict of interest in other organisations.

<b>Jürgen Dietmar Blicke</b> Chairman
Executive: no
Non-executive and independent: yes
% participation in meetings: 67%
<b>Giorgio Ferrandino</b> Managing Director
Executive: yes
Non-executive and independent: no
% participation in meetings: 100%

## Economy and governance: the ESG topics

- + Ethics and transparency in the business - **material topic**
- + Presence, application and dissemination of the Code of Ethics
- + Market presence
- + Economic performance

In terms of conflict of interest:

- + The Managing Director cannot make decisions regarding personnel (hiring, firing, salary changes, etc.), given his dual role as Managing Director of Sas and Managing Director of S.r.l.. In fact, decisions for these activities are taken by the Board of Directors, and the Managing Director is required to abstain;
- + for any other conflict of interest between members of the Board of Directors and stakeholders in general, the provisions of the Code of Ethics apply;
- + written authorisation is required for investments or purchases of particularly large amounts, and also for issuing offers and accepting orders from customers above certain thresholds (Consent Request or actual resolutions of the German board); by virtue of internal bylaws, this authorisation must be conveyed to group contact persons in the various areas (finance, HR, commercial area, etc.).

Our Managing Director constantly updates the Board of Directors on ongoing sustainability actions during regular Board meetings and in any case when approving SEW S.r.l.'s proposed annual financial statements. These updates also take place on certain defined occasions, such as the presentation of the German parent company's Sustainability Report.

The Italian and parent company sustainability teams are frequently in touch with each other to discuss and coordinate sustainability actions. This way, the Board of Directors is immediately informed of any critical issues or concerns about potential and actual negative impacts.



## Powers

Powers in the Sas are currently delegated to:



**Giorgio Ferrandino**  
Managing Director: 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**  
Chief Financial Officer: holds the power of legal representation, in addition to the power of disposal with joint signature with another legal representative



**Francesco Di Pasquale**  
Operation Manager: holds joint signatory powers with another legal representative

On the subject of sustainability, the Core Team, which also includes the three delegates of SEW-EURODRIVE Italy, actively participates in the entire sustainability reporting process, including the dissemination and training activities on the company's sustainable development conducted with the various stakeholders. In addition, the Core Team borrows the goals from the Balanced Scorecard, which includes the sustainability BSC.

We are in the process of strengthening our governance through a review of the current powers that will be extended to all management.



**Four eyes principle**  
No authorisation can be signed by one person only

## Financial management

Internally, we have adopted a "4 eyes principle" system 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 kind and amount.

The processes and criteria for appointments to governance bodies are based on the role held by members.

Roles are assigned on the basis of merit-based mechanisms applied to both recruitment processes and professional development paths, both of which are based on competence assessment systems. The compliance system based on the Code of Ethics ensures that members are independent.



The members of the Sustainability Team



## SPECIFIC COMMITTEES AND TEAMS IN 2022

Body	Members	Goal	Frequency of meetings
<b>Core Team</b>	Managing Director Chief Financial Officer 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 in the Digital Innovation Team.	Twice a week
<b>Extended Team</b>	Core Team Regional Managers	Addresses the performance of business results and any deviations from the budget. Defines the methods of management in the Drive Centers.	Every three months
<b>SEW LAB</b>	Managing Director (sponsor) Cross-disciplinary individuals	Promotes pioneering experimentation and high-impact innovation	Twice a month
<b>Sustainability Team</b>	Managing Director Sustainability Manager Chief Financial Officer HR Manager Operations Manager Marketing Manager Innovation Technology Manager	Coordinates the sustainability reporting process and all sustainability-related processes.	Monthly
<b>Sales Mgmt Team</b>	Managing Director Regional Managers Industry Manager	Addresses different sales experiences at Drive Center level. Elaborates actions to implement the commercial strategy at each Drive Center. Monitors the sales trend and introduces corrective measures where necessary, seeking harmonisation at SEW-EURODRIVE Italy level.	Every three months
<b>Middle Mgmt Team</b>	Supervisors of a single function in the company, in a 6 <sup>th</sup> or 7 <sup>th</sup> level clerical or middle management position and with subordinate or functional coordination of persons	Keeps abreast of business developments and major company projects. It offers contributions in defining ways to implement people management projects and activities.	Monthly
<b>Department and/or functional area meetings</b>	Contact person and staff for each department/functional area	Discusses the progress of departmental activities and projects, stimulates proposals for solving any problems. Ensures operational business goals are adequately achieved, optimising workloads across all workers. Keeps abreast of the corporate strategy	Monthly

# Governance and control tools

We have always adopted principles of prudence in our approach to business. For this reason, even though it is not mandatory for us, we have initiated a process to introduce a Compliance Model in accordance with Italian Legislative Decree no. 231/2001, concerning the administrative liability of entities in relation to offences committed by their representatives. This has equipped us with an efficient internal control system that is appropriate to the complexity and operational of the company.

We have also begun a process of reviewing the formal delegation of management powers in line with our management needs and taking into account the 231 Compliance Model to be implemented. Consistent with this Model, we intend to set up an Oversight Committee that will be responsible for regularly monitoring and verifying the effectiveness of the Model, reporting any shortcomings, and updating it following regulatory or organisational changes. The Oversight Committee will be responsible for implementing appropriate audit plans to verify proper company management.

We plan to implement the Model initially in 2023, with the aim of producing the first annual report in 2025.

## Anti-corruption

We promote the fight against corruption, in all its forms: active or passive, direct or indirect, concerning the public or private sector. We use the general methods of communication established in the event of a breach of the Code of Ethics to provide communication and training on anti-corruption policies and procedures.

We commissioned an external consultancy firm to undertake the residual risk mapping, which did not reveal any significant corruption-related risks, but rather medium risks mainly related to an internal control system that could be improved at a procedural level.

Lastly, no corruption-related public lawsuits have been filed against SEW-EURODRIVE Italy or its employees.

## Code of Ethics

Our Code of Ethics sets out the commitments and responsibilities that must underpin the conduct of company business and activities, with any persons who have any kind of relationship with our company. Above all, it is an instrument of social responsibility vis-à-vis our employees, customers, suppliers and the community. The Code of Ethics is intended as a guide for company conduct, and is an essential element of the company's internal control system. It consists of:

- + Compliance with legislation
- + Management culture
- + Human rights
- + Workers' rights
- + Health & Safety
- + Cooperation and respect to counter any form of discrimination
- + Environmental protection
- + Compliance with tax obligations
- + Respect for the free market and competition
- + Rejection of any form of corruption
- + Traceability and transparency of commercial agreements
- + Restrictions on gifts and invitations
- + Attention to conflict of interest
- + Confidentiality and data protection

All new recruits receive training about the Code of Ethics, to ensure that 100% of employees are trained. Reports of unethical or illegal conduct may be reported through various channels while protecting the anonymity of the whistleblower.

The compliance board is an internal system that promotes the Code of Ethics, collects reports and takes appropriate action.



**Christopher Iliou**  
(Compliance Officer  
- SEW-EURODRIVE Germany)



**Franco Zannella**  
(Innovation Technology Manager  
- SEW-EURODRIVE Italy)



**Mirko Otranto**  
(HR Manager & Compliance Officer  
- SEW-EURODRIVE Italy)

# Management and certification systems

For the second consecutive time, we received Great Place to Work® Certification 2021-2022 in recognition of the quality of our work environment.

Every year, the Great Place to Work® Institute compiles a "List of Best Workplaces" in 40 countries around the world. The survey is conducted with the involvement of workers and concerns the level of trust and the quality of relations between them and management.

The certification process is based on tools validated by international statistical studies such as the Company Climate Assessment Survey (Trust Index®) and the Organisational Management Policy Analysis (Culture Audit®). In addition, the company was awarded Best Work Place for Blue Collars® in 2022, making it one of the leading Italian companies with the best working environment for blue collar workers.

## System certifications

We are audited on quality management by our parent company every three years. Certifications obtained in accordance with SEW standards:

- ISO 9001:2015** + Quality Management System for Production, in the scope of Sales and Service Processes for Gearmotors, Motors, Gearboxes and Electronic Drives;
- IEC 61508:2010** + Functional Safety Management System, international standard governing the entire safety-related lifetime of programmable electrical, electronic or electronic products and systems, including their application, design, use and maintenance;
- IEC 60079:2019** + Explosive atmospheres. Equipment repair, overhaul and reclamation, a technical standard defining the processes and operating instructions for repair service work respectively on ATEX classified gearboxes, motors and gearmotors (IEC Ex);
- UL and CSA** + relating to products assembled in Solaro for the US and Canada markets respectively. Certification issued by accredited bodies; they are subject to product inspection on a quarterly basis.

## Quality management system

Quality management focuses mainly on three guidelines linked to the concept of operational excellence, namely:

- + Process monitoring
- + Problem solving
- + Standardisation

Two main areas are defined within the Quality function: Smart Factory Quality and Offices Quality. Smart Factory Quality concerns Operations processes and takes the form of the control and calibration of measuring instruments, ATEX procedures and processes, internal audits, tracking customer complaints and validation of new processes and products (process release).

Offices Quality covers the area of offices and Drive Centers and involves the implementation of parent company projects (such as the new CRM), the definition of procedures and work instructions, the adoption of the 231 Compliance Model, the development of continuous improvement actions within staff functions and the optimisation of Service processes.

To ensure complete and continuous compliance with SEW quality standards, since 2022 the HSQ department has been carrying out periodic internal audits to highlight gaps with respect to standard operating procedures and to direct corrective/preventive actions, in compliance with ISO 9001 and the company's quality guidelines.

**Six internal audits** were carried out in 2022, and **eleven audits** are planned in 2023, in order to complete audits in a timely manner across all company functions.

## Environmental management system

At the present time, we have no voluntary environmental certifications (ISO 14001 and EMAS). Our management structure, our constant commitment to complying with mandatory regulations and the expertise we have acquired in this field allow us to work with a view to the future adoption of management models and therefore to support a first-party audit conducted by accredited environmental certification bodies.

## Product certification

All the mechanical and electronic products for automation solutions for use in the industrial sector have the main certifications, obtained from the relevant bodies, in order to guarantee the functional characteristics required by the standards while reducing energy consumption and environmental impact in terms of product and automation solution footprint.



# 6

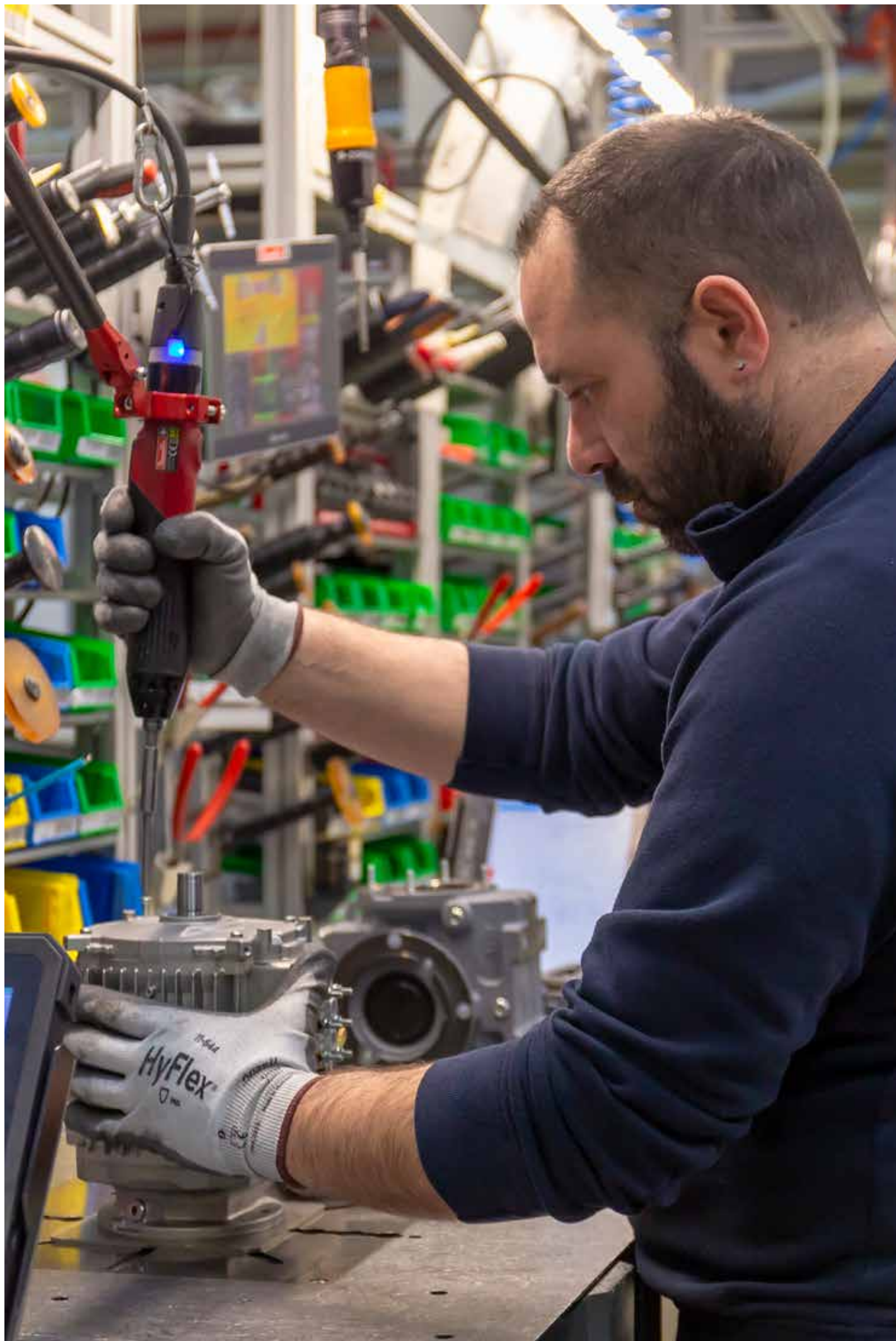
audits carried out in 2022

# 11

audits planned in 2023

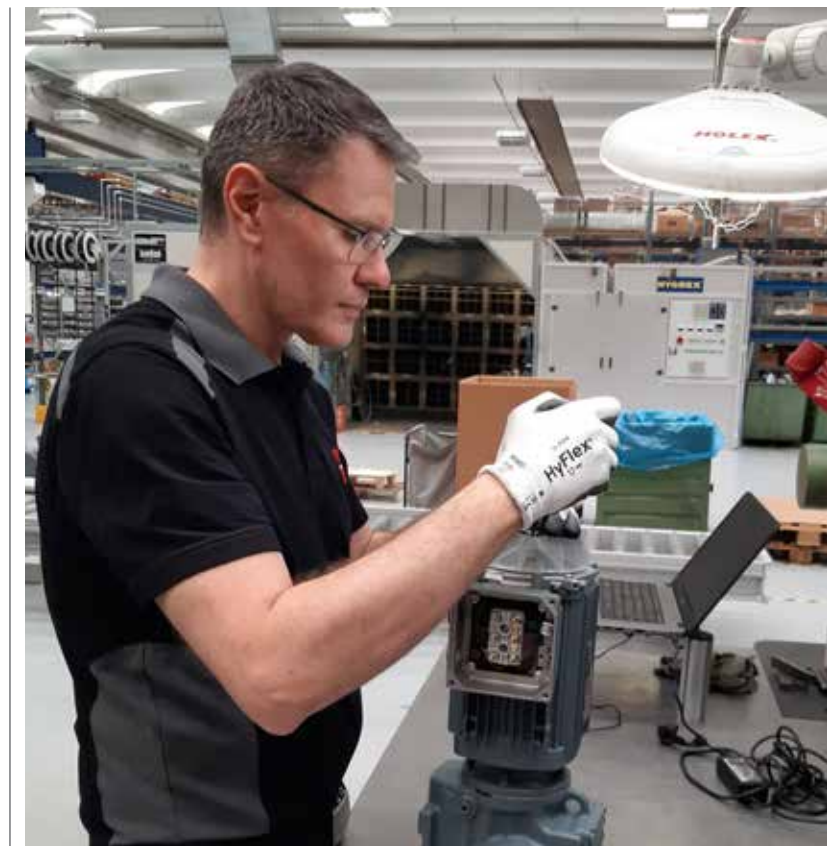
	<b>ISO9001-2015</b> Quality Management	<b>IEC 61508:2010</b> Functional Safety Products	<b>IEC 60079:2019</b> Ex Products	<b>UL</b> (Underwriters Laboratories Inc) Conformity of product for the North America market	<b>CSA</b> (Canadian Electrical Code) Conformity of product for the Canada market
Scope of validity	SEW IT	Sales & Service	Sales & Service	Solaro Plant (Assembly)	Solaro Plant (Assembly)
Type of inspection	Second-party audit (parent company)	Second-party audit (parent company)	Second-party audit (parent company)	Third-party audit (accredited body)	Third-party audit (accredited body)
Frequency of audits	3 years	3 years	3 years	3 months	3 months





# Economic value generated and distributed

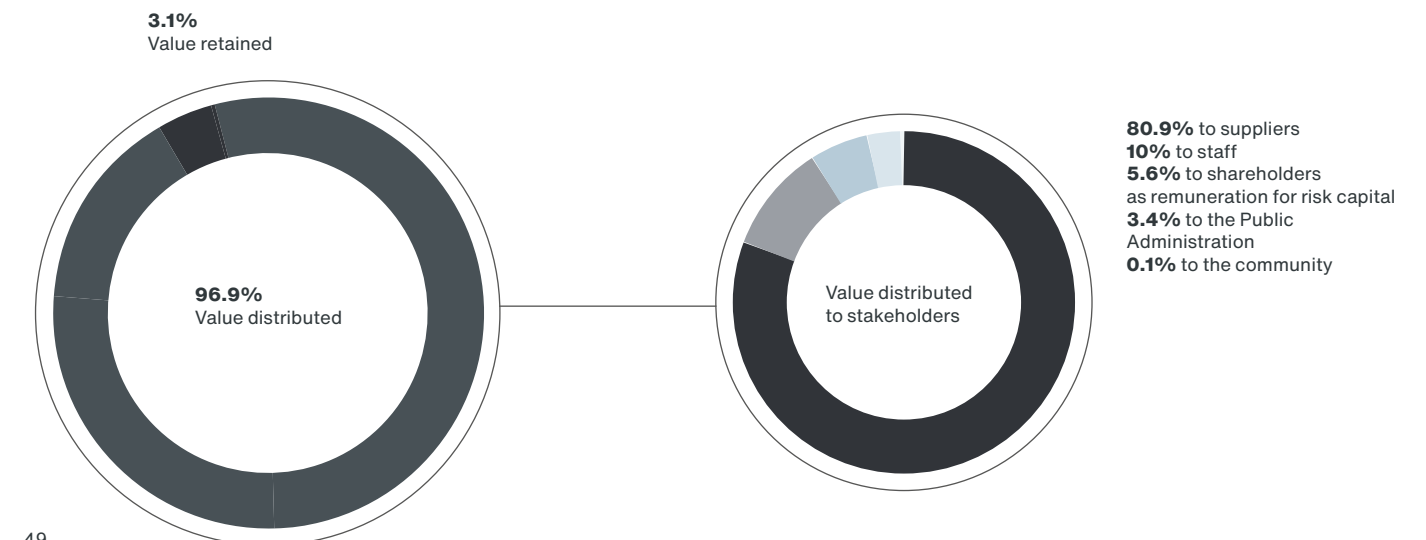
The economic value we generate is the main indicator of the financial sustainability of our business - it is proof of the soundness of our growth strategies and the efficacy, efficiency and cost-effectiveness of our management. The share of distributed value, on the other hand, represents our company's ability to share these resources with the entire system, with particular reference to some of the main stakeholder categories (employees, lenders, shareholders, public administration and the community). In the three years of the reporting period, the value we have generated has always grown: in particular, in 2022 we recorded a 20% growth compared to 2021.



<b>ECONOMIC VALUE GENERATED AND DISTRIBUTED</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>A. Economic value produced</b>	<b>127,056</b>	<b>138,662</b>	<b>166,448</b>
<b>B. Economic value distributed</b>	<b>120,732</b>	<b>137,738</b>	<b>161,257</b>
Economic value for suppliers	94,159	105,385	130,419
Economic value for employees	13,631	14,862	16,139
Economic value for the Public Administration	3,826	4,338	5,538
<b>Economic value for shareholders</b>	<b>9,088</b>	<b>13,076</b>	<b>9,076</b>
Economic value for the community	28	77	85
<b>(A-B) Economic profit retained</b>	<b>6,324</b>	<b>924</b>	<b>5,191</b>

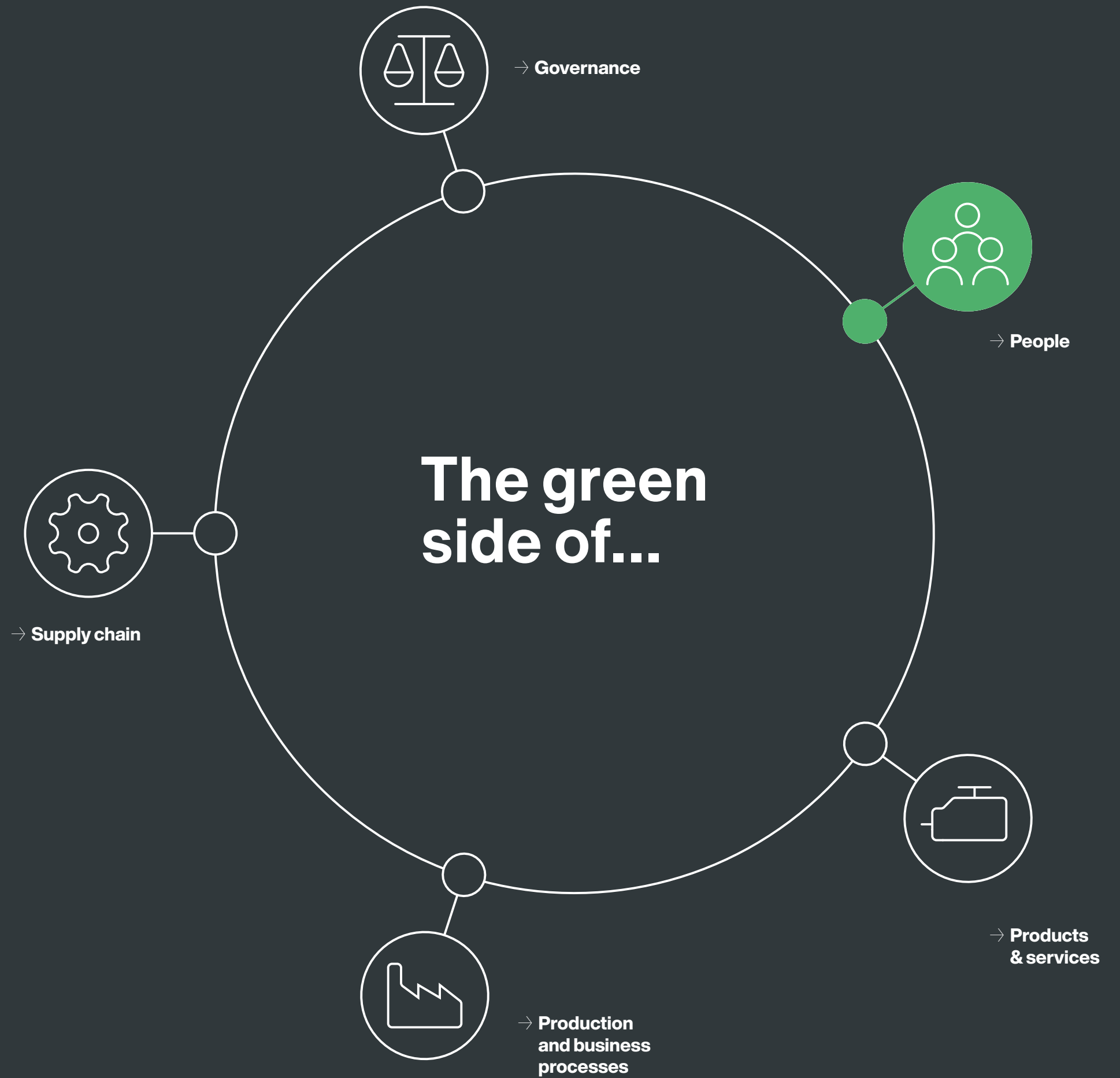
In thousands of euro

## Economic value generated, retained and distributed



# People

- 56 Growth starts from the people
- 57 Our workforce
- 60 Recruitment and turnover
- 61 Training and careers
- 63 Wellbeing of people
- 66 Equal opportunities and remuneration
- 68 Occupational health and safety
- 74 Communication



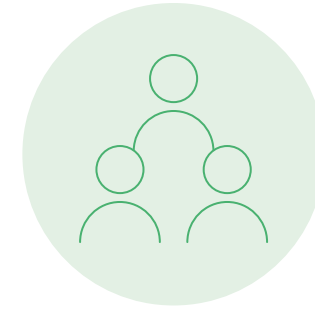


# When the team is everything.

At SEW-EURODRIVE we believe that individual talent is no longer enough: to provide an impeccable service, all departments must be excellent and, above all, they must keep in step with each other.

Our culture and social responsibility is built around enabling people to express their potential. Accordingly, enabling people to grow through delegation and widespread responsibility is central to the empowerment of our entire company. Unleashing more and more creative energies is the real challenge we want to win today.

The goal - also represented by our vision - is to bring about a fertile environment, a 4.0 culture that unlocks everyone's potential. Creating corporate culture is the linchpin of our strategy and embodies our vision.



## +7.6%

growth trend of the workforce, net of departures

# 213

total employees

## 100%

permanent contracts

# 25%

proportion of women in the total (23% in 2021)



## 30%

employees with a degree or secondary school diploma



**In 2022, we embarked on an ambitious training programme for the empowerment of the female contingent.**

# 6,314

hours of training provided

# 199

people involved

# 31.7

hours per person

# Goals

The table summarises the corporate goals for the area of People with an impact on sustainability, broken down by ESG topics, strategic actions and areas of development.

PEOPLE						
Sustainability goals	ESG topics	Actions	Indicators	Target 2023	Target 2024	Target 2025
Implement agile and trust-based HR management with a high impact on growth	Dissemination and growth of a sustainable culture	Strengthen partnerships with secondary schools, universities, local and governmental authorities, with the aim of making a positive impact on society	Number /percentage of active partnerships	6 active partnerships	7 active partnerships	8 active partnerships
	Enhance skills and wellbeing	Implement agile management models with a focus on enhancing and improving the quality and speed of decision making to create an excellent, trust-based working environment	Percentage of population fully assessed Result of Great Place to Work (GPTW) Trust Index score	100% of population fully assessed Result of Trust Index survey score GPTW 60%	GPTW Trust Index: 68%	GPTW Trust Index: 73%
		Create a team of energy consultants with a focus on energy management with related training support.	Percentage of positions staffed and trained	Identification of people	100% positions required staffed with trained personnel	
Ensure high standards of health and safety	Occupational health and safety	Develop an H&S risk management system, based on recognising the risk, continuous assessment and prevention	Percentage completed	75%	85%	100%
Develop an inclusive environment that fully embraces diversity	Gender equality	Increase the number of women employed, with a predominance in management, smart factory, sales and technical support	Percentage of women / total employees	onboarding of 1 woman in management and 28% women hired	29% women	30% women
		Ensure fair pay in terms of gender and ethnicity	Percentage wage gap based on market benchmarks	-	-	0% wage gap based on market benchmarks
		Hire at least one person under 30 in each department	Percentage departments with at least one person under 30	33%	66%	100%



PEOPLE



## People: ESG topics

- + Occupational health and safety - **material topic**
- + Dissemination and growth of a sustainable culture - **material topic**
- + Gender equality
- + Digital culture
- + Enhance skills and wellbeing



# Growth starts from the people

We have known for some time that our business has changed.

We have moved from a “product-based” rationale to a “solution/system-based” approach. For a company like ours, with a successful history of over 90 years, 50 of which in Italy, this transition represents a major change. Selling a product is, in fact, completely different from selling a solution/system. We gradually want to become 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 the company is able to convey to the customer). To succeed against the competition, it is crucial to increasingly focus on something that makes us stand out - service, which only people can provide.

## We have known for some time that our business has changed.

This is the origin of our commitment to support a management and social policy model based on engagement and trust between management and employees, both through continuous training to convey a leadership style in line with the times, and through systems for assessing mood and management that involve all employees.

For some time now, we have introduced a comprehensive assessment for management as a means of fostering consistency between declarations of intent and actions. As of 2023, we will extend this model to the entire company population, demonstrating our determination and conviction in pursuing a cultural transformation to support the business.

## We have moved from a “product-based” rationale to a “solution/system-based” approach.

## From health to wellbeing

We believe it is essential to focus on people's health and safety in a broad sense, with a view to overall wellbeing in the workplace. We place great emphasis on monitoring everyone's wellbeing by providing an open, listening and trusting atmosphere. This is why, periodically, we take part in the Great Place To Work® survey and we are pleased to have obtained both the national certification that seals our commitment to people and recognition as one of the leading Italian companies ranked for quality of the workplace for production lines.

## Skills for a changing world

Training is a fundamental pillar of our social policy. Against the background of rampant digitisation and agile management models, the upskilling and reskilling of people is becoming increasingly strategic. To this end, we have embarked on an ambitious training plan whereby the entire company population will receive basic coding and computational thinking skills. For some positions, we have initiated advanced training programmes in data literacy and data governance.

## Female empowerment

Another mainstay of internal training is the ambitious programme we have launched for the empowerment of the female population. One interesting aspect of this is the participation of management in the first place, who have become aware of the importance of not falling into gender stereotypes when exercising their leadership. The next step of this initiative, which will be implemented in 2023, will be raising the same awareness in all female staff members to empower their own development potential.

Our training programmes cover three areas:

- + soft skills
- + technical and specialist skills
- + quality and safety

# Our workforce



The number of employees has grown by 7.6% in 2022 compared to the prior year. Over the three reporting years, the percentage of women out of the total increased from 22% to 25%, although there are no women managers.

WORKERS BY POSITION	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
MANAGERS	11	0	11	11	0	11	9	0	9
MIDDLE MANAGERS	21	2	23	20	3	23	28	3	31
OFFICE WORKERS	78	40	118	82	41	123	81	46	127
MANUAL WORKERS	43	0	43	41	0	41	41	5	46
<b>TOTAL*</b>	<b>153</b>	<b>42</b>	<b>195</b>	<b>154</b>	<b>44</b>	<b>198</b>	<b>159</b>	<b>54</b>	<b>213</b>

\*workers at 31/12 (unlike last year's report, where the average for the year was reported)

Very few of our workers are not employees: we have only 12 people on temporary contracts, 5 interns and 7 agency staff.

**12**  
People on temporary contracts

TYPE OF CONTRACT*	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
Agency employees	0	0	0	0	3	3	3	4	7
Interns	4	0	4	3	3	6	3	2	5
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>6</b>	<b>9</b>	<b>6</b>	<b>6</b>	<b>12</b>

\*Workers who are not employees

The largest functional area is Sales in the Drive Center, followed by Operations, located in the Solaro headquarters.

WORKERS BY FUNCTIONAL AREA*	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
Administration, Finance and Credit	3	7	10	3	7	10	3	8	11
General Management, Marketing, IT, HR	7	5	12	6	5	11	7	6	13
Operations	50	7	57	50	9	59	48	15	63
Innovation Technology - Customer Service	22	3	25	21	3	24	24	5	29
Industry Management - Central Sales	10	4	14	10	5	15	9	5	14
<b>TOTAL SOLARO</b>	<b>92</b>	<b>26</b>	<b>118</b>	<b>90</b>	<b>29</b>	<b>119</b>	<b>91</b>	<b>39</b>	<b>130</b>
<b>Drive Center (DC)</b>	<b>61</b>	<b>16</b>	<b>77</b>	<b>64</b>	<b>15</b>	<b>79</b>	<b>68</b>	<b>15</b>	<b>83</b>
of which:									
Milan	13	4	17	13	3	16	14	2	16
Bologna	15	6	21	16	6	22	16	6	22
Turin	10	2	12	10	2	12	11	2	13
Verona	14	3	17	16	3	19	16	3	19
Caserta	9	1	10	9	1	10	11	2	13
<b>TOTAL</b>	<b>153</b>	<b>42</b>	<b>195</b>	<b>154</b>	<b>44</b>	<b>198</b>	<b>159</b>	<b>54</b>	<b>213</b>

\*workers at 31/12 (unlike last year's report, where the average for the year was reported)

The proportion of young people in the company, aged under 30, increased from 3.5% in 2021 to 7% in 2022.

AGE BRACKET*	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
<30 years old	12	3	15	4	3	7	6	9	15
31-50 years old	85	30	115	86	27	113	102	28	130
>50 years old	56	9	65	64	14	78	51	17	68
<b>TOTAL</b>	<b>153</b>	<b>42</b>	<b>195</b>	<b>154</b>	<b>44</b>	<b>198</b>	<b>159</b>	<b>54</b>	<b>213</b>

\*workers at 31/12 (excluding interns and agency staff)

59% of the employees a secondary school graduates. In addition to this percentage, 30% of employees have a university degree (bachelor's and specialisation) or higher.

WORKERS BY EDUCATIONAL QUALIFICATIONS*	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
MIDDLE SCHOOL	26	0	26	25	0	25	23	0	23
SECONDARY SCHOOL DIPLOMA	88	32	120	78	31	109	88	38	126
BACHELOR'S DEGREE	6	5	11	10	6	16	13	6	19
SPECIALISATION	29	2	31	37	5	42	31	10	41
POSTGRADUATE	4	3	7	4	2	6	4	0	4
<b>TOTAL</b>	<b>153</b>	<b>42</b>	<b>195</b>	<b>154</b>	<b>44</b>	<b>198</b>	<b>159</b>	<b>54</b>	<b>213</b>

\*workers at 31/12 (excluding interns and agency staff)

## Types of contract

Almost all employees have a permanent contract, and 3.8% of the total workforce have a part-time contract.

**7%**

proportion of young people under 30

**3.8%**

part-time workers

**30%**

employees with a degree or secondary school diploma

TYPE OF CONTRACT	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
EMPLOYEES ON PERMANENT CONTRACTS	153	42	195	153	43	196	159	53	212
EMPLOYEES ON TEMPORARY CONTRACTS	0	0	0	1	1	2	0	1	1
<b>TOTAL EMPLOYEES*</b>	<b>153</b>	<b>42</b>	<b>195</b>	<b>154</b>	<b>44</b>	<b>198</b>	<b>159</b>	<b>54</b>	<b>213</b>

\*workers at 31/12 (unlike last year's report, where the average for the year was reported)

FULL-TIME & PART-TIME WORKERS	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
FULL-TIME	153	34	187	154	36	190	159	46	205
PART-TIME	0	8	8	0	8	8	0	8	8
<b>TOTAL*</b>	<b>153</b>	<b>42</b>	<b>195</b>	<b>154</b>	<b>44</b>	<b>198</b>	<b>159</b>	<b>54</b>	<b>213</b>

\*For the three years in the table, the numbers of workers at 31/12 were reported (unlike last year's report, where the average for the year was reported).



# Recruitment and turnover

We firmly believe that business development must go hand in hand with creating and protecting jobs. And this is where our strong focus on the professionalism of each employee stems from; at the same time, we try to raise their awareness of the importance of always putting themselves out there and stepping out of their comfort zone.

In order to achieve this, people need to be fit for the challenges of change that we want to set ourselves. Therefore, our recruitment processes are very scrupulous and are based on interviews with the HR and line functions and on analysis tools, such as the DISC model, which photographs behavioural and communication styles.

Company onboarding is facilitated by what is known as the Induction Plan, whereby new recruits get to know all company functions and make themselves known.

In order to retain talent, we try to offer a value-added environment where people can experience a trusting atmosphere and grow professionally on the basis of their aptitudes and motivation. Periodic feedback and development interviews, participation in training courses, an individual and collective performance rating system, and a compensation model that takes market benchmarks into account result in low company turnover, net of retirements.

In 2022, 28 new employees were hired, all of them under 50, while 11 resources left, 63.6% of them over 50.



HIRES*	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
<30	1	0	1	4	1	5	2	7	9
hiring rate	8%	0%	7%	100%	33%	71%	33%	78%	60%
30-50	5	1	6	7	1	8	13	5	18
hiring rate	6%	3%	5%	8%	4%	7%	13%	18%	14%
>50	2	0	2	0	0	0	1	0	1
hiring rate	4%	0%	3%	0%	0%	0%	2%	0%	1%
<b>TOTAL</b>	<b>8</b>	<b>1</b>	<b>9</b>	<b>11</b>	<b>2</b>	<b>13</b>	<b>16</b>	<b>12</b>	<b>28</b>
<b>hiring rate</b>	<b>5%</b>	<b>2%</b>	<b>5%</b>	<b>7%</b>	<b>5%</b>	<b>7%</b>	<b>10%</b>	<b>22%</b>	<b>13%</b>

\* The percentages in the table of hires are expressed as new hires/employees at 31/12 in the corresponding age bracket.

TERMINATIONS*	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
<30	5	0	5	1	0	1	0	0	0
termination rate	42%	0%	33%	25%	0%	14%	0%	0%	0%
30-50	2	0	2	4	1	5	2	2	4
termination rate	2%	0%	2%	5%	4%	4%	2%	7%	3%
>50	2	0	2	4	0	4	7	0	7
termination rate	4%	0%	3%	6%	0%	5%	14%	0%	10%
<b>TOTAL</b>	<b>9</b>	<b>0</b>	<b>9</b>	<b>9</b>	<b>1</b>	<b>10</b>	<b>9</b>	<b>2</b>	<b>11</b>
<b>termination rate</b>	<b>6%</b>	<b>0%</b>	<b>5%</b>	<b>6%</b>	<b>2%</b>	<b>5%</b>	<b>6%</b>	<b>4%</b>	<b>5%</b>

\* The percentages in the table of terminations are expressed as terminations/employees at 31/12 in the corresponding age bracket.

# Training and careers

To be able to rely on adequately trained professional resources that are up to the challenges of the company and the market, we prepare an employee training plan based on the training needs defined annually by each department. This process expresses the budget required to address the needs of the various departments, the standard training paths for each professional position/family and the strategic projects underlying the new challenges.

The type of course determines how it will be used.

In 2022, we conducted awareness-raising initiatives for management and the entire population through plenary sessions, also with the support of external consultants. One particular highlight was a specific session to raise awareness of sustainable modes of transport, primarily electric mobility.

Type of training

- + face-to-face in classroom
- + on-the-job training
- + e-learning
- + videoconferencing
- + Train-the-Trainer

## Total hours of training provided and staff involved in training

NO. OF TRAINING HOURS*	2020		2021		2022	
	M	W	M	W	M	W
MANAGERS	714	0	853	0	1,271	0
MIDDLE MANAGERS	736	60	865	144	1,315	163
OFFICE WORKERS	553	424	1,606	1,129	2,269	773
MANUAL WORKERS	88	0	435	52	499	24
<b>HOURS OF TRAINING BY GENDER</b>	<b>2,091</b>	<b>484</b>	<b>3,759</b>	<b>1,325</b>	<b>5,354</b>	<b>960</b>

\*hours of learning (classroom hours x no. of learners)

NO. PEOPLE INVOLVED IN TRAINING	2020		2021		2022	
	M	W	M	W	M	W
MANAGERS	11	0	11	0	10	0
MIDDLE MANAGERS	20	2	22	3	26	3
OFFICE WORKERS	28	15	65	39	82	46
MANUAL WORKERS	16	0	14	0	30	2
<b>TOTAL</b>	<b>75</b>	<b>17</b>	<b>112</b>	<b>42</b>	<b>148</b>	<b>51</b>

There are three types of training areas:

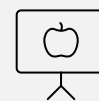
- + Cross-cutting: focused on building skills common to multiple company roles (communication, leadership, languages, coding, digitisation, coaching);
- + Technical-Specialist: focused on building skills specific to each corporate role;
- + Quality - Safety - Environment: focused on developing skills in the areas of Quality, Safety, Environment.



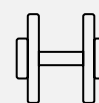
TRAINING HOURS* BY TYPE OF SKILL	2020		2021		2022	
	M	W	M	W	M	W
Cross-cutting training	1,242	292	1,449	558	2,195	406
Specialist - technical training	783	192	677	171	2,274	360
Health, quality and safety training	66	0	1663	596	885	194
<b>TOTAL</b>	<b>2,091</b>	<b>484</b>	<b>3,759</b>	<b>1,325</b>	<b>5,354</b>	<b>960</b>

COST OF TRAINING BY TYPE OF SKILL	2020		2021		2022	
	M	W	M	W	M	W
Cross-cutting training	79,800	6,800	116,385	35,314	110,160	34,760
Technical - specialist training	3,000	3,213	5,500	3,550	24,787	15,740
Training in Health, quality and safety	1,810	160	15,175	3,320	17,652	2,740
<b>Total by gender</b>	<b>84,610</b>	<b>10,173</b>	<b>137,060</b>	<b>42,184</b>	<b>152,599</b>	<b>53,240</b>
<b>TOTAL</b>	<b>94,783</b>		<b>179,244</b>		<b>205,839</b>	

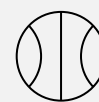
In 2022 we promoted various training activities to boost cross-cutting strategic skills, in order to address the growing complexity in a context of digital transformation:



a training course that involved the entire company population to provide the basics of coding and computational thinking, which are essential skills to tackle current and future challenges;



people management courses for team leaders;



business coaching courses for managers;



a course for management to raise awareness of stereotypes that influence managerial action. This initiative is the first stage of a more structured course that will involve the entire female population in a path of empowerment and promotion of female leadership;



a digital sales course to support digital transformation in sales;

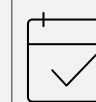


a data governance course to promote a data-driven business model and develop the skills to handle big data;



a highly specialised course in machine learning to boost technical-application skills and generate value for the customer.

We also help the development of our people by setting up individual development paths. More specifically, different types of individual development paths have been implemented, incorporating a variety of approaches, tools and information:



Individual DISC profile



Personal improvement areas and expectations that emerged in feedback and development interviews with the individual's manager



Company, area and individual training needs



Individual job category and salary profile.





# Wellbeing of people

Our people-centric vision is further proof that the wellbeing of our employees is at the heart of our social policies.

The Smart Factory at Solaro relieves workers of many repetitive tasks, raising the overall standard of ergonomics quality at each workstation. The AGV smart shuttles act both as a trolley for transporting semi-finished products inside the factory and as a dynamic workbench. This way, each shuttle is self-regulating and adapts to the assembly activity and physical features of each employee. This brings benefits both in terms of increased productivity and improved working conditions in the factory.

Wellbeing and attentiveness to employees also means promoting a welfare policy full of functional and efficient social services, income support and work-life balance. Accordingly, we are aware of the part that private companies play in supporting and incorporating public policies. If strategically managed, this role may be an opportunity and a driver of innovation in terms of:

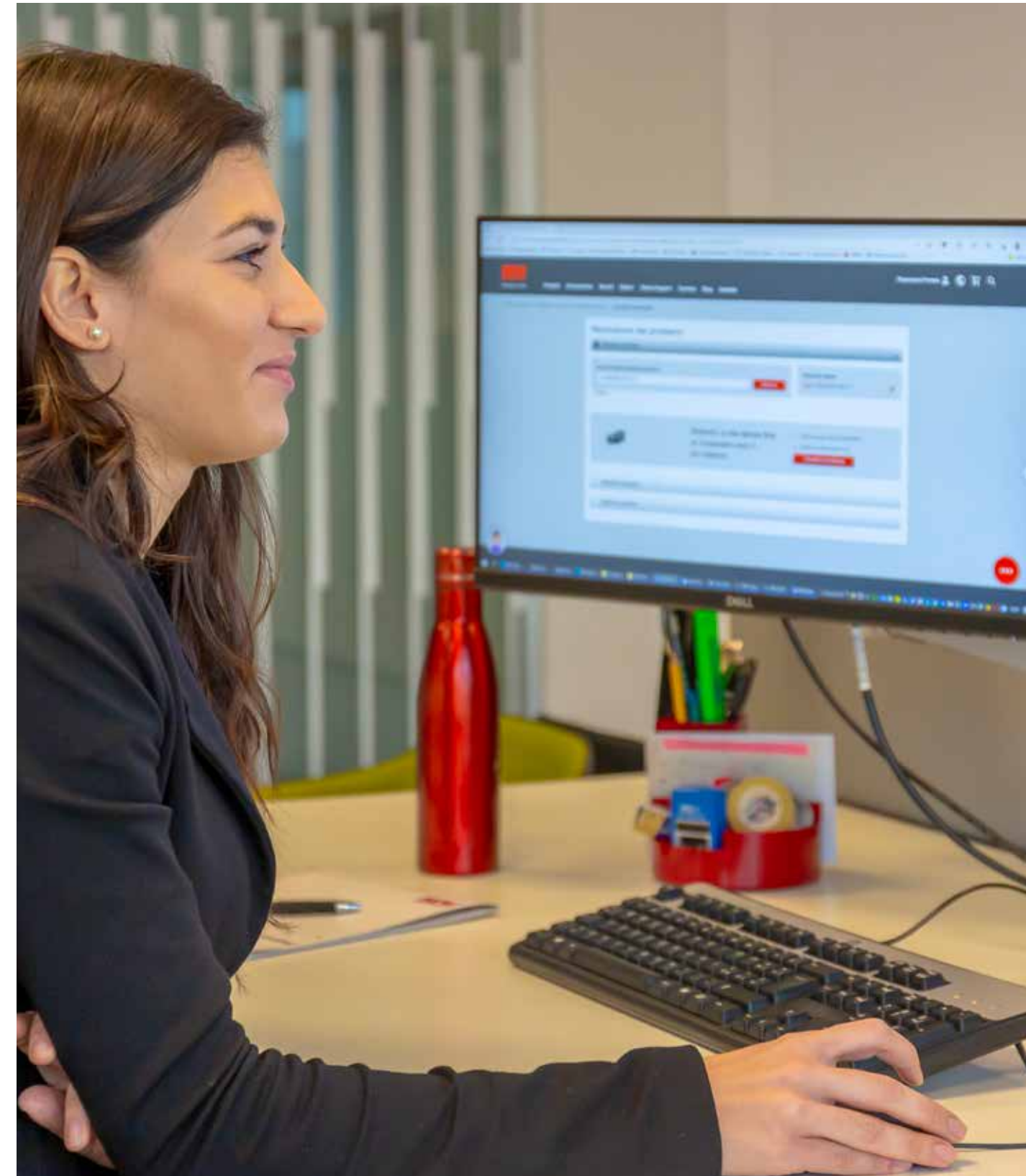
- + Relations between company and workers, and between company and local bodies and institutions
- + Family income support by means of services with high added value

Based on these considerations, we have a plan called SEWelfare that offers numerous services in three areas: work-life balance and time-money saving; healthcare protection; family support.

- 1 Flexible working hours
- 2 Supplementary pension
- 3 Insurance cover against accidents and disability
- 4 Life insurance
- 5 Readiness to grant part-time
- 6 Extension of paternity leave
- 7 Time-saving service (laundry, mail, car servicing/washing, on-site package delivery)
- 8 Filling out tax form 730
- 9 On-top credit on welfare portal
- 10 Supplementary healthcare
- 11 Pink parking spaces for pregnant women
- 12 Paid time off for medical examinations
- 13 Covid-19 services (epidemiological screening for employees and their families)
- 14 Counselling service
- 15 Study grants for employees' children
- 16 Internships in the company for employees' children
- 17 Company discounts
- 18 Employee loans
- 19 Restaurant tickets

	Workers on permanent contracts	Workers on temporary contracts	Workers full-time	Workers part-time
The main welfare services	1 2 3 4	1 4 5 6	1 2 3 4	1 2 3 5
	5 6 7 8	7 8 9 10	5 6 7 8	6 7 8 9
	9 10 11 12	11 12 13 14	9 10 11 12	10 11 12 13
	13 14 15 16	15 16 17 18	13 14 15 16	14 15 16 17
	17 18 19	19	17 18 19	18 19

WORKING FROM HOME	2021			2022		
	M	W	Tot.	M	W	Tot.
Number of employees who worked from home	110	44	154	109	50	159
% of people working from home on the total	71%	100%	77%	68%	93%	74%
Total no. days working from home	5,899	3,567	9,466	4,310	3,120	7,430
% of days on total no. days working from home	18%	43%	23%	13%	33%	18%



PEOPLE

# Equal opportunities and remuneration

We adopt two types of management models to foster equal opportunities and equity:

+ Competencies-based model: our recruitment, merit-based recognition and performance evaluation and development systems are all primarily based on the competencies model, which by definition is a model that ensures equity in day-to-day management;

+ Compliance model: the code of ethics on the one hand (which places great emphasis on the importance of ensuring equal opportunities and fair treatment) and the system of reporting violations to the compliance structure on the other hand ensure an adequate system for stamping out discrimination.

We continue to work on improving pay equity.



FIXED GROSS ANNUAL EARNINGS RATIO - WOMEN/MEN - BY CATEGORY	2020	2021	2022
	W/M	W/M	W/M
MIDDLE MANAGERS	0.82	0.94	0.92
OFFICE WORKERS			
B1	0.96	0.94	0.91
B2	0.86	0.84	0.84
B3	-	-	0.83
C2	0.97	0.98	-
C3	0.94	0.94	0.90
MANUAL WORKERS			
C1	-	-	0.98
C2	-	-	0.93

People who are hired during the year receive an amount proportionate to their months of service. Hence the apparent imbalance in the ratio of women to men, with particular reference to the "manual workers" category, where five people were hired in 2022.



RATIO VARIABLE EARNINGS* WOMEN/MEN BY JOB CATEGORY**	2020	2021	2022
	W/M	W/M	W/M
MIDDLE MANAGERS	0.76	0.97	1.06
OFFICE WORKERS			
C2	0.96	0.76	1.07
C3	0.79	0.74	0.89
B1	0.84	0.77	0.81
B2	0.72	1.13	0.84
B3	-	-	0.76
MANUAL WORKERS			
C1	-	-	0.54
C2	-	-	0.45

\*excluding interns and agency staff

\*\*Variable bonuses are amounts actually received in the year in question. Eligible persons are people hired on a permanent contract after successfully completing the probationary period.

PROTECTED CATEGORIES	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
OFFICE WORKERS	4	4	8	4	5	9	4	6	10
MANUAL WORKERS	2	0	2	2	0	2	1	0	1
<b>TOTAL</b>	<b>6</b>	<b>4</b>	<b>10</b>	<b>6</b>	<b>5</b>	<b>11</b>	<b>5</b>	<b>6</b>	<b>11</b>

PARENTAL LEAVE	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
No. of employees who were entitled to this leave	8	6	14	11	3	14	6	5	11
No. of employees who took leave	7	6	13	11	3	14	6	5	11
No. of employees who returned to work after parental leave	7	6	13	11	3	14	6	5	11
No. of employees who returned to work after parental leave who are still employees at SEW in the 12 months after returning	7	6	13	10	3	13	6	5	11
<b>Rate of return</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Retention rate*</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>91%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* No. of employees who remained in the company for 12 months after returning to work after parental leave/No. of employees who returned from parental leave in the previous reporting period.



# Occupational health and safety

ACCIDENTS EMPLOYEES	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
No. of deaths caused by accidents in the workplace	0	0	0	0	0	0	0	0	0
Total no. of accidents in the workplace recordable	1	0	1	1	0	1	1	0	1
No. of accidents with serious consequences*	0	0	0	0	0	0	0	0	0
Total hours worked	254,791	62,857	317,648	264,263	71,040	335,303	262,578	75,478	338,056
Rate of accidents in the workplace with serious consequences**	0	0	0	0	0	0	0	0	0
Rate of accidents in the workplace recordable**	0.39	0.00	0.31	0.38	0.00	0.30	0.38	0.00	0.30

\* leading to a death or injury from which the worker cannot recover, does not recover or cannot realistically be expected to fully regain their health prior to the accident within 6 months.

\*\* Rate calculated as (total number of accidents / hours worked) X 100,000

HEALTH SURVEILLANCE	2020			2021			2022		
	M	W	Tot.	M	W	Tot.	M	W	Tot.
Medical check-ups	107	18	122	94	16	110	119	32	151
Fitness to work out of no. of medical check-ups	80	3	81	56	2	58	66	8	74
Fitness to work with requirement and restrictions out of no. of medical check-ups carried out	26	15	41	38	14	52	53	23	76
Temporary unfitness to work out of no. of medical check-ups carried out	1	0	1	0	0	0	0	1	1
No. of reports of occupational diseases	0	0	0	0	0	0	0	0	0

The data in the tables above do not include agency staff. In 2022, there were 2 accidents involving agency staff, both of a non-serious nature.

There were no recorded:



Deaths as a result of accidents in the workplace



Occupational accidents with serious consequences for the worker involved



Deaths caused by occupational diseases

For us, the health and safety of people is not a mere indicator, it's the only way to operate. The mission of the health and safety function is to contribute to business development by minimising risks.

The principles of operational excellence:

- + Safety starts first and foremost with the behaviour of workers;
- + Everyone is involved, no-one is excluded;
- + There is no such thing as zero risk;
- + Zero accidents as a common goal, every day and in every condition.

In 2022, the Health, Safety and Quality (HSQ) function internally developed the first version of the occupational health and safety management system (SGSL) to control, monitor, evaluate and improve all aspects of prevention and protection.

The model is built on the basis of compliance with the regulatory requirements set out in particular in Italian Legislative Decree 81/08 and the current body of legislation.

Process standardisation and continuous improvement are fully embedded in the model.



The Prevention and Protection system is made up of 8 ELEMENTS that include all the main aspects:

- + PILLAR 1: Commitment of top management
- + PILLAR 2: Management of risks and hazards
- + PILLAR 3: Safety of equipment, work tools, plant and machinery verification
- + PILLAR 4: Continuous training
- + PILLAR 5: Safety management external enterprises and companies
- + PILLAR 6: Accident review
- + PILLAR 7: Emergency preparedness and response
- + PILLAR 8: Recognising the risk

Each pillar is made up of several "requirements", which are also evaluated by the Prevention and Protection Service (SPP) by means of a checklist and an associated score that measures the degree of maturity achieved by the SGSL.

The company's target is set at a higher level of implementation each year, through a long-term programme, to reach the total degree of implementation of the 8 pillars and the 40 sub-assessed requirements.

# 1

## Commitment of top management

All managers work on applying best practice in health and safety.

**Purpose:** to ensure that safety is one of the company's priorities, with visible commitment and investment

### How:

- + Reviewing safety performance and events
- + Allocating responsibilities
- + Discussing procedures, regulations and application
- + Analysing deficiencies, searching for continuous improvement solutions

# 2

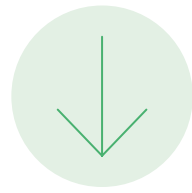
## Recognising the risk

**Purpose:** Identifying hazards, assessing risks and investigating incidents.

Reporting of observed criticalities and proposals for improvement to reduce risks are the key to success in this area.

Risks are assessed by the Prevention and Protection Service Officer (RSPP), in consultation with the Employer and with the support of the supervisors and workers. The assessment method involves completing a matrix R = PxD (Risk = Probability x Damage) for each generic and specific risk identified in the workplace.

The input data is collected directly in the workplace, sometimes with the intervention of external consultants and technicians, and 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 Corrective Action, Preventive Action (CAPA) plan, which sets out the specific actions, timeframes, responsibilities and priorities of response.



# 3

## Equipment, work tools, plant verification

This technical pillar encompasses risk assessments, technical reports and field audits for operational aspects such as working at height, handling flammable substances, industrial handling equipment, trip and fall prevention, etc.

# 4

## Continuous training

We believe in the importance of training resources also in health and safety. Indeed, developing job-specific skills and general compulsory training are a fundamental part of the system. This way, workers can demonstrate the skills they have acquired in relation to their job responsibilities.

Training and, where applicable, specific training take place:

- + when the employment (or agency supply) relationship begins
  - + when transferring or changing jobs
  - + when new work equipment or new technologies, new hazardous substances and preparations are introduced
- The health and safety training programme (training masterplan) is managed by the HR and HSQ functions and is structured in macro-steps:
- + analysis of general training needs (certification deadlines, regulatory requirements, job descriptions)
  - + collection of individual workers' needs (based on job risks)
  - + definition and approval of training budget
  - + selection and involvement of external (accredited) training school
  - + annual action planning
  - + successfully completed test and handover of certificates. The courses are split into compulsory (state-region agreement) and specific (job-related).

### Indicators of the 2022 training masterplan:

- + 143 workers trained and involved in at least one learning module
- + 1,100 hours of training provided (both e-learning and in-person)
- + 20 different modules
- + 38 classes managed

# 5

## Prevention and mitigation of health and safety impacts for contracted technical operations

Companies working in our area must operate in a manner consistent and compatible with our environmental, health and safety policies and procedures.

We have developed a specific safety procedure for the management of contractors in accordance with Title IV of Italian Legislative Decree 81/08. As the commissioning company, we verify the professional eligibility and compliance with safety regulations of all suppliers and contractors, where applicable, by obtaining supporting documentation (absence of disqualification measures, self-certification of professional eligibility, compliance with social security contributions, employment contracts, training and education certificates, etc.). We prepare an assessment of risks generated by interference between activities conducted simultaneously in the workplace (DUVRI) for each supplier. This document contains information on the company's risks and any risks introduced by the supplier.

The Prevention and Protection Service, with the support of external expert consultants, assesses the conformity of the documents received from the companies and approves their operation in the event of a positive outcome.

# 6

## Analysing incidents and finding causes

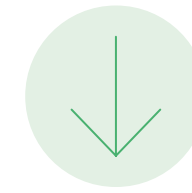
The culture of reporting is widespread in the company as a means of communicating abnormalities and critical conditions in order to prevent accidents and emergencies. Reports that include risks and hazards reach the RSPP, who analyses the incident and classifies it according to type. In the event of an accident or near miss, we first speak with the injured or otherwise affected person, if possible; if not, we use the testimonies of the personnel present

### Phase

- Urgent response based on severity of event
- Verify
- Description of facts, analysis of causes
- Countermeasures
- Verify

### Purpose

- Make the worker safe in the event of an accident or indisposition
- Impact, damage, circumstances of the accident
- Identify cause and effect relationships (5W1H, 5 whys, fishbone)
- Corrective technical-managerial-organisational action (e.g. on the training of workers in order to correct any gaps in the training of personnel involved in the incident to eliminate further occurrences of the same nature)
- Effectiveness of countermeasures, preventive and corrective actions



and postpone the interview with the person until as soon as possible (usually when they return to the company).

We use a root cause investigation model that analyses key information to guide the analysis of the event such as:

- + Circumstances that led to the event
- + Interviews of the persons involved
- + What exactly happened
- + Triggering factors
- + Analysis of apparent cause
- + Root cause analysis for complex and serious events
- + Corrective/preventive actions

### Safety pyramid

- + Accident (breakdown by days of absence)
- + Fire/explosion
- + Dressing (treatment without days of absence and not hospitalised)
- + Near miss
- + Unsafe action
- + Unsafe condition

### Managing events

In the case of an event relating to the health and safety of workers (nonconformity), we act as follows:



# 7

## Emergency preparedness

Emergency preparedness and response plans are documented, accessible and clearly communicated.

Equipment, facilities and appropriately trained professionals for emergency response are defined and immediately available.

Simulations and drills are conducted on planned response methods for specific emergency scenarios.

# 8

## Recognising the risk

Prevention is based on techniques for observing unsafe conditions and reporting abnormalities. In order to build up the safety pyramid, events without consequences for property and persons but important for eliminating the probability of an accident are reported - unsafe conditions, unsafe actions and near misses respectively.

## Field service actions

Field operations at our customers' facilities (domestic and foreign area) are managed by means of a standardised workflow with the aim of protecting off-site workers, by means of a pre-assessment of the operation and a document check during the planning phase.

All our technical consultants and service operators undergo continuous training by means of courses for Expert Person (PES), Informed Person (PAV), work at height, use of Mobile Elevating Work Platforms (MEWPs), Personal Protective Equipment (PPE) management, and forklift driving, which not only provide role-specific technical knowledge and skills, but also minimise possible personal injury, thereby safeguarding the safety and health of workers.

## Occupational health services

According to legislation, health surveillance is entrusted to the (external) occupational physician.

The occupational physician collaborates and cooperates with the SPP on aspects such as:

- + content and updates of Risk Assessment Document (DVR);

- + major changes in the production process, company organisation and working methods that may impact on the risk;

- + evidence of workplace inspections;

- + regular meetings;

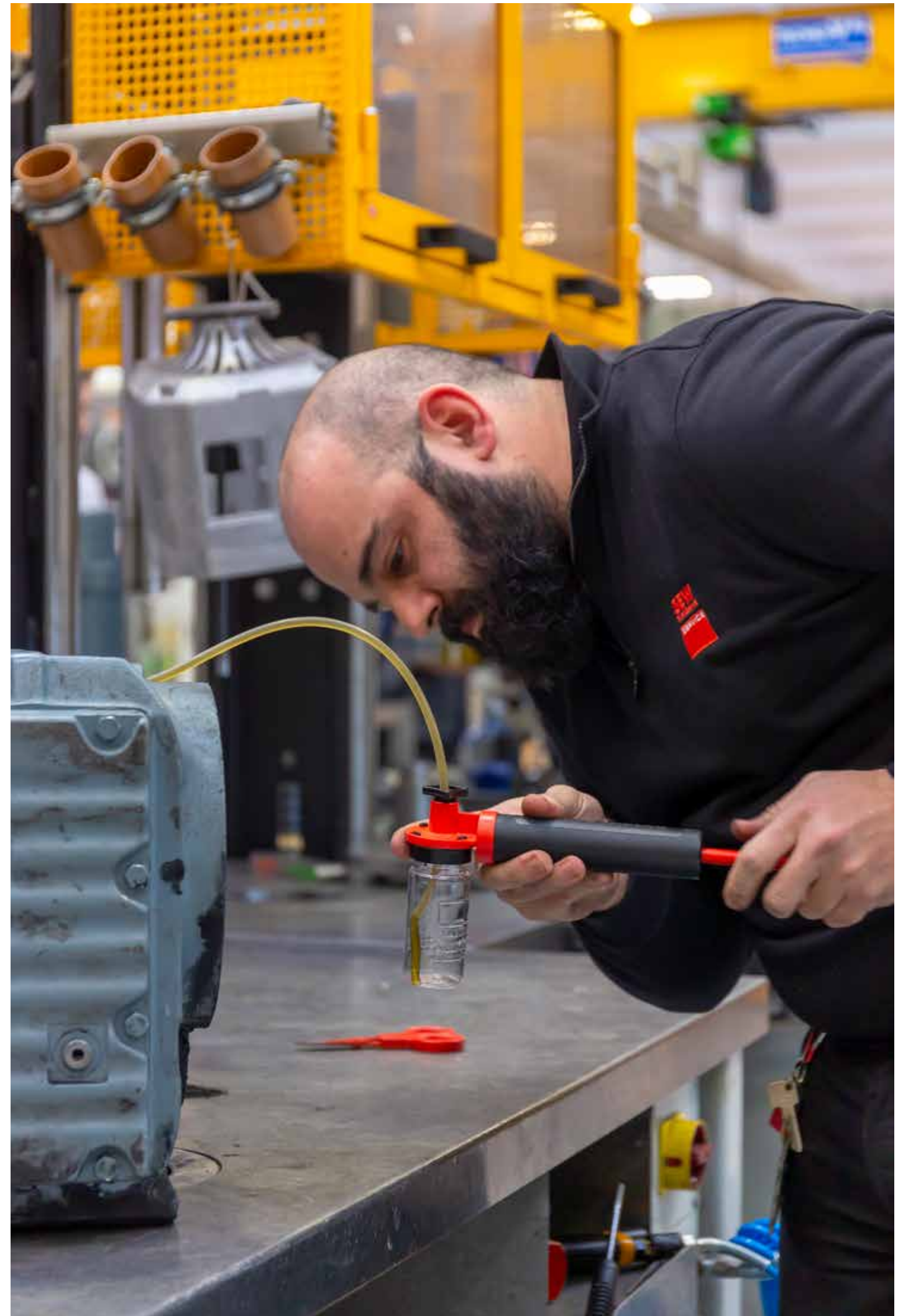
- + identification and definition of job-related risk profiles.

The company health protocol was defined and prepared thanks to the collaboration of the occupational physician.

On the basis of the job descriptions assessed in the DVR, a "plan of check-ups" was structured, defining which health checks (preventive and periodic) are considered necessary to guarantee the health of all workers exposed to the various job-specific risks (clinical examinations, diagnostic investigations and subsequent check-up with the occupational physician).

## In-company cardio protection project

In 2022, two defibrillators (AEDs) were installed at the Solaro site. A group of 10 workers completed external training on their use, including practical resuscitation and first response in cases of cardiac arrest.





# Communication

## Internal communications

The primary purpose of internal communication is to involve all employees in order to connect people, establish functions, and activate processes, defining connections that add value to the company.

The governance system itself (see page 46), which is structured into various constantly evolving teams and meetings, is the company's main communication platform because it is based on human relations between people, sharing experiences in an increasingly participatory and two-way manner. One example is the creation of the SEW Lab, with the aim of promoting digital innovation through agile methods and outside normal hierarchical structures.

Methods of internal communication:

+ Digital Signage - monitors positioned in the offices that transmit information and various updates on events, Corporate Social Responsibility initiatives, activities with strategic customers, financial data, energy consumption and performance of renewables, progress of cross-disciplinary and innovation projects;

+ DriveNet - the group's Intranet, where organisational charts, internal communications, updates on the performance indicators of the various departments are published and which can be used to access various company tools to manage documents for internal use, monitor specific commercial and administrative activities, access e-learning training and much more;

+ a six-monthly promoted magazine (MEG) to share information, interesting facts and updates on brand positioning, digital and sustainability projects and activities with customers, followers and all stakeholders. Some of the information is anticipated by an internal bi-monthly newsletter to share updates on lead management projects, new business opportunities, events, trade fairs, interviews with customers and colleagues.

## THE DECISION TEST



### Employee engagement tool for significant changes

For SEW-EURODRIVE Italy, the relationship between employees and management is crucial, especially when significant changes are taking place in the company.

And this is why, in 2018, we introduced the "Decision Test", a method of engaging workers whenever management intends to implement significant changes in the company.

Basically, the company has committed to always incorporating a phase of listening to the people concerned in order to better understand the repercussions, fears, resistance and aspects to be taken into consideration.

The tools adopted might be focus groups, internal surveys or both, depending on the complexity of the projects for change.

In general, whenever it is appropriate to implement a significant project of change, a dedicated project team is set up, with members selected solely on the basis of their specific expertise.

## External communication

It is important for a company to engage in dialogue with all company stakeholders and potential audiences through appropriate tools and strategies. By structuring listening and interactive channels, external communication contributes to building the perception of the quality of the products and services we offer; it defines the brand's values and the content that can attract the various stakeholders (corporate customers, suppliers, business partners, institutions, associations, agencies and foundations, schools, universities and job seekers, banking bodies, investors); it encourages the brand's social, cultural and economic development process; it collects feedback to monitor the needs and tastes of the target audience.

External communication defines and generates the company's image, which stems from the attention to individual details of the various communication tools, e.g. logos, events, lettering, promotional visuals, social media, blogs and website, co-marketing, printed materials and product lines.

At SEW-EURODRIVE Italy, the Marketing department is responsible for external communication, also helping to introduce and advance interaction and communication methods, accelerating the modernisation of the communication system with stakeholders or experimenting with and launching new tools, channels and services. At SEW-EURODRIVE Italy, external communication also seeks to make people and company management better known and to raise awareness of policies and management models, and the Marketing department also oversees the sustainability report communication project, from printed versions to digital or web versions.

### Communication strategy

Our Italy marketing department draws up an annual communication strategy to define the positioning of the brand in the industrial, social, environmental and territorial context of our operations, contributing to our growth and to achieving our social and cultural sustainability goals. The department uses a content and distribution strategy focused on the implicit and explicit needs of the target audience to define and structure the oversight of all corporate communication channels to facilitate openness and communication between internal departments and external stakeholders.

Every year, specific brand positioning indicators are defined - lead generation targets and targets for the type and quantity of content to be produced, depending on the dissemination and communication strategy. Additionally, every month, the marketing department defines the topics and contents to be disseminated the following month, also on the basis of the parent company's Sales Release and in relation to the editorial plan for the Blog, so as to be able to also plan the timing of the posts and contents (graphic cards, carousels, etc.) for the posts on social networks and dissemination on all the other channels envisaged by the Inbound Marketing strategy. The marketing department oversees the entire lead management process, from the generation of qualified contacts to nurturing and monitoring the results of sales approaches, either through a specific Marketing Automation platform, with tools for tracking and analysing data, or by using certain functions of the company CRM. While the Marketing department is in charge of Lead Generation, the Lead qualification and conversion phases are instead in the hands of the sales force and specific individuals called Digital Customer Care Consultants whose objective is to customise the Value Proposition starting from the analysis of Intent Data and thus increase the use of the company's e-business channel (called Online Support).

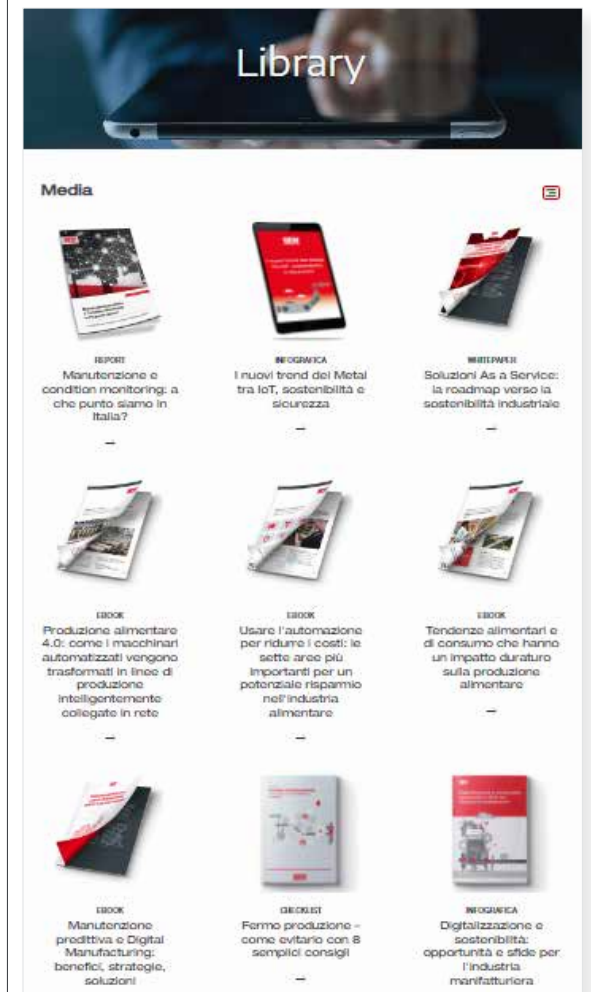


## 2

### Editorial plans

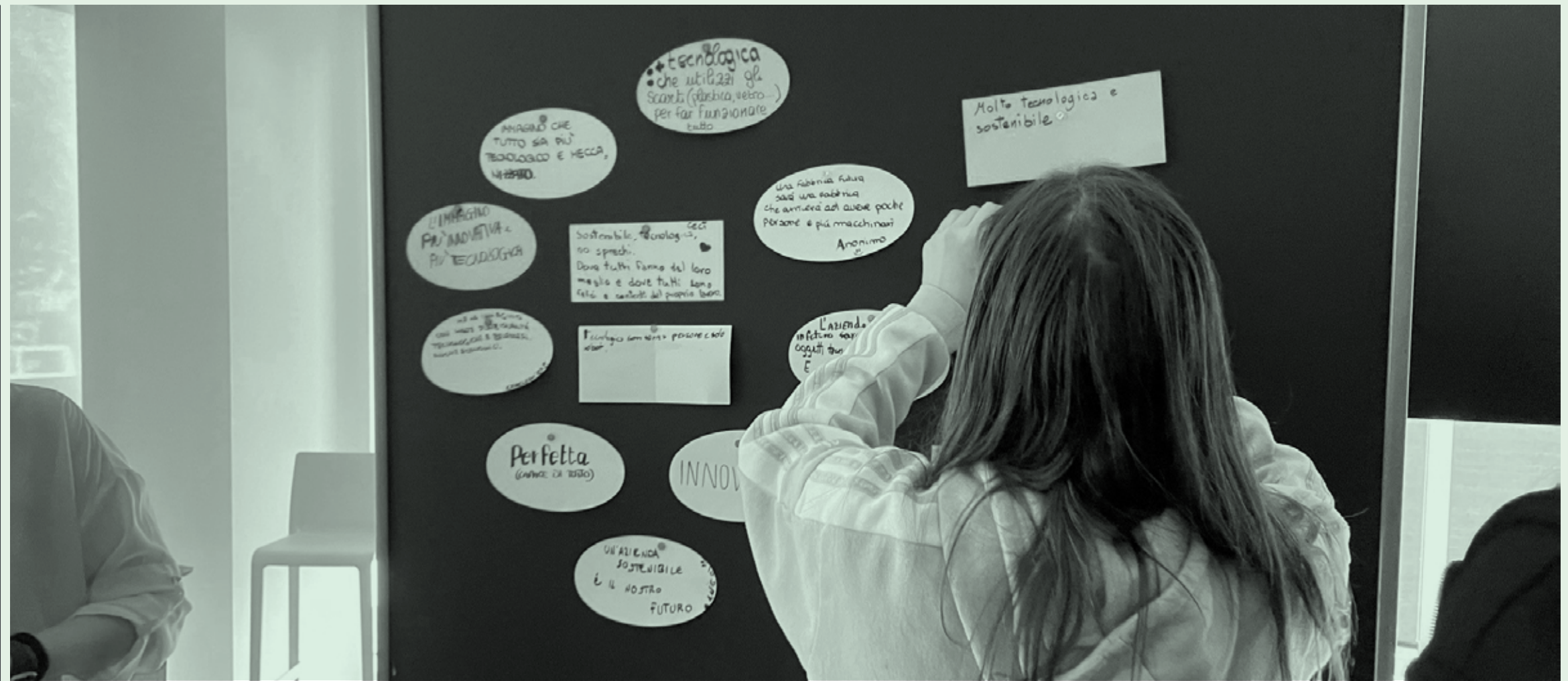
+ specific annual plan for the corporate blog

+ monthly for the Italian website





# For the territory and the community



Messe Frankfurt launched the She SPS Italia Award during the 2022 edition of the SPS Italia trade fair in Parma to recognise the knowledge and experience of women working in automation and technology for industry. The She SPS Italia Award judging panel recognised SEW-EURODRIVE for the SEWy chatbot, the result of a hi-tech project realised by a team of female professionals. SEWy delivers an experience with a Bot with Machine Learning, trained through user conversations, personalised, immediate and always on hand, which optimises the relationship between user and company and sets up a single point of contact for all technical assistance and sales support needs.

Together with the Business School of the LIUC University, we have created Industrial Innovation Lab, a cultural laboratory aimed at helping to transform small and medium-sized enterprises in Italy into agile, innovative and sustainable organisations. Industrial Innovation Lab is a free initiative to create a community with our stakeholders. It is open to entrepreneurs, managing directors/general managers, function directors and human resources managers of small/medium-sized companies, as well as to teachers, researchers, professors and social stakeholders who are particularly sensitive to the Lab's objectives. The lab works on four aspects:

- + People: the skills and values that underpin a dynamic and responsible business system
- + Technology: technological innovation as an enabling factor for cultural, organisational and productive renewal and the development of new skills
- + Sustainability: intended as responsibility for the environment and energy resources, and vis-à-vis the social context of the laboratory and its members
- + Business and Management Models: a business environment that supports the adoption of innovative solutions to overcome the challenges of

change and foster the economic sustainability of the enterprise. At December 2022, 13 companies were members of the Lab.

We are one of the winners in the “Investments” category of the 2022 edition of the German-Italian economic award organised by the German-Italian Chamber of Commerce AHK Italien. We were awarded for the project to open the new Service Center in Caserta. An investment capable of boosting employment in southern Italy, providing more proximity to manufacturing industries through more extensive coverage, and protecting the environment by reducing energy costs thanks to renewables.





From 2019 to 2022, we were the technology partner of MADE, Competence Center of the Milan Polytechnic, a training centre created to support companies in their process of growth and consequent digital transformation towards Industry 4.0.

We are a partner of the Master of Science in Innovation and Technology Management organised by the Università Cattolica del Sacro Cuore in Milan.

In 2022, we sponsored the second-level Master of Science in Mechatronics & Management MEMA at LIUC Cattaneo University in Castellanza.

We support the Officina Futuro foundation W Group, which founded the "Girls Code It Better" project, an orientation and training initiative created to bring the world of women closer to technology, in an attempt to break down cultural prejudices concerning gender diversity.

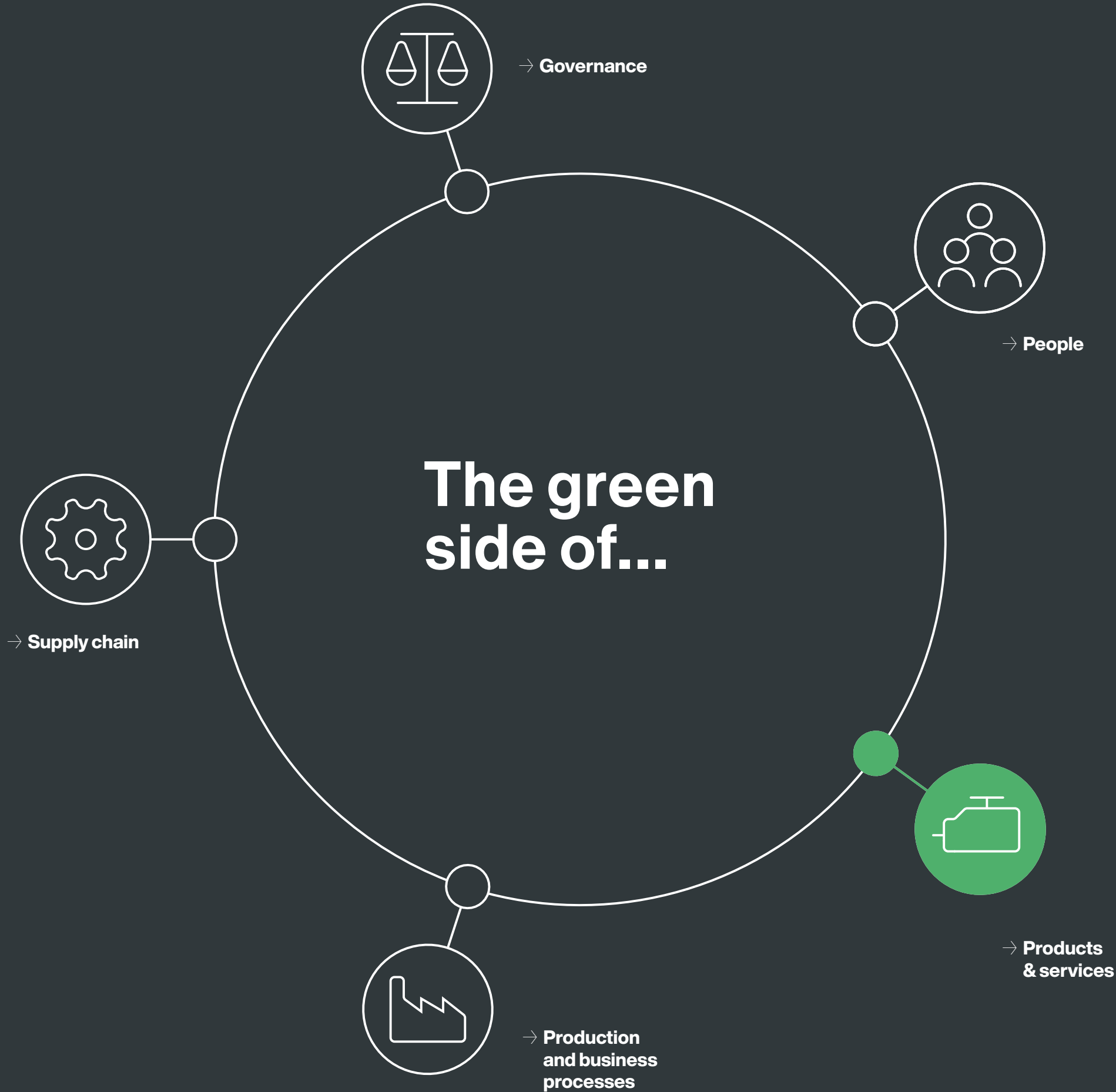
In 2022, we supported the Higher Technical Institute Foundation for Sustainable Mobility Aerospace/ Mechatronics of Piedmont, providing a specific theory and hands-on training course for the construction and management of a self-driving vehicle.





# Products & services

- 86 Business model
- 88 Innovation in products and solutions
- 90 Innovation in process – Lean Smart Factory
- 92 Service and circularity
- 93 Support and loyalty
- 93 Customer satisfaction



# A business challenged by technological innovation and sustainability.

Our business model must provide a solid response to new market needs.

In particular, we are focusing more and more on customer service, tapping into the needs of end users who, in turn, influence the technological choices of industrial machine manufacturers.

The evolution and technological innovation of our automation solutions are intended to contribute to bringing sustainability to both the company and the end customers.

With the arrival of the fourth industrial revolution, the manufacturing environment has been rapidly changing, with an increasing focus on flexibility and efficiency. The digital transformation process in modern smart factories is driving the end user towards a data-driven approach, where data is the crucial factor in decision-making.

The shift of interest towards innovative integrated systems has required a complete redesign of the production process, making it customer-centric and using automation technology to support the worker.

Automation must be able to meet criteria of digitisation, flexibility, interoperability, and therefore communication between machine and machine and between machine and management systems.

**It is clear that the smart factory resulting from these conditions must be increasingly Smart, Green and Digital, thanks also to the optimisation of the entire production process, which has a major impact on reducing energy consumption and return on investment times for end users.**



**All the mechanical and electronic products for automation solutions for use in the industrial sector have the main certifications**

**ISO9001:2015**  
Quality Management

**IEC 61508:2010**  
Functional Safety Products

**IEC 60079:2019**  
Ex Products

**UL**  
(Underwriters Laboratories Inc)  
Conformity of product  
for North America

**CSA**  
(Canadian Electrical Code)  
Conformity of product for Canada



# Goals

The table summarises the corporate goals for the pillar of products & services with an impact on sustainability, broken down by ESG topics, strategic actions and areas of development.

PRODUCTS & SERVICES						
Sustainability goals	ESG topics	Actions	Indicators	Target 2023	Target 2024	Target 2025
Green and digital product leadership	Product and process research and innovation	Boost the efficiency of our combined solutions	Number of "Performance / energy" and "Digital Transformation" opportunities that have progressed to offer level (PE-S + DR2C projects)	50	110	180
		Increase the consultative sales approach, expanding it to the topics of sustainability and consumption efficiency to help customers pursue their needs also in terms of carbon footprint				
Leadership Service		Enhanced mechanical and electronic mapping activities at the end users promoted by IC + Service Sales to increase remanufacturing / retrofit activities and end customer retention	Number of mapping activities at end user customers	25 mappings	50 mappings	65 mappings
		Promote monitoring of the operating conditions of our solutions and products with customers to help them with plant management and reducing their CO <sub>2</sub> footprint	Number of new customers acquired for monitoring products and solutions	15	20	40
Excellence in quality	Promote the remanufacturing service for our products	Percentage of workable sizes in Italian services	15%	30%	50%	
	Foster interest in continuous improvement (promote the lean philosophy) through Continuous Improvement Processes (CIPs) by improving their management, publication (through widespread communication) and fostering the development of CIPs in individual departments independently	Number of CIPs implemented	75	80	85	



## Products and services: ESG topics

- + Assessing the environmental and human impact of products - material topic
- + Product and process research and innovation
- + Mechanical and electrical quality of products; Product conformity and safety; Sustainable service



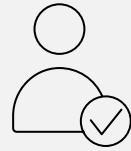
# Business model

We have an Industry Management department to follow-up our strategic markets through industry consultants, proposing innovative hardware and software solutions to end users for the benefit of production and environmental sustainability.

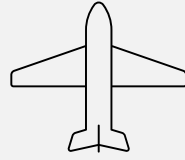
At the same time, the local sales network, coordinated by regional managers, proposes the best solutions to machine manufacturers.

To guarantee innovation and solutions to even the most complex challenges, the Innovation Technology department provides high-level technical and engineering consulting in the areas of factory and machine automation.

## Our markets



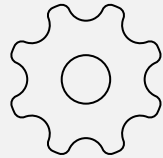
Consumer goods



Airport & post parcel



Food & beverage

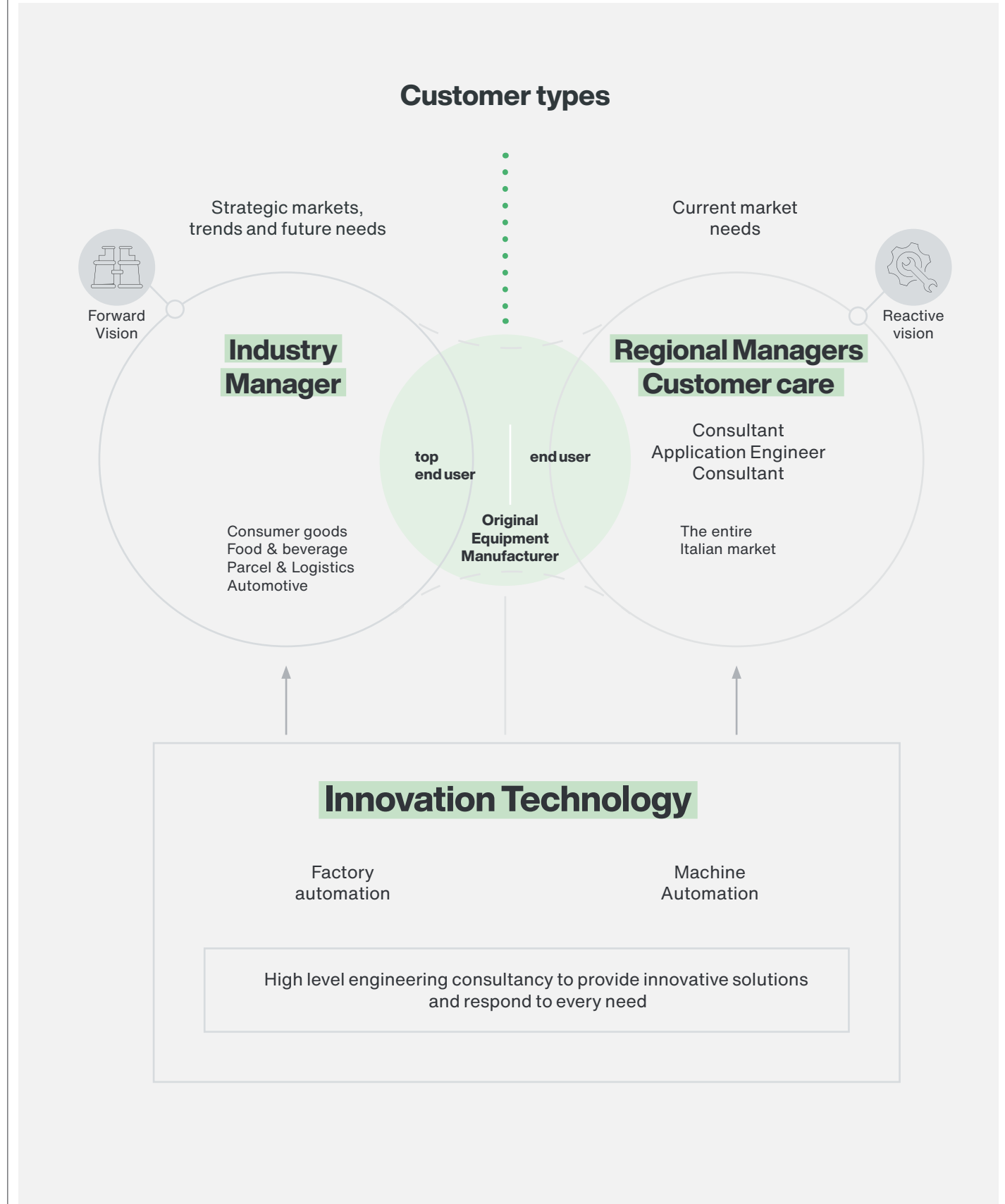


Automotive



Our aim is to make available to the entire industrial automation ecosystem - from manufacturers to end users - information about the technological innovations that can accelerate the ecological and industrial 4.0 transition and provide the best services to end users and manufacturers of industrial machines and production lines.

In addition, the business model includes continuous support throughout the product lifecycle thanks to the Service activity dedicated to the repair and modification of SEW products. The service is active seven days a week, every day of the year and covers the entire Italian territory.





# Innovation in products and solutions

We have developed a hardware and software automation platform called MOVI-C®, which has been able to unite all the new market requirements by providing hardware solutions that enable the realisation of static or mobile machines such as AGVs (autonomous guided vehicles that move goods and products in smart factories and warehouses) on the one hand, and software solutions that enable the management of the entire product lifecycle and its health status with a data-driven approach through the analysis of data coming in from the field on the other.

By using MOVI-C®, we give plant manufacturers the possibility of developing automation solutions for Machine Automation, Factory Automation and crosswise also solutions for Material Handling, in other words moving material around the production site.

The MOVI-C® automation platform introduces innovative concepts, such as the digitisation of electromechanical components, which facilitates condition monitoring and predictive maintenance of production machines through the new DriveRadar® software solution.

The tools provided by DriveRadar® for product lifecycle management include:

- + IoT App, designed for mobile devices and made available to local machine maintainers for on-site condition analysis;
- + IoT Suite (Cloud Based) designed for Plant Managers who must be able to oversee the correct operation of the entire production plant and be able to predict a possible failure of a machine component in order to avoid a sudden plant shutdown.



The intelligent energy management system Power and Energy Solution (PE-S) also represents an important evolution: the regenerative energy recovery of electric motors takes place within storage based on high energy density super capacitors, significantly reducing the energy absorption and consequent CO<sub>2</sub> production of automation applications, all of which results in lower plant operating costs, greater production and environmental sustainability and, last but not least, the availability of the plant itself (Overall Equipment Effectiveness - OEE).

The use of production drives in the IE5 high-performance energy class allows further energy-saving advantages thanks to the use of IES2-class centralised and decentralised servo drives, which permit significant savings in energy consumption with the same performance.



## IoT App for maintenance and technical line staff



## IoT Suite for production/plant managers



The energy efficiency process is completed with the redesign of the logistics-production flows in accordance with Lean Production principles: one of the most significant examples of Power and Energy Solution is the system of stacker cranes for handling goods in an automated warehouse, which enables a significant reduction in power peaks and the energy absorbed by the main power supply system. This enables a significant recovery of regenerative energy from electric motors, such as braking, resulting in a reduction of the energy required from the grid.



# Innovation in process – Lean Smart Factory

Since 2018, the logistics-production flow in the Solaro assembly centre has been undergoing a redesign in accordance with Lean and Industry 4.0 principles. In this process, people play a central role and are key to the success of the transformation to Lean Smart Factory. Crucial elements throughout the process are getting people on board right from the early stages of the project and continuous staff training.

## 1

### Analysis of the current logistics-production process

At this stage, activities are classified as:

- + activities with added value
- + necessary activities with low added value (auxiliary activities)
- + activities with no added value

## 2

### Designing the future logistics-production process,

where the expected goals of the project were made explicit and the process and workshop layout was redesigned based on the classification of the preceding phase.

## 3

**Incorporating the technology element,** where the most appropriate technologies for the established process were selected and validated.



In the first redesign of the logistics-production flow, three main activities with low added value were identified. We took steps to eliminate/reduce them and then identified the most appropriate automation solution for the process requirements.

## 1

### Mobile Assistance System

Material handling within the plant was identified as one of the main repetitive activities with no added value where people occupied their working time. As a solution, initially the assembly centre layout was reorganised to minimise material handling and then a Mobile Assistance System (MAS) was designed in-house with the dual objective of automating material handling and providing assistance to operators during assembly.

## 2

### Automatic Oil Filling

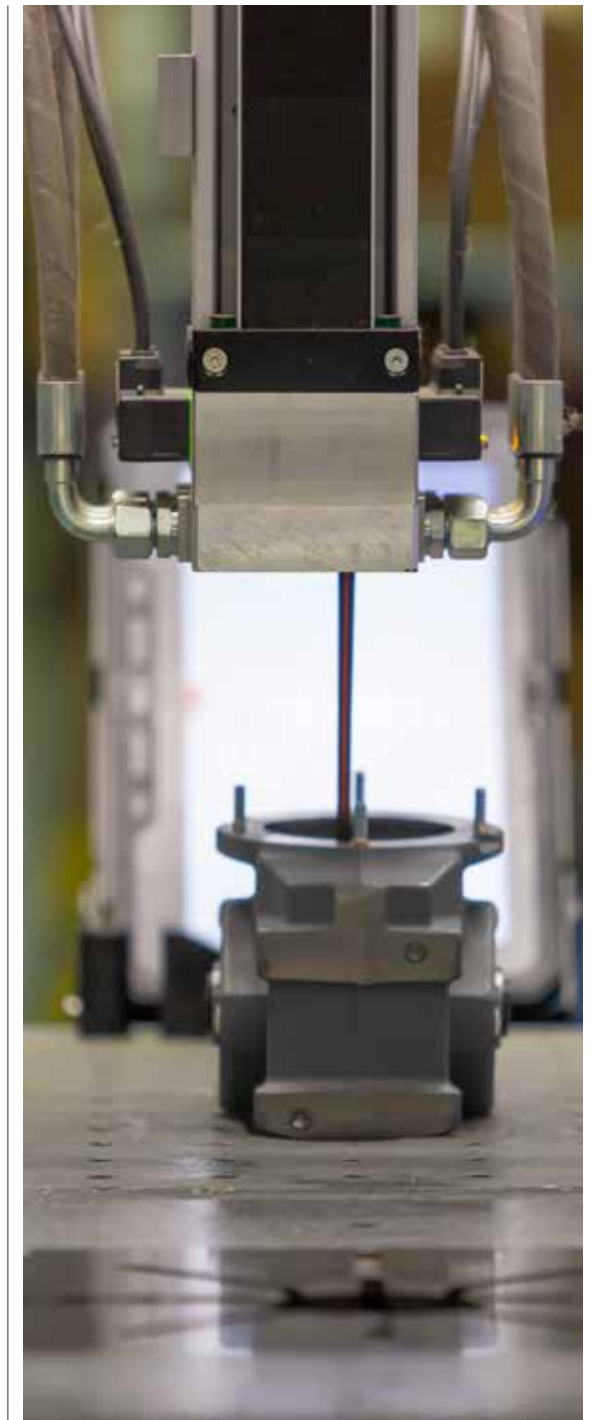
Manual oil filling of the gearbox was identified as the second repetitive auxiliary activity with low added value. This led to the design of an automatic oil filling machine linked to the management system, developed in-house and fitted with SEW components. The automation of this step freed operators from repetitive tasks and provided increased quality control of this phase.

## 3

### Automatic Motor Press

The third repetitive activity with low added value identified was the manual pressing of the bearing and/or motor shell. SEW engineers designed an automatic motor press machine linked to the management system and fitted with SEW components. In addition to increased quality control of the pressing parameters, the automation of this step relieved operators of a non-ergonomic task and allowed them to engage in activities with greater added value.

The process is controlled by the SAP management system and, thanks to constant communication, provides real-time visibility on the plant's overall production performance.





# Service and circularity

SEW-EURODRIVE Italy's Service has created a number of internal processes designed in line with the principles of the circular economy with goals that can be traced back to the 3 Rs: Reduce, Reuse and Recycle.

Specifically, there are two major projects.

+ **Product remanufacturing**, which consists of the complete maintenance of the mechanical parts inside the gearbox and electric motor, replacing the parts subject to the most wear and tear, in order to extend the life and reliability of the component, which regains like-new performance.

+ **End-of-life product recycling**, which consists of recovering the valuable raw materials contained in the electric motor. A special machine (motor splitter) enables us to recover the copper in the stator and rotor of electric motors, as well as the aluminium that makes up the casing. This allows us to recycle the raw materials which are then treated appropriately and reused for new products.

We also offer our customers a Pickup & Delivery service - the end user can store the mechanical and electronic assemblies for repair or remanufacturing in a special plastic container, which we supply at our cost and responsibility.

The reuse process is also important at SEW Eurodrive - whole products or single internal components that have not yet become waste can be reused. The service department uses a special sandblasting machine to recover the still intact gearbox casings.

In addition, in close cooperation with the factories in Graben, Haguenau and Brumath, Product Support and Release Management is in charge of developing reuse and recycling processes for the motor brake assemblies as well, so that the brake body and copper coil can be fully recovered.

We also pursue sustainability in the coating processes. 93% of the products and preparations for the coating processes are water-based.

# 93%

proportion of water-based paints used

The value measured from the latest sampling for the measurement of atmospheric emissions shows a significantly low VOC concentration compared to the limit value dictated by the regulations.



The advantages of using water-based products can be summed up in the reduction of environmental emissions (VOCs), the absence of components with endocrine-disrupting properties and low flammability, while carcinogenicity, reproductive toxicity, specific toxicity to target organs and inhalation toxicity are unclassifiable.

# Support and loyalty

Customer Service is of paramount importance in order to be able to ensure punctual and rapid support for our customers in the event of product failures, which would inevitably lead to sudden and damaging plant downtimes.

Customer Service also provides a 24-hour emergency repair service for mechanical and electronic components, directly at the customer's premises if the repair work cannot be carried out at our Service Centre. A seven-day-a-week support service is also available.

The special DriveRadar® software platform and the APPredict application allow customers to constantly monitor the degree of wear and tear of the mechanical and electronic components installed on their machines, so that they can predict possible causes of failure and thus avoid sudden plant downtimes.

These services allow us to maximise customer loyalty, which has a positive impact on our reputation and consequently on business.



# Customer satisfaction

Customer satisfaction is of paramount importance to us. Our strategy is customer-centric - the ability to understand and meet their needs and expectations is the number one value underpinning our corporate culture.

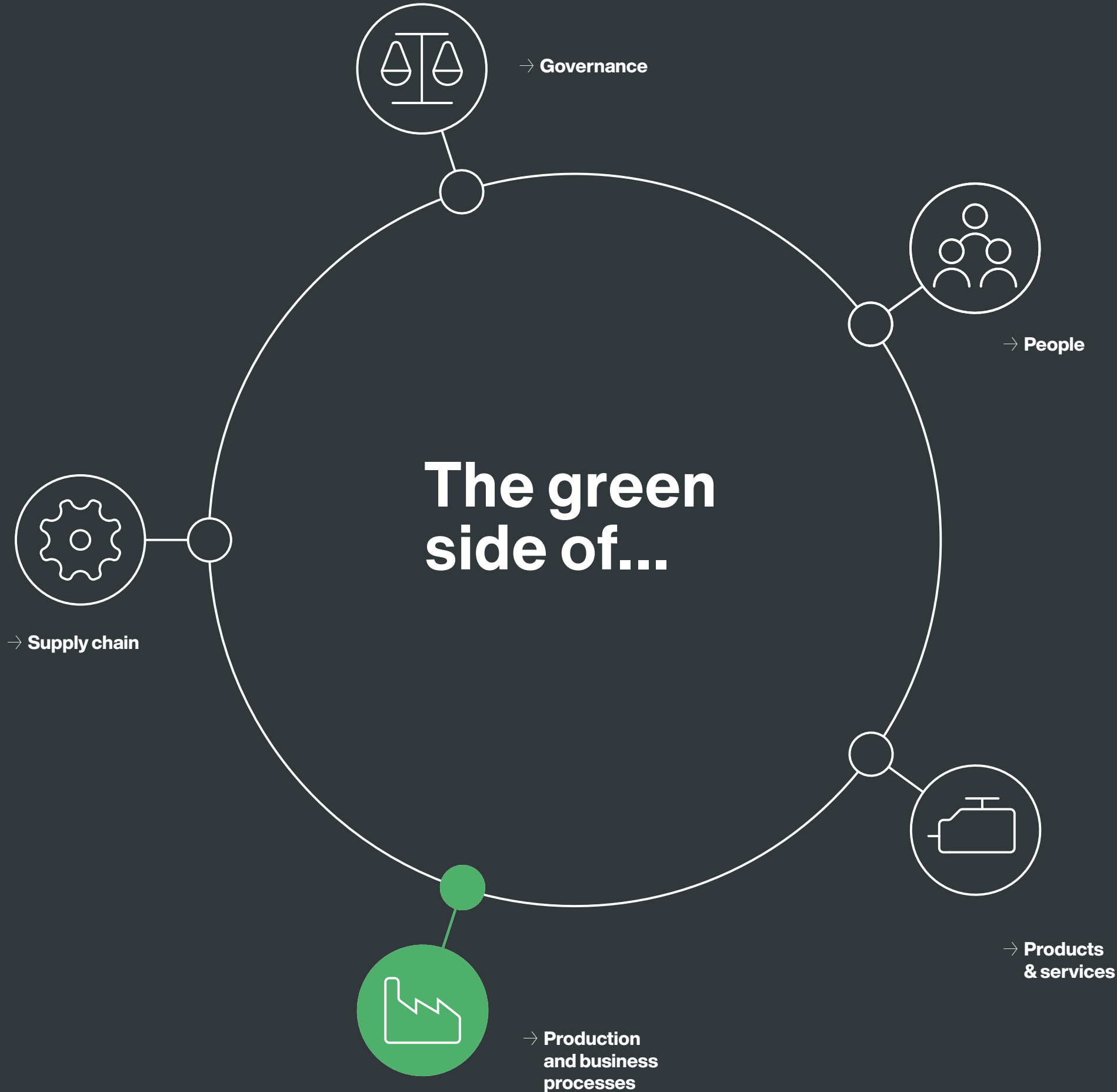
Customer Satisfaction is monitored every three to four years by means of a questionnaire. The process is important for measuring customer satisfaction with online support and the website, sales staff, processes for managing offers and orders, and technical support.

The questionnaire also analyses the degree of customer preference for digital channels and our positioning in relation to competitors. Lastly, it seeks to identify specific needs both in the area of service (after-sales service and maintenance) and in the area of technological solutions, new products and software.

The last questionnaire was conducted in 2021, so we decided not to carry out a new survey in 2022, but to postpone it to subsequent years.

# Production and business processes

- 100 Green Policy
- 101 Consumption, recycling and reuse
- 110 Greenhouse gas emissions
- 113 Biodiversity





# Road to Net Zero, our main commitment

Climate change is the biggest environmental, social and economic threat globally.

We all need to make an effort to reduce the greenhouse gas and CO<sub>2</sub> emissions resulting from human activities. We want to play an active role in creating a sustainable future, contributing to the evolution of the social and economic system while protecting the environment.

# 100%

energy from renewables

In 2022, direct and indirect Scope 1 and Scope 2 greenhouse gas emissions in terms of CO<sub>2</sub>-eq totalled 592.20 tonnes. If we had not purchased 100% renewable energy, the 387.91 tonnes of CO<sub>2</sub>-eq generated by Scope 2 electricity consumption would have to be added to these emissions.

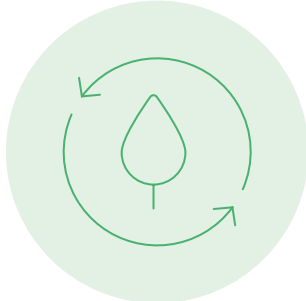
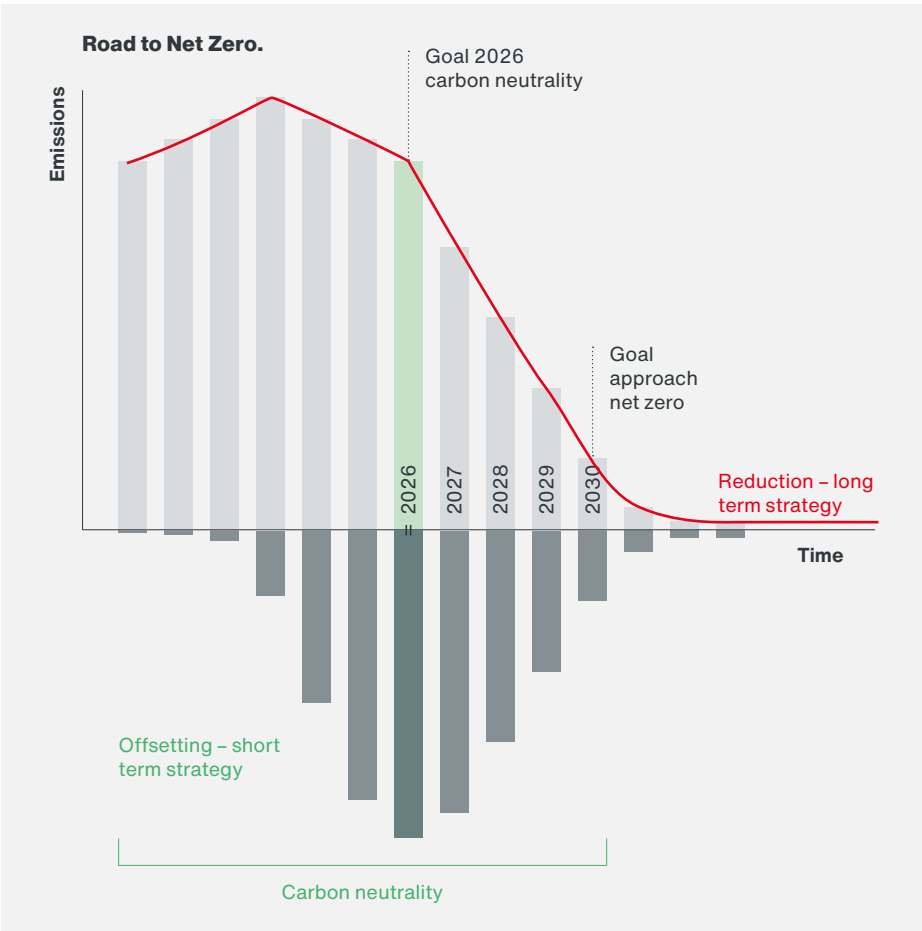
We have a 174 m<sup>2</sup> photovoltaic system with a maximum output of 32.4 kWp. The proportion of self-generated energy is 2.9% of our company's total needs.

The network of electricity consumption meters at the Solaro site was upgraded.



**Green Policy**

We prepared a new version of the Green Policy, which will take effect in 2023. The new Green Policy expands the range of topics addressed, introducing innovations relating to digital pollution, energy consumption, renewables, car fleet management and biodiversity.



**Biodiversity**

We have signed a memorandum of understanding with the Groane & Brughiera Briantea Regional Park, which our Solaro site borders directly onto, to make the most of the scenic resources of this area.

# 73.6%

waste recovered



**ENVIRONMENT**

Sustainability goals	ESG topics	Actions	Indicators	Target 2023	Target 2024	Target 2025
<b>Reduction of carbon footprint CFPO (carbon footprint of product and of organisation)</b>	Increase circularity	Boost the culture of separating and reusing packaging materials and reducing scope 3 emissions generated by waste sent for disposal / landfill	Percentage material reused	75%	80%	85%
			Percentage waste disposed of in landfill	1.6%	1.3%	1.0%
	Reduction of consumption and emissions + Combatting climate change	Contribute transition to electric mobility by introducing electric cars to the corporate fleet and car list	Value of average emissions of CO <sub>2</sub> of the corporate fleet	130 g/km CO <sub>2</sub>	120 g/km CO <sub>2</sub>	100g/km CO <sub>2</sub>
			Number of electric vehicles in the fleet	At least 8 electric vehicles in the fleet	At least 13 electric vehicles in the fleet	At least 23 electric vehicles in the fleet
	Reduction of consumption and emissions + Combatting climate change	Development and implementation and maintaining the home work travel plan (piano spostamento casa lavoro - PSCL) with the aim of reducing the impact of emissions generated by commuting employees	Number of company provisions to optimise home-word travel	2 electric shuttle cars, keep the PSCL plan updated	3 electric shuttle cars, keep the PSCL plan updated	5 electric shuttle cars, keep the PSCL plan updated
			Reduction of consumption and emissions	Detailed measurement of internal power use to eliminate waste, reduce the organisation's consumption and thus its CO <sub>2</sub> footprint	Energy management actions	Completion of measurement framework of spot power consumption / Definition of 6 analysis datasheets
	Percentage of reduction in energy consumption [kWh] obtained by implementing energy management actions	5%			5%	5%
	Reduction of consumption and emissions	Contribute to increasing self-production of renewables	Percentage of energy needs covered by self-production, with reference to consumption in 2021	3%	9%	25%



**Environment: ESG topics**

- + Reduce consumption and emissions - **material topic**
- + Increase circularity
- + Combat climate change
- + Protect biodiversity



# Green Policy

In 2020, we approved our Green Policy, a strategic document needed to chart the actions and initiatives we intend to implement to develop our sustainability goals. In the course of 2022, we prepared a new version of the Green Policy, which will take effect in 2023.

This new version of the Green Policy expands the range of topics covered and introduces innovations relating to digital pollution, energy consumption, renewables, car fleet management and biodiversity.

**Digital pollution:** surfing the web, sending emails, storing data and using search engines are all a real cost to the environment. In order to reduce CO<sub>2</sub> emissions and energy consumption associated with the use of smart devices, digital equipment and corporate software, we promote behaviours that minimise the environmental impact of the digital world, and encourage employees to adopt healthy habits and raise awareness on a largely unknown topic

**Energy consumption:** both heating and cooling systems should be used with a view to minimising energy consumption. Therefore, the climate controls and temperatures set in the rooms where the company's activities are carried out are required to comply with the new parameters imposed by national regulations. Along with these parameters, all those behaviours aimed at optimising the use of the climate control system must be adopted, such as wearing appropriate clothing for the temperature and keeping windows closed, except when airing the room.

**Renewable energy sources:** we are committed to making the group's sites energy efficient - when we have to construct new buildings or refurbish existing ones - by increasing insulation levels, installing photovoltaic panels, replacing heating/cooling systems that are more than 10 years old with new-generation systems, and installing systems for monitoring and optimising power consumption for building systems and work equipment.

**Sustainable mobility:** we intend to guide and accelerate the transition to electric mobility, organising information and awareness-raising events on the subject and bringing a significant number of electric cars into the fleet. We actively support the use of more sustainable means of transport by providing charging stations for electric vehicles and bicycle racks.

**Biodiversity:** the company's landscaped areas will be planted with native perennials that are suitable for the local environmental conditions and require little care and irrigation. Natural grass areas will be planted with native grasses and wild flowers that will grow wild to create a



**Green Policy**  
strategic document that charts the actions and initiatives to implement in order to develop our sustainability goals

suitable environment for pollinating insects. The tall grass is not mowed and will also help to maintain the temperature and humidity of the top layer of soil even in the event of drought and high outside temperatures. For the same reason, mowing of the portions of mowed lawn will be kept to a minimum.



# Consumption, recycling and reuse

To reduce environmental impact, we invest in circular processes, i.e. a series of actions that respect the three Rs:

- + Reduce
- + Recycle
- + Reuse



Annex C of Italian law no. 152 of 3 April 2006 defines waste that we have sorted and delivered to the disposer as follows: Recovered [R]= destined for energy production in waste-to-energy plants or re-introduced into the processing chain, as is the case for metals

Disposed [D] = destined for disposal facilities such as landfills

Reused: Waste sorted and set aside for reuse. Materials sold as a product and not as waste also belong to this category.



## REDUCE

Use fewer resources;

This takes the form of a commitment to reduce electricity consumption, the carbon footprint of the corporate fleet, paper consumption and the proportion of waste generated in each area.



## RECYCLE

The commitment to correctly dispose of waste to be able to turn it into new resources;

We devote time and attention to separate waste collection, which we outsource to waste disposal suppliers that ensure a high recovery rate and a low rate of disposal.



## REUSE

Extend the useful life of materials and product components instead of considering and treating them as waste.

We concretely put "reuse" into practice in two areas:

**PACKAGING:** we recover the packaging that we receive in our warehouses, and reuse it for product shipments.

**PRODUCTS:** our business model has always offered customers a repair service, extending the useful life and recovering and reusing the motor components that are still fit for use.



# Waste management

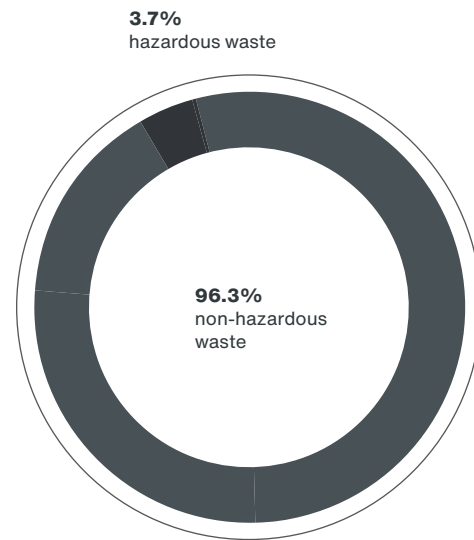
The disposal of the waste we produce in our workshop follows a linear flow based on 6 macro-activities:

- + Waste production
- + Classification and storage of waste
- + Supplier contact for waste recovery
- + Waste collection
- + Waste Form Filing
- + Data collection and analysis to monitor sustainability performance

Dedicated storage containers are set up in the company buildings for each category of waste, marked by signs showing the name of the waste and the relevant CER code.

There are currently 19 CER waste codes that are assigned to disposal companies, plus copper and aluminium that are sold.

We separate 100% of the waste produced into categories. Of these, only one is mixed, i.e. consisting of unsorted waste, called “dry residue” and represents 1.8% of the total. In any case, the dry residue portion is recovered by the waste disposal company, which usually uses this waste as fuel to generate energy.



Hazardous wastes are contaminated greases, adhesives, waxes and sealants.

WASTE BY TYPE AND METHOD OF DISPOSAL (KG)		2021 [kg]	2021 recalculated [kg]	2022 [kg]
Non-hazardous waste	Recovered [R]	81,360	81,360	65,441
	Disposed of [D]	56	56	0
	Reused [RIU]	24,008	205,256	211,913
	<b>Total non-hazardous waste</b>	<b>105,424</b>	<b>286,671</b>	<b>277,354</b>
Hazardous waste	Recovered [R]	646	646	5,310
	Disposed of [D]	5,760	5,760	5,197
	<b>Total hazardous waste</b>	<b>6,406</b>	<b>6,406</b>	<b>10,507</b>
<b>TOTAL</b>	<b>111,830</b>	<b>293,077</b>	<b>287,861</b>	

WASTE BY TYPE AND METHOD OF DISPOSAL		2021 [kg]	2021 recalculated [kg]	2022 [kg]	2022 [%]
Cardboard [kg] CER 150101	Recovered [R]	29,460	29,460	23,130	40%
	Reused [RIU]	3,522	35,222	35,329	60%
	<b>Total</b>	<b>32,982</b>	<b>64,682</b>	<b>58,459</b>	<b>100%</b>

WASTE BY TYPE AND METHOD OF DISPOSAL		2021 [kg]	2021 recalculated [kg]	2022 [kg]	2022 [%]
Packaging in wood [kg] CER 150103	Recovered [R]	9,920	9,920	16,440	9%
	Reused [RIU]	20,486	170,034	176,584	91%
	<b>Total</b>	<b>30,406</b>	<b>179,954</b>	<b>193,024</b>	<b>100%</b>

TOTAL WASTE GENERATED	2021 [kg]	2021 recalculated [kg]	2022 [kg]	2022 [%]
TOTAL WASTE RECOVERED [R]	82,006	82,006	70,751	24.6%
TOTAL WASTE DISPOSED OF [D]	5,816	5,816	5,197	1.8%
TOTAL WASTE REUSED [RIU]	24,008	205,256	211,913	73.6%
<b>TOTAL WASTE</b>	<b>111,830</b>	<b>293,077</b>	<b>287,861</b>	<b>100%</b>

Key:

Recovered [R] = Waste sorted by SEW-EURODRIVE and recovered by the waste disposer in accordance with the recovery methods specified in Italian Legislative Decree no. 152 of 3 April 2006.

Disposed [D] = Waste sorted by SEW-EURODRIVE and disposed of by the waste disposer in accordance with the disposal methods specified in Italian Legislative Decree no. 152 of 3 April 2006.

Reused [RIU] = Waste sorted and set aside by SEW-EURODRIVE for reuse. This category includes pallets and cardboard packaging that is reused for the same purpose for which it was originally produced and used. This category also includes materials sold as a product and not as waste.





The difference between the amount of waste produced in 2021 and 2022 is caused by an error in the extraction of last year's data, since, erroneously, in 2021 the figure was provided as a unit, i.e. with varying weight according to size, and not as a weight. In addition, in 2021, a lot of reused packaging material was not counted, so in 2022 we defined the rules and methods to count the waste correctly.

We have included a recalculation of the 2021 figures to make them comparable with 2022, based on the information available.

**Breakdown of waste**

**a**  
waste disposed of [R] with specialised disposal firms, see waste registers

**b**  
waste that is not disposed of because it is reusable [RIU], such as packaging

**c**  
waste that is not disposed of but sold [RIU], also reusable by the buyer.

Categories B and C are made up of waste that can only be reused because of our efforts to sort and store recoverable waste, to avoid disposing of even those materials that can have a new life.

This is the case with the packaging of material received from the parent company: SEW-brand cartons are opened without being damaged, stored without being crushed and used again. The same goes for pallets. The proportion of this reuse is 73.6% of the total waste, namely 211.9 tonnes.



**Water withdrawal**

Water is used only in the restrooms and common areas for the consumption of meals. No water is used for production processes, except for small quantities to recharge the motor-washing machinery. These machines do not use running water, but water that is mixed with solvents and reused for numerous washing cycles and finally disposed of as special waste. Water consumption for these purposes is around 12,000 litres per year.

**12,000 l**

the amount of water used each year for washing

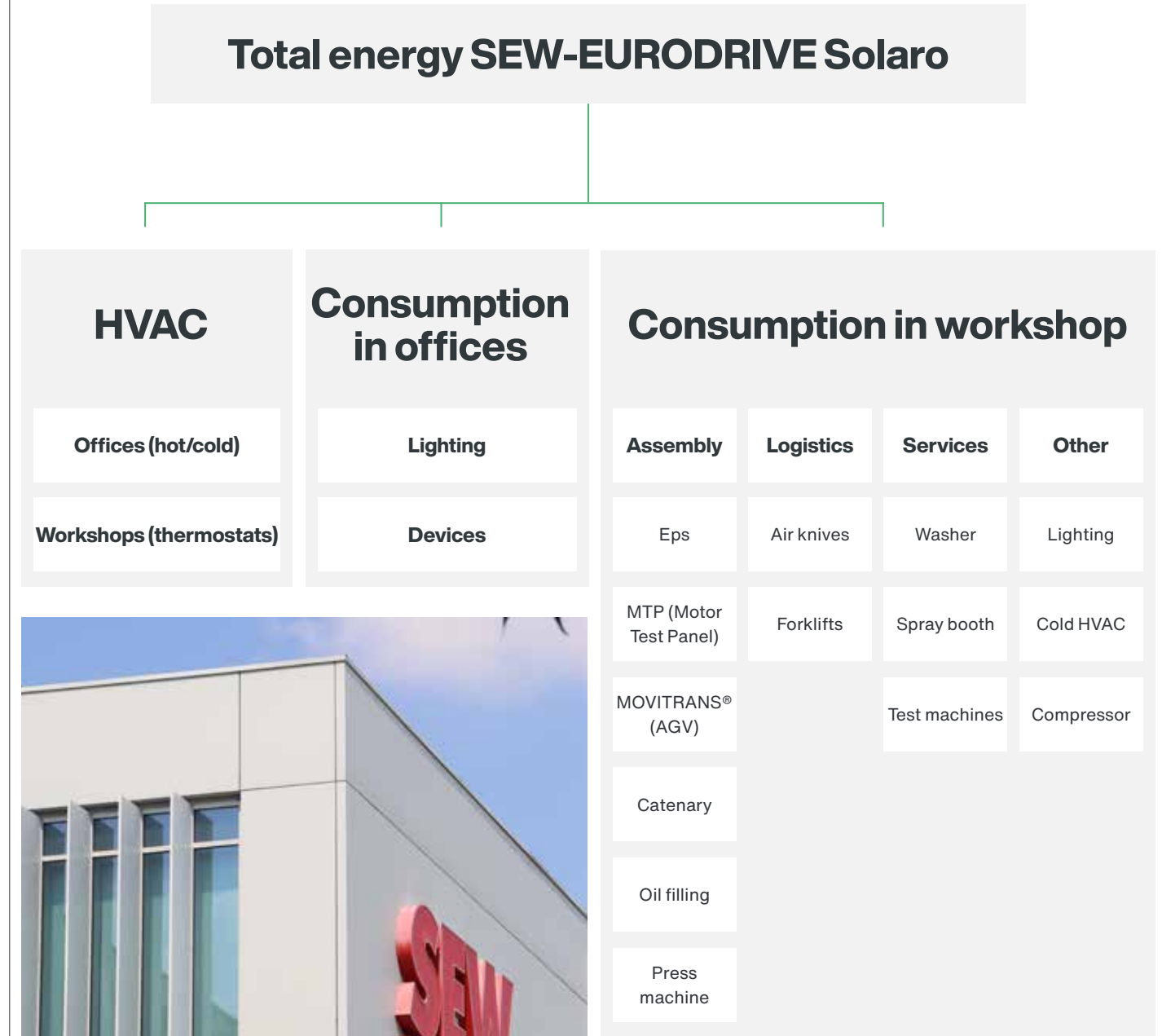
Water is also used for watering the lawn and flowerbeds. However, the type of plants chosen do not require large amounts of water; the system is also fitted with sensors that activate and disable the irrigation system in the event of rain, so that no water is wasted. During the 2022 drought, we complied with the municipal restrictions imposed and shut down the irrigation system; luckily, this did not hurt the garden unduly, thanks to the resistance of the selected plants.

As part of the "flower field" project launched in early 2023 and to be presented in the next sustainability report, we decided to let the flower sown portion of the lawn grow. One of the various benefits of not mowing is the conservation of moisture in the turf and the reduction of water needed for watering, as well as the reduction of temperatures in the top layer of soil.

**Energy consumption**

The upgrade of the network of electricity consumption meters at the Solaro site was designed and implemented in 2022.

The meters were placed in the facility's control panels so that the following point readings would be available continuously:



The network was installed in December 2022, the first measurements will therefore be collected from February 2023. The monitoring system was implemented to reliably determine the amount of energy pertaining to each department, to report the quantity of emissions and to enable us to define the product carbon footprint in the future. In the meantime, we looked for points of wasteful consumption in our systems and operations and implemented a series of actions to reduce electricity consumption, without ever losing sight of the requirements of the Italian National Energy Efficiency Action Plan in accordance with Directive (EU) 2018/2002, which sets an energy efficiency target of at least 32.5% by 2030.

Our approach consists of:

+ measuring point consumption,

+ analysing them by looking for anomalies and possible improvements,

+ planning reduction actions,

+ monitoring their actual results.

In 2022, the most important actions to save electricity consumption were:

+ Switching off the compressor at night

+ Reducing the heating temperature by 1°C in compliance with the MISE decree

+ Increasing minimum summer temperatures to 28°C in compliance with MISE decree

+ Reducing ventilation and correction of some operating parameters of the climate system.

Our efforts have yielded positive results; and we have recorded a 3.8% year-on-year reduction in energy consumption, thanks to the savings policies implemented for summer and winter climate and consumption optimisation actions on some workshop machinery. We will continue in this direction to reach the target of a 5% reduction set in the previous Sustainability Report.

The decrease in energy consumption is even more appreciable when we observe that, in 2022, we achieved a growth in turnover generated by the sum of the sale of products assembled locally and products assembled in Germany and shipped to Italy.

Specifically, turnover grew by 20% overall, generating a 12.6% increase in parts assembled in Italy (growth percentages are not proportional because the Solaro facility's production capacity has reached saturation point).

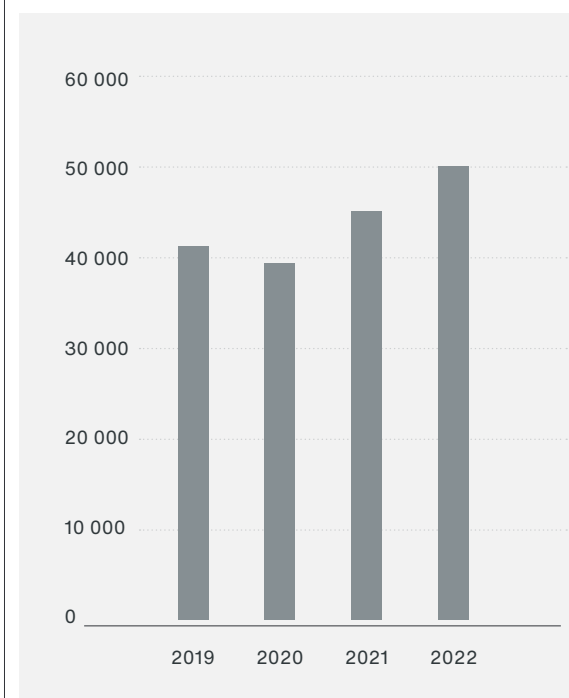
**25.4%**

reduction in consumption of methane gas

**3.8%**

decrease in energy consumption

Motor assembly (no.)



The 12.6% increase in Italian assembly did not generate a corresponding increase in energy consumption; on the contrary, compared to the previous year, the 3.8% drop in consumption is particularly satisfying.

The only exception is in the Italian outlying locations, where there was a 13.6% increase in electricity consumption compared to 2021. The company monitored possible malfunctions and found no specific problems and planned further overhauls of the systems to increase their efficiency and control.

CONVERSION COEFFICIENTS		
Electricity	GJ per kWh	0.0036
Methane	GJ/sm <sup>3</sup>	0.035303

## Electricity and natural gas consumption

ENERGY CONSUMPTION INSIDE SEW ITALY	UoM	2019	2020	2021	2022
Total electricity consumption HQ + DC Solaro	kWh	1,147,937	1,173,144	1,279,850	1,211,811
year-on-year change in % HQ + DC Solaro			2.2%	9.1%	-5.3
Total electricity consumption DC	kWh	118,306	98,450	111,103	126,274
year-on-year change in % DC			-16.8%	12.9%	13.7%
Total electricity consumption SEW Italy	kWh	1,266,243	1,271,594	1,390,953	1,338,085
	GJ	4,558	4,578	5,007	4,817
year-on-year change in % total consumption			0.4%	9.4%	-3.8%

GAS CONSUMPTION INSIDE SEW ITALY	UoM	2019	2020	2021	2022
Methane gas consumption HQ + DC Solaro	sm <sup>3</sup>	89,533	91,258	116,387	86,640
Methane gas consumption DC	sm <sup>3</sup>	1,951	1,688	1,871	1,629
Total gas consumption SEW Italy	sm <sup>3</sup>	91,484	92,946	118,258	88,269
	GJ	3,230	3,279	4,172	3,114

TOTAL ENERGY CONSUMPTION INSIDE SEW ITALY	UoM	2019	2020	2021	2022
Total energy consumption SEW Italy	GJ	7,788	7,857	9,180	7,931
year-on-year reduction in energy consumption (%)			0.9%	16.8%	-13.6%

Considering total energy consumption of both electricity and gas, normalised and converted into GJ, the overall reduction in consumption is 13.6% compared to 2021.

ENERGY INTENSITY	UoM	2019	2020	2021	2022
Total energy consumption SEW Eurodrive	GJ	7,788	7,857	9,180	7,931
Total turnover	[EUR]	138,662,000	127,056,000	138,662,000	166,448,000
Pieces assembled in Italy	no. of pieces	41,140	39,380	44,660	50,297
Quantity of goods shipped from Solaro	[metric tons]	5,143	4,479	5,112	6,220
Quantity of goods shipped from Solaro	no. of packs	86,949	83,134	93,433	105,686
Total area (offices + DC)	m <sup>2</sup>	12,181	12,181	12,181	12,181
Energy consumption / Turnover	MJ/€	8.28	9.23	9.23	7.28
Energy consumption / Area	GJ/m <sup>2</sup>	0.64	0.65	0.75	0.65
Electricity consumption in Solaro / Number of pieces	GJ/piece	0.18	0.19	0.20	0.15
year-on-year reduction in energy consumption (%)			0.9%	16.8%	-13.6%

Energy intensity is benchmarked against multiple values (turnover, surface area and number of assembled parts) and shows a reduction in all cases considered. Enel Energia certifies that the energy we use is 100% renewable. In addition, a photovoltaic system is installed on the roof of the Solaro building consisting of 140 photovoltaic panels with a total area of 174 square metres and a maximum power of 32.4 kWp. We consume the energy generated for our production activities. In 2022, we generated 35,721 kWh of energy, equal to 2.9% of the total electricity consumption of Solaro 2022 and 2.7% of the total consumption of the whole of SEW-EURODRIVE Italy 2022.

**100% of the energy that we purchase and use comes from renewables.**



	UoM	2019	2020	2021	2022
Photovoltaic energy self-generated and consumed	kWh	32,718	34,785	33,367	35,721
Percentage of self-generated energy out of total consumption Italy		2.6%	2.7%	2.4%	2.7%
Percentage of self-generated energy out of total consumption Solaro		2.9%	3.0%	2.6%	2.9%

Solar panels for the new Caserta site will be installed in 2023. The installation includes panels with a total capacity of 89.6 kWp.

This forthcoming installation is expected to bring the coverage of our annual needs to 9% compared to consumption in 2022.

The targets for the coming years 2023-2026 are more ambitious, so as to bring energy self-generation to cover between 25 and 40 per cent of our needs (with reference to the group's 2022 consumption).

In addition, we are in the process of assessing the feasibility of investing in the Solaro plant roof.

Lastly, planning is underway for a new plant in Bologna that will feature 6,000 square metres of roofing for the installation of about 250 kWp.





# Greenhouse gas emissions

Our operations do not generate any particular pollutant emissions into the atmosphere, except in minimal quantities. Mandatory periodic checks constantly confirm their low level and show no need for continuous, specific monitoring.

We monitor direct and indirect greenhouse gas emissions according to the Greenhouse Gas Protocol, separating emissions into categories or scopes.

## 11.7

kg CO<sub>2</sub>-eq are the Scope 1 and 2 emissions per piece assembled in Italy, down 8% year-on-year

**We only purchase green energy, which is why Scope 2 emissions are zero: we have cut 400 tonnes of potential CO<sub>2</sub>-eq from electricity consumption.**

### Scope 1

# 592.20

tonnes of CO<sub>2</sub>-eq

### Scope 2

# 0.00

tonnes of CO<sub>2</sub>-eq (100% of energy from renewables)



+ **Scope 1:** direct emissions from sources owned and controlled by the company. In the case of SEW-EURODRIVE Italy, this means emissions from the company car fleet. We have chosen to keep all these trips in Scope 1 because the distinction between personal trips would have been made with rough estimates. This way, we are also committed to offsetting the personal trips of employees with company cars;

+ **Scope 2:** indirect emissions from the generation of electricity drawn from the grid and consumed by the company;

+ **Scope 3:** other indirect emissions. In this second report, SEW-EURODRIVE Italy assessed emissions from the disposal of waste disposed of and recovered.

In 2022, direct and indirect Scope 1 and Scope 2 greenhouse gas emissions in terms of CO<sub>2</sub>-eq totalled 592.20 tonnes.

If we had not purchased 100% renewable energy, the approximately 400 tonnes of CO<sub>2</sub>-eq generated by Scope 2 electricity consumption would have to be added to these emissions.

Direct greenhouse gas emissions (Scope 1)	UoM	2019	2020	2021	2022
Emissions from transport - company car fleet	[t CO <sub>2</sub> -eq]	401.90	264.41	329.51	408.87
Emissions from gas consumption for heating	[t CO <sub>2</sub> -eq]	185.76	188.00	239.04	178.42
Gas leaks climate control systems	[t CO <sub>2</sub> -eq]	no leak	no leak	no leak	4.90
<b>Total emissions (Scope 1)</b>	[t CO <sub>2</sub> -eq]	587.66	452.41	568.55	592.20

Direct greenhouse gas emissions (Scope 2)	UoM	2019	2020	2021	2022
Emissions from electricity consumption	[t CO <sub>2</sub> -eq]	367.08	368.64	0.00	0.00
<b>Total emissions (Scope 2)</b>	[t CO <sub>2</sub> -eq]	367.08	368.64	0.00	0.00

100% renewables

The goal for 2026 is to obtain a clearer picture of Scope 3 emissions by retrieving the necessary information from at least 100 per cent of intra-company deliveries and 50 per cent of deliveries from the remaining suppliers. Scope 3 emissions due to the use of SEW products by customers will be provided by our parent company, which has planned to make this data available for SEW products by 2024.





Again, the emission intensity was measured against several factors: the number of assembled parts and the turnover.

KPI - [TCO <sub>2</sub> /NO. ASSEMBLED PARTS]	UoM	2019	2020	2021	2022
Intensity of GHG emissions - Scope 1	[kg CO <sub>2</sub> /piece]	14.28	11.49	12.73	11.77

KPI - [TCO <sub>2</sub> /TURNOVER]	UoM	2019	2020	2021	2022
Intensity of GHG emissions - Scope 1	[kg CO <sub>2</sub> /thousand EUR]	4.238	3.561	3.973	3.558



# Biodiversity

## Collaboration between SEW-EURODRIVE Italy and the Groane & Brughiera Briantea Regional Park

We are mindful of protecting the environment and biodiversity and are keen to play an active role in creating an eco-sustainable future, offsetting the CO<sub>2</sub> emissions resulting from our activities; we have entered into an interaction agreement with the Groane & Brughiera Briantea Regional Park, which our Solaro (MI) office directly borders on to the east.

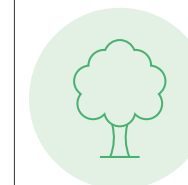
The Memorandum of Understanding signed in Solaro on 16 November 2022 by the President of the Park Authority Emiliano Campi and our Managing Director Giorgio Ferrandino calls for collaboration in environmental protection and sustainability activities to make the most of the scenic resources of the Groane & Brughiera Briantea Regional Park, a regional protected area identified and classified by Regional Law no. 32 of 8 November 1986 as a woodland and metropolitan area park.

We aim to raise awareness of the issues in the area with various stakeholders: workers, customers, schools and other entities, promoting social inclusion and relations with the community around us, through programmes and initiatives for their active engagement.

During the first Conference of the Park Associations, on 19 November 2022 at the premises of the former powder magazine - Polveriera - in Solaro, Eva De Col, Procurement, Facilities & Sustainability Manager of SEW-EURODRIVE Italy, explained our company's commitment to an environmental path oriented towards continuous improvement and the creation of shared value.

We are specifically interested in:

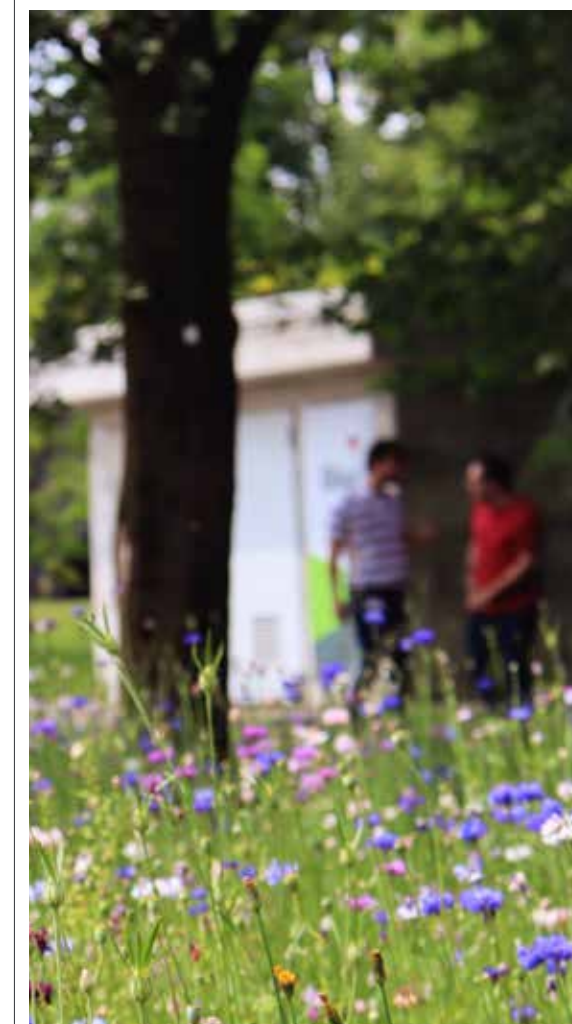
- + creating a favourable "habitat" for pollinating insects in our private area, called the "PRATO FIORITO" or flower field project, compatible with the uniqueness of the Groane Park context,
- + making our areas available for possible studies or monitoring by the Park Authority or appointed personnel,
- + curbing non-native species, especially Invasive Alien Species (IAS),
- + considering the possibility of contributing to environmental rehabilitation, protection and conservation projects in the Cesate Pinewood area, part of the Natura 2000 Network or in another area in the natural park, signing an agreement with the managing body.



### Invasive Alien Species (IAS)

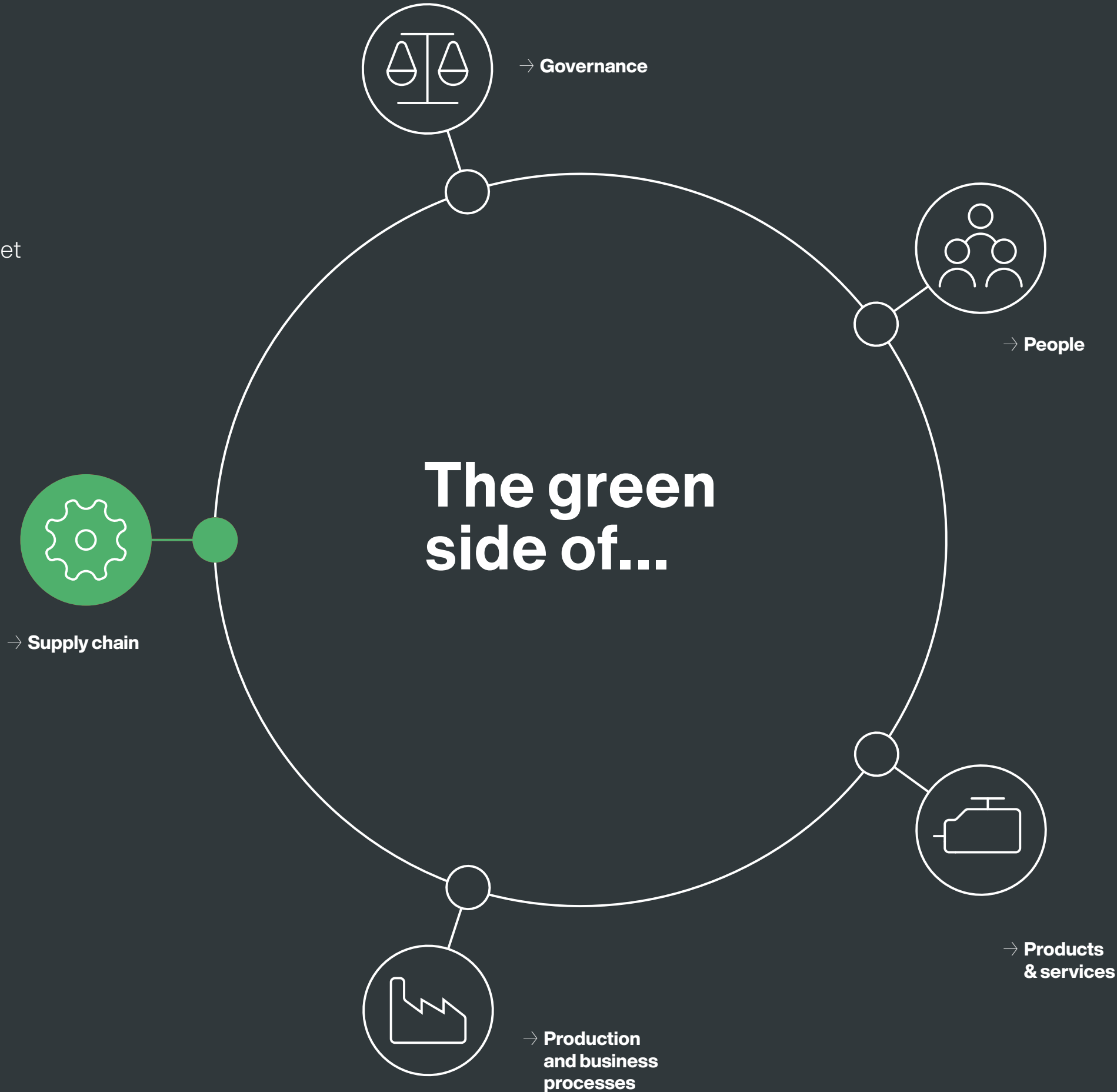
Also known as non-native species, these are animal or plant species transferred by humans outside their natural geographical area, either deliberately or accidentally.

These species reproduce and expand rapidly at the expense of native species and can cause damage to biodiversity, human health, farm crops or structures.



# Supply chain

- 120 Procurement
- 124 Supplier selection
- 125 Supplier assessment
- 126 Raising awareness of suppliers to the Net Zero target





# Ethical management of the supply chain

Suppliers represent a key factor in our sustainable growth process. They are part of our production and organisational process and must therefore align with our goals and strategy.

Our goal is to establish clear relationships with suppliers that can create value.

Involving suppliers directly in sustainability goals fosters positive effects not only in economic terms, but on the entire ecosystem.

A transparent approach with suppliers on our intended goals allows us to make our expectations of them clear, in terms of the commitments to be made in protecting and safeguarding social and environmental aspects, as well as the established product/service aspects.

## Purchases

In order to ensure consistent quality, our business model requires production materials to be supplied by the parent company, which guarantees the standards and, consequently, is the main source of our purchases.

## Supplier qualification

Procurement is responsible for supplier qualification, verifying their economic and financial soundness, supported by a vertical specialist in the relevant area, who identifies the right local partner.

## Audits

Strategic suppliers are audited periodically.

In 2022, for the first year, six audits were conducted. All the suppliers audited passed the assessment.

## Stakeholder engagement

In order to achieve the Net Zero goal, in 2023 we will undertake a process of supplier outreach, collecting some of the data useful to define the Scope 3 emissions framework.

502

suppliers operating in Italy

8%

proportion of purchases in Italy

29%

proportion of suppliers province of Milan

51%

proportion of suppliers MI-MB-VA provinces

# Goals

The table summarises the corporate goals for the supply chain area with an impact on sustainability, broken down by ESG topics, strategic actions and areas of development.

SUPPLY CHAIN						
Sustainability goals	ESG topics	Actions	Indicators	Target 2023	Target 2024	Target 2025
<b>Sustainable management of the supply chain to become Net Zero in 2023</b>	Sustainable supply chain assessment	Build and introduce sustainability-conscious suppliers that have plans to curb their emissions through mapping, with the aim of prioritising collaboration with companies that embrace the same cause as SEW	Number of eligible suppliers qualified and number of audits conducted, as per internal quality procedures	50% of active Italian suppliers qualified  Audit of at least 10 strategic suppliers	100% of active Italian suppliers qualified.  Audit of at least 20 strategic suppliers	in addition to the 2024 target: collection of emissions data from Italian suppliers representing 30% of emissions (Scope 3)



**Supply chain: the ESG topics**

+ Sustainable supply chain assessment



# Procurement

We differentiate between direct purchases, meaning services that are directly useful for production, and indirect purchases, namely goods and services that are not used for production but are necessary for other aspects of our business life.

In order to ensure consistent quality, our business model requires production materials to be supplied by the parent company, which guarantees the standards and, consequently, is the main source of our purchases.

**91%**

proportion of suppliers in Italy

**8%**

proportion purchased from Italian suppliers

**1%**

proportion of supplier companies designated by the parent company

**92%**

proportion determined by purchases from the parent company and from companies in the SEW Group

In 2022, total purchases can be broken down as follows:

+ **Direct purchases from the SEW Group**  
Purchases from the parent company of electronic and mechanical components of products assembled in Italy; special tools & equipment developed by SEW-EURODRIVE Germany; other finished products and various spare parts from other group companies.

+ **Purchases from domestic suppliers**  
Consumables for production (packaging material, glues, oils, etc.), indirect purchases such as clothing, stationery and PPE, and all Facility area services (maintenance, cleaning, security, utilities, company fleet, etc.).

+ **Purchases from suppliers abroad**  
Paints and glues specially designed for SEW-branded products; IT equipment.

Group	Region	Total (EUR)	No. suppliers
B	Italy	10,121,191	454
A	Group	120,850,471	5
C	Not Group (EU+Abroad)	922,758	43
<b>TOTAL</b>		<b>131,894,421</b>	<b>502</b>

\*Amounts include VAT, where applicable

Country	Total (EUR)
America	12,429
Asia	56,521
Countries	131,685,637
Others*	139,832
<b>TOTAL</b>	<b>131,894,421</b>

\*United Kingdom + Switzerland

"Others" refers to countries outside the European Union: in 2022, Switzerland and the UK are included in this category. Purchases in Asia refer to Group companies, while purchases in America refer to procurement associated with framework agreements with the parent company. In terms of purchasing, Europe is the most important market for us, because this is the location of our parent company and the companies with which we have the main framework agreements.

**Italy accounts for 8% of total purchases.**

## Geographical distribution of purchases in Italy

**75%**

7,571,130.41  
North

**6%**

613,073.45  
Centre

**19%**

1,936,987.66  
South

Breakdown of suppliers by region where SEW is located	2022	2021
Lombardy	52%	62%
Veneto	2%	3%
Piedmont	4%	6%
Campania	19%	1%
Emilia-Romagna	9%	11%

\* % of total purchases made in Italy (including VAT where applicable) per reference year

29% of local suppliers are located in the area confined to the head office, the province of Milan. If we extend the focus to the province of Monza Brianza and the province of Varese, the proportion of local suppliers rises to 51% of total Italian suppliers.

**29%**

proportion of suppliers  
province of Milan

**51%**

proportion of suppliers  
MI-MB-VA provinces

KMO		
MI	2,931,087	29%
MB	274,584	3%
VA	1,913,354	19%
<b>TOTAL</b>	<b>5,119,025</b>	<b>51%</b>

Two teams are responsible for purchasing:

+ the Material Production Planning team monitors and schedules stock and orders the components and tools required for local production from the parent company;

+ the purchasing team, on the other hand, orders goods and services from other suppliers, including international suppliers with whom SEW-EURODRIVE Germany has framework agreements, both for production and for day-to-day business.

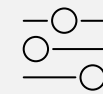
For the latter type of purchasing, in order to guarantee the best product/service for the company, Procurement is supported by vertical area/sector specialists.

In-house customers, i.e. colleagues who express a need, are supported by a specialist who will guide them towards the most suitable solution for them and the company.

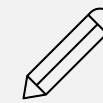
**What are the "verticals"?**  
The verticals are go-to specialists inside the company for the purchasing needs of an area, thanks to specific professional expertise acquired in the field.



In 2022, the company consolidated the role of vertical specialists, redefining new purchasing areas:



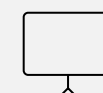
AGVS



Stationery



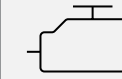
Marketing



IT



Facility



Services



Work clothing



PPE & Safety



Logistics



Production



Purchasing office

Goods and/or services must be selected on the basis of three fundamental criteria:

**1**

**Sustainability**

**2**

**Cost-effectiveness**

**3**

**Function**





# Supplier selection

The vertical specialist in the target area identifies the right partner to meet the needs of the internal customer and for the company.

The selection process is split into three steps:

+ Scouting: search for a supplier, and when possible, on-site visits to verify the quality of the product/service.

+ Internal qualification, through the supplier qualification form and the economic and financial evaluation of the supplier.

+ Contracts and issuing Purchase Requests (RDAs).

Scouting is then broken down for each purchasing area. The vertical is in charge of this when a need arises or to identify possible new suppliers so as to avert any procurement-related risks.

Procurement is responsible for supplier qualification, verifying their economic and financial soundness through the Cerved business report. Together with the vertical specialist, a qualification datasheet is sent to the supplier specifying:

- ✓ Master data and main business information
- ✓ Safety and quality certifications and information
- ✓ Necessary company obligations
- ✓ Description of the supplier's commitment to sustainability
- ✓ Good standing



The datasheets are updated when necessary and in any case every year for active suppliers; this ensures that the data on suppliers with whom we have stronger relationships in terms of turnover volume and service characteristics are always up-to-date.

The supplier is accordingly selected and added to the "List of Qualified Suppliers".

The last step is to issue the purchase order, which consolidates the selection of the chosen supplier.

# Supplier assessment

In 2022 we had 502 active suppliers, of which 454 were in Italy, representing 8% of the total purchased goods and services.

Not all suppliers can be audited: for example, we do not assess suppliers with whom the parent company has international agreements, or consultants, freelancers, etc.

Once a supplier is qualified and placed on the qualified supplier list, the procurement department determines the strategic suppliers, either by turnover or by the critical nature of the product and/or service they provide.

We periodically audit these suppliers as follows:

+ An on-site visit to the supplier's premises is scheduled for material suppliers.

+ For service providers, quality audits are scheduled at our premises and, in some cases, also an internal audit at the supplier's premises to check their equipment and working conditions.

## 6

suppliers audited in 2022

The audits are scheduled internally and arranged with the supplier, who is given advance notice so that they can prepare the documentation to be viewed during the audit.

The inspection is conducted by the Procurement department, which involves vertical specialists and colleagues from the HSQ department as appropriate. Each inspection is followed by a report and discussion to provide feedback on the results and, if necessary, request improvements.

All the suppliers audited passed the assessment audit, and only one of the six audited presented an area for improvement. The supplier is monitored throughout the duration of the relationship. 50% of the audits conducted covered companies that supply us with products and 50% with services.





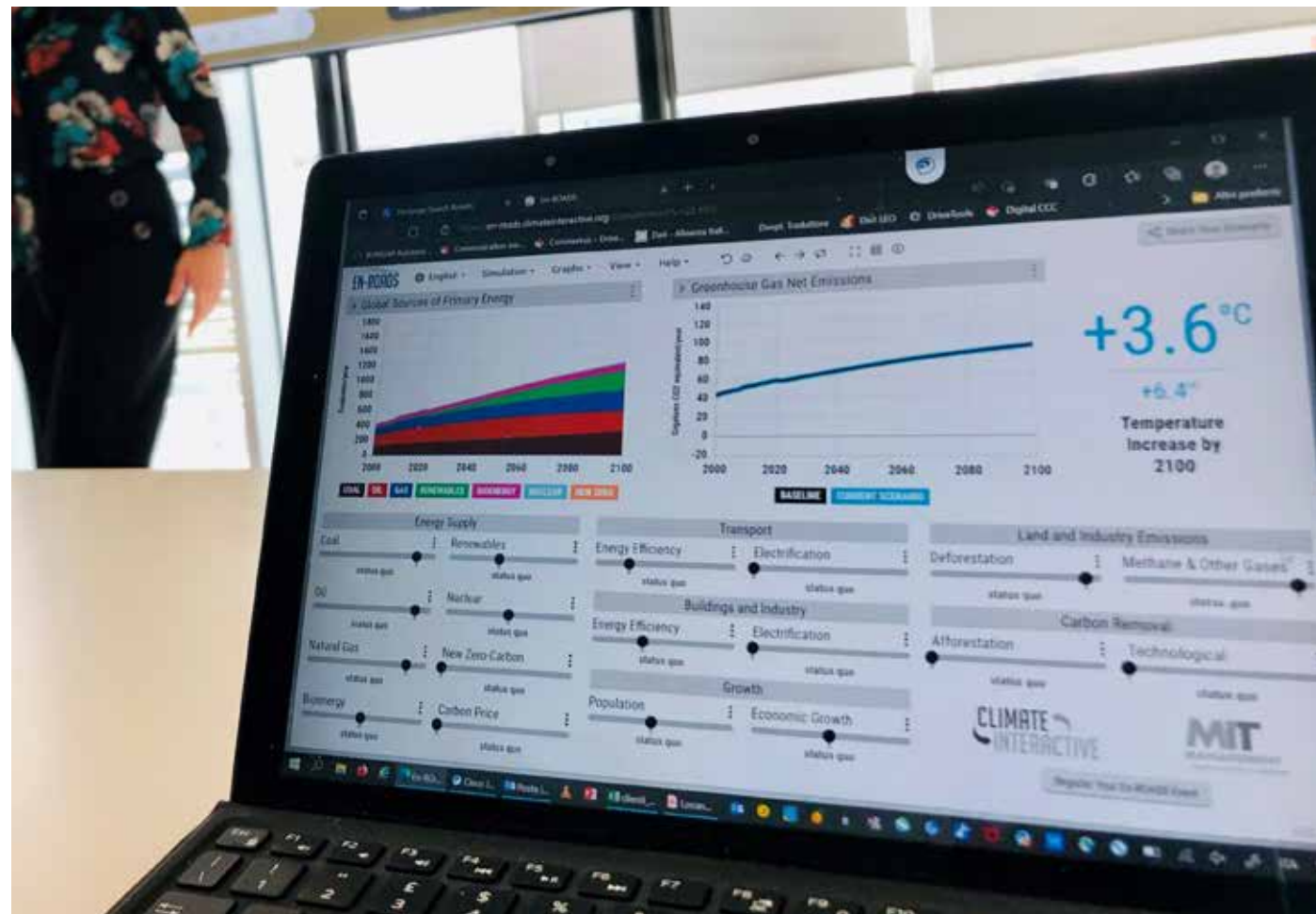
# Raising awareness of suppliers to the Net Zero target

We have set a goal to achieve Net Zero in 2030: to achieve this, we have embarked on a process of supplier outreach, collecting the data that suppliers have made available to us relating to Scope 3 emissions, and incorporating these aspects into the supplier qualification and assessment process.

This outreach process involves all suppliers, but in different ways:

- + some have been involved in company events such as "Walk the Green Talk", to which we invited the suppliers we consider most inclined towards virtuous processes
- + for other suppliers, such as local hauliers, we embarked on a mentoring process, showing them how to determine the emissions calculation for each route, how to consider human rights aspects, etc.




We focused on energy aspects, in particular. In 2022, we introduced an Energy Contractor, who verifies the most virtuous suppliers on the market, so as to choose the one that best meets the prerequisites.







# Goals - Follow Up




## Key to achievement

-  not achieved
-  achieved
-  partly achieved
















## Social responsibility

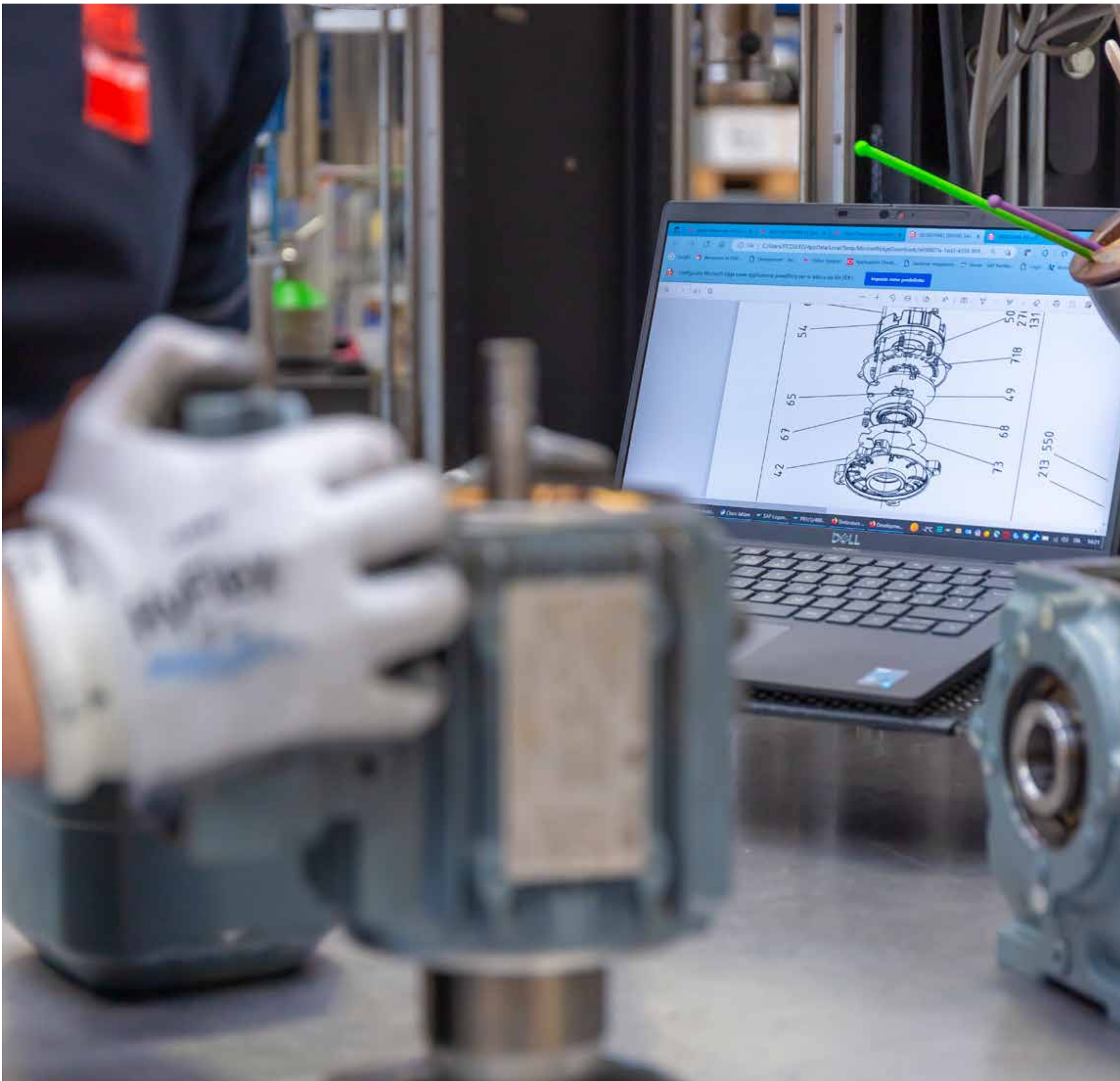
 Strengthening partnerships with the school-university system and governmental and non-profit organisations with high social impact <b>p. 76-79</b>	 Raising awareness of sustainability issues among the SEW population <b>p. 61-63</b>	 With a track record of at least three years, set up a Health and Safety Management System as a basis for working in the Safety area with a structured, step-by-step and preventive approach <b>p. 68-73</b>
 Training people to boost their ability to make quick decisions and work with standards of excellence in a context of digital transformation <b>p. 61-63</b>	 Monitoring the number of training initiatives carried out and the number of people participating on the topic of sustainability <b>p. 63</b>	 Regular internal audits on risks and hazards <b>p. 68-73</b>
 Setting up individual development paths <b>p. 63</b>	 Sustainable development training for leaders/supervisors <b>p. 22</b>	 Raising awareness of Near Miss reports <b>p. 68-73</b>
 Increasing the presence of female staff <b>p. 57</b>	 Training to develop the knowledge and skills needed to manage environmental aspects <b>p. 22</b>	 Machinery and equipment inventory and preventive maintenance <b>p. 68-73</b>
 Promoting wage equity by reducing discrepancies with respect to various market benchmarks <b>p. 64-67</b>	 Planning tools to link environmental behaviour to employee incentives and career policies <b>p. 22</b>	 Developing professional skills and knowledge of the internal RSPP role <b>p. 68-73</b>
 Placing at least one person under 30 in each office/department <b>p. 58</b>	 Programming tools to link the performance review system to environmental performance objectives <b>p. 22</b>	 Establishing a Sustainability Communication Directorate, with a Sustainability Manager, who also manages sustainability communication <b>p. 21</b>

## Product responsibility

-  Mapping all suppliers as per policy criteria  
**p. 125**
-  Conducting the audits of six key suppliers  
**p. 125**
-  Streamlining and managing the stock of material inventories from the main supply activities  
**p. 122**

## Environmental responsibility

-  Increasing the GRI300 indicators measured  
**p. 97**
-  Upgrading the network of current meters necessary to measure the consumption rates of individual activities and machinery  
**p. 105-106**
-  Purchasing cars with lower emissions, at least 3 plug-in vehicles and 2 electric vehicles  
**p. 98**
-  Regular communications and signposting to increase communal attention to consumption e.g. switching off lights and screens, closing windows, etc.  
**p. 20**
-  Increasing self-generation of renewable energy In the three-year period from 2022 to 2024, we plan to double the number of panels installed in Solaro in addition to installing photovoltaic panels at the new sites in Caserta and Bologna  
**p. 108**
-  Reducing the average emissions of the company fleet from the present 154 g CO<sub>2</sub>/km to 150 g CO<sub>2</sub>/km  
**p. 112**
-  a) Raising awareness among internal staff so that they understand that reusing a material is a virtuous process that reduces emissions and waste; the aim is to unhinge old cultural legacies that view reuse as a form of saving at the expense of quality  
b) Prototyping labels to be affixed on reused packaging boxes to pass this awareness on to customers as well  
**p. 92**
-  Actions to discourage and reduce paper consumption by optimising the formats of more frequently printed documentation and increasing the use of erasable boards and digital tools  
**p. 101**
-  Launching a project for the protection of biodiversity, which envisages using a portion of the company's park as a meadow for wild flowers, which are increasingly rare and therefore valuable for pollinating insects  
**p. 114**
-  Updating the company's green policy to make its message and effectiveness more powerful in terms of consumption  
**p. 100**
-  Launching a process to understand how to measure and evaluate other indicators of direct and indirect emissions, with reference to scope 1 and scope 2  
**p. 111-112**
-  Increasing the number of CER categories that can be sorted through the purchase of a dedicated press for opening motors and extracting and separating the different metals they contain, aluminium, iron and copper  
**p. 2**
-  Reducing consumption monitored through energy datasheets by 5% of total electricity consumption by 2021  
**p. 107**
-  Appointing a mobility manager and creating the first home-work travel plan (PSCL) to measure the travel generated by the Solaro site and propose improvement measures  
**p. 98**
-  Defining instructions for the reuse of cartons and pallets, with the preparation and dissemination of a specific internal procedure  
**p. 104**



# Report drafting process

SEW-EURODRIVE Italy does not fall within the scope of Italian Legislative Decree no. 254/2016, which requires a Non-Financial Statement to be drawn up annually. However, it considers it imperative to report on its sustainability commitments and responsibilities, and does so with this document, drawn up according to the latest version of the Sustainability Reporting Standards 2021 of the Global Reporting Initiative (GRI), on the basis of the new "in accordance with" 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 disclosed in the report and how it should be represented.

## Principles for defining the contents of the report

- + **Stakeholder inclusiveness** – The application of this principle led SEW-EURODRIVE Italy to implement and report on engagement activities, described in the chapter “Mapping and classifying stakeholders”.
- + **Sustainability context** – The section “Approach to sustainability” offers a clear definition of how the company interprets sustainability in connection with its business sector. Without losing sight of the overall picture, an attempt has also been made to describe the local initiatives by reporting the specific features of the different markets (see section “For the territory and the community”).
- + **Materiality** – The sustainability issues considered emerged during the priority and impact analysis process. SEW-EURODRIVE Italy also highlighted the close connection of these topics with the UN Sustainable Development Goals (SDGs) and the related Targets, both by including them directly in the priority matrix and through the impact analysis table that highlights their connection (see section “Identifying the material topics”).  
The priority analysis was developed taking into consideration the guidelines of the most recent publications by international standards such as the GRI and the AccountAbility AA1000 Stakeholder Engagement Standard (AA1000SES), concerning the principles of inclusiveness, materiality, responsiveness and impact. The list of methods to consider when identifying topics is suggested by SASB.
- + **Completeness** – The report is designed to give stakeholders a complete picture of the activities carried out by SEW-EURODRIVE Italy during the reporting period, without excluding any information needed to understand the impacts produced by the company.



## Principles for the quality of the report

+ **Balance** – In describing the results of the activities carried out by SEW-EURODRIVE Italy, an attempt has been made to take into account both positive and negative aspects so as to allow for a balanced assessment of performance as a whole.

+ **Comparability** – To enable stakeholders to analyse the changes in the company's performance, the Sustainability Report presents data for the three years from 2020 to 2022, where possible, highlighting (where necessary) changes or refinements in the measurement methods compared to previous periods. The disclosure dedicated to waste management does not include the 2020 figures as they are not available in full. Since 2021, the department in charge of waste management, namely the facility, has been completely reorganised, both in terms of personnel and in terms of organisational structure and working methodology. One of the reasons for this reorganisation is the need for timely control of figures on topics to be disclosed in the Sustainability Report.

+ **Accuracy** – The reporting scope of the economic and financial data and information corresponds to that of SEW-EURODRIVE Italy's Financial Statements at 31 December 2022. Quantitative figures are mainly obtained from the operational systems of SEW-EURODRIVE Italy. The information for the reporting period is compared with that of two previous financial years, where available. Estimates were used as little as possible to ensure the reliability of the information. Any estimates made have been suitably highlighted and are based on the best available methods.

+ **Timeliness** – The Sustainability Report is prepared annually.

+ **Clarity** – The report's format is designed to make the information it contains easy for stakeholders to identify. The Sustainability Report opens with a letter from the Managing Director and consists of eight sections, followed by an Appendix: The green side of... Drive, Governance, People, Products & services, Production and business processes, Supply chain, 2021 Goals - Follow Up. The document ends with the Report drafting process, the Content Index and the audit report by an independent third party. The level of detail of the information was chosen to make the report understandable, accessible and usable by the various stakeholders.

+ **Verifiability** – This Sustainability Report was approved by the general partner of SEW-EURODRIVE S.a.s., namely SEW S.r.l., through its legal representative Mr. Giorgio Ferrandino, on 19/06/2023.

The Sustainability Report was audited by an independent third party, PKF Italia SpA, in accordance with the criteria specified in the "International Standard on Assurance Engagements 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.

In 2020, SEW-EURODRIVE Italy adopted a Green Policy to take an active role in creating a sustainable future; this is currently under review. For more details, consult the section "Environmental impacts on activities and processes" in this document.

The Group's Code of Ethics, adopted in July 2018, explicitly requires economic and social development to be based not only on environmental protection, but also on respect for fundamental human and labour rights. For more details, see the section "The Green Side of Governance" in this document. SEW-EURODRIVE Italy has started to implement Italian Legislative Decree 231/2001, with plans for constant updates. For more details, see the section "The Green Side of Governance" in this document.

The process of embedding sustainability topics within SEW-EURODRIVE Italy's strategy takes place by defining goals and related KPIs, and disclosing their achievement in the following year's Report; for more details on the goals achieved and new ones, please refer to the section "Goals - Follow up", as well as to the chapter "Future sustainability goals" in the section "Sustainability of SEW-EURODRIVE Italy" in this document.

# Appendix

## Assessment of the impacts of the material topics

### REDUCE CONSUMPTION AND EMISSIONS

<p><b>OPPORTUNITIES OF THE ASPECT</b></p>	<p>This aspect offers the opportunity to structure and implement a timely system for monitoring electricity consumption. The result is increased control over the efficiency and operation of production machinery as well as the ability to calculate emissions that will contribute to the product carbon footprint (PCF).</p> <p>Reducing the emissions generated by people's movements offers the opportunity to value working from home and the use of digital tools, as well as to accelerate the transition to electric mobility and the reduction of road traffic.</p> <p>The goal is also to share with the entire corporate population good practices and corporate results achieved in energy saving, waste reduction and mobility management, contributing by direct testimony and example to increasing individual sensitivity and culture on the topic. SEW-EURODRIVE Italy seeks to become a driving force for internal cultural change and to foster the engagement of people in the company, who can themselves become ambassadors of this message in their own ecosystem of reference inside and outside the company.</p>
<p><b>DESCRIPTION OF THE RISK</b></p>	<p>If climate change is not slowed down, the increase in temperatures will lead to events that may damage the infrastructure owned by the company.</p> <p>Environmental risk caused by the proximity of the Groane park and possible large fires very close to the Solaro plant.</p> <p>Possible financial and reputational risk if the company is not ready to define its product carbon footprint when this data is required for sales.</p> <p>Possible economic risk in terms of increasing costs and consumption taxes that may jeopardise financial soundness.</p> <p>Competitive disadvantage also in terms of workplace attractiveness and people's disaffection with the company.</p>
<p><b>RISK MANAGEMENT</b></p>	<p>Improve the physical protection of the site, increasing insulation and the rainwater drainage system, reinforcing the roof, which would be damaged in the event of strong winds.</p> <p>Measure internal electricity consumption in detail to eliminate waste, reduce consumption and consequently the organisation's CO<sub>2</sub> footprint.</p> <p>Strengthen the culture of sorting and reusing packaging materials and reduce scope 3 emissions generated by waste sent for disposal/landfill.</p> <p>In the event of widespread forest fires in the vicinity of the park, it would be necessary to take action to preserve the health of workers and facilities in the Solaro plant.</p> <p>Selection of sites and locations for new construction in areas with low hydrogeological risk.</p>
<p><b>LIST OF ACTIVE PROJECTS APPLICABLE TO THIS SDG</b></p>	<p>Installation of solar panels to increase self-generation of energy.</p> <p>Installation of a network of metering devices for precise measurement of electricity consumption and search for wasteful consumption.</p> <p>Recovery and reuse of packaging materials.</p> <p>Increase in the proportion of electric cars and actions to reduce the carbon footprint of corporate mobility.</p>
<p><b>EXPECTED GOALS BY 2025</b></p>	<p>Emission reduction goal of reducing electricity consumption over the years to reach 6.5 Watt/EUR turnover in 2025.</p>

## ASSESSMENT OF THE ENVIRONMENTAL AND HUMAN IMPACT OF THE PRODUCTS

<b>OPPORTUNITIES OF THE ASPECT</b>	<p>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.</p> <p>This aspect also provides 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.</p> <p>Another opportunity provided by this aspect is the appeal of the company in the world of work - companies with a strong focus and commitment to sustainability are more attractive to young people, whose increased job satisfaction leads to low staff turnover.</p>
<b>DESCRIPTION OF THE RISK</b>	<p>If we don't pursue these goals we face the risk of losing market share and losing competitiveness in the constantly evolving sector.</p> <p>In addition, the risk of damaging the company's reputation would manifest, with consequent loss of stakeholder trust, including internal stakeholders.</p> <p>Also worth mentioning is the risk of failing to meet European and global goals to reduce emissions and curb global warming.</p>
<b>RISK MANAGEMENT</b>	<p>The company is in the process of setting itself up with in-house products and skills to increase sales of solutions with the lowest environmental impact in terms of consumption, and monitoring solutions for our products to ensure long life, optimum efficiency and return to a circular process at the end of life.</p> <p>In-house staff training is essential to succeed in this goal and the company is already implementing plans to build up skills to create energy consultants.</p> <p>We also plan to set up a dedicated remanufacturing business line.</p>
<b>LIST OF ACTIVE PROJECTS APPLICABLE TO THIS SDG</b>	<p>The parent company is in the process of creating a product carbon footprint, with a contribution from the Italian headquarters for emissions generated at Italian sites. A remanufacturing pilot project is underway, in conjunction with the parent company.</p>
<b>EXPECTED GOALS BY 2025</b>	<p>50 % of the motors of the sizes that can be processed in Italy and recovered through the remanufacturing service.</p> <p>Creation of an energy consultant role, meeting 100% of the necessary positions covered by trained personnel.</p>

## OCCUPATIONAL HEALTH AND SAFETY

<b>OPPORTUNITIES OF THE ASPECT</b>	<p>For SEW-EURODRIVE Italy, the health and safety of people is not merely a goal, it is the only right way of doing business. Business must be developed while minimising risks in order to ensure the health and safety of workers.</p> <p>Safety is an integral part of the work culture at SEW, and prevention is based on techniques for observing unsafe conditions and on the reporting of anomalies by staff themselves.</p> <p>This culture of health and safety brings benefits in the sphere of attention to the quality of work and people's wellbeing, as it refines, through continuous training, the sensitivity of individuals towards an awareness of the sustainability of work that includes health and safety.</p>
<b>DESCRIPTION OF THE RISK</b>	<p>Accidents</p> <p>Serious accident to the point of loss of life</p> <p>Loss of confidence in the company by workers and stakeholders in general</p> <p>Legal and criminal consequences with seizure and suspension of business</p> <p>Consequences to reputation</p>
<b>RISK MANAGEMENT</b>	<p>In 2022, the HSQ function internally developed the first version of the occupational health and safety management system (SGSL) to control, monitor, evaluate and hence improve all aspects of prevention and protection.</p> <p>The company places an emphasis on the reporting of observed critical points detected by all personnel, no one excluded, followed by proposals for improvement aimed at reducing risks. The risks are assessed by the Prevention and Protection Service Officer (RSPP), in consultation with the Employer and with the support of the supervisors and workers. The assessment method involves completing a matrix R = PxD (Risk = Probability x Damage) for each generic and specific risk identified in the workplace.</p>
<b>LIST OF ACTIVE PROJECTS APPLICABLE TO THIS SDG</b>	<p><b>Projects in 2022</b> Renewal of the forklift fleet in the logistics area with the aim of increasing driver protection and reducing possible man-forklift collisions by means of a supervision and anti-collision system</p> <p>Definition of the internal traffic layout in the workshop and control of access to the departments to reduce conflicts between pedestrians and vehicles Fall arrest system with tilt on assembly platform to eliminate the risk of falling from height</p> <p><b>Projects in 2023</b> New portable and emergency call systems Improved ergonomics in the office - "smart safety" approach Digitised Personal Protective Equipment (PPE) management</p> <p><b>Projects in 2024</b> Refurbishment of hung-down packaging unloading area with robotic automation island Automatic tilting fall arrest system for logistics loading bay</p>
<b>EXPECTED GOALS BY 2025</b>	<p>Reduction of accident frequency rate</p> <p>Achievement of operational excellence in terms of Health and Safety through an increasingly structured management model based on risk recognition, continuous assessment and a preventive approach, with a 100% completion rate by 2025</p>



## ETHICS AND TRANSPARENCY IN THE BUSINESS

<b>OPPORTUNITIES OF THE ASPECT</b>	Ensure that all workers act in compliance with the Code of Ethics and in accordance with the Compliance Model when performing all company activities;
	Collect, monitor and manage any reports of violations and abuses;
	Develop a system for collecting reports that allows all company stakeholders to communicate any human rights impacts;
	Train employees and suppliers in transparency and human rights and support suppliers in eradicating any poor practices;
	Attract and retain people who work or want to work in SEW;
	Help the company make the currently pursued management model, based on ethics, trust between people and transparency, more effective.
<b>DESCRIPTION OF THE RISK</b>	Serious damage to reputation that could undermine the business and financial soundness.
	Disaffection of employees and other stakeholders with the company and management.
	Lawsuits, including criminal proceedings.
<b>RISK MANAGEMENT</b>	The company is implementing the Compliance Model in accordance with Italian Legislative Decree 231, and introducing an Oversight Committee to manage all possible administrative offences, incorporating it into the company's internal risk management process.
<b>LIST OF ACTIVE PROJECTS APPLICABLE TO THIS SDG</b>	231 project: Implementation of the Compliance Model in accordance with Italian Legislative Decree 231, introduction of the Oversight Committee, review of powers and creation of an Audit Plan
	Evaluation of the expected costs for adopting a system for collecting and managing reports of violations.
	Evaluation of a process for involving suppliers in the detection of any incorrect practices in the areas of transparency, business ethics, respect for human rights and environmental protection.
<b>EXPECTED GOALS BY 2025</b>	Full implementation of the 231 Compliance Model, Oversight Committee activities, Audit Plan, supplier monitoring.

## DISSEMINATION AND GROWTH OF A SUSTAINABLE CULTURE

<b>OPPORTUNITIES OF THE ASPECT</b>	The opportunity arising from the dissemination and growth of a culture of sustainability is a critical driver of business success because it encompasses the entire corporate strategy as expressed in the Balanced Scorecard.
	Increased hope of leaving a future for the new generations - a cultural change is essential and is the only driver of the tangible change needed to curb future climate change.
	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.
<b>DESCRIPTION OF THE RISK</b>	Environmental and social in nature due to the consequences of climate change;
	Economic in nature: the failure to achieve the company's strategic goals with all the consequences in terms of business continuity;
	Economic in nature: risk of exclusion from a market sector that is evolving towards sustainability, with unequivocal feedback from customers through their demands;
	Reputational, when employees no longer feel represented in the company's values and therefore leave the company, especially with respect to new generations;
	Strategic in nature: the absence of widespread culture and awareness at all levels would not allow the company to achieve its sustainability goals despite its efforts.
<b>RISK MANAGEMENT</b>	Working on cultural aspects takes time; there are no quick fixes, but rather day-to-day measures with a long-term outlook. If there is a difficulty in the process of cultural affirmation, corrective action would be taken by the Sustainability Team, which is an expression of management up to the highest level. However, if the culture of sustainability were to grind to a halt or, even worse, be stopped from spreading, the responsibilities of the sustainability team and top management should be reviewed.
<b>LIST OF ACTIVE PROJECTS APPLICABLE TO THIS SDG</b>	Boosting internal and external communication by including the topic of sustainability at events and business meetings. Which is what happened in 2022 when this was activated through the EN-Roads events involving all stakeholders in raising awareness of climate change using the EN-Road climate simulator.
<b>EXPECTED GOALS BY 2025</b>	In 2023 and 2025 we will repeat the measurement of the internal sustainability culture index, with the aim of improving on the result achieved in 2022.

# GRI content Index

<b>Statement of use</b>	SEW-EURODRIVE Italy has reported in accordance with the GRI Standards for the period 1 January 2022-31 December 2022
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	None

GRI Standard other source	Disclosure	Location
General disclosures		
GRI 2: General disclosures 2021	2-1 Organizational details	pp. 15; 42
	Entities included in the organization's sustainability reporting	p. 131 (Report drafting process)
	2-3 Reporting period, frequency and contact point	p. 131 (Report drafting process); p. 138
	2-4 Restatements of information	pp. 57-59, 61-63, 66-67, 102-103
	2-5 External assurance	p.142
	2-6 Activities, value chain and other business relationships	pp. 8-9; p. 15; pp. 86-93; 120-123
	2-7 Employees	pp. 10-11; p. 15; pp. 56-59
	2-8 Workers who are not employees	p. 57
	2-9 Governance structure and composition	pp. 42-45;
	2-10 Nomination and selection of the highest governance body	pp. 42-43
	2-11 Chair of the highest governance body	pp. 42-43
	2-12 Role of the highest governance body in overseeing the management of impacts	pp. 42-43
	2-13 Delegation of responsibility for managing impacts	pp. 42-43
	2-14 Role of the highest governance body in sustainability reporting	pp. 42-43
	2-15 Conflicts of interest	p. 42
	2-16 Communication of critical concerns	p. 42

	2-17 Collective knowledge of the highest governance body	pp. 42-43
	2-18 Evaluation of the performance of the highest governance body	pp. 42-43
	2-19 Remuneration policies	p. 42
	2-20 Process to determine remuneration	p. 42
	2-21 Annual total compensation ratio	pp. 66-67
	2-22 Statement on sustainable development strategy	p. 5; pp. 18-37
	2-23 Policy commitments	pp. 45-47
	2-24 Embedding policy commitments	pp. 20-21, 54-84-98-118, 44, 120-125
	2-25 Processes to remediate negative impacts	pp. 24-29, pp. 36-37,133-137
	2-26 Mechanisms for seeking advice and raising concerns	p. 44
	2-27 Compliance with laws and regulations	No cases of noncompliance were recorded
	2-28 Membership associations	pp. 76-79
	2-29 Approach to stakeholder engagement	pp. 26-28
	2-30 Collective bargaining agreements	Metalworking contract
Material Topics		
GRI 3 - Material Topics 2021	3-1 Process to determine material topics	pp. 24-37; 133-137
	3-2 List of material topics	pp. 133-137
Reduce consumption and emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 133-137
GRI 302: Energy 2016	302-1 Energy consumption within the organization	pp. 105-109
	302-2 Energy consumption outside of the organization	pp. 105-109
	302-3 Energy intensity	pp. 105-109
	302-4 Reduction of energy consumption	pp. 105-109
	302-5 Reduction in energy requirements of products and services	pp. 105-109
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	pp. 110-112
	305-2 Energy indirect (Scope 2) GHG emissions	pp. 110-112
	305-5 Reduction of GHG emissions	pp. 110-112
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	pp. 101-104



	306-2 Management of significant waste-related impacts	pp. 101-104
	306-3 Waste generated	pp. 101-104
	306-4 Waste diverted from disposal	pp. 101-104
	306-5 Waste directed to disposal	pp. 101-104
Assessing the environmental and human impact of the products		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 133-137
Occupational health and safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 133-137
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	pp. 68-69
	403-2 Hazard identification, risk assessment, and incident investigation	pp. 68-69
	403-3 Occupational health services	p. 72
	403-4 Worker participation, consultation, and communication on occupational health and safety	pp. 69-72
	403-5 Worker training on occupational health and safety	p. 70
	403-6 Promotion of worker health	pp. 68-69
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 71
	403-8 Workers covered by an occupational health and safety management system	pp. 68-69
	403-9 Work-related injuries	pp. 68-69
	403-10 Work-related ill health	pp. 69-72
Ethics and transparency in the business		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 133-137
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 45
	205-2 Communication and training about anti-corruption policies and procedures	p. 45
	205-3 Confirmed incidents of corruption and actions taken	p. 45
GRI 415: Public Policy 2016	415-1 Political contributions	No political contributions were made
Dissemination and growth of a sustainable culture		
GRI 3: Material Topics 2021	3-3 Management of material topics	pp. 133-137

Other topics		
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	p. 49
GRI 404: Training and education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	pp. 62-63
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 64

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

## INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT

### ON THE SUSTAINABILITY REPORT 2022

#### INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY REPORT

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

We were appointed to perform a limited assurance engagement on the attached Sustainability Report of SEW Eurodrive S.a.s. di SEW S.r.l. & Co (hereinafter referred to as the "Company") for the year ending 31 December 2022.

#### Responsibilities of the General Partner for the Sustainability Report

The General Partner of the Company is responsible for preparing the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" defined by the GRI - Global Reporting Initiative ("GRI Standards"), as described in the "Report drafting process" section of the Sustainability Report.

The General Partner is also responsible for that part of the internal control that they deem necessary to ensure that the sustainability report is free from material misstatement, whether due to fraud or error.

The General Partner is also responsible for defining the Company's goals in relation to its sustainability performance and for identifying the stakeholders and the material aspects to report.

#### Independence of the auditor 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 due care, confidentiality and professional behaviour.

Our auditing firm applies International Standard on Quality Control (Italy) 1 (ISQC Italy 1) and accordingly maintains a comprehensive system of quality control system including documented policies and procedures regarding compliance with ethical principles, professional standards and applicable legal and regulatory requirements.

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This document has been translated into English from the original Italian.



### Independent Auditor's responsibilities

We are responsible for expressing a conclusion, based on the procedures performed, on whether the Sustainability Report complies with the GRI Standards. We performed our work in accordance with the criteria of the "International Standard on Assurance Engagements 3000 (revised) – Assurance Engagements other than audits or reviews of historical financial information" (hereinafter also "ISAE 3000 Revised") issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires the planning and performance of limited procedures in order to gain limited assurance that the Sustainability Report is free from material misstatement.

Our examination involved less work than what would be required to perform a "reasonable assurance engagement" in accordance with ISAE 3000 Revised. Consequently, the level of assurance obtained is substantially lower and we cannot be certain that we obtained knowledge of all material facts and circumstances that would have been obtained had reasonable assurance engagement been performed.

The procedures conducted on the Sustainability Report were based on our professional judgement and included interviews, mainly with the Company personnel responsible for preparing the information presented in the Sustainability Report, as well as document reviews, recalculations and other procedures aimed at obtaining sufficient appropriate evidence. Specifically, we performed the following procedures:

- analysis of the process for defining the material topics reported in the Sustainability Report, with reference to the methods used to analyse and understand the context of reference, identify, evaluate and prioritize the effective and potential impacts, and the internal validation of the results of the process;
- comparison between the economic and financial data and information reported in the "Economic value generated and distributed" section of the Sustainability Report and the data and information contained in the Company's annual financial statements;
- comprehension of the processes underlying the generation, collection and management of the significant qualitative and quantitative information included in the Sustainability Report.

More specifically, we conducted interviews and discussions with personnel from the Company's management, and carried out limited document verifications, to gather information about the processes and procedures that underpin the collection, aggregation, processing and transmission of non-financial data and information to the function responsible for preparing the Sustainability Report.

Additionally, for material information, taking into account the activities and characteristics of the Company:

- with reference to the qualitative information contained in the Sustainability Report, we conducted interviews and acquired supporting documentation to verify its consistency with the available evidence;
- with reference to quantitative information, we carried out both analytical procedures and limited verifications to ascertain the correct aggregation of data on a sample basis.

### Conclusions

Based on the procedures we performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Company as at 31 December 2022 was not prepared, in all material respects, in accordance with the GRI Standards, as described in the "Report drafting process" section of the Sustainability Report.

Milan, 23 June 2023

PKF Italia S.p.A.  
  
Edoardo Colombo  
(Partner)

## Credits

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The Sustainability Report was prepared with the contribution and coordination of:  
Eva De Col, Sustainability Manager.

The Sustainability Report is available on the site of SEW-EURODRIVE Italy, at [www.blog.sew-eurodrive.it/sustainability](http://www.blog.sew-eurodrive.it/sustainability)

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**SEW**  
**EURODRIVE**

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