

GEFRAN GROUP  
SUSTAINABILITY  
REPORT  
2023

**Consolidated Non-Financial Statement 2023**  
pursuant to Legislative Decree 254/2016



**GEFRAN**  
BEYOND TECHNOLOGY



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## LETTER TO STAKEHOLDERS



Dear Stakeholders,

Turning the pages of this document, I proudly retrace the path that Gefran has taken in recent years: we have pursued with determination a growth strategy that pays of great attention to the centrality of people, the carbon transition, sustainable product innovation, and the sustainability of the supply chain.

These are the pillars of the strategic plan whose objectives were presented and launched in 2023, and which today accompany and guide our vision and investment choices.

This way of acting has led us to be firmly recognised today as one of the companies in Italy most attentive to ESG issues. This is demonstrated by the numerous awards obtained, which are received year after year.

And the pride is even greater, because the most important result is the awareness of the close tie between sustainability and business continuity, a vision that has always been in the mind of our founder Ennio Franceschetti.

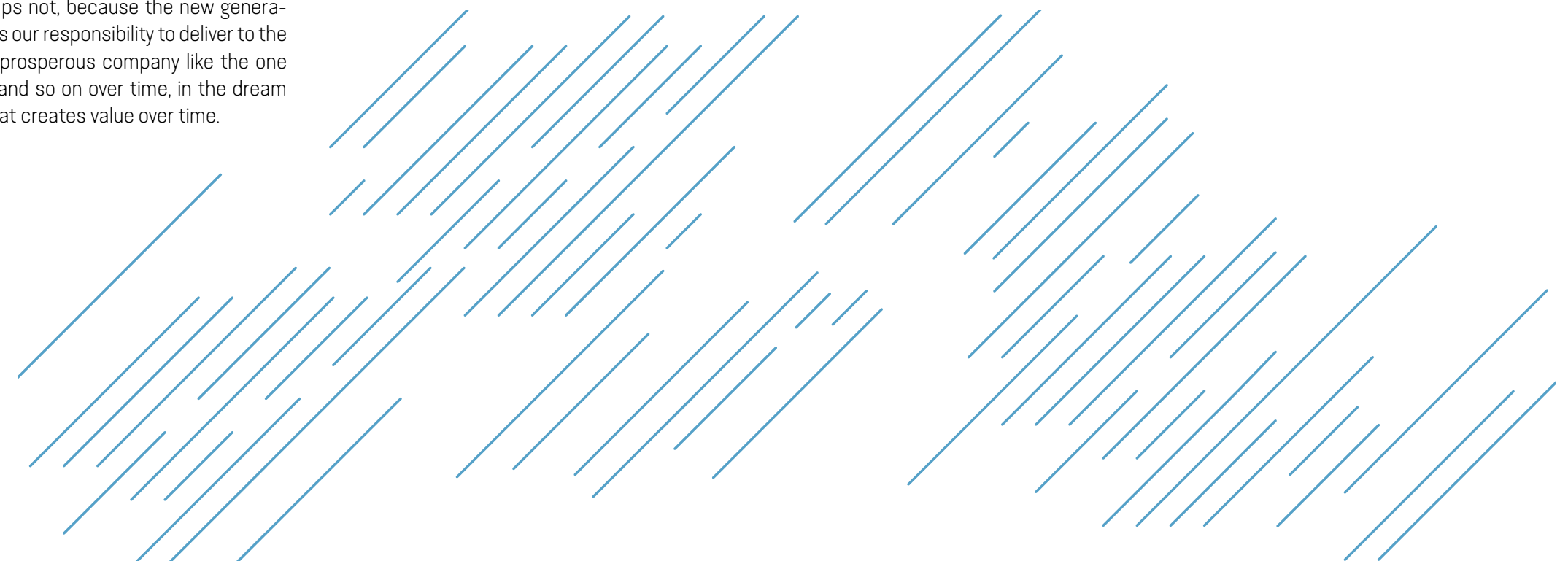
The second generation is now formally on duty, the generational transition has ended... or perhaps not, because the new generation is already on the horizon. It is our responsibility to deliver to the next generation a healthy and prosperous company like the one that has been delivered to us, and so on over time, in the dream and in the sign of a company that creates value over time.

This continuity is guaranteed by the sustainable action of our company, which here in this document we talk about and report, with numbers and results at hand.

The great commitment of our people in achieving important results emerges from the pages of the 2023 sustainability report: everyone deserves my great thanks for the work carried out with passion and dedication, with the awareness that "doing things well", not limited to compliance with directives and regulations, is what makes Gefran a great successful company.

**Giovanna Franceschetti**

Gefran Vice Chairwoman responsible for Sustainability





Revenues  
**132.8**  
Million Euro

**18.2%**  
EBITDA/Revenues



INVESTMENTS  
**10.6 Mln**  
Euro

**8%**  
% INVESTMENTS/REVENUES  
In 2022 they accounted  
for 4.7% of revenues

**651**  
Number of employees  
from  
**11** COUNTRIES

GEFRAN

**0.294**  
GJ over Revenues  
**ENERGY INTENSITY**

EMISSIONS  
**1,130**  
tCO2e  
SCOPE 1  
**444**  
tCO2e  
SCOPE 2  
(market-based method)

% WASTE  
for recovery  
**67.1%**

**18** HOURS  
of training  
**PER CAPITA**

**26**  
Goals to make  
**GEFRAN**  
even more SUSTAINABLE

# GEFRAN'S IDENTITY AND VALUES





# 1.1 OUR PROMISE

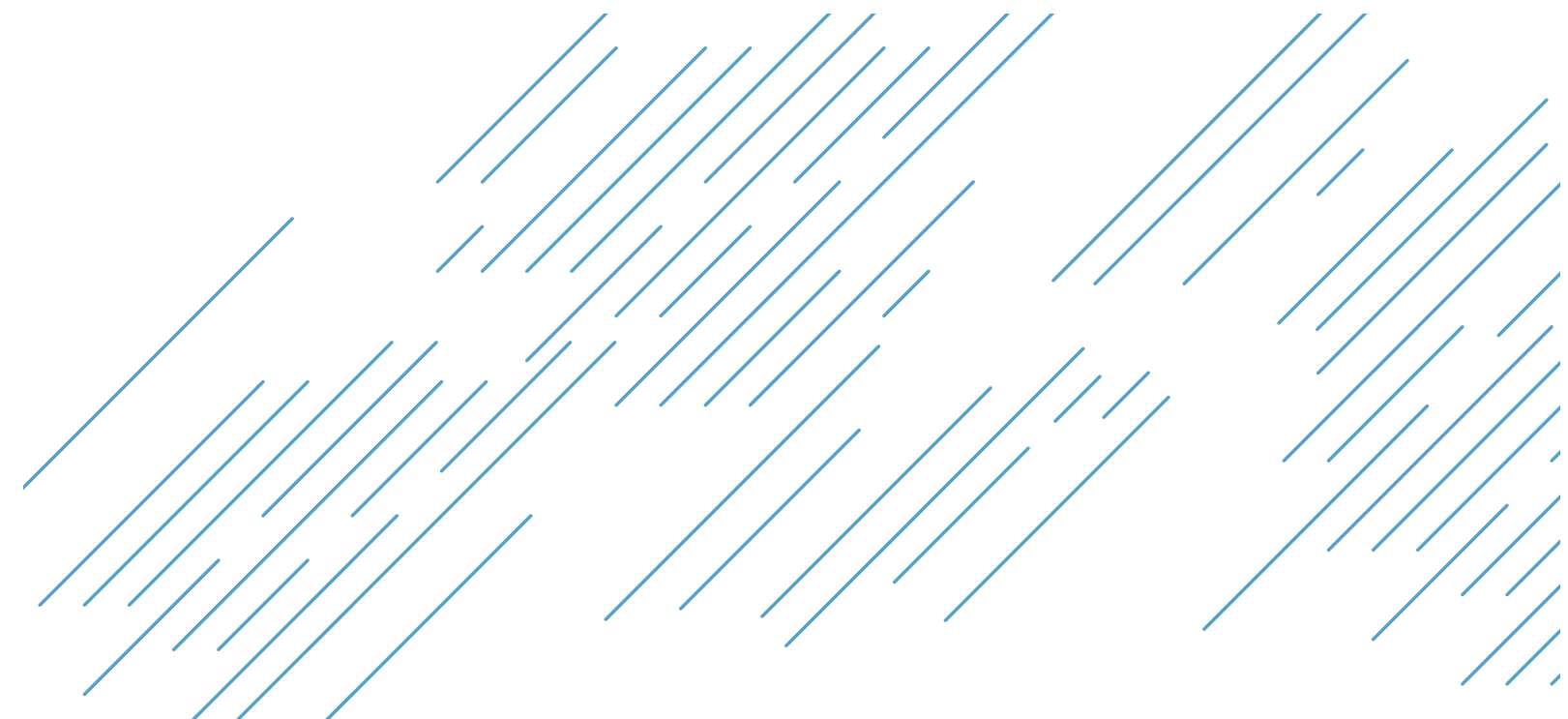
A compass guides us in our daily decisions across all areas and business processes; it inspires every event and initiative and dictates our relationship management style with our partners.

This compass is the Gefran Way, which embodies the spirit, identity and values of the Group and its brand.

Promise, Purpose, Values and Manifesto best express the Gefran Way.

We have solid roots in industrial automation and technological innovation. We listen and work with passion to find the most effective solutions, creating winning and sustainable relationships. This is our strength.

We work with companies that want to improve technological processes, with people who believe in professional growth and talent, with stakeholders who have an interest in creating value for the community and its surroundings. This is our world.



# 1.2

## PURPOSE

### The future is our present.

Be protagonists in technology evolution, recognised as a point of reference for those who build industrial value and innovation.

Be interpreters of sustainable growth, open to the market, companies and the people we work and live with.

Based on this vision, we wish to give a clear and effective description of how the near future is imagined. Our goals are ambitious, but also concrete and specific.

We introduce the concept of economic, social and environmental sustainability in our statement of purpose: playing a leading role gives us responsibilities in relation to the world around us, on which we make a recognisable mark.

Promise and Purpose represent a prospective vision and a path aimed at building the foundations of the future, in the present. What is enunciated must include constant dialogue with our partners, which often takes the form of cooperation.

# 1.3

## BEYOND TECHNOLOGY: WHAT OUR PAYOFF EXPRESSES

*Beyond Technology* embodies the essence of Gefran, conveying the sense of what it does, what it is, and what it brings with it. It means bringing out all that is *behind* technology and looking beyond the product, beyond meeting companies' needs. It means having a vision of the market of tomorrow.



1.4

VALUES

Our identity is also underpinned by principles that guide attitudes and actions: these are the Group's cultural values, reflecting its convictions, aspirations and commitment to our stakeholders.

RELIABILITY

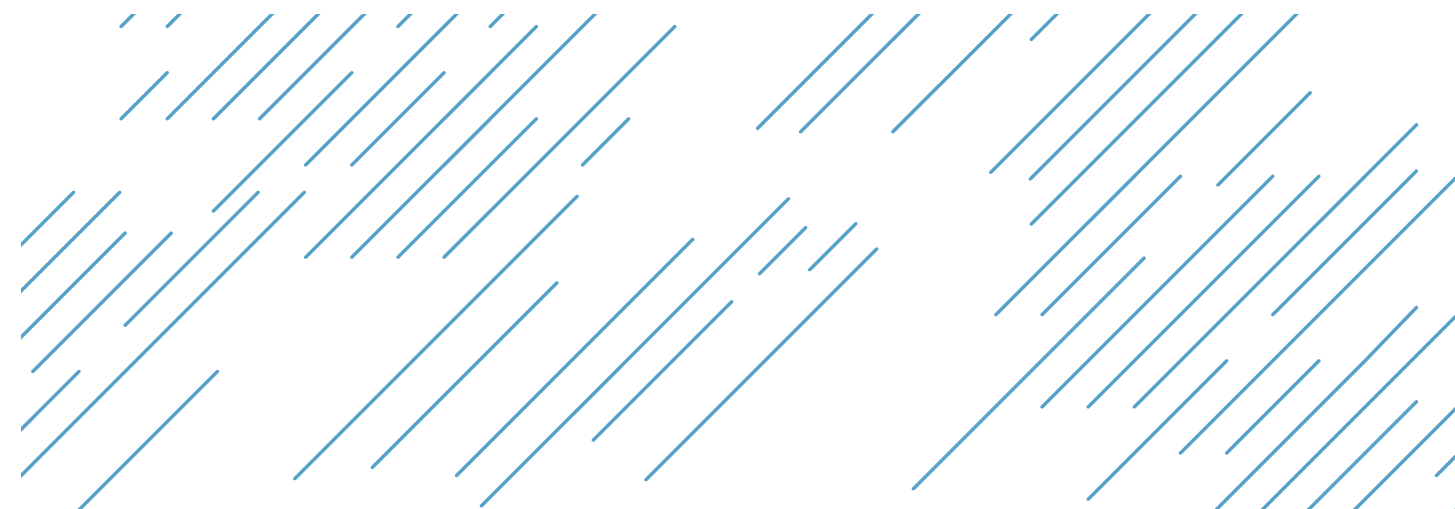
We believe in trust in all aspects – be it solid strategies, commitment to products or sustainable relationships with stakeholders. We have strong expertise to devise effective solutions and offer a service that can anticipate needs.

DYNAMISM

We believe in the importance of timely responses, in the flexibility of our recommendations and, above all, in proactively searching for the best solution.

INNOVATION

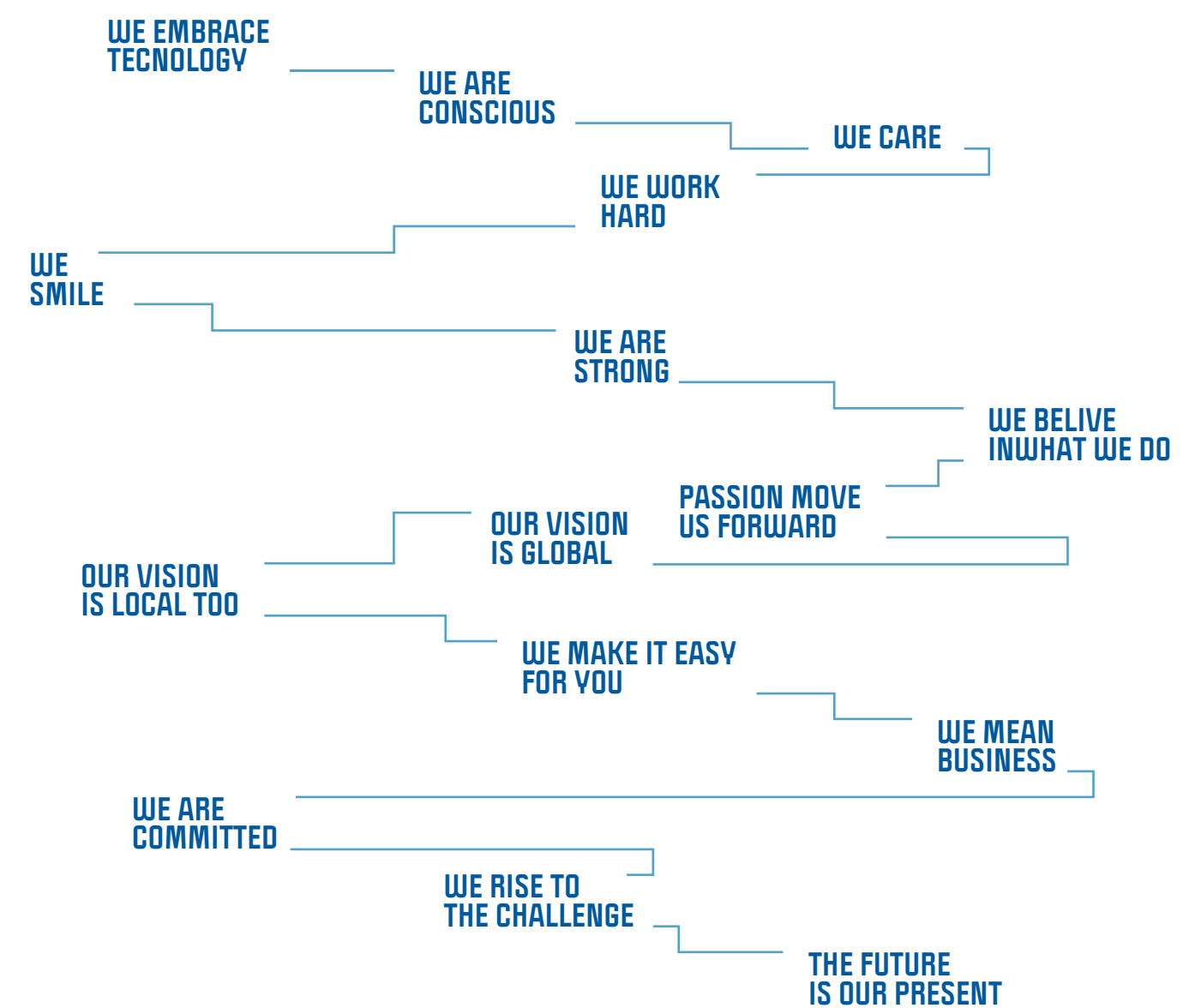
We anticipate the needs of the future and understand how to implement our vision in the present. We invest in designing premium quality solutions and services and possess the know-how for ongoing innovation and creativity.



1.5

MANIFESTO

The Manifesto describes the experience Gefran wishes to have with its stakeholders: it is the benchmark for all our partners to deliver value and trust in their work.





# COMPANY

# 02







# 2.1

## THE PATH

Gefran is an Italian multi-national, specialised in the design and manufacturing of sensors, systems and automation components and the control of industrial processes.

It was established in the Sixties in Provaglio d'Iseo (BS) by brothers Giacomo and Ennio Franceschetti (which is the acronym GEFRAN) and immediately stood out in Italy and abroad, devising a tool to regulate the temperatures of plastics processing machinery. One innovation before a long series, which went on to set the standards for the industry.

The company soon evolved into an industrial group, expanding its product range and going international. In the Eighties, it began producing sensors. At the turn of the new century it enjoyed a growingly international presence, building a network of branches located in key strategic and commercial areas, allowing Gefran to reach many markets.

Gefran is now a global organisation, but at the same time it has maintained the characteristics of a family business and its headquarters have remained in Provaglio d'Iseo. In Italy, the Group operates through the Parent Company Gefran SpA and two subsidiaries: Gefran Soluzioni Srl, also based in Provaglio d'Iseo, and Elettropiemme Srl, based in Trento.

Its development abroad is driven by the need to monitor the markets and be close to customer companies, a key factor in providing a comprehensive, high-quality service. Stand next to the customers, knowing their needs and satisfying them in a timely manner ensures the Group is highly competitive. This is further strengthened by the study of specific applications, local technical support, compliance with delivery times and after-sales service.

The Gefran Group currently has 13 companies in Italy and abroad, 8 of which are also production units, guaranteeing full control of the supply chain. This comprises design, production, product distribution, global sales and technical support. Gefran operates directly in 11 countries and distributes products through its sales network in 74 countries.

Since 1998, the shares of the Parent Company, Gefran SpA, have been listed on the Milan Stock Exchange, in the segment currently called Euronext STAR Milan.



8

production plants

4

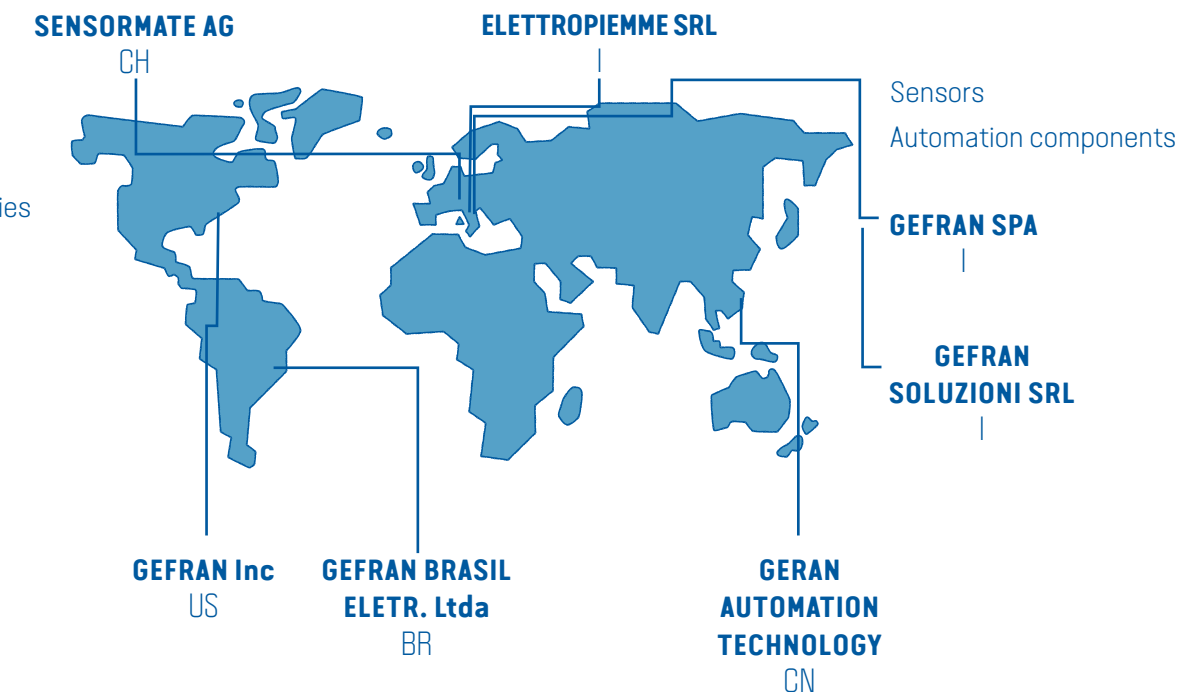
sensors factories

2

automation components factories

2

electric panels factories



13

commercial sales organisation

8

in Europe

3

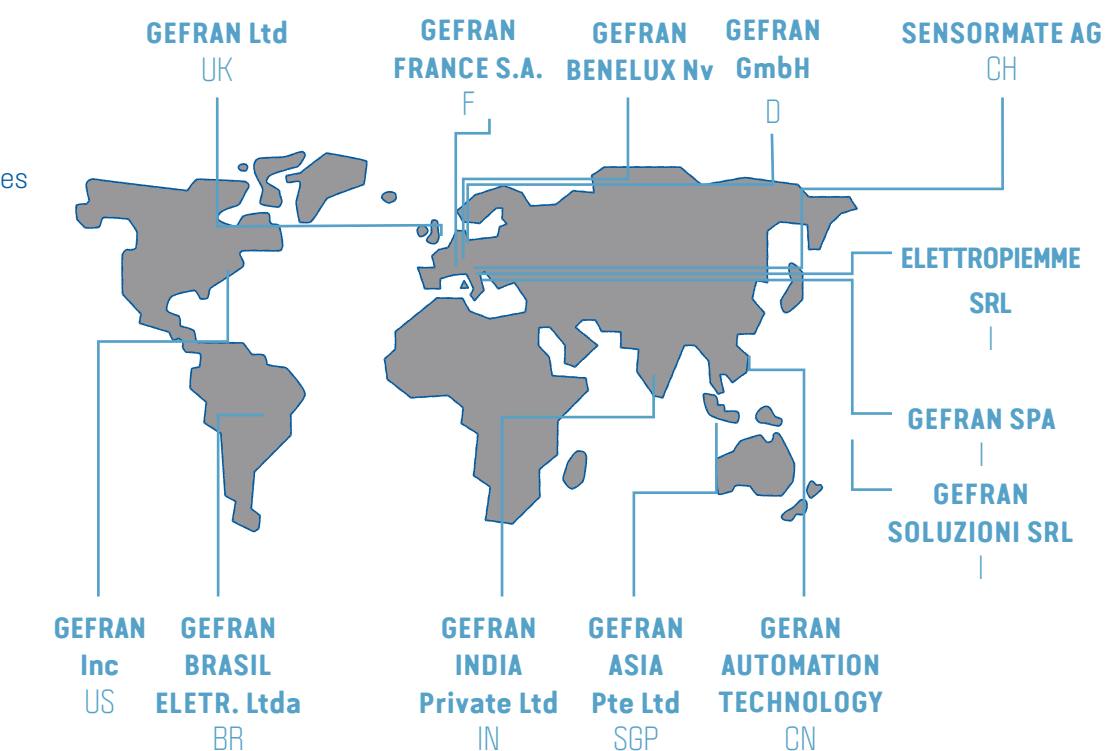
in Asia

1

in Latin America

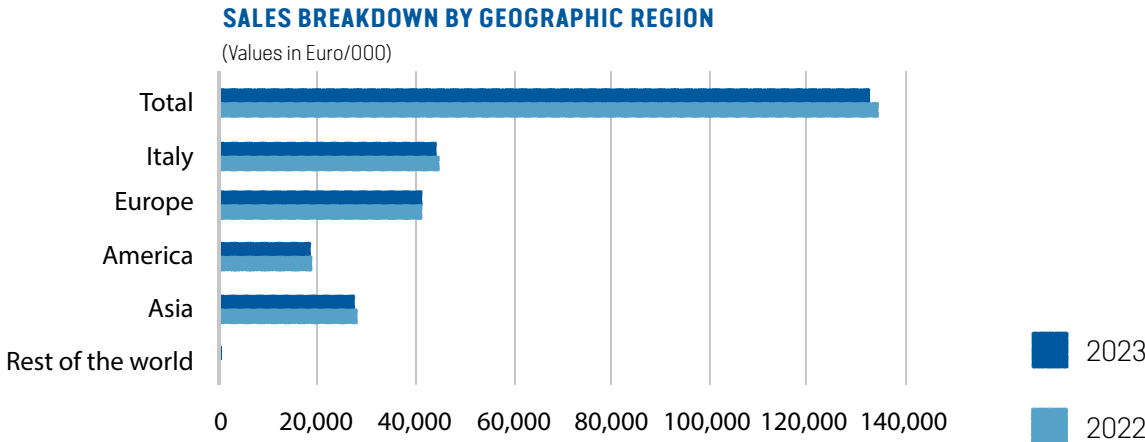
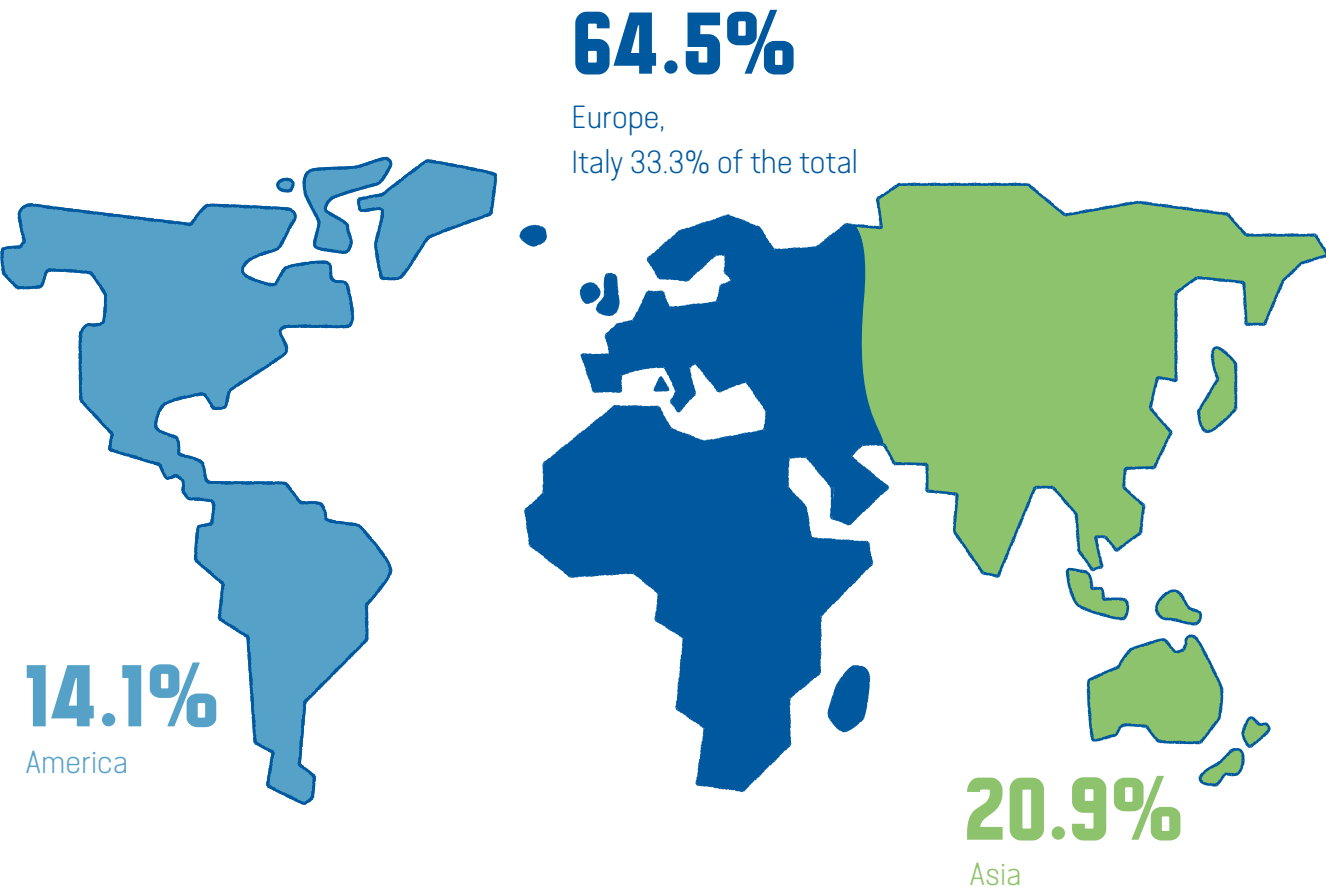
1

in US



REVENUES

(values in Euro/000)

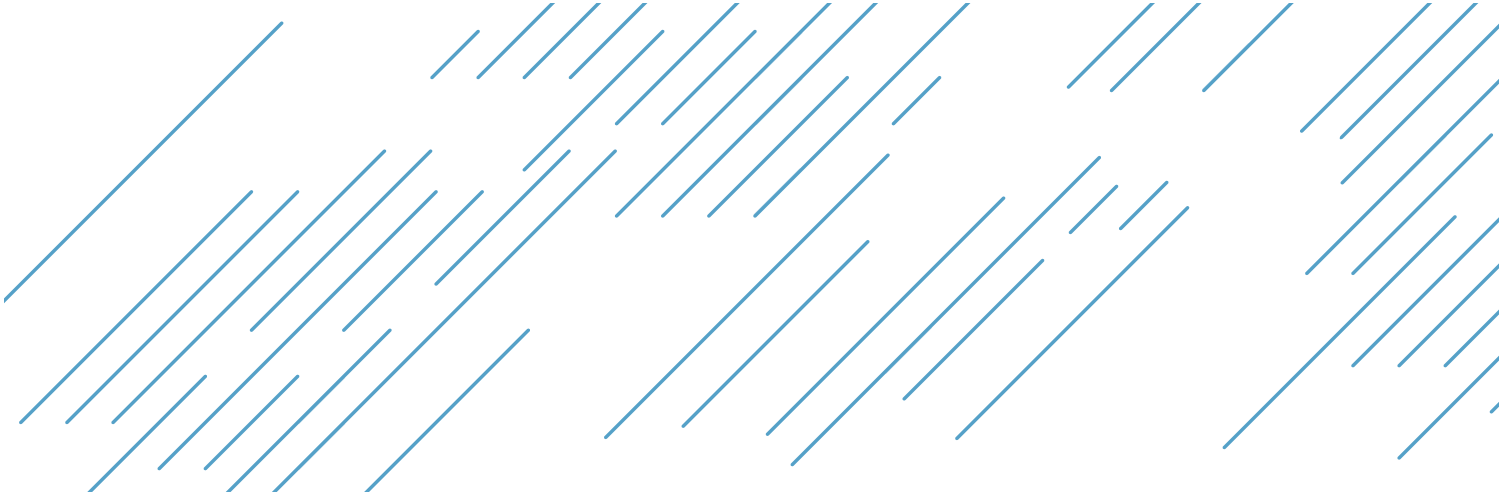


2.2

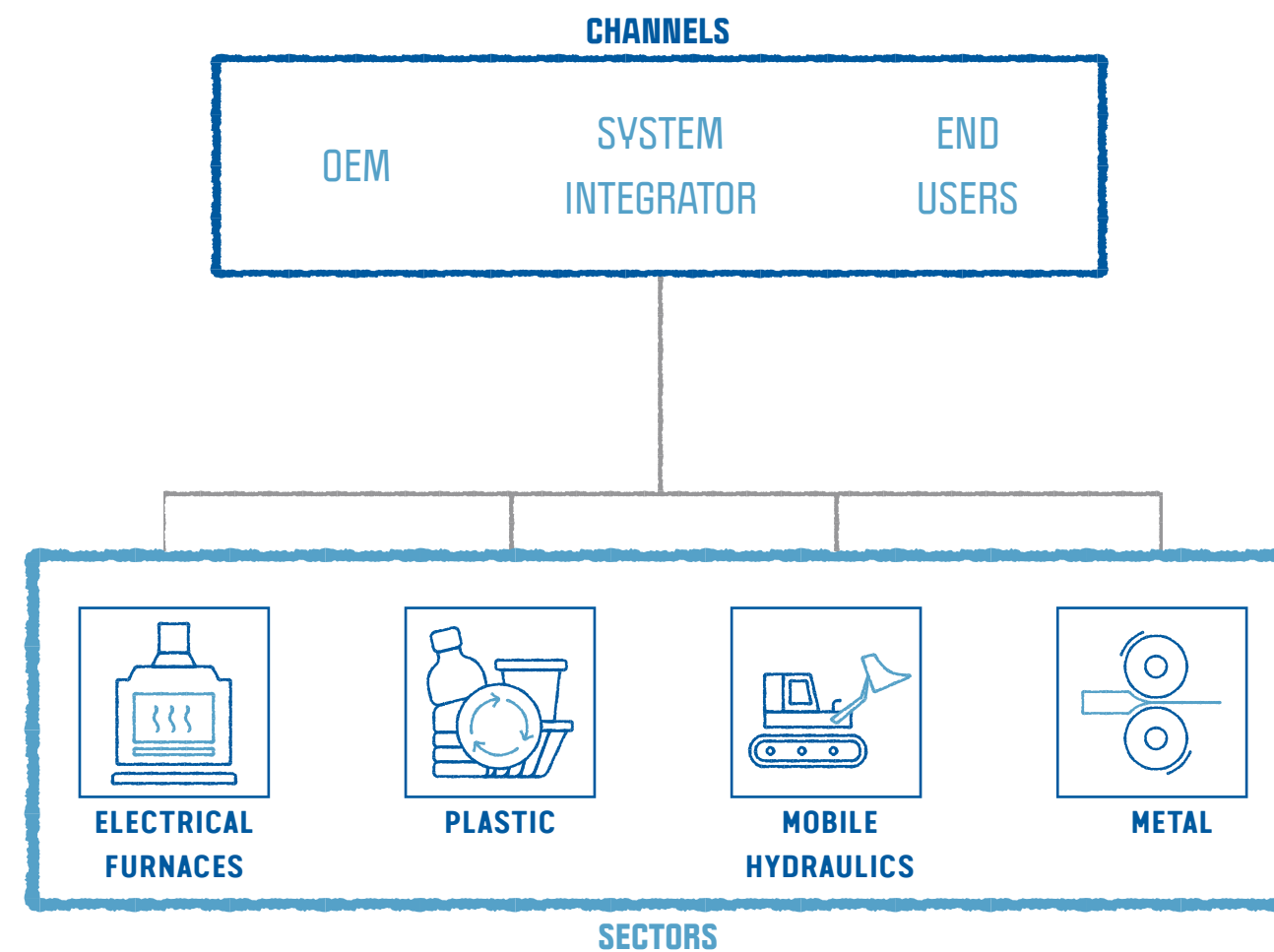
THE GROUP'S ACTIVITIES

In 2022, the Group decided to focus its development strategy on strengthening sensors and automation components, the sectors in which it has invested the most in recent years and in which it aims to accelerate the growth of product lines and workforces. This orientation led to the sale of the drive business to the Brazilian Group WEG S.A., which included the shareholdings of the subsidiaries Gefran Drives and Motion Srl (IT) and Siei Areg GmbH (DE) sold in the fourth quarter of 2022 and determining the change in the scope of the current non-financial reporting compared to the same in previous years. The transaction was completed with the sale of the business units related to the drives business of the subsidiaries Gefran Automation Technology Co Ltd (CN), on 3 January 2023, and Gefran India Private Ltd (IN), on 1 March 2023.

The Group's activity, therefore, is today exclusively focused on the design, production and distribution of industrial sensors and automation components. Unique in the market in terms of breadth, quality and specialisation, the product range helps to offer turnkey solutions for the automation of companies in different sectors which Gefran serves through multiple channels.







Each line of business is equipped with a specific organisation for the design, manufacture and distribution of products.

## Sensors

The Group stands out due to its strong innovative drive and technological leadership offering a comprehensive range of sensors for measuring the four physical values (position, pressure, force and temperature) used in many industrial sectors.

Gefran has two plants for the production of sensors in Italy, in Provaglio d'Iseo (BS), and three abroad: in North Andover (Massachusetts, United States), Aadorf (Switzerland) and Shanghai (China). This presence makes it possible to reach different markets and better respond to clients' needs.

The range is unique in terms of its completeness, and the Group holds a position of international leadership in a number of product families. Sensors are also at the heart of the production plants, i.e. the primary sensitive element.

From a technological point of view, during the year 2023 innovative products such as the miniaturised pressure sensor KM were launched on the market, which enriches the range of pressure sensors, offering the market a high-performance and space-saving solution for Mobile Hydraulics applications. On the other hand, the new GSH-A transducer with integrated tilt angle measurement, represents the completion of the family of high-end wired position sensors. Innovations also in terms of connectivity of Gefran sensors, which today also implements the CANopen over EtherCAT protocol.

In recent years, the sensors business has been the subject of an investment plan focused on expanding production lines and floor space (indispensable in supporting the expansion of the business) with a particular focus on energy efficiency.

Investments have also focused on improving the efficiency of processes to adapt them to production capacity and on developing new technologies to be applied to products in the range, as well as on acquiring new patents in addition to those already in the portfolio.

With this in mind, the plan continued in 2023, focused mainly on strengthening production areas and improving efficiency, materialised in the introduction of automation and digital technologies such as robotics, vision systems and fool-proof quality control.

REVENUES OF THE  
SENSORS BUSINESS

(values in Euro/000)

86,067

Total Revenues 2023

88,557

Total Revenues 2022

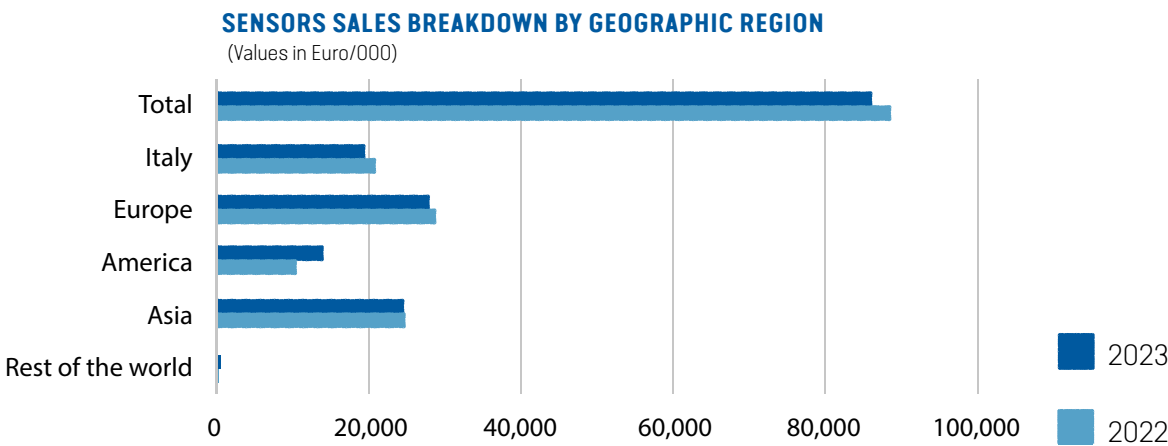
-2.8%

2023 vs 2022

In the same direction, we should also consider the recent acquisition, concluded in 2023, of a minority share (24.83%) of the Italian startup Robot At Work Srl, a young dynamic and innovative company that carries out design, construction, sale and installation of industrial plants, including standard robotic cells, collaborative cells, visual control and Virtual Commissioning. The transaction strengthens the partnership with a strategic supplier for Gefran in the field of efficiency of the business' production lines, which in recent years have integrated raw robotic islands.

About 77% of the sensors business revenues are generated by exports.

From the point of view of results, 2023 was characterised, for the sensors business, as a year of consolidation of the growth absorbed in 2021 and 2022. Despite the drop in demand, highlighted above all in the second half of the year, the overall margins generated by the business remain largely positive, as a result of the effectiveness of the cost containment actions undertaken without jeopardizing any business opportunity.



Automation components

The automation components business includes three macro product lines that are widely used in the control of industrial processes: instrumentation, power control and automation platforms.

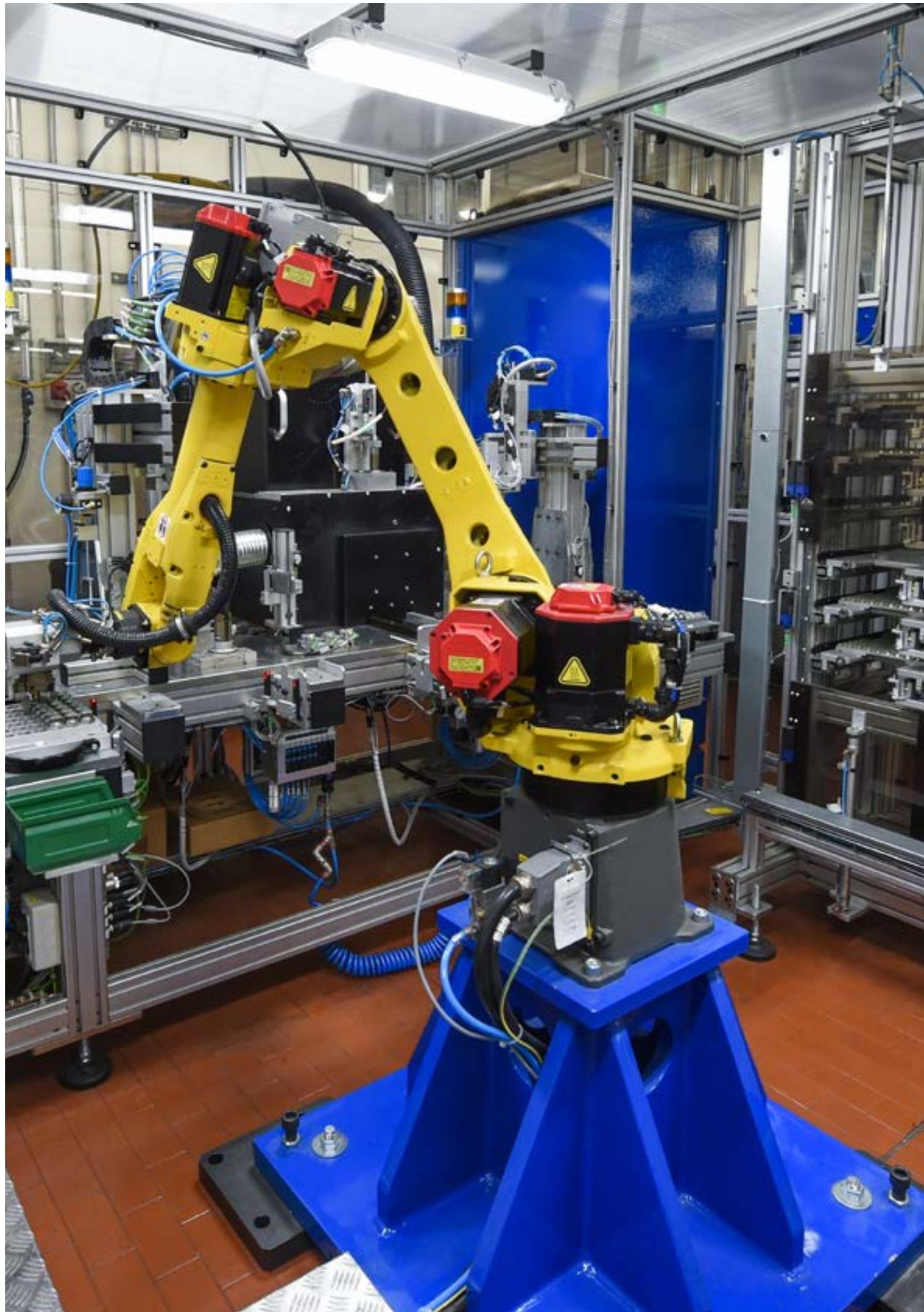
Gefran offers customised and *turnkey* solutions for global automation, by developing a partnership in the design and production of electrical panels.

Design, engineering and production are concentrated in Italy, divided between the Parent Company Gefran SpA and the subsidiary Gefran Soluzioni Srl (in the plants in Provaglio d'Iseo, historically dedicated to the business), to which is added the subsidiary Elettropiemme Srl based in Trento, which joined the Group in 2019 as a subsidiary of Gefran Soluzioni Srl. Some assembly lines are located in Sao Paulo (Brazil), supporting the South American market.

The introduction of new products to the market is continuous, in line with the strategy of renewal and completion of the range offered. The products launched on the market have proved to be competitive, thanks to the combination of functionality and price positioning, supported by the improvement of the internal organisation in providing assistance and customisations to end customers, who have recognised Gefran as a technological partner prepared to support them in the path of digital evolution of their machinery and systems. This has allowed for further consolidation of the relationship with existing customers and stabilizing it with those recently acquired, identifying opportunities achieved or to be pursued even in markets that are less traditional for the Group, but particularly interesting in terms of future prospects, such as semiconductors, glass, energy transition and decarbonization of industrial plants.

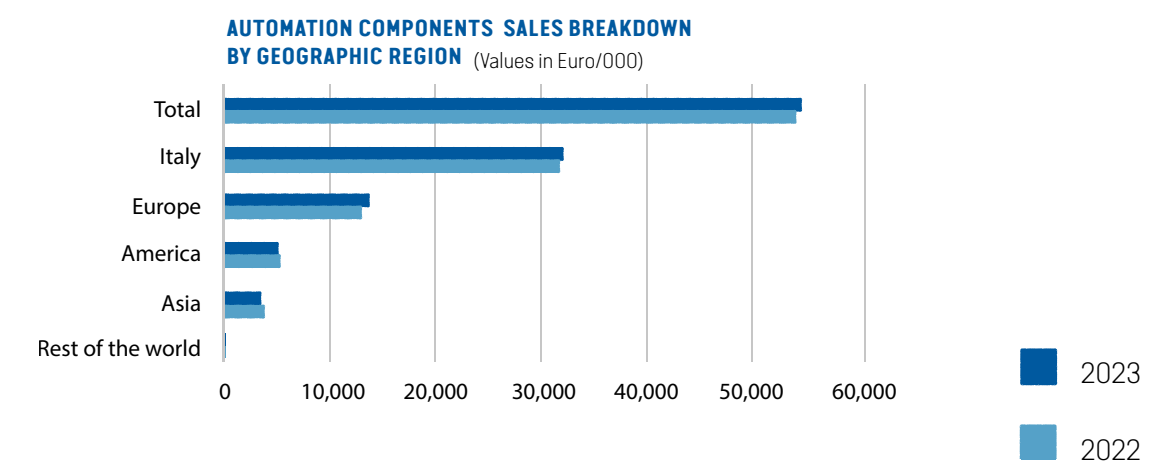
Like with the sensors business, for the automation components business also, in line with the multi-year plan for strengthening, development and growth, investments were made that included, in addition to the automation of manufacturing processes, also the expansion of the infrastructures that support the business, in a focus on compliance with the best standards of energy efficiency. In particular, in 2023 a new photovoltaic system was built that will cover about 30% of the energy needs of the Gefran SpA factory.





In 2023, in a context of a general contraction, the automation components business was able to grow even if more modestly than the growth observed in the previous two years, maintaining a final operating margin slightly lower than that recorded in 2022, despite the decline in demand recorded in the second part of the year (decline recorded in Italy and subsequently in Europe). About 41% of the turnover of the business is achieved in the foreign market.

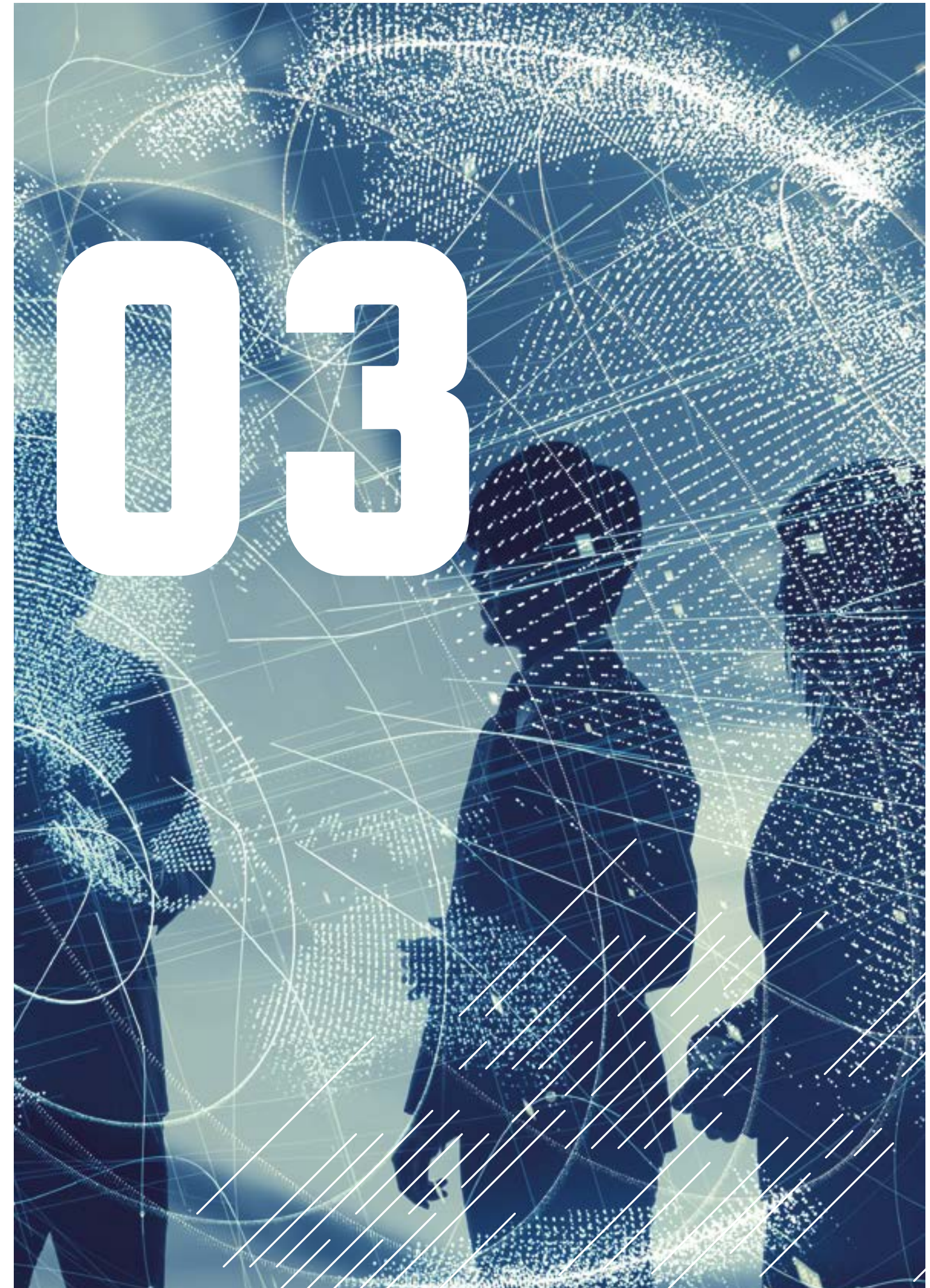
**TURNOVER OF THE AUTOMATION COMPONENTS BUSINESS**  
(values in Euro/000)





# THE ORGANISATIONAL STRUCTURE

03





# 3.1

## THE CORPORATE GOVERNANCE MODEL

The Parent Company Gefran SpA provides direct and indirect coordination functions in the operational activities of **business lines** and **subsidiaries**. This responsibility lies with the *HQ team*, composed of the managers of the individual functions.

Each business line:

/ includes dedicated **technical and production areas** (operations), whose activities are focused on the reference product:

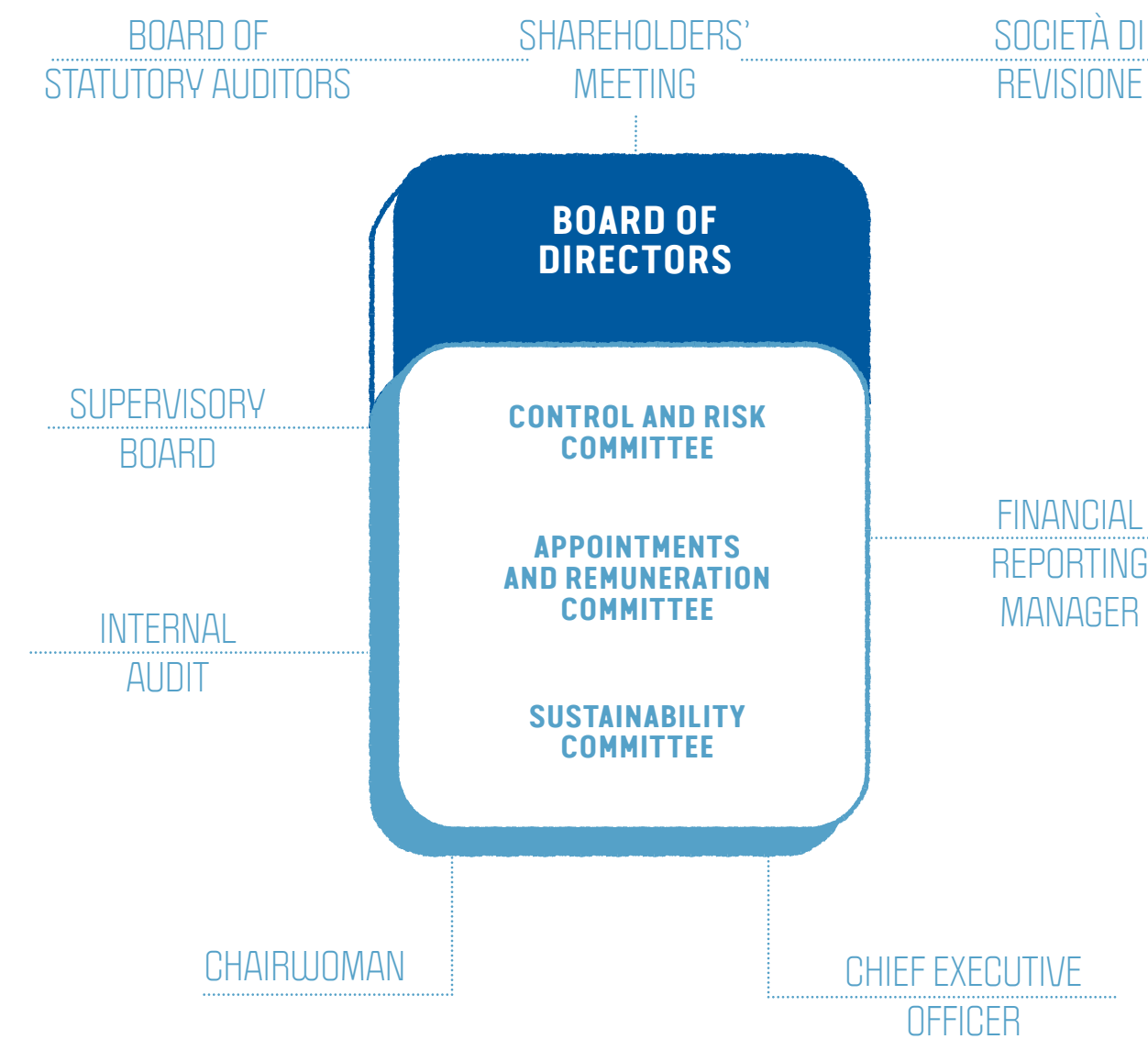
- Production departments
- R&D and design
- Engineering
- Production services
- Logistics

/ Each business line has a **sales organisation** concerned with distribution of its products, which operates through:

- Sales networks covering geographical regions
- Internal order processing
- Finished product warehouses

The centralised functions of the Parent Company support all business lines and subsidiaries, whether coordinated directly or indirectly. The functions are:

1. Administration, Finance and Control
2. Purchasing
3. Sales
4. Legal and Corporate
5. Communication and Image
6. Information Systems
7. People and Organisation
8. Quality, Health, Safety and Environment

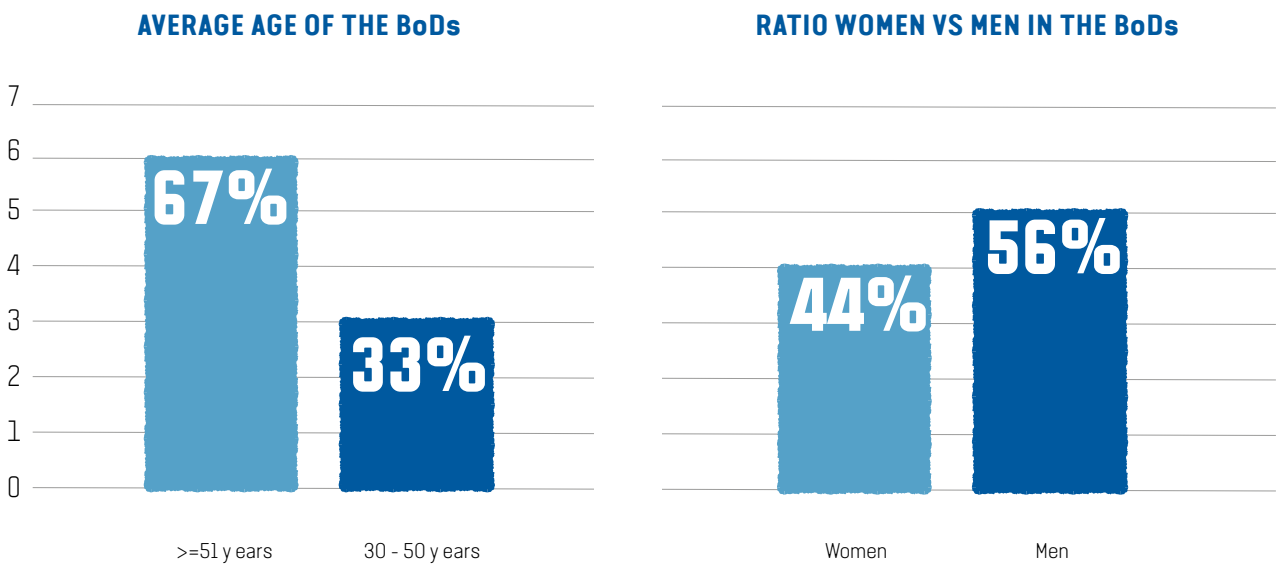


In the *Investor Relations* section of the Group's website (<https://www.gefran.com/governance/corporate-bodies/>), all the information and documentation on the governance system are available in more detail on the composition of the corporate bodies.

The Board of Directors currently in office, appointed by the shareholders' meeting held on 21 April 2023 and in office until the approval of the 2025 Financial Statements, consists of 9 members (4 women and 5 men), four of whom are independent Directors:

OFFICE	MEMBERS
Chairwoman	Maria Chiara Franceschetti
Vice Chairman	Andrea Franceschetti
Vice Chairwoman	Giovanna Franceschetti
Chief Executive Officer	Marcello Perini
Director	Alessandra Maraffini (*)
Director	Enrico Zampedri (*)
Director	Cristina Mollis (*)
Director	Giorgio Metta (*)
Director	Luigi Franceschetti

(\*) Independent directors pursuant to the Consolidated Law on Finance (TUF) and the Corporate Governance Code.



The Board's independence requirements are verified annually. As of the date of this Statement, the non-executive Directors Cristina Mollis (Lead Independent Director), Alessandra Maraffini, Enrico Zampedri and Giorgio Metta meet these requirements. Executive Directors are Maria Chiara Franceschetti, Andrea Franceschetti, Giovanna Franceschetti and Marcello Perini. Director Luigi Franceschetti is a non-executive non-independent Director.

Pursuant to and for the purposes of principle XIV and recommendations 19 and 21 of the Corporate Governance Code, the outgoing Board of Directors formulated on 9 March 2023 a positive assessment of the size, composition and functioning of the Board and its Committees, as well as a positive assessment of the three-year mandate as a whole, following the responses to the self-assessment questionnaires completed by the Directors.

The Board of Directors met 10 times in 2023, with an average attendance of 92.2%.

Board of Directors	2023	2022	2021	2020	2019
Number of meetings	10	13	8	13	10
average attendance %	92.2%	96.0%	98.6%	98.3%	91.1%

Three **Committees** have been appointed within the Board of Directors: the **Control and Risk Committee** and the **Appointments and Remuneration Committee**, described below, as well as the **Sustainability Committee**, for which reference is made to the dedicated paragraph.

The **Control and Risks Committee** is currently composed of three Non-executive Directors (1 woman and 2 men), two of whom are independent, accounting, financial and/or risk management experts. The composition was deemed adequate by the Board of Directors.

OFFICE	MEMBERS
Committee Chairwoman	Alessandra Maraffini
Non-executive Director	Luigi Franceschetti
Independent Director	Enrico Zampedri

The Control and Risks Committee met six times in 2023.

Control and risks committee	2023	2022	2021	2020	2019
Number of meetings	6	5	5	6	5
average attendance %	100.0%	93.3%	100.0%	100.0%	100.0%

The **Appointments and Remuneration Committee** is currently composed of three non-executive Directors (1 woman and 2 men), all independent, experts in finance and/or remuneration policies. The composition was deemed adequate by the Board of Directors.

OFFICE	MEMBERS
Committee Chairwoman	Cristina Mollis
Independent Director	Giorgio Metta
Independent Director	Enrico Zampedri

The Appointments and Remuneration Committee met 4 times in 2023.

Appointments and Remuneration Committee	2023	2022	2021	2020	2019
Number of meetings	4	3	3	5	4
average attendance %	91.7%	100.0%	100.0%	100.0%	100.0%

The **Board of Statutory Auditors**, appointed by the Shareholders' Meeting on 27 April 2021, and in office until the financial statements for 2023 are approved, is composed of three standing auditors and two deputy auditors.

OFFICE	MEMBERS
Chairwoman	Roberta Dell'Apa
Standing auditor	Luisa Anselmi
Standing auditor	Primo Ceppellini
Deputy auditor	Simona Bonomelli
Deputy auditor	Stefano Guerreschi

Number of meetings of the Board of Statutory Auditors is

presented here:

Board of Statutory Auditors	2023	2022	2021	2020	2019
Number of meetings	8	9	10	10	9
average attendance %	100.0%	100%	100.0%	100.0%	92.6%

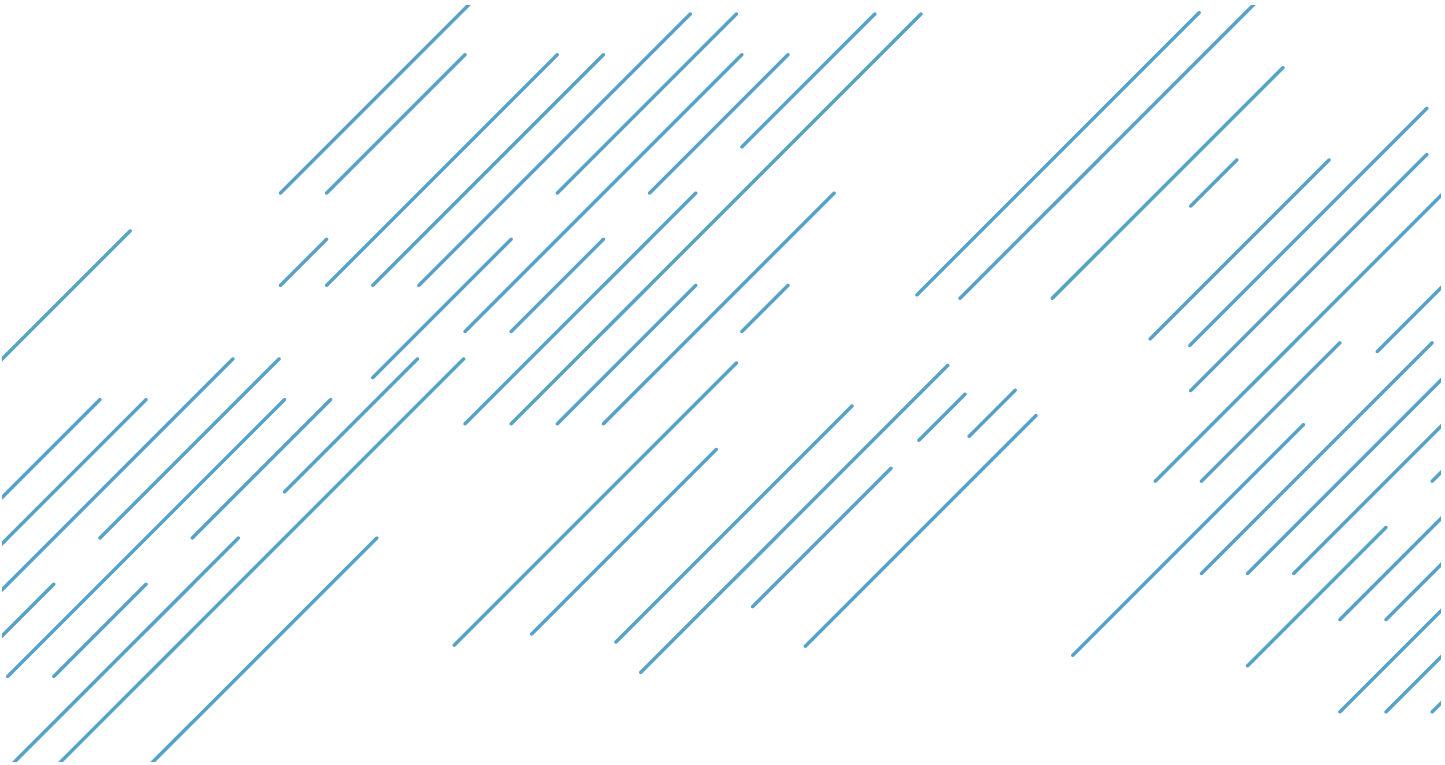
The legal **Auditing Firm** on the Consolidated and Separate Financial Statements is appointed by the Shareholders' Meeting among those registered in the Register of Consob. The current audit firm is PricewaterhouseCoopers SpA, appointed by the shareholders meeting held on 21 April 2016 for the 2016–2024 period in response to a reasoned proposal of the Board of Statutory Auditors.

As set forth in Legislative Decree 231/01, the Board also appointed the **Supervisory Body (SB)**, composed of two members (Nicola Picchi, Chairman, and Monica Vecchiati), providing it with regulations and the appropriate means to operate. The Supervisory Body may use external collaborators for risk assessment activities and the necessary audits.

In 2023, PierMario Barzaghi was responsible for **Internal Audit**, an external and independent entity. The appointment was approved by the Board of Directors on 9 February 2023, following a favourable opinion from the Control and Risks Committee and having consulted the Board of Statutory Auditors. KPMG Advisory SpA was tasked with conducting internal audit activities in the past year.

On 4 August 2022, following a favourable opinion of the Board of Statutory Auditors, the Board of Directors appointed Paolo Beccaria as Chief Financial Officer of the Group and, therefore, **Director in charge of preparing the accounting and corporate documents of Gefran SpA**. The Chief Financial Officer oversees direct supervision of the control model pursuant to Law 262/2005 and the related administrative and accounting procedures.

The activities and composition of various company bodies are also described in detail under Company bodies in the Gefran Group's Annual Financial Report and in the Report on Corporate Governance and Shareholding Structure to which reference is made.



# 3.2

## RESPONSIBLE BUSINESS MANAGEMENT

### 3.2.1

### The Group’s Code of Ethics and policies

Gefran has adopted a **Code of Ethics and Conduct**, applied to all Group companies, the most recent update of which was approved by the Board of Directors on 10 March 2022. Gefran conducts its internal and external activities in compliance with the laws in force, market rules and the following ethical principles and values:

INTEGRITY

HONESTY AND PROFESSIONALISM

ENTHUSIASM AND PASSION

PRATICALITY AND RELIABILITY

FLEXIBILITY

SUSTAINABILITY

The principles of the Code provide a clear benchmark for anyone working with the Group: observance of these principles is the fundamental condition for starting and/or continuing working with Gefran. The operational implementation of these principles is guaranteed by the company’s procedures which raise awareness of them. The Code of Ethics and Conduct is published on the company intranet and on the Group’s website, and it is delivered to each employee during the *onboarding process* on recruitment.

The directors and employees of Gefran are required to ensure that the code is respected within the Group and by all its stakeholders, who have the duty to act in accordance with its principles. The provisions of the Code must cover all business processes, with particular reference to employee selection and management, customer and public authority relationship management, and the selection and management of suppliers of goods and services, lenders and external collaborators (consultants, professionals and agents).

On 13 February 2008, the Board of Directors approved the adoption of an **Organisation, Management and Control Model** (referred to simply as the Organisational Model), aimed at preventing the offences envisaged in Decree 231/01. The Organisational Model, drawn up on the basis of the Confindustria Guidelines, is periodically updated in line with the evolution of the legislation. At least annually, Gefran carries out the updating of the *risk assessment* activity, with the aim of evaluating any changes in the Company’s risk profile and of incorporating any organisational changes or the introduction of new “predicate offences” or changes thereto. This activity is carried out both through interviews with the departments involved and through document analysis.

Anyone who becomes aware of possible breaches of the rules and principles established by the Code of Ethics and Conduct is required to report them to the Supervisory Body in the manner provided for by the Organization, Management and Control Model pursuant to Legislative Decree 231/2001 (“Model 231”). Gefran moreover declares that it is free not to enter into or continue any relationship with anyone who demonstrates that they fail to comply with the content and spirit of the Code or violates its principles and rules of conduct. In order to facilitate reports to the SB by subjects who become aware of violations of the Model, even potential ones, dedicated communication channels have been provided.

In particular, during 2023, a new internal channel was activated for the management of reports, with which it is possible to report breaches of the law, internal control principles, company procedures and standards, as required by the Gefran Group’s **Whistleblowing Procedure**. The procedure, adopted in accordance with the provisions of the law, the Code of Ethics and the SA8000 standard on corporate social responsibility, protects the confidentiality of the whistleblower, forbids retaliation, and provides specific instructions for the management of reports. Specifically, the portal dedicated to *whistleblowing* includes two separate channels: one dedicated to whistleblowing for the Parent Company Gefran SpA and one shared by all the other Group companies.





Following its review, approved by the Board of Directors on 3 August 2023, the Company provided information on the updated procedure through publication on the company's website and bulletin boards. All employees employed by Gefran SpA and the Italian subsidiaries that adopt Model 231 have also been involved in a dedicated training course, also shared with new hires during the *onboarding process*.

The policy for the **Management of dialogue with Shareholders and Investors**, approved by Gefran on 10 March 2022 in application of the Corporate Governance Code approved by the Italian Corporate Governance Committee, reflects a principle that has always characterised the Group: to develop a correct comparison with stakeholders to create value in the medium to long term.

The other policies that guide Gefran in conducting the Group's business and governance relate to anti-corruption and risk management. For these areas, please refer to the dedicated paragraphs of this document.

Over the years, Gefran has defined the policies and procedures described below.

/ **People in Gefran Policy**. Sum up the principles and values that guide the management of people, including honesty, integrity and respect, safeguarding diversity and equal opportunities, and developing and promoting skills and competences.

/ **Health, safety and environment Policy**. It contains the guidelines which all Group companies undertake to comply with in the HSE field.

/ **Social Media Policy**. This is the line of conduct established by the Group to manage social media channels, which have assumed a central role in corporate communication and require special attention also on account of how they typically operate (high level of interactivity and instantaneous global deployment).

/ **Quality Policy**. The quality management system is the tool to ensure stakeholder satisfaction by identifying needs, expectations and solutions to their problems.

/ **Regulations for the correct use of information technologies**. In a current context, where more and more critical issues related to cybersecurity emerge, the policy aims to regulate the conditions for the correct use of IT tools by employees and contains useful information to understand what each employee can do to help ensure the cybersecurity of the company network and data.

## Integrated risk management

### 3.2.2

The Group adopts a process of periodically identifying, evaluating, managing and monitoring the main risk factors. This activity allows for identifying situations that could jeopardise the achievement of strategic objectives and for taking the appropriate decisions, aimed at mitigating risk exposure.

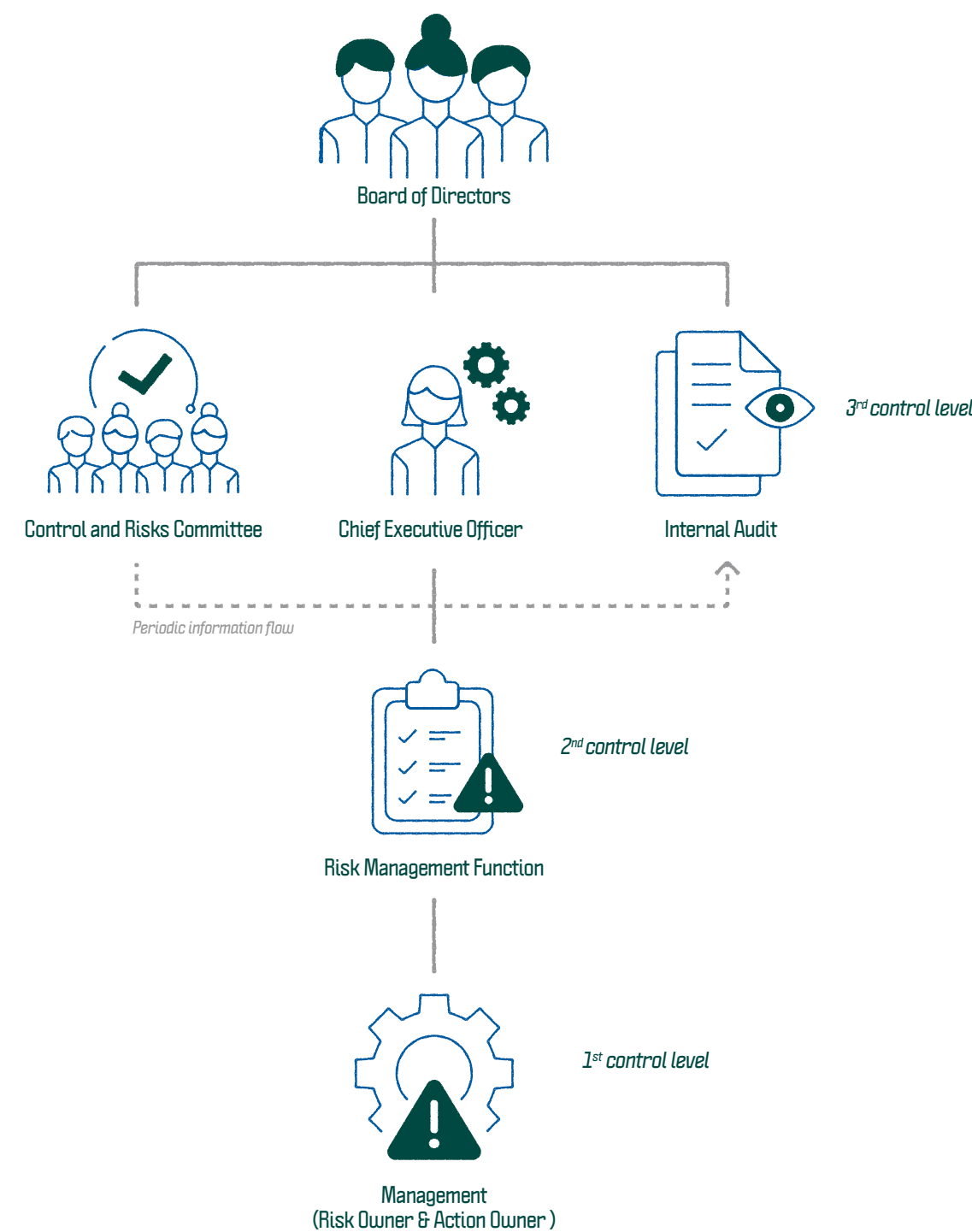
Gefran has long implemented an Enterprise Risk Management (ERM) system integrated into business processes, organisational structures and systems that contribute to the achievement of the Group's strategic objectives. From 2022, a further evolution of the system adopted was initiated, continued also in 2023, which led to the introduction, **following the approval of the Enterprise Risk Management Policy** (so-called ERM Policy) by the Board of Directors at its meeting on 8 November 2023.

**It defines the governance as well as the phases of the** Enterprise Risk Management process, providing guidelines for the identification, evaluation, management and monitoring of risks that could threaten the Group's ability to pursue its strategies and affect performance.

In more detail, the policy governs the principles of reference to which the ERM system is inspired, the roles and responsibilities of the functions and/or subjects involved, the phases of the process and the main information flows that allow an adequate dissemination of information and the making of informed decisions.

### Risk Governance

The operation of the Enterprise Risk Management system involves the structured participation of specific company roles and functions, as well as the involvement of the main control bodies. In line with the recommendations of the Corporate Governance Code, the governance model governing the roles and responsibilities of the subjects and bodies involved in the process has therefore been defined, divided into the following roles, bodies and levels of control:



The **Board of Directors** plays a primary role in the direction and oversight of the risk management system and specifically: (i) defines, in line with the organization's strategies, the guidelines for risk management, so that the main risks pertaining to the Group are identified, measured, managed and monitored; (ii) periodically evaluates the adequacy and effectiveness of the risk management system with respect to the assumed risk profile and the changes affecting the Group's reference context; (iii) delves into the information relating to the risks that emerged during the risk assessment.

The **Control and Risk Committee** plays an advisory, instructive and proactive role towards the Board of Directors and the Chief Executive Officer (CEO). Specifically: (i) supports, with an adequate investigative activity, the assessments and decisions of the Board of Directors regarding the risk management system, and periodically reports on its adequacy; (ii) supports the CEO in carrying out its tasks of design and implementation of the risk system; (iii) examines and discusses the summary document aimed at illustrating the main risks that have emerged to the Board of Directors.

The **Chief Executive Officer** is responsible for establishing and maintaining the internal control and risk management system. Specifically, the CEO: (i) ensures the execution of the guidelines defined by the Board of Directors, promoting the establishment and maintenance of an effective ERM process and constantly verifying its adequacy with respect to the dynamics of operating conditions and the legislative and regulatory landscape; (ii) validates the ERM approach, methodology and related support tools, periodically evaluating any development lines; (iii) validates the results of the risk assessment; (iv) monitors, with the support of the Risk Management and Internal Audit Functions, the implementation status and effectiveness of the defined risk response strategies; (v) periodically reports to the Board of Directors and the Risk Control Committee, with the support of the Risk Management Function, on the results of the risk assessment and, in general, on the evolution of the Group's overall risk profile and its consistency with the strategic objectives; (vi) evaluates the possible acceptance of risk.

The **Risk Management Function** was established during 2023 with roles and responsibilities attributed to the Group's Legal and Corporate Affairs Department.

Coordinating with the CEO, it is responsible for defining, implementing and maintaining an ERM methodology, promoting a systematic, structured and homogeneous process for identifying, measuring and managing risks. It conducts the risk assessment process, providing methodological support for the identification, analysis and management of risks. In addition, it periodically monitors the progress and effectiveness of the defined risk response strategies, as well as the evolution of the organization's risk profile.

The **Management (Risk Owner & Action Owner)** has the primary responsibility for the identification, assessment and management of risks that pertain to their function or area of expertise.

Specifically, each Risk Owner is therefore responsible for: (i) identifying and assessing the risks that may compromise the achievement of the Group's objectives, as well as its performance; (ii) proposing appropriate mitigation actions aimed at bringing the main corporate risks back to levels deemed "acceptable", also ensuring their implementation and periodic monitoring; (iii) identifying any support teams for the definition and implementation of the mitigation actions necessary to reduce or prevent the negative consequences of risks.

Action Owners are instead responsible for ensuring that the mitigation actions proposed to mitigate risks are implemented in line with the defined deadlines.

The Management includes, in addition to the Top Management of the Parent Company Gefran SpA, also the General Managers of the subsidiaries who, depending on the evolution of the reference context, can be involved in the process.

The **Internal Audit Function**, within the scope of its assurance responsibilities, is responsible for independently verifying the operation and suitability of the risk management system. Specifically, it has the task of coordinating with the Risk Management

Function with regard to the results of the Internal Audit activities carried out by enabling: (i) the monitoring of risks and the related mitigation actions that have emerged in the ERM field, favouring the identification of any deficiencies in the existing risk management system; (ii) the detection of additional unmapped risks in the ERM risk assessment phase and any deficiencies in the existing risk management system.

The internal control and risk management system also includes other people:

- / the **Director in charge of preparing the accounting and corporate documents** oversees the application of the control model pursuant to Law 262/2005, the related administrative and accounting procedures and any updates;
- / the **Board of Statutory Auditors** monitors the effectiveness of the internal control and risk management system;
- / the **Supervisory Body** monitors the correct application of the Organisational Model pursuant to Legislative Decree 231/01.

## The Enterprise Risk Management Process

The process that Gefran conducted in 2023 was marked by four main moments:



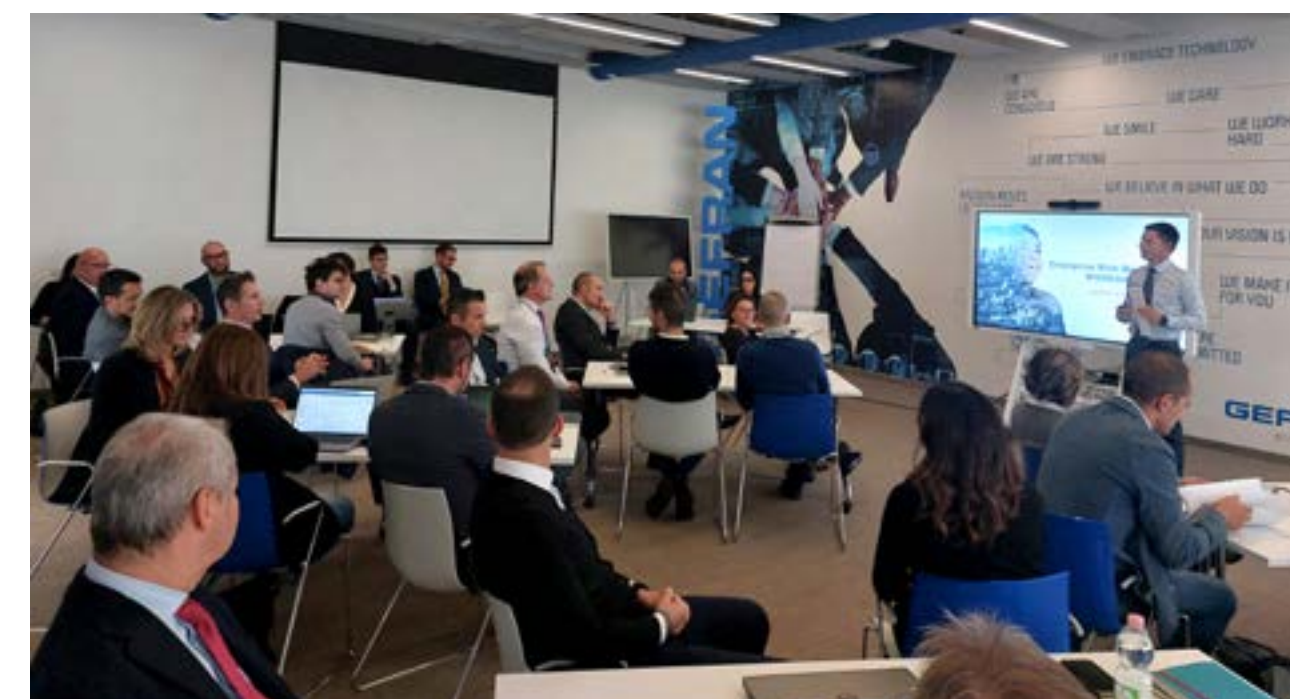
## 1. Risk Monitoring

In the first months of 2023, monitoring of the progress and implementation of mitigation actions to monitor the most relevant risks took place (so-called Tier 1 or Top Risk), identified during the previous Risk Assessment, which took place in the period July-September 2022.

The *Owners* of each action have expressed evaluations on the progress of the same.

## 2. Enterprise Risk Management Workshop

With the aim of spreading the Risk Management culture with a view to promoting the creation and protection of corporate value, a workshop dedicated to ERM activity, led by the Chief Executive Officer, was subsequently held with the involvement of the Managers responsible for all company functions and some functional reports.

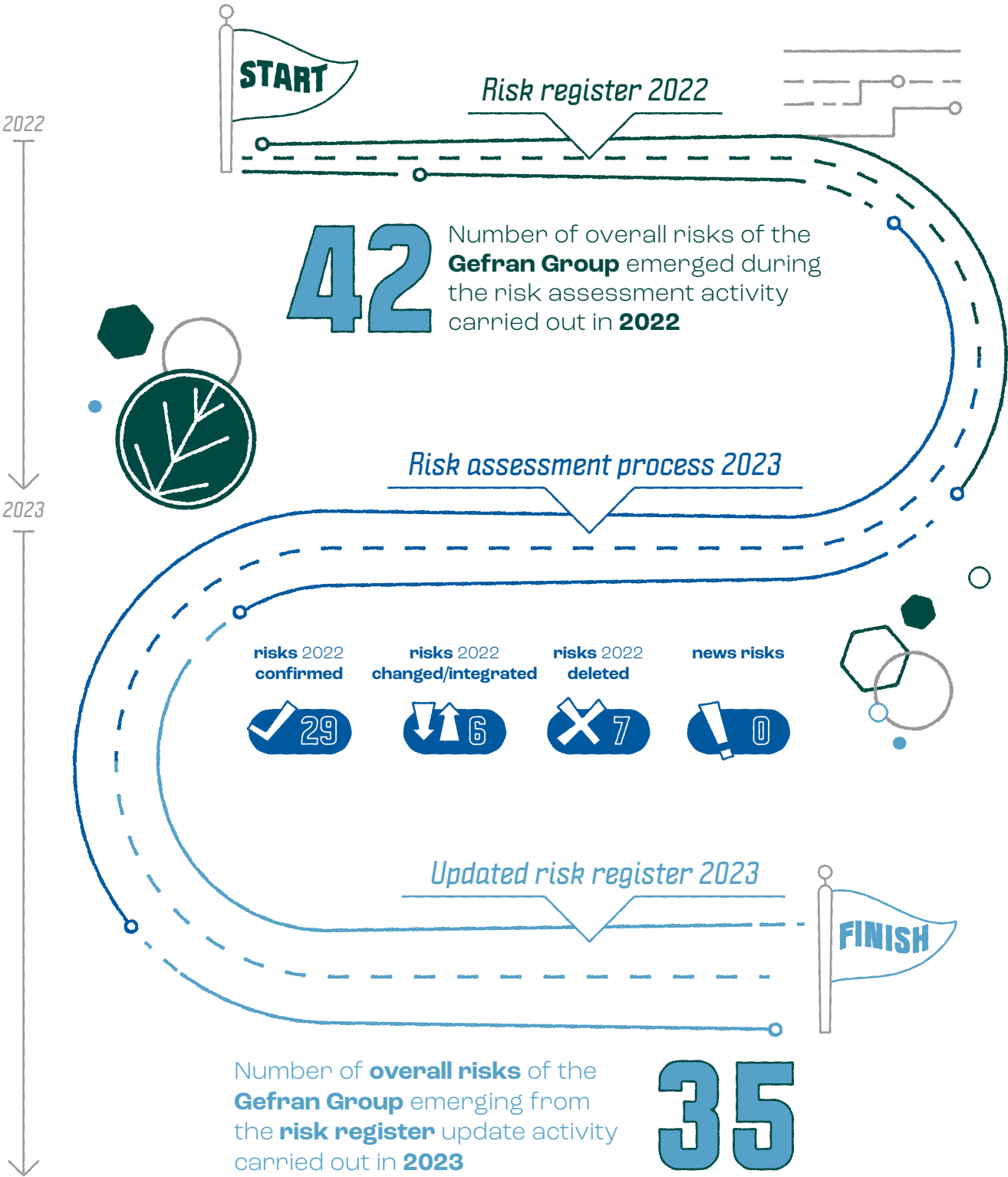
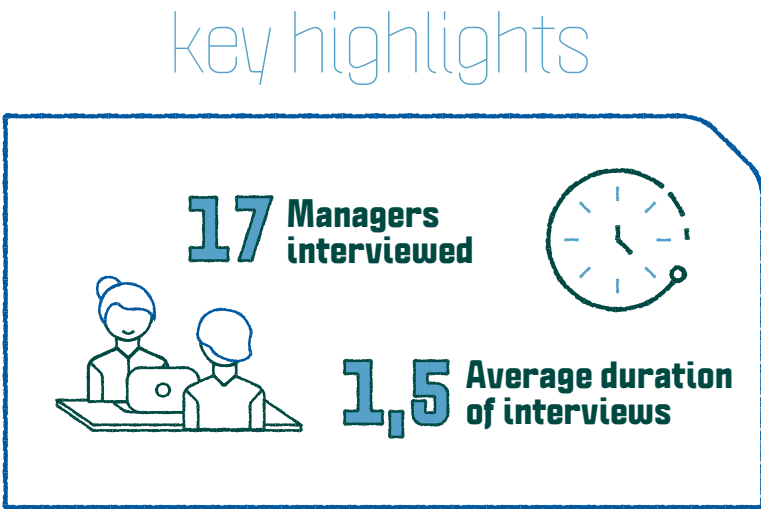


It was an opportunity to review the fundamental elements of the Enterprise Risk Management system adopted by Gefran and to present the newly approved ERM Policy. During the work, a *brainstorming session* on emerging risks was carried out, preparatory to the start of the Risk Assessment, the next phase of the process.

### 3. Risk assessments

The review of the risk catalogue in order to provide an up-to-date view of the Group's risk profile is the main objective of the Risk Assessment session.

Starting from the results of the process carried out in 2022 and the brainstorming on emerging risks, thanks to the involvement of all company functions reporting directly to the Chief Executive Officer, the risks have been confirmed, modified and/or eliminated from the catalogue, depending on the evolution of the internal and external context.





The mapped risks are presented in the *Risk Model* and grouped into **four categories** and **eleven families**:



/ **External risks.** They result from factors that are difficult for the Group to influence (macroeconomic conditions, regulatory and/or market changes).

/ **“Strategic” risks.** They might derive from the management of the business and influence the strategic choices and performance of the Group. Over the years, this category has mainly covered potential risks related to the timing of innovation processes, the composition of the product portfolio, the management of customers, suppliers and/or key partners, and the management of extraordinary operations.

/ **“Internal” risks.** They are connected to the internal environment and depend, at least in part, on corporate choices. They mainly concern aspects of governance, IT and cybersecurity issues, compliance with laws and regulations (internal and external) and corporate operations, including the selection and management of human resources.

/ **ESG risks.** They derive from the management and evolution of the environmental and social impacts of the Group’s activity and the system of governance. Growing stakeholder attention to these issues and the possible impact on financial and operational performance make these risks of primary importance. The management of these risks follows three directions: ensuring the protection of the environment, maintaining a relationship of trust with employees and external stakeholders, monitoring the implementation of sustainability strategies.

Taking into account both the abstract risk (so-called inherent risk) and the mitigation effects of the internal control system (so-called residual risk), risks are also classified into three categories (Tier 1, Tier 2 and Tier 3), depending on their relevance.

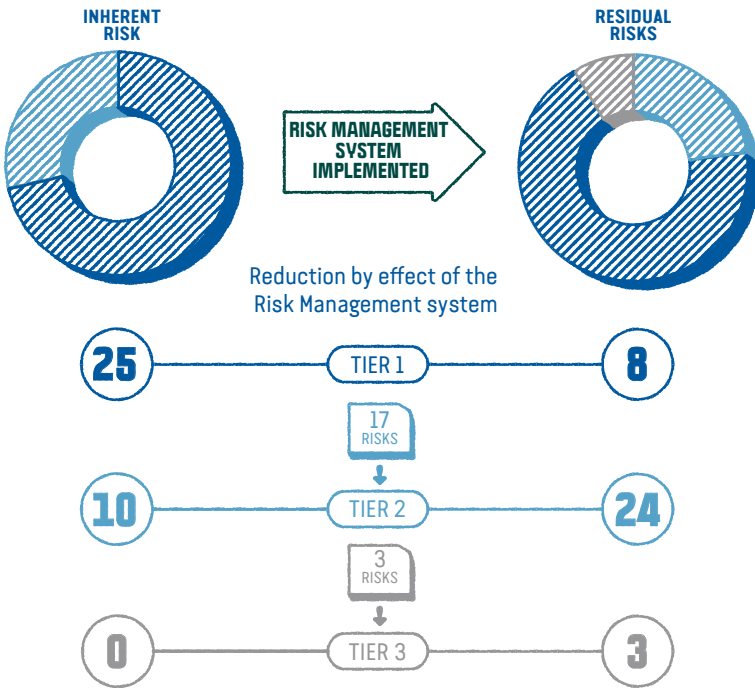
The Top Risks, i.e. the most relevant risks (so-called Tier 1) include issues related to cybersecurity, supply chain and product portfolio evolution, and in particular concern:

- / the adoption of new technologies (e.g. artificial intelligence) and new methods of agile work increase exposure to hacker attacks, a phenomenon in constant evolution, which can cause business interruptions and loss of sensitive data with increasing costs;
- / the possible unavailability and/or increase in the cost of raw materials, semi-finished products and services critical to the Group, arising from and/or aggravated by environmental, social and business factors and the interference of nationalist policies to control resources, creates bottlenecks in international trade;
- / the importance of continuing to invest in product innovation, to ensure alignment with the best technologies in the market and support the pursuit of sustainability objectives.

The overview of the risks allows the Board of Directors and Management to reflect on the Group’s propensity for risk, identify risk management strategies, assess which risks and priorities require new mitigation actions to be adopted, improve and optimise actions under way, or more simply monitor exposure to individual risks over time.

In order to ensure the adequacy of the risk management system and assess its effectiveness, a reporting system and a dashboard are provided for monitoring the mitigation actions taken by individual functions (so-called Risk Reporting). Risk reporting and related information provides an authentic view of the strengths and weaknesses of risk management. The disclosure of this information to key stakeholders also supports decision-making processes and increases transparency on risks that could have an impact on the attainment of targets. Systematic monitoring of the risks identified and assets to manage them according to established metrics enables timely and proactive responses.

Comparing the residual risks and inherent risks reveals the safeguards, actions taken and **the effectiveness of the internal control system**.



As a result of the Risk Management system, 17 Tier 1 risks were reduced to Tier 2 level and 5 Tier 3 risks were reduced to Tier 3 level

The main developments recently implemented in the ERM process concerned:

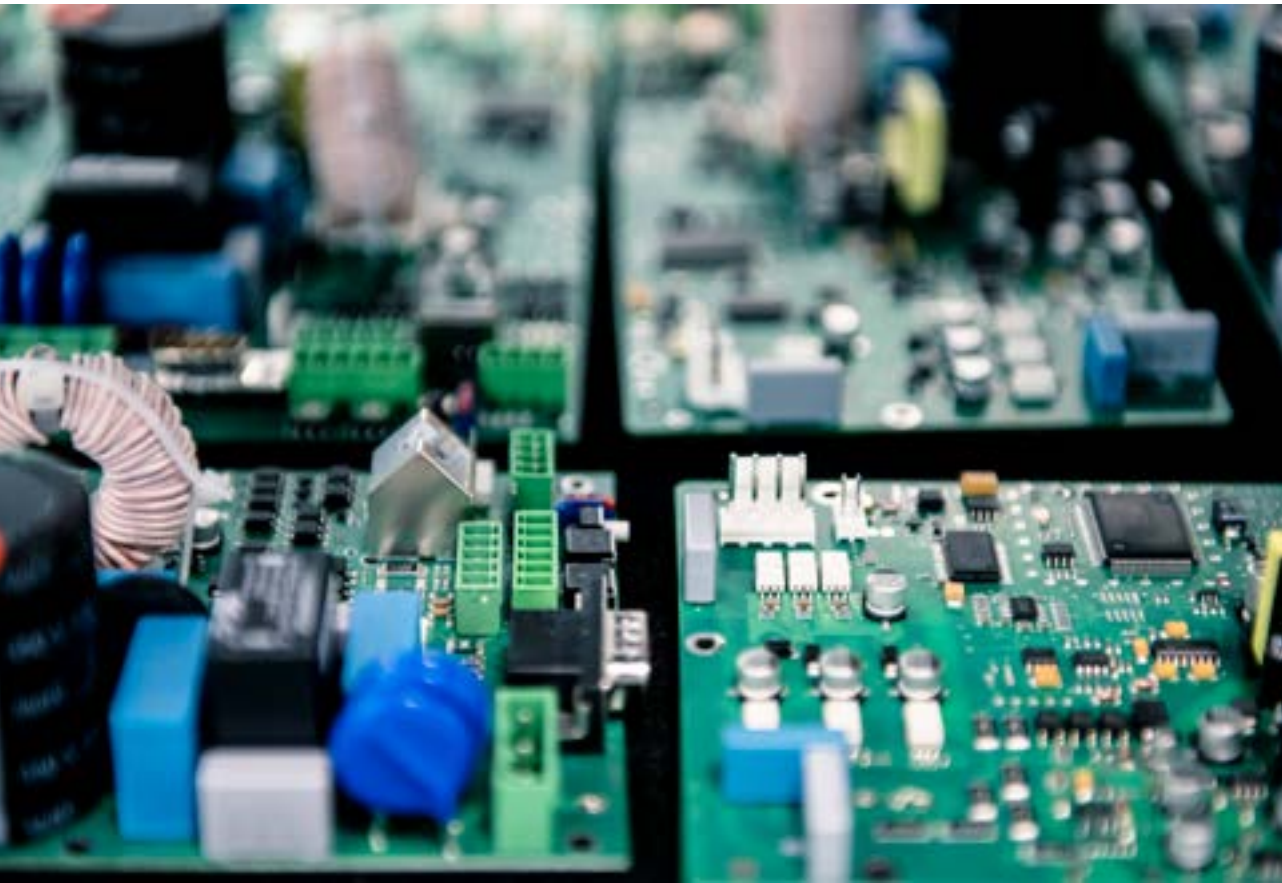
- / the integration into the Risk Model of the **ESG risks** among those that may have an impact;
- / strengthening the link between **the Group's risks and the pillars of the business plan** that may have an impact;
- / the link between **the Group's risks and the pillars of the Strategic Sustainability Plan** potentially impacted;
- / strengthening the link between **the Group's risks and** taking out **insurance policies** to mitigate them;
- / the comparison between **inherent and residual risks**, aimed at evaluating the effectiveness of the current management system.

#### 4. ERM Maturity Assessment

Following the strengthening of the ERM process, in 2023 Gefran decided to renew the maturity assessment of its system, by following the methodology used previously.

The *Maturity Assessment* demonstrate the Group's good level with an improved assessment compared to 2021, in particular with reference to the areas of risk culture and governance, management, monitoring and reporting.

By analysing the Group's governance, the documents and the tools relating to risk management, the evolutionary guidelines have been defined to encourage alignment with *best practices*.



### 3.2.3 Fiscal Responsibility

Relations with authorities is managed on the basis of the values of ethics and transparency, declared in its Code of Ethics and Conduct and applied in every area of business and all related activities. The Code also sets out the principles which guide Gefran in its relations with the public administration: legality, transparency, fairness and compliance with current legislation. The anti-corruption guidelines adopted by the Group prevent behaviour aimed at obtaining all undue advantages, including tax benefits. Through Enterprise Risk Assessment activity, which is carried out periodically, Gefran maps exposure to risks, including tax risks.

To ensure timely compliance with the rules in force in the different countries of operation, taxation is managed by the Group's national corporate entities, in collaboration with the Country's tax experts.

As with other business areas, the Parent Company also supervises and coordinates the actions carried out by the individual corporate entities through the Finance and Control Department of the Group. Any alerts can be carried out through the channels described in the Whistleblowing Procedure.

Information on the taxation impacts per Country deriving from the Group entities is provided below. The figures from the Group's Financial Report only refer to continuing activities. In particular, with regard to *Corporate income tax accrued on profits/losses*, current taxes accrued on company income are reported only (previous and deferred tax assets are therefore excluded).

Taxation by country			2023			
	Entity's main activities	Number of employees at 31.12	Revenues from sales to third parties	Revenues from intragroup transactions with other tax jurisdictions	Profit/ (loss) pre-tax	Corporate income taxes accrued on profits/losses
			Euro/000	Euro/000	Euro/000	Euro/000
<b>Italy</b>		428	52,874	36,711	14,634	(2,368)
	Gefran Spa	Production, Sales and Central Services				
	Gefran Soluzioni Srl	Production and Sales				
	Elettropiemme Srl	Production and Sales				
<b>Belgium</b>	Gefran Benelux NV	Sales	15	6,387	-	610 (168)
<b>France</b>	Gefran France S.A.	Sales	8	5,332	-	576 -
<b>Germany</b>	Gefran Deutschland GmbH	Sales	26	19,055	16	2,302 (652)
<b>UK</b>	Gefran UK Ltd	Sales	2	683	-	124 -
<b>Switzerland</b>	Sensormate A.G.	Production and Sales	17	2,052	1,992	(44) -
<b>United States</b>	Gefran Inc	Production and Sales	35	12,793	1,274	1,441 (257)
<b>Brazil</b>	Gefran Brasil Elettroel. Ltda	Production and Sales	33	5,648	1	935 (127)
<b>Singapore</b>	Gefran Asia Pte Ltd	Sales	8	6,432	1	1,170 (49)
<b>China (Peoples' Republic)</b>	Gefran Automation Technology Co. Ltd	Production and Sales	59	14,823	661	271 -
<b>India</b>	Gefran India Private Ltd	Sales	20	5,228	-	632 (155)
Total current taxes within the Group attributable to companies						(3,776)

### 3.2.4 Fight against corruption

Gefran is committed to combating any form of corruption through the enforcement of Italian and international law and the voluntary adoption of ethical principles when carrying out business.

The main risk profiles linked to the Group's activities, with regard to corruption, are identified and mapped in risk assessments. For further information, please refer to section "3.2.2. Integrated risk and opportunity management."

To prevent corrupt activities, the Group has adopted, in the context of the 231 Organisational Model, the **Code of Ethics and Conduct** and a **Procedures Manual** which contain the principles of conduct that the Company's employees, contract staff, customers and suppliers are required to comply with. These instruments are in addition to the procedures required by compliance with Administrative and Accounting Control Model 262.

The Group has also adopted **Anti-Corruption Guidelines**, shared with all subsidiaries, to outline typical situations in which an attempt at corruption may occur and how to manage them. In this regard, a training programme was implemented for all General Managers.

Compliance with anti-corruption procedures and guidelines is usually carried out through audits carried out at the Group's Italian and foreign sites. The following are the audits for the last three years and the related findings.

Audit activities <sup>1</sup>	2023	2022	2021	2020	2019
in the Parent Company Gefran Spa(*)	4	5	8	9	10
in the Subsidiaries	4	4	3	4	7
<b>TOTAL AUDITS</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>13</b>	<b>17</b>
Type of audit <sup>2</sup>	2023	2022	2021	2020	2019
Administrative and accounting control model 262	-	-	-	4	5
Organisational Model 231	-	-	-	5	5
Other (**)	8	9	11	4	7
<b>TOTAL AUDITS</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>13</b>	<b>17</b>

The findings of the auditors, classified based on the seriousness and subject matter of the audit, are set out below.

number of findings, by degree of severity and type of audit	2023	2022	2021	2020	2019
<b>High</b>	<b>12</b>	<b>2</b>	<b>9</b>	<b>1</b>	<b>4</b>
of which:					
Administrative and accounting control model 262	-	-	-	-	-
Organisational Model 231	-	-	-	1	-
Other <sup>3</sup>	12	2	9	-	4
<b>Medium</b>	<b>34</b>	<b>51</b>	<b>44</b>	<b>61</b>	<b>64</b>
of which:					
Administrative and accounting control model 262	-	-	-	3	-
Organisational Model 231	-	-	-	32	29
Other <sup>3</sup>	34	51	44	26	35
<b>Low</b>	<b>22</b>	<b>23</b>	<b>13</b>	<b>20</b>	<b>20</b>
of which:					
Administrative and accounting control model 262	-	-	-	2	2
Organisational Model 231	-	-	-	10	10
Other <sup>3</sup>	22	23	13	8	1
<b>TOTAL IRREGULARITIES</b>	<b>68</b>	<b>76</b>	<b>66</b>	<b>82</b>	<b>81</b>

1 Audits of the Parent Company apply to centrally managed processes.  
2 Other indicates audits of the following types: "Integrated" (Administrative and Accounting Control Model 262 and Organizational Model 231) on the Parent Company Gefran SpA or "General Review" of Subsidiaries.  
3 Other indicates audits of the following types: "Integrated" (Administrative and Accounting Control Model 262 and Organizational Model 231) on the Parent Company Gefran SpA or "General Review" of Subsidiaries.





It should be noted that the increase in the number of high-end surveys is a consequence of the increase in audit interventions, in particular carried out in foreign subsidiaries and concerning “General Review” activities.

type of irregularity	2023	2022	2021	2020	2019
Related to corruption offences	-	-	-	-	-
Other	68	76	66	82	81
<b>TOTAL IRREGULARITIES</b>	<b>68</b>	<b>76</b>	<b>66</b>	<b>82</b>	<b>81</b>

The Group has implemented various channels of communication to the Supervisory Board, through which any breaches of the principles and procedures may be reported.

In addition, during 2023, a new internal channel was activated by Gefran for the management of whistleblowing reports, with which it is possible to report breaches of the law, internal control principles, company procedures and standards, as required by the Group’s **Whistleblowing Procedure**. The procedure, adopted in accordance with the provisions of the law, the Code of Ethics and the Management System for the certification on corporate social responsibility SA8000, protects the confidentiality of the whistleblower, forbids retaliation, and provides specific instructions for the management of reports.

To date, no reports have been received.



# SUSTAINABILITY

# 04





# 4.1

## SUSTAINABILITY GOVERNANCE

The Gefran Group is aware that, to achieve its sustainability objectives, it is essential to structure governance with a clear allocation of responsibilities and roles. In this regard, the Board of Directors plays a central role in pursuing the Group's sustainable success, as required by principle I of the *Corporate Governance Code*. With this in mind and with the desire to structure the Group's Governance in terms of sustainability, Gefran first established a steering committee and in 2020 the Board of Directors of Gefran SpA formally established, among its internal Committees, the **Sustainability Committee** and approved its rules. Gefran's Sustainability Committee is responsible for supervising all the Group's sustainability activities and reporting on its progress to the Board of Directors.

During 2023, with the expiry of the mandate of the Board of Directors, the three Committees established within the Board, including the Sustainability Committee, also expired. The newly appointed Board of Directors, at its first meeting on 21 April 2023, therefore appointed the members of the Sustainability Committee, renewing the appointment of the previous three members, and approved its rules.

The Sustainability Committee currently consists of:

OFFICE	MEMBERS
Committee Chairwoman	Giovanna Franceschetti
Chief Executive Officer	Marcello Perini
Independent Director	Cristina Mollis

The Sustainability Committee met twice during 2023.

Sustainability committee	2023	2022	2021	2020	2019
Number of meetings	2	3	2	3	N.A.
average attendance %	100.0%	100.0%	100.0%	100.0%	N.A.

To carry out its functions operationally, the Committee uses a **Working Group**, coordinated by the *Sustainability Manager*, which involves representatives of the main company functions to obtain an organic and complete point of view on sustainability issues. Those responsible for the procurement department, operations, people & organisation, HSE and quality, legal and representatives of the AFC and sales department are part of it. This team, working in close cooperation with the contact persons in all Group subsidiaries, was responsible for carrying out all preparatory activities for the definition and implementation of Gefran's sustainability strategy.

Specifically, during 2023 the Working Group focused its activity on the projects of the Strategic Sustainability Plan formalised in 2022, a description of which is given in the dedicated paragraph.

4.2

THE METHOD OF SETTING OUR PRIORITIES

4.2.1

Dialogue with stakeholders

Gefran constantly strives to develop relationships of trust with its stakeholders. These include individuals, groups or institutions that directly or indirectly contribute to the Group's sustainable success or those who have an interest in its activities.



Keeping open and stimulating regular dialogue with stakeholders allows better identification of risks, present and future challenges (social, environmental or economic) and opportunities for creating value over the medium to long term.

Stakeholder input is collected through different methods of involvement and dialogue set out below.

Stakeholder category	Methods of involvement and dialogue
Employees	<div>/ Intranet channel, with the publication of "Gefran News", "Policies" and useful documentation</div> <div>/ KenFLY, the digital hub of the Gefran Talent Academy</div> <div>/ Internal events dedicated to employees, at various levels</div> <div>/ Dialogue through the People&amp;Organization and Q-HSE functions</div> <div>/ Website and social media</div> <div>/ Thematic corporate welfare programme portal</div> <div>/ Negotiating tables with trade unions</div> <div>/ Regular meetings with top management</div>
Suppliers	<div>/ Industry meetings</div> <div>/ Trade fairs</div> <div>/ Dedicated events with the "Supplier Day"</div> <div>/ Surveys/questions/survey</div> <div>/ Dialogue through Purchasing</div> <div>/ Dialogue/involvement during audits/inspections</div> <div>/ Communication of values at the contractual stage and renewals</div> <div>/ Request documentation for compliance with national and international regulations</div>
Customers	<div>/ Market research</div> <div>/ Dedicated communication channels</div> <div>/ Dialogue through Sales</div> <div>/ Training for certain categories of customers</div> <div>/ Website and social media</div> <div>/ Meetings, workshops, focus groups</div> <div>/ Participation in exhibitions, fairs, conventions</div> <div>/ Membership meetings</div> <div>/ Company visits</div>
Local communities	<div>/ Meetings with regional institutions</div> <div>/ Media monitoring (press, specialist magazines, TV, web, social networks)</div> <div>/ Orientation and involvement of high school and university students, recruitment programmes</div> <div>/ Involvement in social and educational initiatives for local associations</div>
Shareholders	<div>/ Engagement Code</div> <div>/ Shareholders' Meeting</div> <div>/ Corporate Governance Report</div> <div>/ Financial reports and periodic presentations</div> <div>/ Dedicated website section</div> <div>/ Mailing lists</div> <div>/ Regular meetings with top management organised by Investor Relations</div>
Training and research bodies	<div>/ Collaboration projects</div> <div>/ PhD programmes</div>
Institutions	<div>/ Specific meetings</div> <div>/ Discussion tables and dialogue with the Public Administration</div> <div>/ Institutional communication</div>

Gefran encourages collaborative relations with industrial companies in the sectors in which it operates and is a member of various sector-based associations and technical consortia, at local and international level.

#### Trade associations

CONFINDUSTRIA BRESCIA	It represents and protects entrepreneurs and companies in the Brescia area. It is one of the major Italian associations for member companies and belongs to the Confindustria System. The association contributes to protecting member companies by supporting the free enterprise, labour, and the expectations of industry, offering complete public representation and an integrated system of relations with local stakeholders.
<div>ANIPLA</div> <div>Italian National Association for Automation</div>	It aims to encourage and spread knowledge, studies and application of automation in Italy, in terms of the technological, economic and social aspects. Among the most active technical and scientific associations in Italy, it actively contributes to gradual developments in the country's technical culture.
<div>ANIE Federation</div> <div>Assoautomazione</div>	It is one of the largest industry group organisations in terms of size and representativeness. It plays a leading role in technological and regulatory monitoring, promoting initiatives to standardise products and systems, taking know-how <i>and skills into the</i> processes adopted by decision-making bodies at all levels.
<div>AMAPLAST</div> <div>National Association of manufacturers of plastics and rubber machinery and moulds</div>	It promotes Italian technology for the processing of plastics and rubber around the world. It aims to promote Italian companies in the sector abroad.
<div>ANIMA</div> <div>Confindustria various mechanical industries</div>	This is the industrial organisation in the Confindustria system that represents companies in mechanical industry. It consists of 34 associations and product groups, and counts over 1,000 member companies, at the top of their respective sectors of production.
<div>ASSONIME</div>	It is the Italian joint-stock company association. Its purpose is to investigate and deal with problems relating directly or indirectly to the interests and development of Italy's economy.
<div>GISI</div> <div>Association of Italian Instrumentation Companies</div>	Brings together companies that operate in the production process instrumentation and automation field, including both manufacturers and economic operators.
<div>AIM</div> <div>Italian Metallurgy Association</div>	A cultural entity promoting the science and technology of metals and of other engineering materials. The purpose of the association is to promote the exchange of ideas and experiences among parties with an interest in developing knowledge of metal materials, promoting meetings between producers, users and researchers.
<div>CTI</div> <div>Italian Thermotechnology Committee for Energy and the Environment</div>	Concerned with regulation and standardisation in various sectors of thermotechnology. The Committee aims to provide users with regulatory tools for the development of the thermotechnology sector.

#### Trade associations

AFIL	It represents the technological system within the advanced manufacturing sector of the Lombardy region. It brings together in a single ecosystem the companies, research centres, universities and industrial associations of the regional supply chain, with the aim of being a reference for the definition of strategies and policies in the field of research and innovation in the manufacturing sector.
Lombardy Smart Factory Association	
IPAF	Promotes and ensures the safe and effective use of mobile means of air access in the broadest sense of the term, providing advice and information of a technical nature, influencing and interpreting legislation and standards, organising safety initiatives and offering training programmes.
International Powered Access Federation	

#### Technical associations and consortia

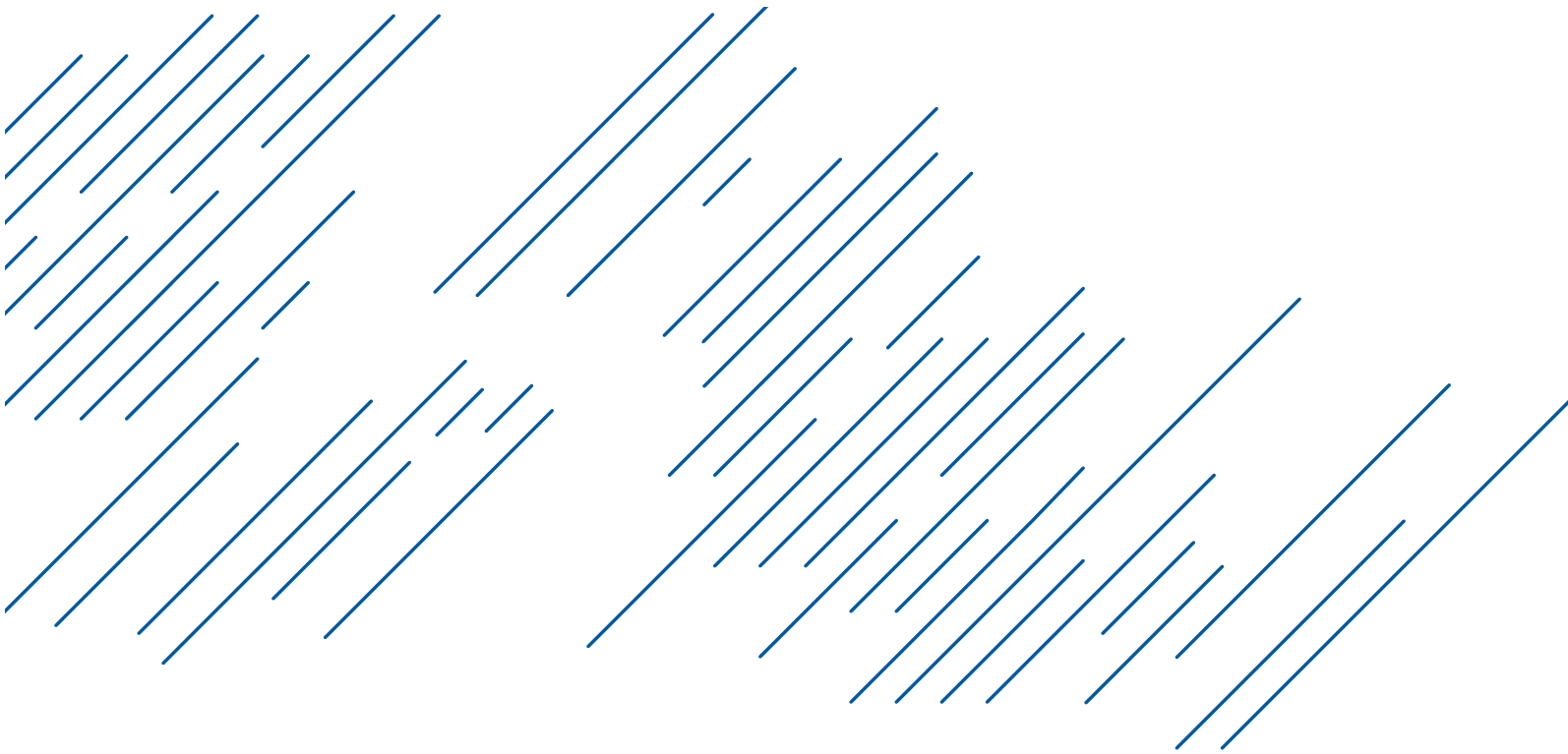
CEI	Publishes regulatory documents on good practice in Italy, is involved in drawing up the corresponding European and international standards, ensures that they are accepted with specific regard to European regulatory documents harmonised with EU directives and regulations, and promotes technical and scientific culture in general and technical standards in particular.
Italian Electrotechnical Committee	
UNI	Represents Italy in the European (CEN) and global (ISO) standardisation organisations and organises the involvement of national delegations in supranational standardisation work, to promote the harmonisation of standards needed for the single market to operate, and to implement the distinctive features of Italian production through techniques that recognise national experiences and production traditions.
Italian standardisation organisation	
CANOpen	Brings together users and producers of the CAN (Controller Area Network) protocol at the international level to provide a transparent platform for future development of the CAN protocol and promote the image of CAN technology.
PROFIBUS Network	Works closely with other organisations in the world of automation to promote the use of PROFIBUS, PROFINET and I/O Link technologies.
ODVA	Supports the network of technologies built on the Common Industrial Protocol (CIP™) – EtherNet/IP™, DeviceNet™, CompoNet™, and ControlNet™.
HART COMMUNICATION FOUNDATION	This is an organisation supporting and developing standards for the HART communication protocol.
ETG - Ethercat Technology Group	EtherCAT Technology Group is an organization that brings together device manufacturers, technology providers, and users to promote technology, in order to promote and make available EtherCAT technology. It consists of several technical working groups, in which experts work on the different aspects of EtherCAT.

The Group's cooperation with the Associations is also developed by foreign branches. Gefran, has joined, for example, in Brazil the ABIMAQ (Brazilian Machinery and Equipment Industry Association), in the United States the Plastics Industry Association, the IHEA (Industrial Heating Equipment Association), the AEM (Association of Equipment Manufacturers) and the NFPA (National Fluid Power Association). In Europe, Gefran is a member of the AMA (Association for Sensor Technology and Measurement) and the VDMA (Association of German Mechanical Engineering Institutes), both in Germany.

WE SUPPORT



Since 2022, Gefran has been a participant of the United Nations Global Compact, the world's largest voluntary and at the same time strategic corporate citizenship initiative. The UN Global Compact requires companies and organisations that adhere to them to share, support and implement a set of fundamental principles relating to human rights, labour standards, environmental protection and anti-corruption within their spheres of influence. These can be summarised in 10 principles. These are the same principles that have always characterised our actions and have made the Global Compact a natural conclusion.



4.2.2 Materiality analysis

Gefran has conducted the materiality analysis process to identify and evaluate the company's sustainability information and define the relevant aspects on which to focus the relevant disclosure. The materiality matrix – the outcome of this analysis – has been updated several times over the years.

The materiality analysis conducted in 2022 was conducted in line with the new GRI Universal Standards 2021, which introduce the concept of *impact materiality*. An initial internal exercise was also conducted to comply with the future requests of the Corporate Sustainability Reporting Directive (CSRD) of the European Union, in accordance with the provisions of the European Financial Reporting Advisory Group (EFRAG).

The exercise has enabled new discussions on the impacts that the organisation generates (economy, environment, people) and the role in the regions where it operates with a long-term outlook to prevent and mitigate any negative impacts. The analysis was divided into three phases.

IDENTIFICATION

Context analysis in order to identify the relevant aspects for Gefran in consideration of the activity carried out, the business relationships, the sustainability context and the expectations of the Group stakeholders

ASSESSMENT

Internal and external stakeholders engagement in order to assess the significance of the impacts identified

PRIORITISATION

Aggregation of the results in order to obtain an impact materiality value for each topic  
  
Prioritization of topics based on the values obtained and definition of a materiality bound

**Identification.** In the first phase, an **internal assessment** of the Group's characteristics (corporate identity, activities undertaken, stakeholder types) was carried out, followed by a **benchmark analysis** to assess the main trends in the sector. Similar competitors and the requirements of the main international standards, research institutions and investors were considered. A comparison was also made with the aspects identified in the previous analysis.

In accordance with the new GRI Universal Standards 2021, the analysis focused on the **impacts**: that is, the effects that an organization has or could have on the economy, the environment and people, including human rights, as a result of its activities or business relationships.

The analysis took into account impacts in various aspects, whether actual or potential, negative or positive, short- or long-term, foreseeable or unforeseeable, or reversible or irreversible. The negative impacts relate to the effects that Gefran directly causes or to which it contributes through its activities, in addition to those directly related to its processes, products or services. The positive impacts are linked to the way the Group contributes, or might contribute to sustainable development through its activities, its range of products and services, investments and procurement and recruitment policies.

An initial internal exercise was conducted aimed at the *financial materiality* envisaged by CSRD. **Sustainability risks and opportunities** were identified which may influence the creation of corporate value of each of the relevant aspects identified in the previous phase's analysis. The work, carried out voluntarily without impacting the 2023 Non-Financial Statement, is not subject to audit. Furthermore, this exercise is not yet to be considered complete or aligned with the new guideline in force from the reporting year 2024. During 2024, in particular, the analysis is expected to be completed, with the integration of the financial impact assessment.

Potentially material issues were reclassified according to strategic priorities and aligned with the industrial plan: **the centrality of people, the contribution to the ecological transition, sustainable product innovation, sustainability of the supply chain (for more information see section “5. The Strategic Plan: the pillars”)**.

**Assessment.** The identification phase was followed by the validation and/or integration of the identified themes and impacts involving internal and external stakeholders, with the aim of assessing the significance of the impacts that emerged, subsequently grouped into themes as indicated by GRI 3.

5 stakeholder categories were identified in relation to whom certain initiatives encouraging involvement were already under way, in individual form (visits, dedicated events in the company) and collective form (publications on websites, social networks and media, participation in and organisation of conferences).

Internally, the heads of the Parent Company departments were involved through an interview to assess potentially material issues and impacts of each department.

Selected among the Italian and foreign branches, 46 employees participated in the evaluation of the topics and impacts based on knowledge of the company and operational involvement in achieving sustainability projects.

Externally, a list of strategic stakeholders for the Group was shared, including customers, suppliers and research institutions. In order to gather thoughts for reflection and feedback, interviews were conducted with customers and suppliers on the expectations and main drivers of sustainability. Finally, two research organisations were contacted with which Gefran has historically partnered.

The main thoughts for reflection and feedback that emerged related to people and products. The issues related to the strategic pillar. **The centrality of people** is a priority for all stakeholders (internal and external), reflecting awareness that without proper human resources development it is not possible to achieve one's strategic objectives.

Product innovation is a theme of major interest, which validates the company's long-term commitment to invest in developing a portfolio of environmentally sustainable products in synergy and collaboration with business partners.

**Prioritisation.** Out of the 18 potentially material issues, 3 were excluded as they were irrelevant. Prioritisation led to an **orderly list of 15 material issues** detailed in the table. The most significant for the Group include stakeholder relations, customer care and staff training and development.

The results confirmed a clear connection between the material issues and the business strategy based on valuing people, partners and customers and sharing a value system through choices and behaviours.

During 2023, no new evaluation factors emerged, therefore the materiality analysis carried out on time in the fourth quarter of 2022 was considered valid for the purposes of non-financial reporting for the year 2023.

The analysis will be updated again in 2024, when the assessment of financial impacts (so-called **financial materiality**) will also be integrated in accordance with the introduction of the Corporate Sustainability Reporting Directive (CSRD).



### Gefran Group’s material issues

SDG	Pillar	Material issue	Description of the theme and its impacts
<div> <div>8</div> <div>17</div> </div>	<b>The centrality of people</b>	Stakeholder relations	The working relationships with stakeholders, generated by industrial synergies and collaborations with business partners (for example, co-design initiatives with customers) have a positive impact on the environment and customer satisfaction.
<div> <div>8</div> <div>9</div> </div>	<b>The centrality of people</b>	Customer focus	Through its involvement with innovative models and the preparation of clear information, attention to the customer creates shared value.
<div> <div>8</div> <div>9</div> </div>	<b>The centrality of people</b>	Personnel training and development	Training is essential to build employees' specialist technical know-how and enable them to grow professionally and improve their performance. If adequate opportunities for discussion and feedback are not promoted, there is a risk of not effectively integrating employees, of not aligning them with objectives and of hindering professional development.
<div> <div>8</div> <div>9</div> </div>	<b>The centrality of people</b>	Employee health and safety management	By spreading health and safety know-how and culture (inside and among third parties who interact with the company), beyond regulatory requirements and through training and awareness, this reduces accident and illness levels.
<div> <div>8</div> <div>9</div> <div>13</div> </div>	<b>Sustainable product innovation</b>	Product innovation and technological development	Through a circular economy approach, technological development and innovative design allows greater traceability of products as well as increasing customer satisfaction.
<div> <div>8</div> <div>9</div> </div>	<b>The centrality of people</b>	Diversity, inclusion and equal opportunities	The company promotes respect for diversity, inclusion and equal opportunities through pay equality, meritocracy and a working environment that respects cultural, linguistic, religious, political and ethnic diversity.
<div> <div>7</div> <div>13</div> </div>	<b>The contribution to the ecological transition</b>	Climate change: GHG emissions and energy	Climate change, generated by air pollution and the exploitation of non-renewable resources, causes catastrophic natural events, which has a negative impact on the health and safety of people and communities. The effects of climate change can be mitigated through the use of renewable resources and energy efficiency initiatives.
<div> <div>8</div> <div>9</div> <div>13</div> </div>	<b>Sustainable product innovation</b>	Product quality and safety	Compliance with the highest production standards maintains a high level of product quality and strengthens customer relationships.
<div> <div>8</div> <div>12</div> <div>13</div> </div>	<b>The sustainability of the supply chain</b>	Social, community and territorial development	A company can promote the social development of the communities and territories where it operates through donations and the development of projects that are not strictly business related. Establishing a lasting, participatory and mutually beneficial relationship between third sector entities, universities and research centres facilitates access to the work of new generations in areas where the company operates.

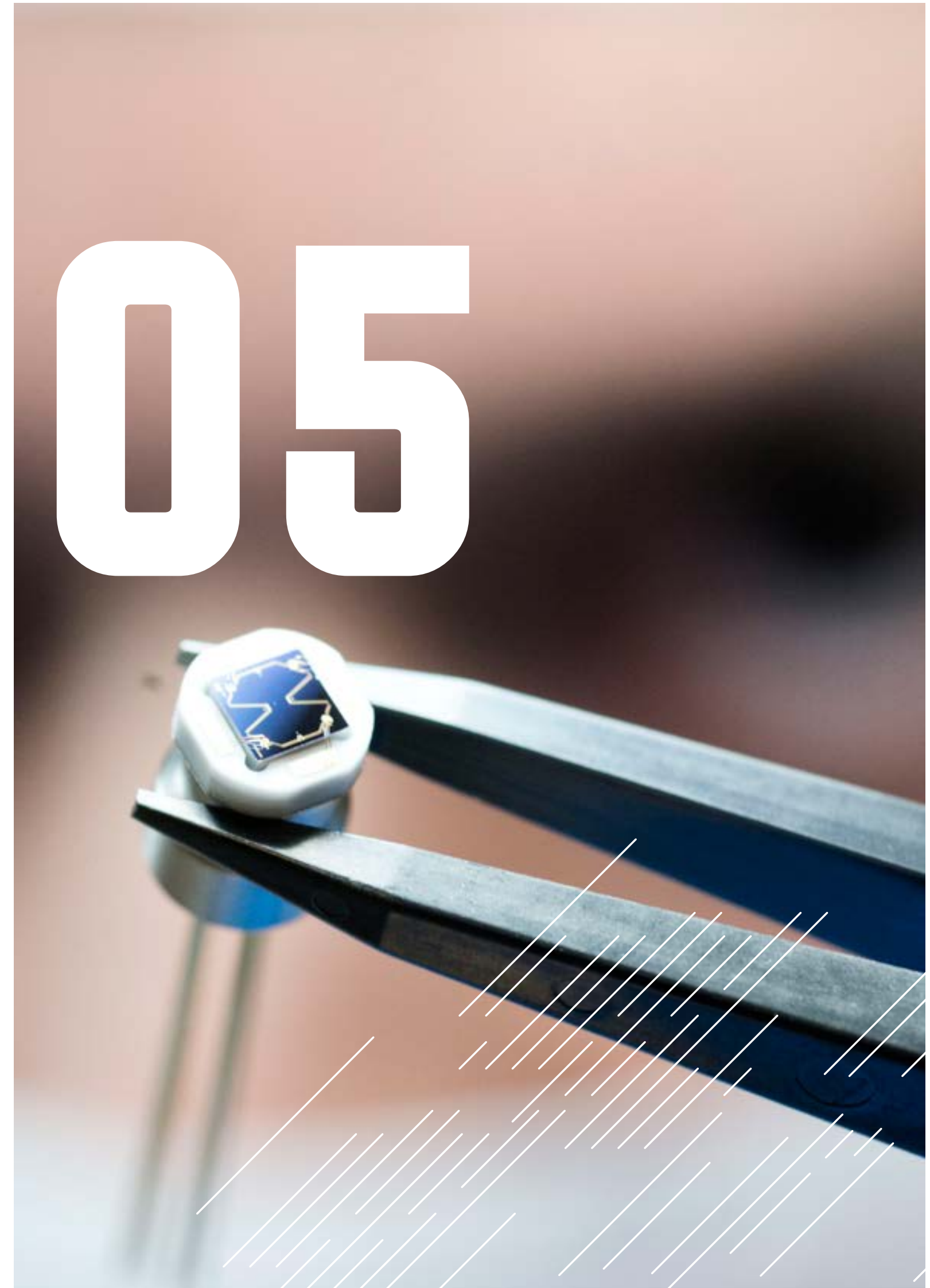
SDG	Pilastro	Tema materiale	Descrizione del tema e i relativi impatti
<div> <div>8</div> <div>9</div> </div>	<b>The centrality of people</b>	Ethics, integrity and compliance	Business ethics and integrity, as well as regulatory compliance, are material themes of strong interest to a company. A lack of control can foster corruption and distort the competition. This also includes the commitment to tax transparency to ensure the regularity of transactions and respect for market participants.
<div> <div>8</div> <div>9</div> </div>	<b>The centrality of people</b>	Employee welfare	Corporate welfare initiatives, support for families and a competitive compensation and benefits system have a positive impact on employees' welfare and lifestyle. An uninspiring and unrewarding work environment reduces well-being, efficiency and loyalty.
<div> <div>8</div> <div>12</div> <div>13</div> </div>	<b>The sustainability of the supply chain</b>	Waste management	The focus on waste reduction, proper disposal and maximising the share of waste for reuse, recovery or recycling reduces the environmental impact. Reduced disposal capacity can lead to increased waste generation and environmental pollution (soil, water and air) with effects on human health and safety as well.
<div> <div>8</div> <div>12</div> <div>13</div> </div>	<b>The sustainability of the supply chain</b>	Responsible procurement	Sustainable procurement, guaranteed through responsible purchases (including minerals from conflict zones), ensures the traceability of the supply chain, has a positive impact on people (for example, it directly and indirectly increases employment) and has a positive impact on respect for human and social rights (hindering forced and child labour, infringement of the right to strike and collective bargaining). It also protects the environment from biodiversity reduction risks, the consumption of non-renewable raw materials and the pollution of water aqueducts or the soil.
<div> <div>8</div> <div>9</div> </div>	<b>The centrality of people</b>	Data protection and cybersecurity	Data protection and cybersecurity measures help protect business data and prevent the disclosure of sensitive data and information. An inappropriate level of cybersecurity could undermine the company's reputation and jeopardise the relationship of trust with stakeholders.
<div> <div>8</div> <div>9</div> </div>	<b>The centrality of people</b>	Respect for human rights	Respect for human rights is guaranteed only if forced and child labour practices are prohibited along the supply chain and if the right to strike and collective bargaining are guaranteed.

The correlation matrix between the material aspects and the indicators provided for by the GRI is set out in Appendix.



# THE STRATEGIC PLAN: THE PILLARS

05





The emergence of new risks, including the growing instability of the global geopolitical and economic scenario, as well as the rapid spread of new environmental and social sensitivities, have in recent years forced companies to undergo a transformation, which have been called upon to reconsider their longer-term strategies in addition to immediate response actions. Incorporating sustainability into business development plans has become an essential factor in maintaining competitiveness and laying the foundations for sustainable growth.

The principle of sustainability has historically guided Gefran's development and operational management, allowing the Group to grow steadily and gain strength over the years. In 2020, for the first time, Gefran formalized the sustainability strategy, inspired by the United Nations Sustainable Development Goals, accompanying it with a commitment plan divided into 4 projects, which today have achieved the objectives set through the implementation of an employee evaluation system, the dissemination of the culture of sustainability along the supply chain, the obtaining of new certifications and the development of sustainable product solutions.

In 2022, commitments were strengthened with a new Plan which, without prejudice to the strategy announced in 2020, sets measurable targets consistent with the Business Plan. The **2022 Sustainability Strategic Plan** is an integral part of the Group's business model and its day-to-day activities: Gefran intends to be an interpreter of sustainable growth, attentive to the expectations of the market, people and companies with which it works, in the areas where it operates.

The plan to achieve the Sustainable Development Goals today consists of **four pillars**, an expression of the company's DNA: **the centrality of people, the contribution to the ecological transition, sustainable product innovation and the sustainability of the supply chain.**

Specific objectives have been defined for each pillar to be pursued through **26 medium** and long-term projects.

The objectives are the outcome of a process that began with the analysis of Gefran's positioning and the risk/opportunity framework of the reference market. Dialogue has been opened with stakeholders and people who work in Gefran have been heard. The management, at all levels of the Group, was involved to define the projects that will lead Gefran to achieve the set objectives, as well as to determine the key indicators and that will allow for monitoring the results over time.

### THE CENTRALITY OF PEOPLE

- Support training and talent development
- Educate on respecting diversity and inclusion
- Promote safety culture
- Minimize cyber risks
- Ensure customer satisfaction

### THE CONTRIBUTION TO THE ECOLOGICAL TRANSITION

- Reduce climate impact through decarbonisation levers
- Encourage the use of renewable energy sources

### SUSTAINABLE PRODUCT INNOVATION

- Develop products with a sustainable approach
- Use packaging with less environmental impact
- Reduce paper consumption, including through the digitisation of technical documentation and processes
- Reduce waste from production processes

### THE SUSTAINABILITY OF THE SUPPLY CHAIN

- Ensure responsible sourcing
- Manage the supply chain responsibly
- Share one's values with suppliers
- Reduce waste disposal





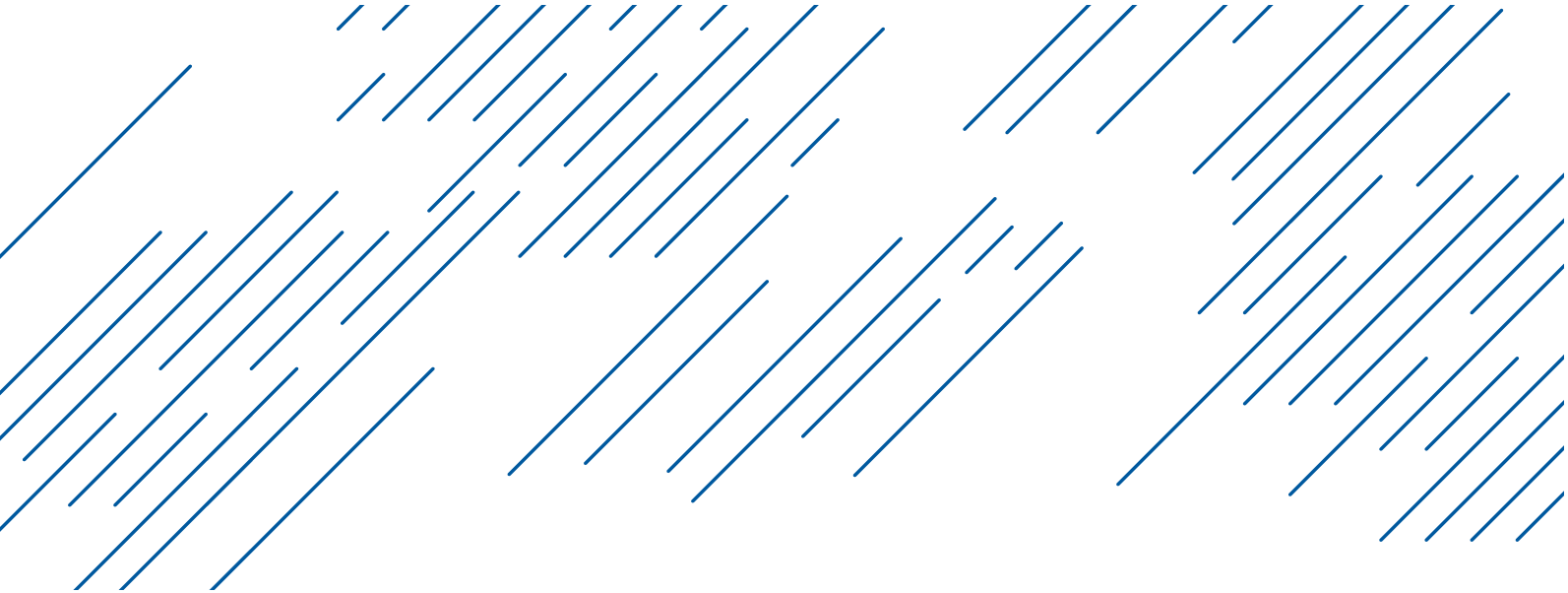
For an initiative to be successful and generate long-term value, it must be global. Since the formalisation of the 2022 Strategic Sustainability Plan, some moments have taken place to share the values that inspire sustainability at Gefran and the objectives that the Group has set itself. At the events organized, all the people of Gefran were involved, in order to spread the knowledge of the Strategic Plan at all levels and bring it to a global horizon that embraces the entire Gefran community in the world.

One of the key steps was to integrate the three-year plans of the various Group companies with actions planned in line with the projects of the Strategic Sustainability Plan, thus providing them with the adequate resources necessary for their development in the 2024-2026 three-year period.

The most recent event, "ACTING THE SUSTAINABILITY – A Group Event" held at the beginning of 2024, was particularly significant: all Gefran people connected simultaneously, with the support of a platform and a translation service of the 6 languages spoken in the Group, shared the theme of sustainability. It is therefore in connection with all the geographical areas in which the Group operates that Gefran has decided to decline through all its facets how and how much sustainability is integrated into the Group's activity, thus making it a distinctive and strategic element. This was the opportunity to present to the whole Gefran world a new "Gefran Sustainability Games" project, dedicated to all employees, to whom a "healthy" competition inspired by Gefran's 4 pillars of sustainability is proposed with a view a "learning experience". The project also includes moments for the dissemination of information material and educational messages on sustainability issues and on the progress of the Plan's projects, as well as useful indications to generate virtuous behaviours that will contribute to the achievement of the Group's ESG objectives.

In the following paragraphs, the Plan is described and the policies that relate to each of the four pillars are illustrated, accompanied by the projects to implement the strategy and its objectives, with evidence of the progress made.





# THE CENTRALITY OF PEOPLE



There is no distinction between company and people: Gefran is its people. With its own specific features, each contributes to a fundamental asset for long-term value creation. Gefran is Beyond Technology and beyond technology you have people: the promise is **to create value for all stakeholders** through a professional organisation which people enjoy belonging to. The Group has set ambitious goals in terms of quality of life within the company and outside it, health and safety in the workplace, equal opportunities for professional growth and career development, respect for diversity and customer satisfaction.

For this reason, it is essential to offer employees continuous and quality training focused on the development of key skills. Raising awareness of the importance of ESG aspects for company performance. To strengthen this dimension, Gefran considers it important to introduce MBOs and performance bonuses upon achievement of purely ESG objectives. In 2023, 42.9% of Italian managers included at least one ESG objective in the assessment of MBO and/ or LTI.

Awareness around sustainability also means educating in respect of diversity and inclusion, an objective that, internally, will be pursued by creating a dedicated community and, externally, through educational activities in local schools aimed at encouraging girls to study STEM disciplines (Science, Technology, Engineering and Mathematics).

This design also includes the implementation of an **Integrated Management System** which, thanks to the work carried out, in 2023 saw the obtaining of important certifications. Today all the Group's Italian sites are certified to the standards ISO 14001:2015 (Environment), ISO 45001:2018 (Health and safety in the workplace) and SA 8000:2014 (Corporate Social Responsibility), as well as ISO 9001:2015. The project to extend the integrated management system is continuing towards the main production branches abroad, based on the model developed on Italian companies.

Cyber security also depends on the human factor: the goal is to maintain a **medium-to-low level of IT risk** through employee training and the use of advanced technologies. In 2023, in addition to the interventions on the company's IT infrastructure and the strengthening of the IT function, the first training program was held, which covered four specific courses on the topics of security awareness. It involved all Gefran staff in Italy who were issued company devices (270 people) and everyone participated. Work will continue in 2024, with new courses both in Italy and at the companies abroad.

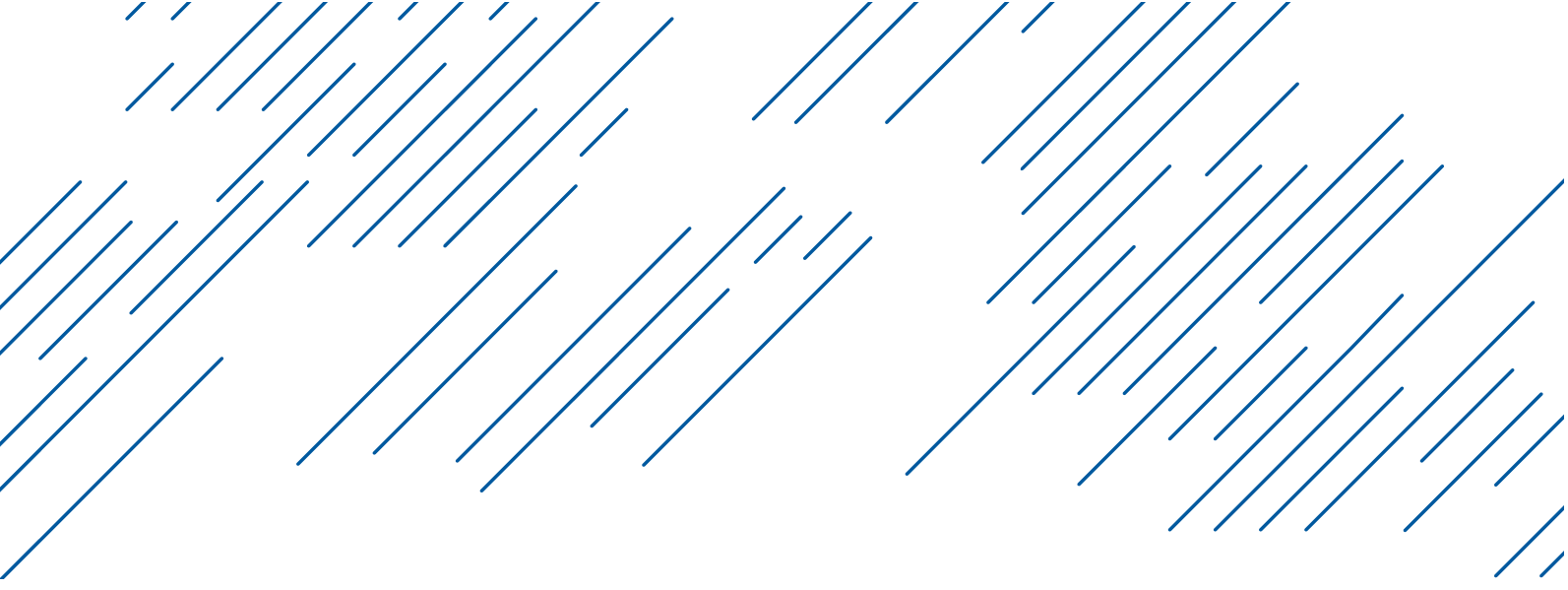
Particular attention is paid to **customer** satisfaction: a two-year listening course has been created to meet expectations and increase satisfaction.

Below are the projects envisaged in the Plan, in relation to the centrality of people, the objectives defined and the progress achieved in 2023.

Projects	Objectives	Progress made in 2023
Develop training plans	By 2026, train 90% of employees in skills that are crucial to Gefran's development in the coming years	82.9%* of employees at Group level had access to training on key competencies for the Group, through the dedicated platform * does not include training activities covered by other projects (i.e., HSE and cybersecurity)
Deliver a sustainability training plan	By 2026, involve 80% of employees in training activities on ESG issues, tailored to the needs of corporate functions	Project in the start-up phase, whose progress will be monitored later
Integrate ESG goals into annual MBOs and all managers' LTIs	By 2024, extend an evaluation system on the achievement of ESG targets to all Italian managers	42.9% of managers in Italy have at least one ESG objective on the MBO / LTI scorecard
Integrate ESG into employees' and workers' performance bonus	Attribute, by 2024, a part of the result premium for clerical staff and manual workers with a supplementary contract following the achievement of ESG objectives	Roughly 6.1% of the result premium allocated for employees with a supplementary contract (Gefran SpA and Gefran Soluzioni) was achieved following the reaching of ESG objectives
Create a community on D&I	Create a space dedicated to the D&I community on the kenFLY platform to promote opportunities for discussion and training and to promote diversity and inclusion values at all levels. By 2028, reach 80% of employees through space access	Project in the start-up phase, whose progress will be monitored later

Projects	Objectives	Progress made in 2023
Boost female access to STEM disciplines	By 2024, start an educational campaign in local schools	Project in the start-up phase, whose progress will be monitored later
Introduce an Integrated Management System to harmonise the operating standards of Group companies	By 2025, obtain all certifications (ISO 9001, ISO 45001, ISO 14001 and SA 8000) at the Group's production sites	The certifications identified are obtained for all Italian sites and achieved ISO 9001 in China, the United States and Switzerland
Promote a culture of safety	Reaching the Group's zero injuries target by 2025 * The objective will be considered achieved if the severity index (number of days lost due to accidents x 1,000 / hours worked) =< 0.01	Severity index of 0.04 (4 injuries occurred, none fatal or with serious consequences, with 47 days of work lost)
Train employees on IT risks	Train all employees on cyber and cybersecurity risks by 2024	All employees in Italy with a company device have received training
Minimise IT risk	By 2024, reach and maintain a low-to-medium level of cyber risk 4.0	Cyber risk level at 4.22 (was 4.45 in 2022)
Monitor Customer Satisfaction	Conduct a biennial customer survey, reaching a rate of compliance (RI) greater than 95% by 2028	Project in the start-up phase, whose progress will be monitored later





# THE CONTRIBUTION TO THE ECOLOGICAL TRANSITION



In order to counter the negative effects of climate change, the international community has set itself a goal of reducing greenhouse gas emissions by 55% by 2030, and of achieving climate neutrality by 2050. Achieving these objectives requires the implementation of energy efficiency strategies and the deployment of energy from renewable sources.

These issues have characterised and guided governments' actions in recent years, but have further accelerated following Russia's invasion of Ukraine and the ensuing conflict, which has led to a situation of possible criticality in the supply of traditional energy resources. Accelerating the energy transition to stop **relying on electricity** produced through fossil fuels has become a very short-term objective and has fostered further investment in electricity produced from alternative and renewable sources.

Additional factors have pushed companies like Gefran to continue on the path of improving environmental performance.

Global temperatures have reached record levels, and scientists say 2023 was the hottest year on record and extreme weather events are increasingly affecting people around the world, with inevitable repercussions also on the economy and business activity.

To combat climate change and its consequences on the environment, on the quality of life of populations and on the business of companies, the path to follow is dictated by the challenges and objectives of the ecological transition. One of these is decarbonisation, i.e., the conversion to a system in which carbon dioxide emissions are progressively reduced, until they are neutralised.

Explicit objectives are those signed by the countries that participated in the COP28 in Dubai, the United Nations Conference on Climate Change held in December 2023: triple renewable energy and double energy efficiency by 2030.

Gefran will participate in these challenges with a **decarbonisation strategy** by providing more levers and involving the entire value chain, from suppliers to the end customer.

With regard to energy efficiency, the investment plan of factories continues, which in 2023 included the installation of an additional photovoltaic plant in Italy, solar panels at the German headquarters that was also equipped with charging stations for electric vehicles. Gefran's goal is to use, by 2025, electricity exclusively from **certified renewable sources**, even through the signing of contracts for the purchase of certified renewable energy, to date stipulated in Italy, Germany and Belgium, to which Switzerland has been added since January 2024.

Other levers identified concern mobility, with respect to which projects have been launched to reduce the environmental impact of the company's fleet of vehicles and air travel.

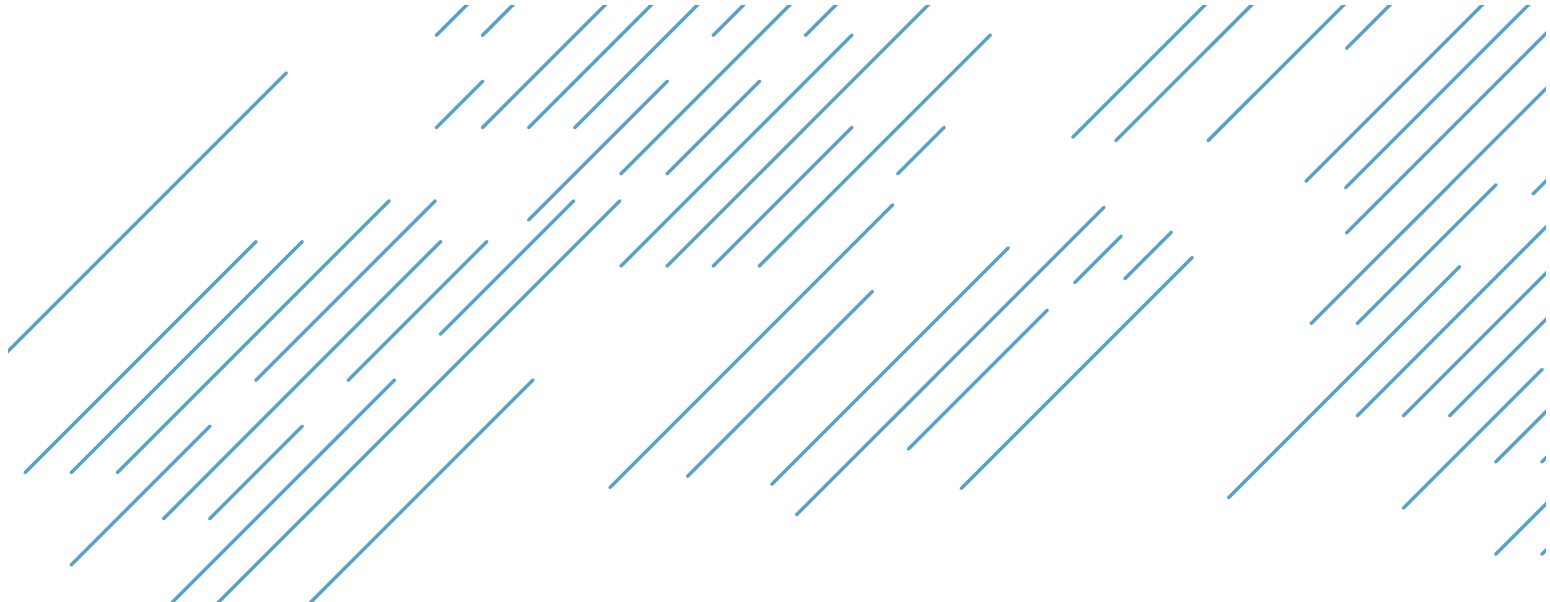
Below are the projects envisaged in the Plan, in relation to the contribution to the energy transition, the objectives defined and the progress achieved in 2023.



Projects	Objectives	Progress made in 2023
Map emissions	Develop a carbon footprint management model to collect and calculate Scope 1, 2 and 3 data by 2023	The model developed evaluated a total production of 11,779 tCOe (reference year 2022) that includes upstream and downstream processes (Scope3), completing the carbon footprint, which already included Scope 1 and 2
Develop a decarbonisation strategy	By 2024, identify the initiatives to reduce CO2 emissions (taking into account regulatory, economic, technological and market contexts) estimating the impact of the initiatives in relation to the levers activated	An analysis of the most impactful processes and categories is underway, in order to identify improvement initiatives, prioritize them and start them according to a plan
Only use electricity from certified renewable sources	Ensure all energy used by all Group companies is from certified renewable sources by 2025	Approximately 82.4% of the electricity consumed at Group level derives from renewable sources, (it was 80.5% in 2022)
Reduce the environmental impact of the fleet	Introduce vehicles with a reduced environmental impact in the company fleet by 2029	Project in the start-up phase, whose progress will be monitored later
Only use airlines with sustainable policies	By 2026, draw up a plan to use airlines that have already adopted policies to reduce impacts	The mapping for Italy and Switzerland has been completed and is in progress in other geographical areas







# SUSTAINABLE PRODUCT INNOVATION



Supply innovation must take into account the principles of environmental protection and natural ecosystems. Hence Gefran's commitment to responsible consumption of resources, resulting in an environmentally sustainable approach to the development of new products and the use of components made from recycled materials. Evaluating **sustainable components** in the early stages of the **product life cycle** (PLC) has led the company to strengthen interaction between the Innovation and Technology Development and Purchasing departments, aimed at identifying sustainable materials and defining the trade-off thresholds between cost and material sustainability level. To this end, training initiatives will be launched on the PLC, enhanced by a sustainability analysis.

The Group intends to invest the necessary resources to develop a commercial strategy, with the aim of achieving at least 15% of total revenues from sustainable innovative products by 2025.

The pillar of low-impact, innovative products includes the packaging component. Packaging, often made to be disposed of, feeds a linear economy based on waste. Gefran intends to promote the circular economy by using **recyclable and more easily biodegradable packaging** that reconciles respect for the environment, minimising waste and packaging functionality, starting with product protection. The project currently concerns Gefran SpA and will be divided into three phases: mapping the composition of the product packaging and the logistics packaging; identification of the materials to be replaced; evaluation of alternatives, up to the development of specific projects.

The **Smart Manufacturing project** aiming for **paperless production** is part of this design. The project was launched in 2023 with a preliminary analysis of the use of paper in production and logistics, as well as in other company processes. A *pilot project* will then be carried out at Gefran SpA for the complete digitisation of information, including technical documentation on the outgoing product. Paying attention to the overall impacts, Gefran has decided not only to reduce, but also to work on the origin of the paper purchased, with the aim, by 2026, of providing the entire Group exclusively with certified paper (FSC, PEFC or other similar recognised standards).

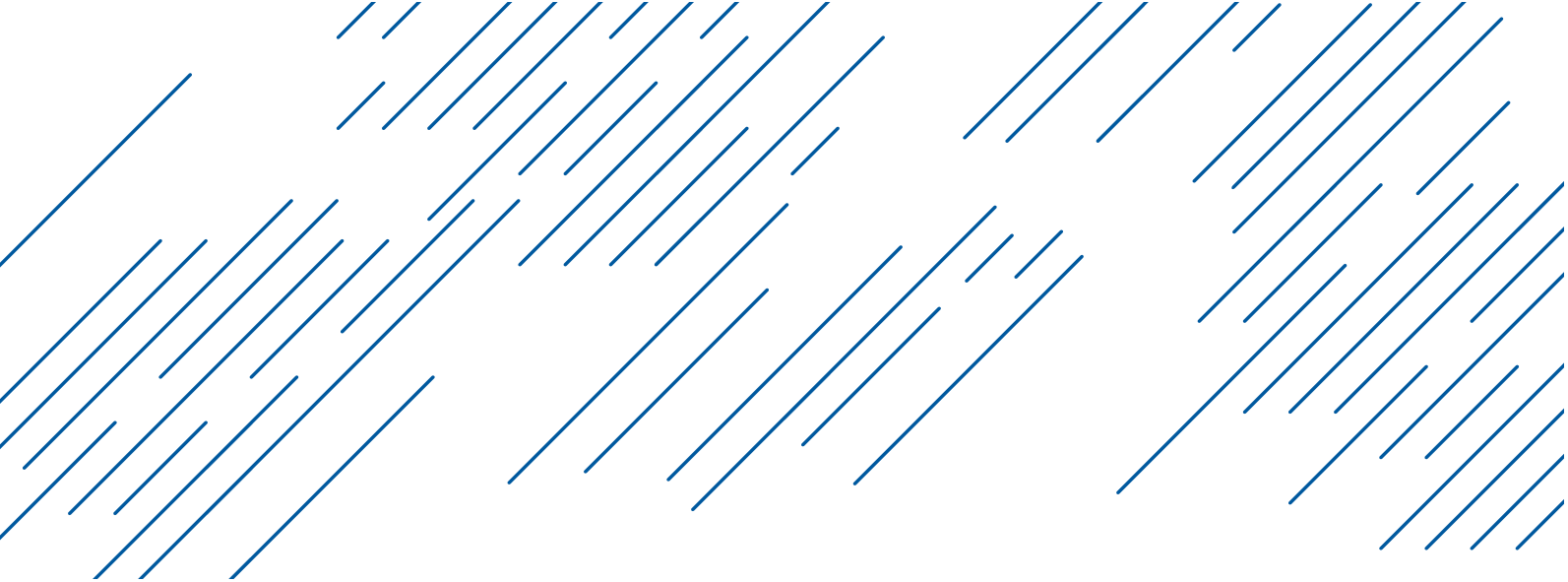
With the gradual improvement of processes, Gefran also aims **to reduce production waste** for Group companies that have a mass production process. This has meant defining KPIs on the generation of waste for each assembly line and periodically analysing the economically relevant aspects. The monitoring outcome will also generate projects to eliminate/reduce the causes of waste or monitor variables directly or indirectly related to waste.

Below are the projects envisaged in the Plan, in relation to sustainable product innovation, the objectives defined and the progress made in 2023.



Projects	Objectives	Progress made in 2023
Offer developed products with a sustainable approach	Achieve 15% of total revenues from developed products with a sustainable approach by 2025	Roughly 13.1% of Group-wide revenues are generated by products developed with a sustainable approach (it was 11.7% in 2022)
Reduce production waste	Reduce production waste by 30% by 2028 and compared to 2022 through process controls and the use of more effective materials in production processes, both internal and at suppliers	The defined indicator (ratio between the value of production scraps and the total value paid) of 2023 shows an increase of 8.4% at Group level compared to 2022
For Group products, use packaging that is completely recyclable and easily biodegradable	By 2028, use 100% recyclable material for the packaging of logistics processes and reduce the impact by using more easily biodegradable materials*. * Considered as hardly biodegradable materials are: litmus paperboard, plastics, packaging film, polyurethanes, polystyrene, iron	Nearly 100% of the material used for packaging at Gefran SpA is recyclable (in terms of weight 77.6% is biodegradable)
Reduce paper purchase and consumption	Purchase 100% certified paper (FSC, PEFC or similar recognised standards) by 2026. By 2026, reduce the percentage of paper used with respect to the previous year by raising employee awareness	Almost 50.1% of the paper purchased at Group level (in terms of value) is of certified origin
As part of the Smart Manufacturing project, achieve paperless production (including product technical documentation)	By 2028, eliminate paper consumption on the number of production orders generated and handled in a year	At companies with mass production, an average of 6.2 A4 sheets are used for each production order
Introduce products with a recycled raw material component	By 2025, ensure 25% of product life cycles (PLCy) are completed and approved in the year for which recycled raw material content is expected to exceed 30% of the weight of the product	Project in the start-up phase, whose progress will be monitored later





THE SUSTAINABILITY OF THE SUPPLY CHAIN



Gefran constantly monitors the strength of the supply chain, which has received a growing amount of attention from stakeholders and institutions in recent years, as a result of increased exposure to disruption risks. Proper chain due diligence is now considered essential.

The aim of the Group is to gradually ensure that the majority of suppliers adhere to the **Sustainability Pact**. In particular, this includes suppliers contributing to 80% of purchases, labour-intensive suppliers, waste disposal suppliers and suppliers whose product or service explicitly mentions any point expressed in the Sustainability Pact. The project is developing in several stages before progressively reaching all foreign branches.

In order to verify compliance with the criteria of the Sustainability Pact and, more generally, assess areas for improvement in relations with suppliers, the objective envisages a **multi-annual audit plan** for the Group's main suppliers up to total coverage.

In addition, Gefran undertakes to implement initiatives to ensure up-to-date and easy-to-use data is collected on **conflict minerals**, in accordance with the European Regulation 2017/821, establishing duty and diligence obligations in the supply chain for importers in the European Union of tin, tantalum, tungsten, minerals and gold originating in conflict or high risk areas.

The Group's objective is to reduce the share of waste for landfill or incineration to 30% and develop plans to increase the share of waste for reuse and recycling.

Below are the projects envisaged in the Plan, in relation to sustainable product innovation, the objectives defined and the progress made in 2023.

Projects	Objectives	Progress made in 2023
Reduce the proportion of waste disposal	By 2025, reach a share of unsorted waste of less than 30%	Roughly 32.9% of the waste generated at Group level is destined for disposal (it was 33.8% in 2022)
Standardise collection from Conflict Minerals Reporting Template (CMRT) suppliers	By 2023, keep a CMRT file updated annually, automating the processing of the annual survey results	CMRT file available, and a guideline for its periodic update has been defined and applied
Introduce the Sustainability Pact for new suppliers and gradually ensure that all suppliers in the register adhere to it	By 2024, ensure 80% of the participating suppliers, selected according to certain criteria* (excluding distributors) *Direct, indirect suppliers and services for turnover, strategic/critic suppliers, labour-intensive suppliers, waste management suppliers	Nearly 284 suppliers were selected, of which 192 agreed to join (67.6% of the panel)
Establish a multi-annual audit plan on suppliers of direct materials globally	By 2027, carry out an audit of 10 suppliers of direct materials per year	A total of 17 suppliers were audited



# THE CENTRALITY OF PEOPLE





6.1

HUMAN CAPITAL

MANAGEMENT<sup>4</sup>

For Gefran, people come first: protecting and enhancing their identity, views, diversity, qualities and skills is essential to be competitive and successful.

Care and attention is the basis for each phase of the relationship. Gefran's commitment to its employees is to provide a working environment that respects the ethical principles of the company, is inclusive and safe and supports personal, technical and professional growth.

A cross-pollination of experiences, international cultures and the ability to work with people from different cultures vitally contribute to the smooth functioning of the company. This requires systems that promote integration, involvement and sharing of information and experiences, enabling everyone to make their own contribution. Gefran sees cultural and gender diversity working in tandem to achieve common goals as a strong point, a driver for innovation and sustainable value.

The document summarising the company policy (*Gefran and its people*), the *Code of Ethics and Conduct* and the Brand Book, which defines the *Gefran Way*, specify the Group's values, starting with the protection of diversity, equal opportunities and respect for human rights.

Empowering people also helps to manage the risk of losing talent and skills. There are many actions aimed at *employer branding* and improving *employee experience*, starting with onboarding, engagement and loyalty plans ranging from the *WELLFRAN people in Gefran* organisational welfare programme to international mobility. For example, employees' performance-related pay can be converted fully or partly into goods and welfare services allowing tax and social security benefits, guaranteed by law, and a company bonus of up to 10%.

There has been a strong focus on training skills with customised plans in collaboration with universities, research centres and high schools, and through the FLY Gefran Talent Academy. Gefran also has a digital platform (hub) that employees around the world can access to acquire skills and know-how, and exchange experience and knowledge.

The results of the commitment to recognising people and their qualities are reflected in the stability of the workforce.

The exit turnover rate, calculated as the ratio of exits to the number of employees and excluding inter-company movements, was up at the end of 2023 was down compared to 2022, but nevertheless up compared to 2021. The 2022 figure does not take into account the exit from the Group of employees, who were employed by Gefran Drives and Motion Srl and Siei Areg Gmbh (a total of 154), as part of the sale of shares in both companies.

No. leavers/No. employees 31.12	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Turnover rate of leavers	6.9%	22.6%	17.1%	36.6%	68.5%	57.7%	6.2%	11.7%	10.1%

Appreciation of the company's human resources management policy has come from many different quarters. Gefran has been mentioned on national radio and television programs as an example of excellence, has won the prestigious **Top Job Best Employers** award for four years (awarded by the German Institute for Quality and Finance), has hosted the Senate Labour Commission and is often invited to share its experience at the conferences of universities and training schools (Bocconi University, Politecnico di Milano, Statale di Brescia and RCS Business School). Gefran plays a key role in the HR Innovation Practice Observatory of the Milan Polytechnic, has won the *She SPS Italia Award and The Factory of the Future Contest* organised by Confindustria for Brescia Bergamo Capital of Culture.

<sup>4</sup> Reporting on data on personnel management, on gender equality, on discussions with social partners and on respect for human rights, except as otherwise provided, involved all Gefran Group companies. It should be noted that, in light of the sale of the drives, the 2022 and 2023 reporting scope differs from the same in 2021, due to the exit of the subsidiaries Gefran Drives and Motion S.r.l. (IT) and Siei Areg (DE). To provide more transparent information to the reader, key data relating to these two entities are highlighted in the section '11.2. The centrality of people – appendix'.

6.2

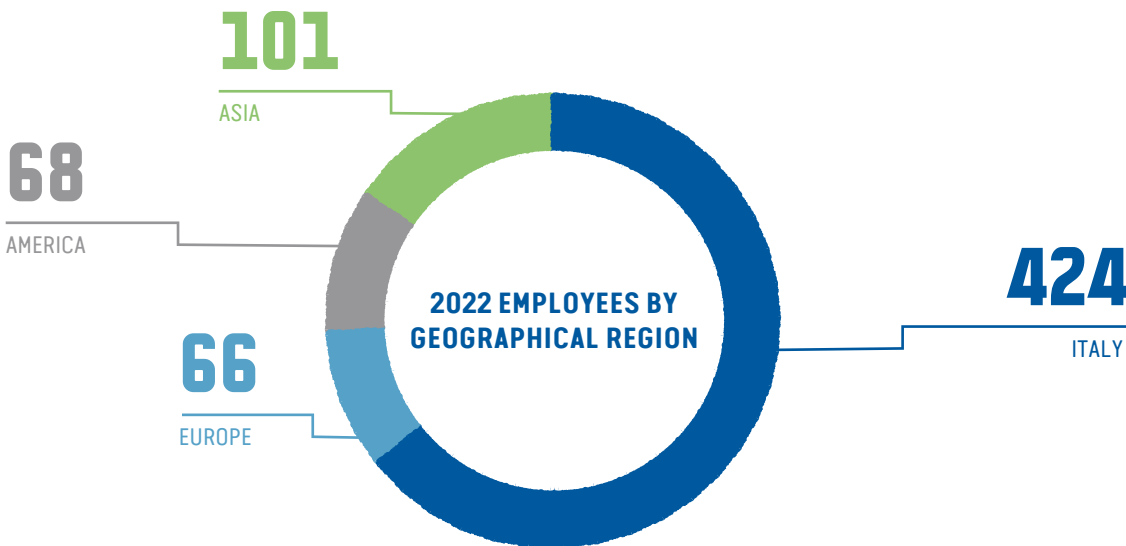
DIVERSITY,  
INCLUSION AND EQUAL  
OPPORTUNITIES<sup>5</sup>

Protecting diversity is one of the principles of business ethics. Inclusion is one of the values.

Gefran believes that people’s uniqueness should be duly recognised and is a great potential for growth. In a working environment, diversity (of gender or age, sexual or religious orientation, physical or technical skills, ethnic or cultural background) fosters dialogue, new ideas and innovation. Inclusion is expressed in the most diverse forms, from *reverse mentoring programs* to enhance generational diversity to respect for food styles through meals served at work, to the definition of an employee experience that takes into account different needs, to transparent career paths based on the shared skills matrix.

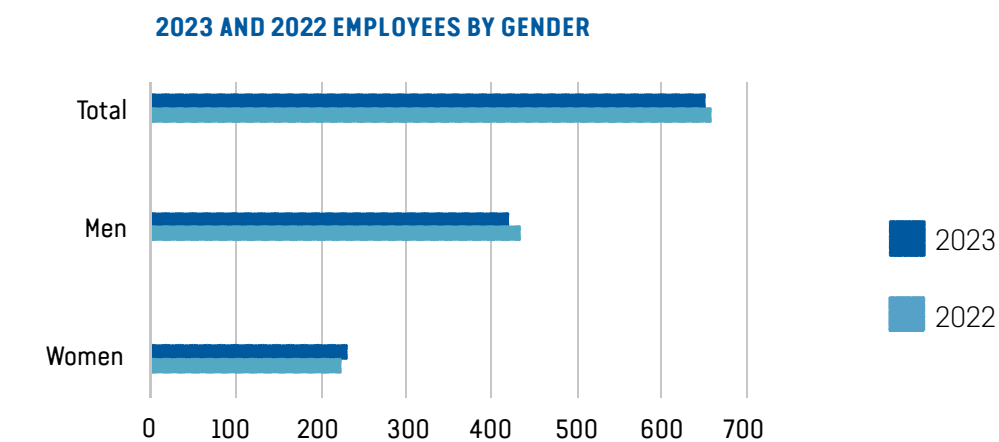
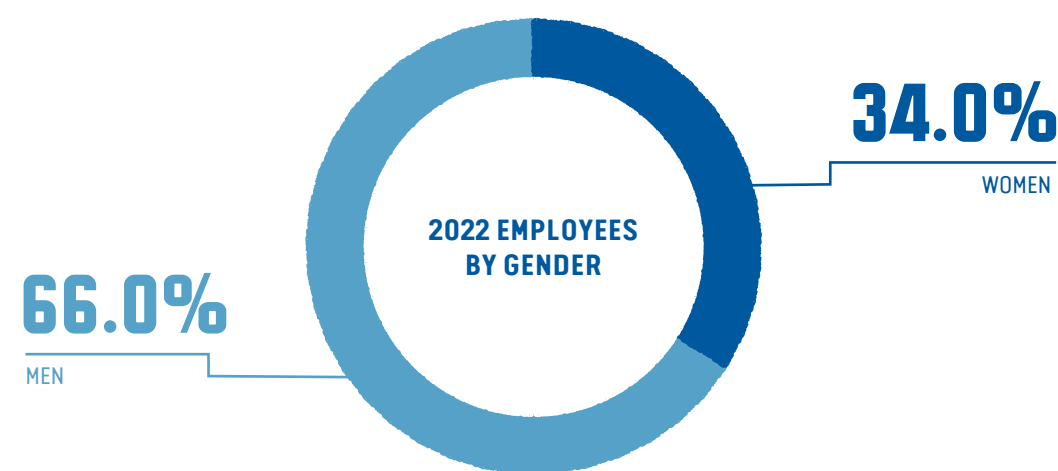
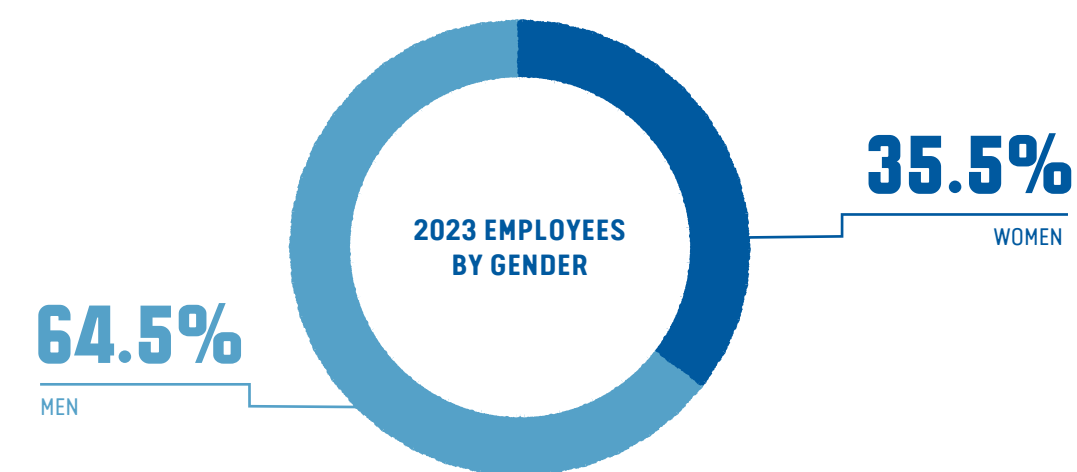
The figures recorded during the 2023 reporting period and a comparison with the same for previous years are presented below.

As at 31 December 2023, the Group had 651 employees: 65.7% employed in Italy, 13.4% in Asia, 10.4% in Europe, 10.4% in America.



<sup>5</sup> Reporting on data on personnel management, on gender equality, on discussions with social partners and on respect for human rights, except as otherwise provided, involved all Gefran Group companies. It should be noted that, in light of the sale of the drives, the 2022 and 2023 reporting scope differs from the same in 2021, due to the exit of the subsidiaries Gefran Drives and Motion S.r.l. (IT) and Siei Areg (DE). To provide more transparent information to the reader, key data relating to these two entities are highlighted in '11.2. The centrality of people – appendix'.

The number of female employees has grown, from 34% in 2022 to 35.5% in 2023 (in 2021 it was only 30.7%).



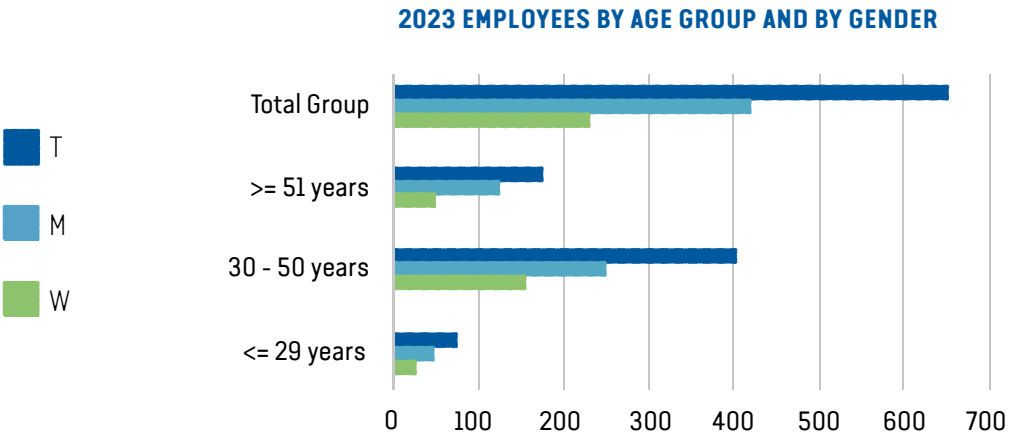
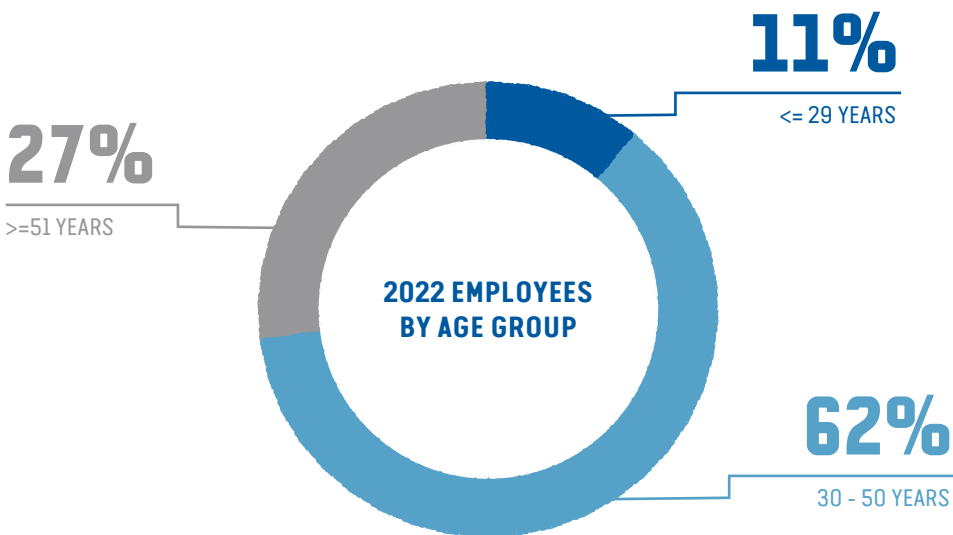
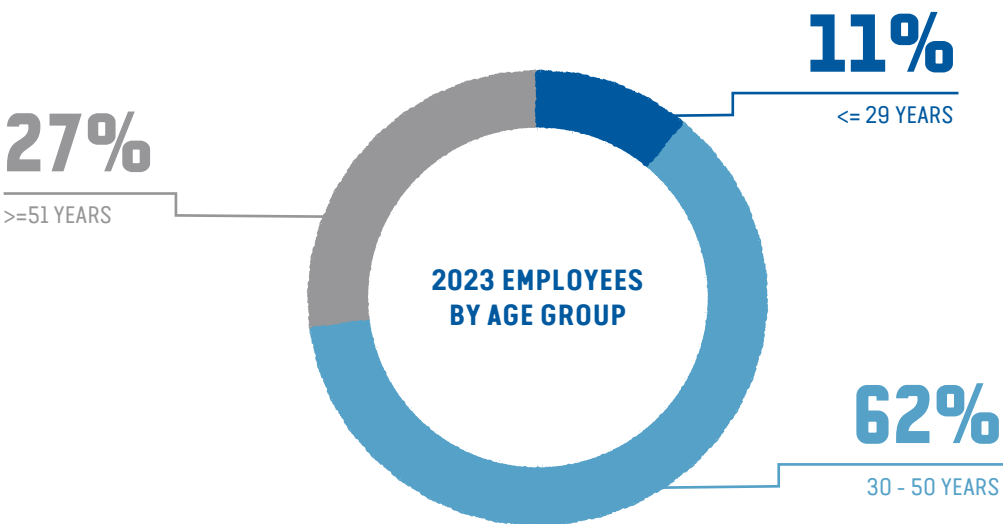
Below is the ratio of the gross annual average basic salary (excluding the variable portion) of female employees and that of male employees.

Gender pay ratio throughout the Group <sup>6</sup>	2023	2022	2021
<b>GROUP average</b>	<b>82%</b>	<b>82%</b>	<b>81%</b>
Managers	103%	100%	101%
Middle managers	98%	104%	91%
Clerical staff	75%	74%	75%
Manual workers	88%	92%	89%

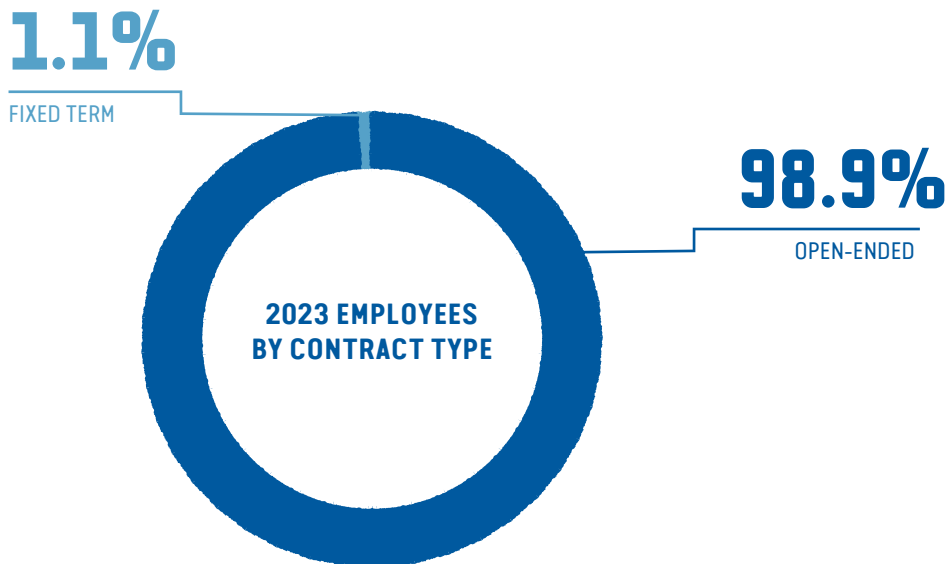
<sup>6</sup> The ratios were determined as the ratio between the gross annual average basic salary (excluding the variable portion) of female employees and that of male employees, in individual Group companies, for each job classification. The Group indicators are calculated weighting the ratios of the individual companies by the number of employees in each, for each job classification, where the calculation was applicable. The Group average is determined as the average of the ratios of each job classification, weighted by number of employees, where the calculation was applicable.



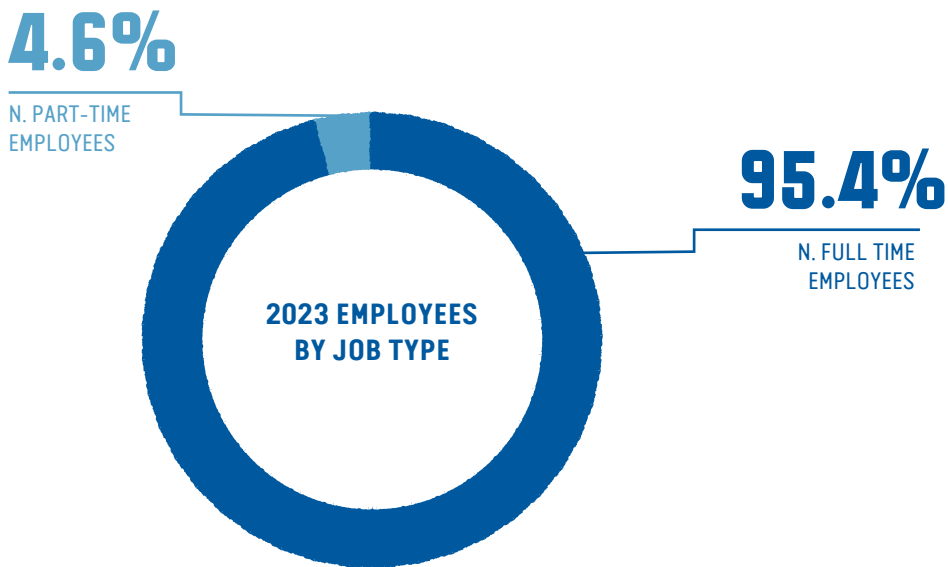
In 2023, the breakdown of employees by age group sees 11% under 30 (in line with 2022 and 2021), 62% between 30 and 50 (in line with 2022, but up from 59% in 2021) and 27% in the age group over 50 (in line with 2022, but down from 30% in 2021).



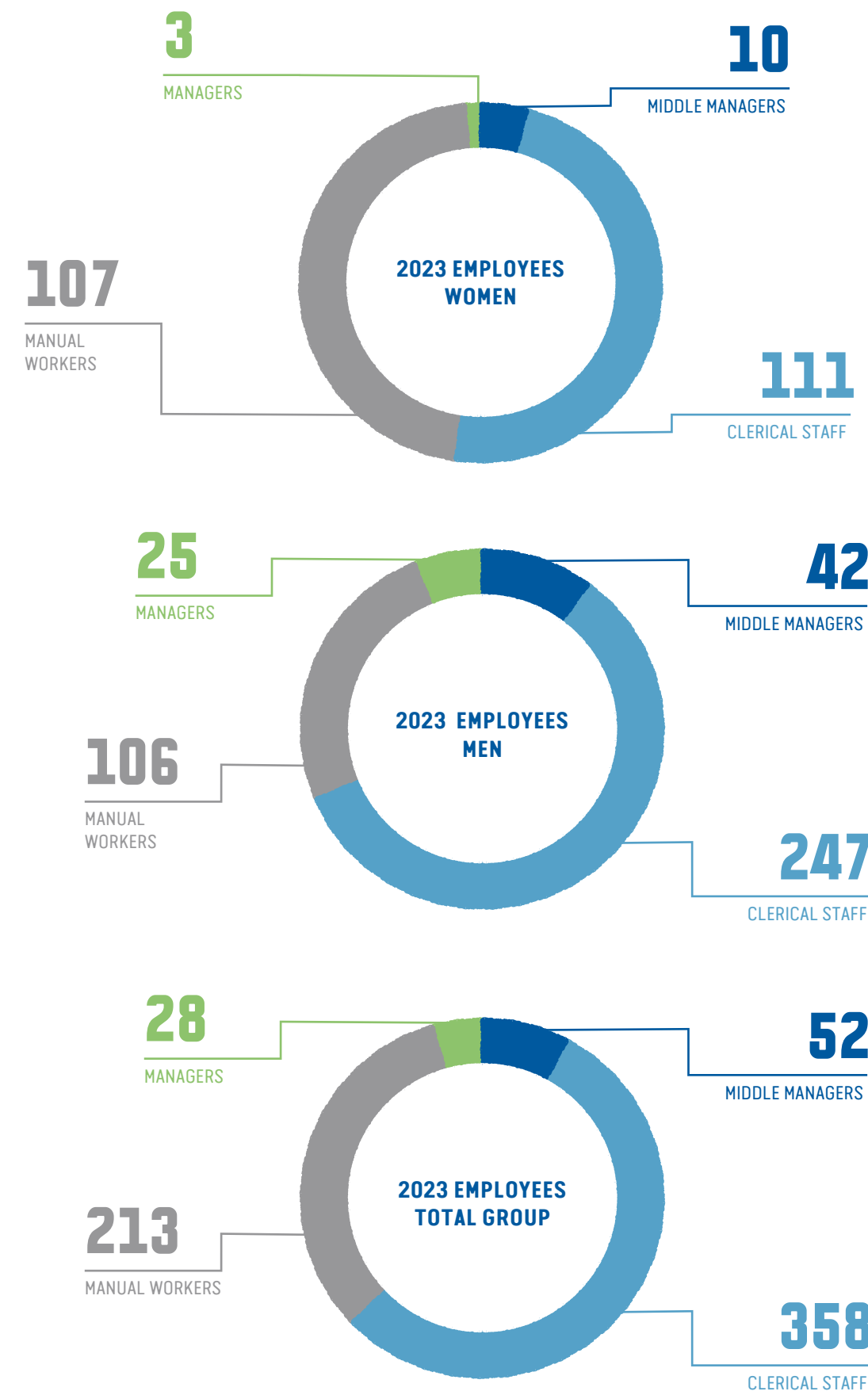
An analysis of contract types shows that almost all employees have open-ended contracts, which does not deviate significantly from previous years.



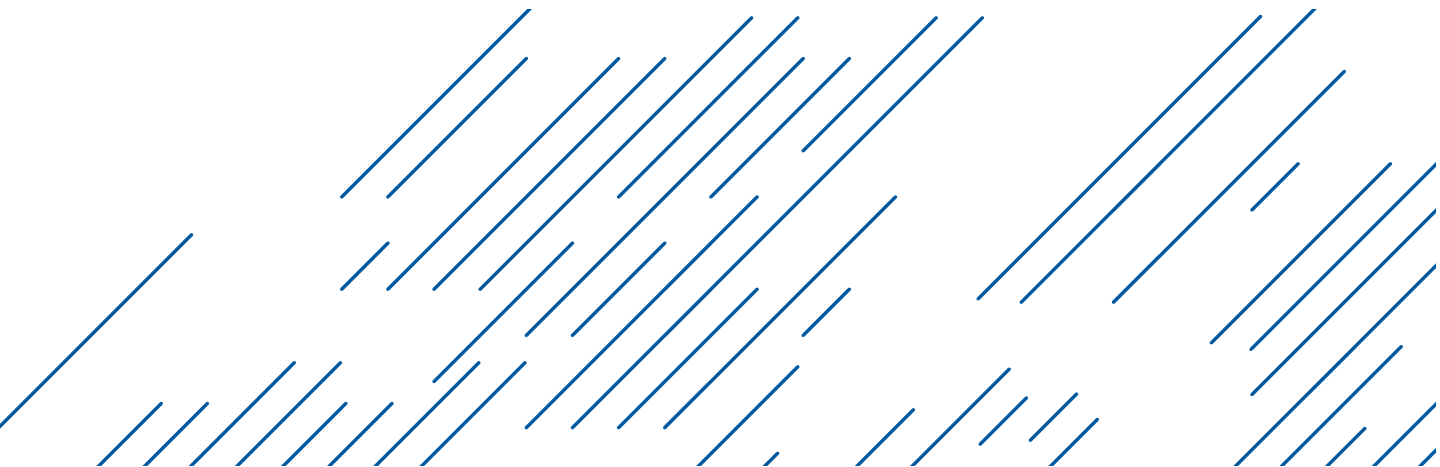
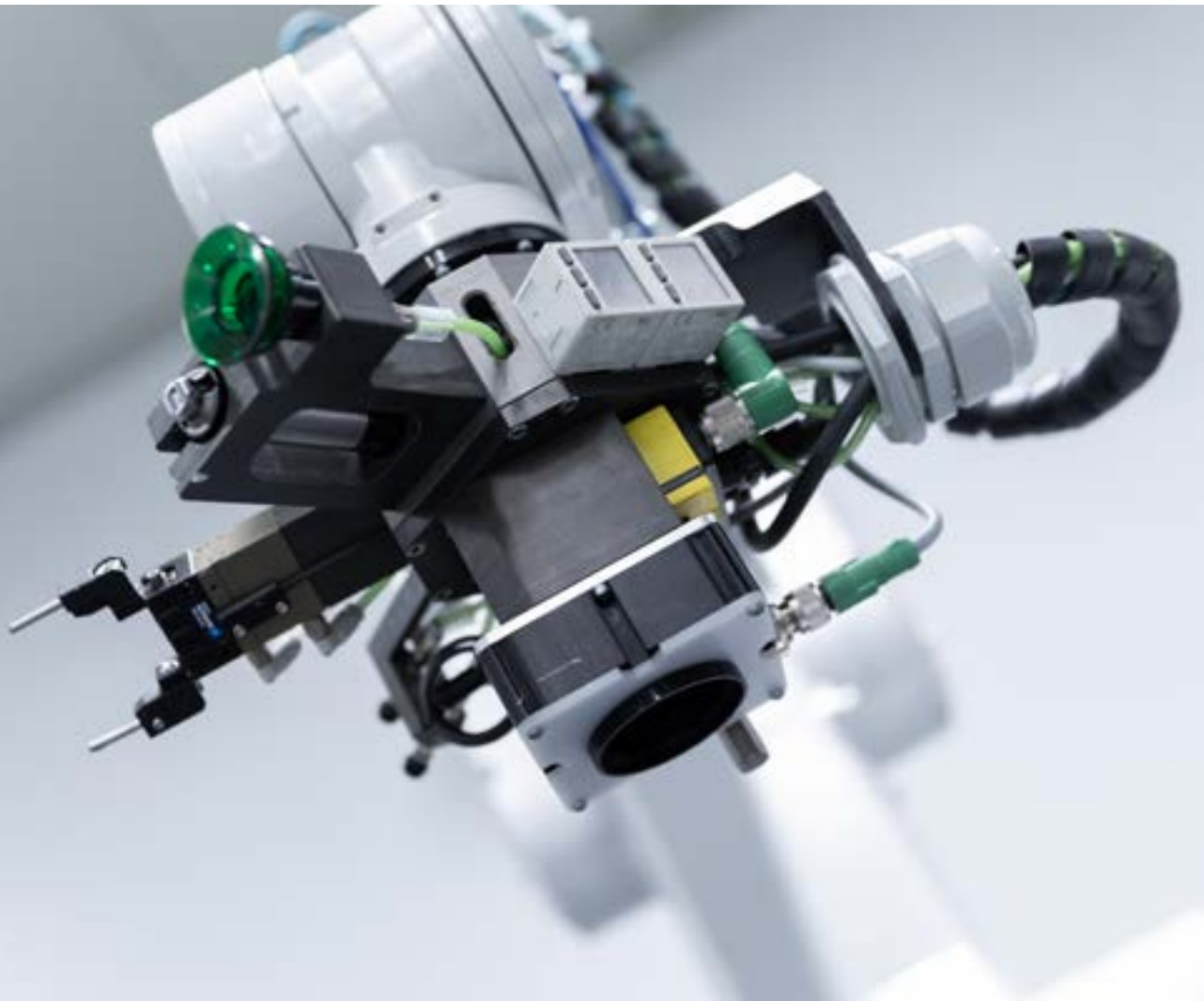
In terms of job type, 4.6% of employees, mainly women, signed a part-time contract with the company (as at 31 December 2023).



Below is a breakdown of Group employees by classification and gender as at 31 December 2023.



As in previous years, there were no cases of discrimination in Group companies in 2023.





# 6.3

## EMPLOYEE WELFARE<sup>7</sup>

**The Wellfran – People in Gefran** programme represents the actions adopted by Gefran to take care of its people and protect their overall well-being. An emphasis is placed on feeling well and being able to express oneself to the best of one's abilities.

The company provides employees with a corporate welfare programme, together with a comprehensive and innovative package of flexible benefits, consisting of services, facilities and agreements that are easily accessible through a dedicated web portal.



### FAMILY

To cope with school or family expenses, you can ask for incurred costs to be reimbursed in just a few clicks: boarding school fees for younger children as well as university studies, and other expenses for older family members, will no longer be a problem.

### PENSIONS

The supplementary pension fund offers added security and our employees can use this service to put their bonus in their chosen fund.

### SPORT, CULTURE AND LEISURE

We cover all aspects of lifestyle in providing many activities to enhance your life and make it easier; there are over 2000 partner facilities across the country to choose from.

### WORK LIFE BALANCE

Balancing work commitments and private life has never been so easy. The Wellfran portal provides a host of services to solve all day-to-day problems, from home maintenance to filling in your tax return.

### LOANS

The loan service makes it easy for you to claim for reimbursement of a proportion of the interest payments on loans such as those to buy, build or renovate your home.

### TRAVEL

Indulge your passions and treat yourself to some relaxing time off on a weekend break, a romantic get-away, a wellness package or a sports course.

### TRAVEL AND GIFT BOXES

We offer a wide range of gift boxes and cards, from petrol vouchers to shopping cards, so that you can choose from the best brands on the market.

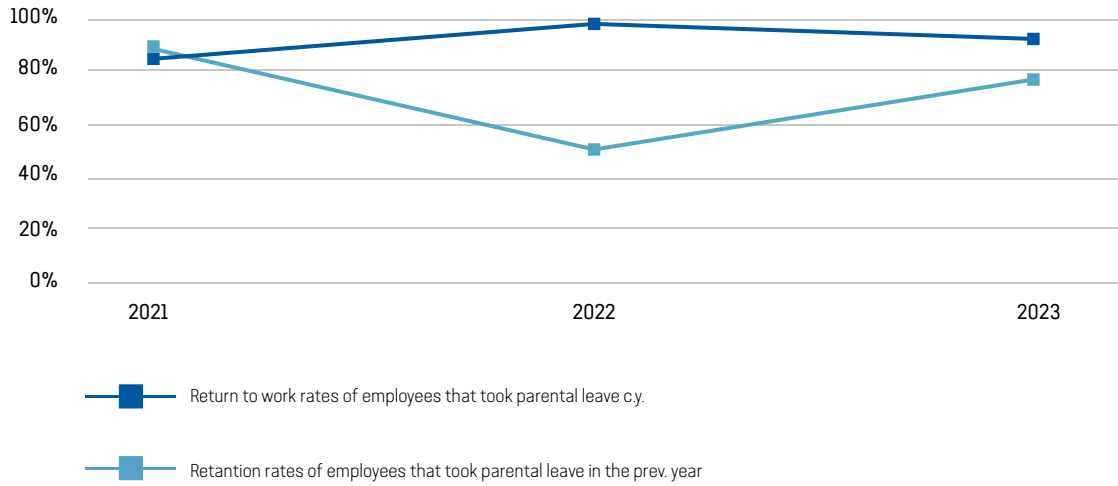
<sup>7</sup> Reporting on data on personnel management, on gender equality, on discussions with social partners and on respect for human rights, except as otherwise provided, involved all Gefran Group companies. It should be noted that, in light of the sale of the drives, the 2022 and 2023 reporting scope differs from the same in 2021, due to the exit of the subsidiaries Gefran Drives and Motion S.r.l. (IT) and Siei Areg (DE).

Employees are also entitled to parental leave. Those who took advantage of it in 2023 returned to work in 91.3% of cases (96% in 2022 and 84.6% in 2021) while the job retention rate in the 12 months following parental leave was 76% (50% in 2022 and 88.5% in 2021).

Employees who return from maternity leave, if requested, are guaranteed part-time hours until their child is two years old.

Parental leave rate		2023		
		W	M	T
Employees using the right to parental leave	No.	14	9	23
of whom returned to work after using the right to parental leave	No.	12	9	21
<b>Rate of return after parental leave</b>	<b>%</b>	<b>85.7%</b>	<b>100.0%</b>	<b>91.3%</b>
Employees working at Gefran 12 months after using the right to parental leave the previous year	No.	13	6	19
<b>Rate of jobs kept after parental leave (ref. previous year)</b>	<b>%</b>	<b>86.7%</b>	<b>60.0%</b>	<b>76.0%</b>

RATE OF RETURN AND JOB RETENTION AFTER PARENTAL LEAVE



All employees have 10 hours/year of paid leave available for medical visits for themselves or to accompany minor children or senior family members.

In addition to the benefits referred to, employees can benefit from a Medical Costs Support Fund and paid leave for medical appointments.

Smart working has been introduced for business functions that are compatible with this way of working to facilitate a better work-life balance. Smart working is in place for all employees in staff positions. Production operators have been defined as so-called menu times, which improve work-life balance while ensuring flexibility, efficiency and effective production processes.

6.4

HEALTH AND SAFETY<sup>8</sup>

Protecting the health and safety of employees and workers from outside companies operating in the Group's plants is a core value that the company puts into practice in all areas.

Underlying this is the constant mapping of operational risks, the monitoring of their development and the implementation of actions to minimise them.

The company has implemented a system of best practices affecting all Group companies through regular meetings with safety actors, aiming to consolidate a culture of occupational health and safety. In addition to being a regulatory obligation, this represents an important act of social responsibility.

This process involves securing new certifications that will lead to an Integrated Management System (SGI) for all of the Group's manufacturing companies, with the aim of harmonising the working mechanisms between the different companies and facilitating the development of continuous improvement processes. The consolidated base, established by ISO 9001 (Quality), allows the System to evolve to include the ISO 14001 (Environment), ISO 45001 (Health and Safety) and SA 8000 (Social Responsibility) requirements. In 2022, the Quality, Safety and Environment team worked on developing the work plan to fully align with the requirements of the standards and carried out audits to assess the implementation of the Integrated Management System. In January and February 2023 the initial audits carried out by the accreditation body to obtain ISO 45001 and ISO 14001 certification were successfully completed, and the issuance of the certificates by the third entity for all sites in Italy took place in March 2023. In the second part of 2023, the initial verification activities were also carried out in the SA8000 area, with the certification obtained for the Group's Italian offices at the end of the year.

<sup>8</sup> It is specified that some companies have been omitted from the data reporting on health and safety because though they are included in the Group's structure, they are purely concerned with marketing, and have a limited volume of business and a small number of employees. For these reasons, their impact on this form of data reporting is deemed to be of marginal relevance. The 2023 scope therefore does not include the companies Gefran UK Ltd (UK), Gefran France S.A. (FR), in addition to Gefran Benelux Nv (BE) until 2022. Moreover, in light of the sale of the drives described in the section "Group Activities: the Businesses", the 2022 and 2023 reporting scope differs from the same in 2021, due to the exit of the subsidiaries Gefran Drives and Motion S.r.l. (IT) and Siei Areg GmbH (DE). For further details, please refer to section "11.2. The centrality of people – appendix".

The plan to obtain new certifications continues in 2024 with the extension of the model developed to production companies in China, Switzerland and the United States.

The effectiveness of health and safety policies and practices are confirmed by the small number of accidents over the last three years (4 in 2023, 1 in 2022 and 2 in 2021). In general, the main causes of accidents are attributable to shocks, slipping and shear injuries in assembly production or when handling goods.

There were no fatal or serious accidents (i.e. with permanent damage 6 months from the accident). In 2023 there were 4 accidents, of which 3 at the Italian subsidiary Elettropiemme Srl and 1 at the Brazilian headquarters. The accidents involved 2 employees who were working at a customer's site and suffered burns due to a short circuit, 1 operator suffered a hand injury during assembly tasks and 1 employee was injured due to slipping. For 2023, a total of 47 working days were lost.

In 2023 there were no on-going accidents.

Accident ratios - accidents to employees	2023	2022	2021
Total accident frequency rate	3.61	0.89	1.46
No. of accidents, excluding accidents on the way to or from work, per 1,000,000 hours worked			
Accident frequency rate recorded (with number of lost working days)	3.61	0.89	1.46
No. accidents recorded, with number of lost working days, per 1,000,000 hours worked			
Severity ratio	0.04	0.01	0.03
No. of working days lost due to accidents recorded per 1,000 hours worked			

In 2023 there were no injuries to non-employee workers <sup>9</sup> (2 in 2022, 1 in 2021).

<sup>9</sup> With reference to the GRI 403 "Occupational health and safety 2018", non-employee partners are to be understood as temporary workers and/or workers carrying out their tasks in the Group's plants and under its control.



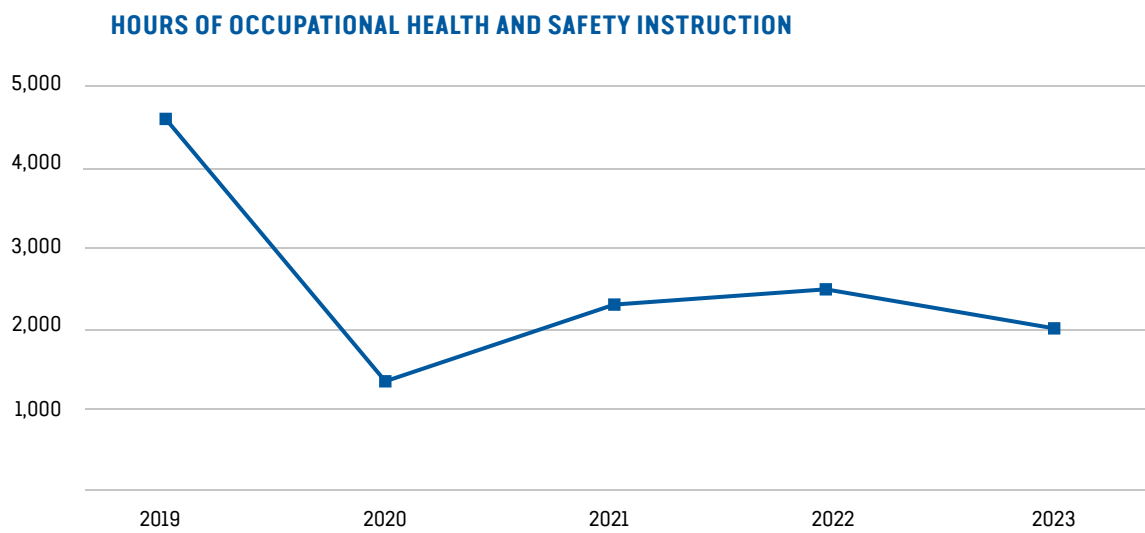
## Training

Protecting health and safety is the subject of constant training activities. Gefran has chosen to rely on a team of professionals in the sector so that training might provide opportunity to further examine themes and grasp content through effective teaching methodologies. In addition to this, the work of the internal team allows actions to be taken to change individual behaviour, promote a safety culture and, where necessary, adapt the company organisation.

During 2023, the aspects related to the role of the Supervisors in the field of health and safety in the dissemination of the company culture were further consolidated, continuing on the path of increasing involvement through meetings aimed at information and sharing of the relevant issues for each site.

In addition, monitoring the risk of interference in contract works continued in 2023; this confirmed the adequacy of management and the absence of critical issues.

The reporting of health and safety training activities organised at Group level since 2018 shows a fall in hours in 2020 compared to 2019, due to the necessary reorganisation of company activities and priorities in response to the health and economic emergency. Although not returning to the levels of 2019 detected in a pre-pandemic context, in 2021 and 2022 the hours dedicated to these activities increased significantly (2,281 in 2021 and 2,503 in 2022, to consolidate in 2023 (a total of 1,979 hours carried out in the Group)



## Health and safety in business activities

Gefran's commitment is to provide employees and collaborators of external companies with all the tools to allow activities to be carried out in the plants under safe conditions, be they safety or information devices and structured training. This commitment is at the heart of the **Health, Safety and Environment System Policy**, which defines the Group's guidelines on the issue and is subject to continuous improvement, thanks to the management system, certified according to ISO 45001, developed in recent years. To minimise operational risks (for example, those generated by handling materials and products in inappropriate areas) and to reduce the risks of storage build-up, the company adopts a lean manufacturing logic by organising work islands according to the specific features of the assembly process (differentiated for each product) and clearly defining the spaces dedicated to materials handling and storage spaces.

The revision of some production lines continued also in 2023. To linearize flows, as described, particular attention was paid to the handling and storage of materials under safe conditions and the reduction of ergonomic loads on operators. At the same time, in the areas where the layout was revised, internal colour coding continued to be applied in horizontal identification and floor markings. The specification not only complies with the recommendations of standard OSHA 1910.144 but goes further, providing a complete colour scheme helping visually identify work areas and pathways and clearly indicating designated storage locations for materials, finished products, instruments and tools.

With the creation of the Gefran Soluzioni Srl headquarters in 2021, conditions were created to improve and expand the layout of the production area, which was carried out in 2022.

In 2022, a series of activities were carried out to review the structure of the Via Cave 11 plant (production of sensors) and completed in 2023 with the restructuring of some areas of the plant, dedicated to reception and technical offices.

6.5

PERSONNEL TRAINING AND DEVELOPMENT<sup>10</sup>

The company of today and its successes of tomorrow are also the result of recognising people and their talents. For Gefran, talent is an individual's unique qualities. It encompasses skill, passion, concentration, courage and tenacity. Bringing out talent requires a willingness to innovate, a focus that is expressed in everyday work.

Gefran has always heavily invested in employees' development, knowing that competitiveness also depends on each individual's contribution to achieving goals.

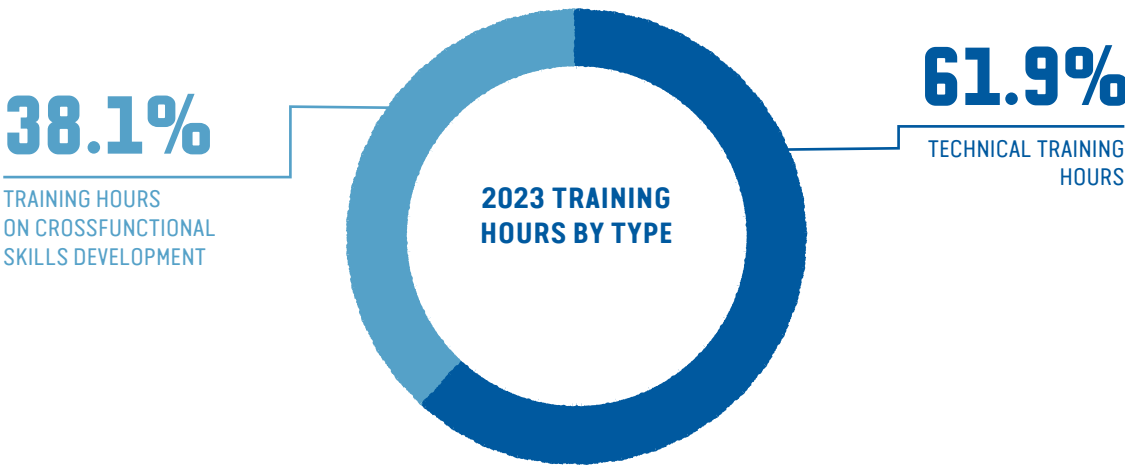
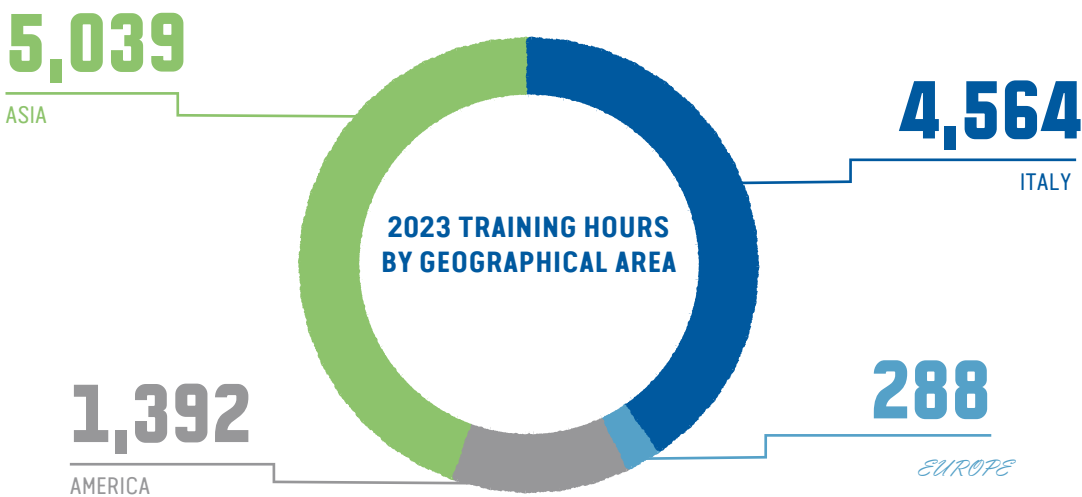
People's skills therefore become not only individual assets, but also corporate assets, since the strategy is defined and implemented through them.

Over the years many different programmes, initiatives and partnerships with academic institutions and training schools have helped to give shape to the company's vision of developing business potential.

In 2023, training hours per capita were 17.6 (24 in 2022 and 16.7 in 2021).

To better understand the data, it should be noted that until 2021 the training hours provided to employees of the companies sold following the transaction described in section "2.2 The Group's activities" (a total of 1,376 hours in 2021) are also reported.

training hours	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Managers	67	949	1,016	160	1,529	1,689	70	1,775	1,845
Middle managers	849	1,154	2,003	737	1,124	1,861	749	1,243	1,992
Clerical staff	1,743	4,374	6,117	1,900	7,437	9,337	1,066	5,410	6,476
Manual workers	887	1,261	2,148	1,139	1,188	2,327	904	1,522	2,426
<b>TOTAL TRAINING HOURS</b>	<b>3,545</b>	<b>7,738</b>	<b>11,283</b>	<b>3,936</b>	<b>11,278</b>	<b>15,214</b>	<b>2,788</b>	<b>9,950</b>	<b>12,738</b>
<b>AVERAGE NUMBER OF HOURS (hours/no. employees)</b>	<b>15.5</b>	<b>18.7</b>	<b>17.6</b>	<b>18.1</b>	<b>27.0</b>	<b>24.0</b>	<b>11.9</b>	<b>18.8</b>	<b>16.7</b>



<sup>10</sup> With reference to the Gefran Group, all Group companies are included. It should also be noted that until 2021 the training hours offered to employees of the divested companies were also accounted for in the context of the sale described in section "2.2 The Group's activities" (a total of 1,376 hours in 2021). For further details, please refer to section "11.2. The centrality of people – appendix".



FLY is the **Talent Academy** of Gefran. Its mission is to develop the company's distinctive skills and to bring out its people's talents.

The programmes are aimed at both new and existing members of the organisation:

- / collaboration with universities;
- / masters in innovation;
- / managerial coaching;
- / mentoring and reciprocal mentoring;
- / on the job training;
- / participation in focus groups and workshops;
- / training (in the classroom and online) divided into activities to develop technical and professional skills (e.g. language courses and communication, courses on technical matters) and activities to improve cross-sectoral skills.



In March 2021 *kenFLY* was launched, a digital hub of the Academy which employees around the world can access to acquire skills and know-how, and exchange experiences and knowledge.

*kenFLY* was created to open up to options available to FLY Gefran Talent Academy to all Gefran personnel worldwide. It is a strategic project that adds to the range of training tools based on individual strengths.

Through *kenFLY* it is possible to follow courses on the six skill areas that make up the matrix of skills (intellectual, relational, management, innovative, emotional and technical/business). The platform and its communication, learning and engagement dynamics have been designed taking into account the particular features of each generation. Gamification plays an important role in the training methodology.

*kenFLY* shows you which strengths are being trained in the most and which areas can be successfully improved. The language, which is common for the whole Group, encourages people to take responsibility for their own training and clear feedback.

The **FLY Performance** plan was launched in 2022: a transparent system to regularly analyse and compare performance evaluation, competence development and feedback sharing. The first sessions of performance management were held in the second half. In 2023, the

system will be completed with the **Individual Development Plan**.

*KenFLY* has already received a number of awards and acknowledgements, and was shortlisted for an innovation award by the Observatory of Politecnico di Milano.

Gefran continues to offer opportunities for students and recent secondary school and university graduates. Thanks to the partnerships with universities and secondary schools, curricular and extra-curricular apprenticeships are offered, while school/work agreements and opportunities also exist for students to begin work in the areas studied, leading to possible employment compatibly with the company's capacity and the talent demonstrated.

Gefran offers access to and use of *kenFLY* to university students, and from 2024 also high school students taking the three-year course.

During 2023, work was carried out to make the user experience even simpler and more engaging, even on mobile devices, and the foundations were laid to offer the content not only in Italian and English, but also in the other languages of the Group's countries, with the aim of making the platform increasingly inclusive.

*FLY Youth* is the programme dedicated to **recent graduates**, gradually integrated into the company to allow for generational change. The *FLY Youth* structure is called *4x4*: Four workshops on the development of 4 fundamentals on soft skills led by teachers and external coaches and sessions held by the managers of the main company functions that also make workshop participants understand Gefran as a Company System; it also includes an *induction process* to facilitate the knowledge of processes, products/services and people (the function they belong to and interdependent functions).

These young people, guided by senior mentors, also participate in initiatives for research or presentation of the company in the country's principal universities.

At the end of the training course, *FLY Youth* participants compete in contests on the development of innovative projects. One of these gave rise to "INNOWAY": the open innovation program sponsored by the Lombardy Region. In 2023, the contest led young participants to work together on the Gefran people's awareness and engagement development plan on the objectives and projects of the Strategic Sustainability Plan. This gave rise to the "Gefran Sustainability Games" project which, developed in 2024, will involve all employees in the Group in a "healthy" competition inspired by Gefran's 4 pillars of sustainability. It will be an opportunity to share information on projects and sustainability issues, as well as useful information to encourage virtuous behaviours that will contribute to the achievement of the Group's ESG objectives.





# 6.6 DATA PROTECTION AND CYBERSECURITY

Another aspect to which Gefran has been paying particular attention in recent years is the protection and security of data and information. This theme has become particularly important in the global political and economic landscape due to the growing influence of new technologies, the digitisation of processes and the proliferation of cyber-attacks. Motivated by these issues, a number of actions were taken in recent years to prevent and mitigate risk factors related to cybersecurity issues and their possible negative impacts.

In collaboration with the External SOC (Security Operation Center) new sources of data network logs have been added to increase the scope of analysis. Secondly, the antivirus solution that was in place has been replaced with a new, much more powerful and advanced system.

In addition, company *firewalls* interventions were carried out by updating the latest versions and the configurations have been revised and improved. In particular:

- / a software tool has been implemented for centralised patching management (Qualys);
- / the group's spam system has been updated;
- / a new, more secure backup policy has been implemented (immutable back-up);
- / cyber risk insurance has been renewed.

As has been the case for some years now, an internal score card has been used to analyse the results of the remedial actions put in place. Current risk has improved and is defined as "Medium". In addition to this indicator, reports generated by the various protection systems in use are analysed on a weekly basis. Data analysis is carried out quarterly to define the actions required to improve the Group's cybersecurity set-up.

The solutions put in place show that the number of vulnerabilities is decreasing significantly.

The activities planned for 2023 have all been completed. We summarize the most significant:

- / training on the topic of security awareness for Italian branches (the first four courses were carried out with 100% participation of the selected users);
- / the recruitment of a dedicated figure within the IT department (July 2023);
- / the installation of new firewalls for the headquarters in Provaglio;
- / the introduction of a new Vpn ssl system for remote employees with ZTNA for the entire Group.

On the other hand, these activities are planned for 2024:

- / training on security awareness for foreign branches;
- / an IAS-ENPT-OSINT security assessment carried out by external suppliers;
- / migration of the email system and the implementation of the MFA;
- / installation of new software tools for managing logs and alerts;
- / installation of new software tools for managing firewalls.



**100%** participation of the selected panel



# THE CONTRIBUTION TO THE ECOLOGICAL TRANSITION







# 7.1

## ENERGY EFFICIENCY AND REDUCTION OF CO2 EMISSIONS (SCOPES 1 AND 2)<sup>11</sup>

The company continually analyses the risks associated with production and management processes and focuses on the most innovative solutions to ensure the energy efficiency of plants and the use of energy from renewable sources. An investment plan supports this commitment.

Gefran, among its targets, has chosen to include the United Nations Sustainable Development Goal 13 (fight against climate change) and this is materialised by implementing a policy of environmental responsibility to **reduce atmospheric greenhouse gas emissions**, focusing on continuous improvements in the energy efficiency levels of plants and the search for sustainable solutions in various different business areas.

In order to identify any potential environmental risk and comply with legal requirements, Gefran **controls and monitors** environmental aspects of industrial activity, in particular atmospheric emissions.

The monitoring data has revealed that the most significant electricity consumption is from the use of machinery in the production departments, from cooling and ventilation circuits and, in particular, from lighting. Hence a plan of actions, partly already implemented, partly planned for the near future, which aims not only to reduce the use of resources by improving efficiency, but also to spread the use of renewable energy.

Over the years, resources have been invested (in total about 1.5 million euros) to build **photovoltaic plants** dedicated to the production of solar energy (with a total power of 848 kWp today), which serve the plants in Provaglio d'Iseo and the commercial headquarters of the German subsidiary.

In 2022, another analysis was carried out of potential areas to increase the Group's photovoltaic park to improve energy performance (reduction of energy consumption taken from the grid and consequent reduction in CO2 equivalent emitted). The head office plant has turned out to be the best opportunity. The new project was started and completed in 2023: thanks to a synergy with the subsidiary Elettropiemme Srl, which also deals with energy efficiency among its business activities, it was possible to build a system to cover the parking lot for employees who today have a more functional parking area and are protected from atmospheric events. At full capacity, it is estimated that the new plant will cover about 30% of the electricity needs of the plant in question (equal to a production of about 100 tCO2e per year), reducing its dependence on third-party supplies.

Also in 2023, a plant was built at the subsidiary Gefran Gmbh (DE), which partially covers the energy needs of the commercial branch, where 2 charging stations for electric vehicles have also been installed.

Gefran's constant attention is focused on the efficiency of the production plants and buildings that house the Group's activities. Numerous interventions, carried out over the years and planned, aimed at implementing more efficient solutions: timely monitoring of the energy consumption of machinery to optimize maintenance activities and, if necessary, to plan its replacement, installation of LED lighting fixtures, as well as the evaluation of energy performance in the property adaptation plan.

During 2023, in accordance with current regulations, a new energy diagnosis was also carried out by a specialized company on Gefran SpA and the company system was evaluated in detail and in terms of consumption of the various energy carriers (reference period 2022). Compared to the previous diagnosis, carried out in 2019, there was a significant improvement in the Company's energy performance, above all possible thanks to investments in machinery for the production areas and in installations to support the most efficient plants.

The digitalization projects launched in 2021 to optimise operational (Gefran Smart Factory) and logistical (Gefran Smart Logistic) processes have also been considered. In the second case, the aim is to better manage outgoing finished product packaging to streamline transport and reduce its environmental impact.

<sup>11</sup> The reporting of energy efficiency and emissions data, except as otherwise provided, has been carried out involving all the companies in the Gefran Group with the exception of certain companies, since they are purely concerned with marketing, as well as having a limited volume of business and a small number of employees. For these reasons, their impact on reporting energy and environmental data is deemed to be of marginal relevance. The 2023 scope therefore does not include the companies Gefran UK Ltd (UK), Gefran France SA (FR), which until 2022 included Gefran Benelux Nv (BE). It is also specified that, in light of the sale of the drives, the 2022 and 2023 reporting scope differs from the same in previous years, due to the exit of the subsidiaries Gefran Drives and Motion S.r.l. (IT) and Slei Areg GmbH (DE). To provide more transparent information to the reader, key data relating to these two entities are highlighted in "11.3. The contribution to the ecological transition – appendix".

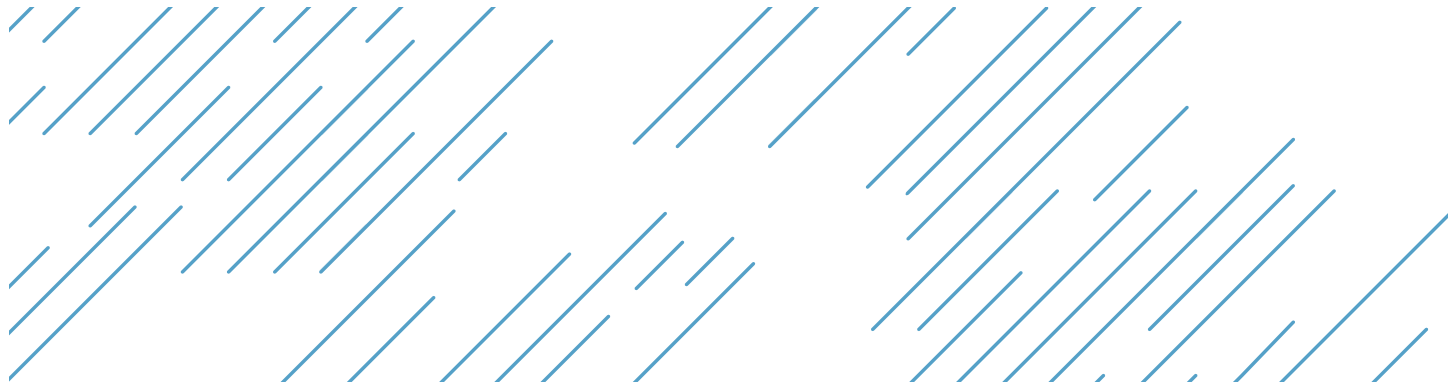


In addition, Gefran has launched initiatives in **collaboration with some partners** in line with sustainable development goal 17 (partnership for objectives). Examples include the signing of contracts with suppliers for the supply of certified renewable electricity or technologically innovative equipment that, depending on their use, allow for a reduction in emissions produced compared to equipment with standard energy performance.

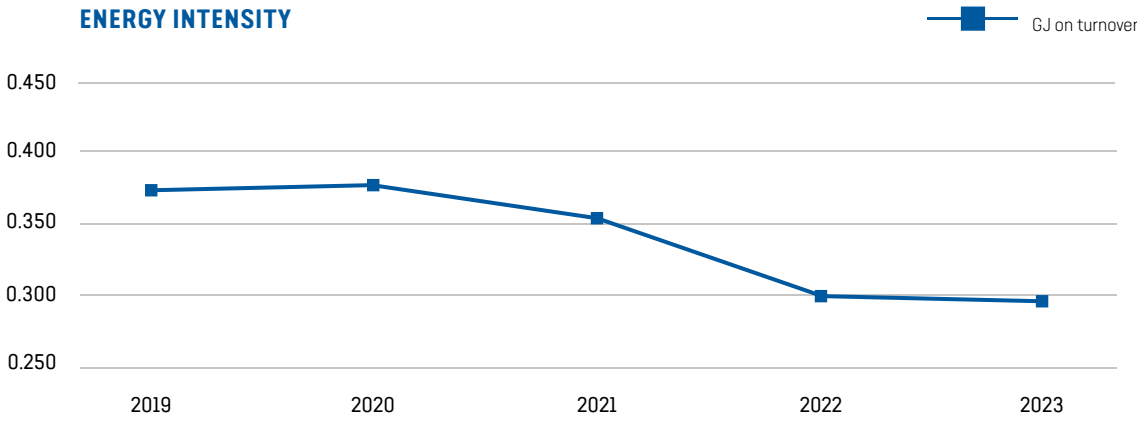
In 2022 a project was developed, which became operational in January 2023, and which led to a review of the areas used for employee breaks in all the Group's Italian sites. The objective pursued is to reduce the use of single-use plastic and therefore of the related environmental impacts, both in terms of emissions and waste produced. In collaboration with the company supplying vending machines for the break areas, distribution points of the appropriately microfiltered mains water were created to replace the beverage dispensers in disposable plastic bottles. All employees have been provided with a personalised steel water bottle, so they can use the service free of charge while working at the company. In addition to this, it was also decided to improve the environmental impact of the supply of hot drinks: low-impact materials were introduced, in particular by evaluating the use of lightweight plastic pallets and especially low-impact cups, thanks to the use of mixed plastic/cellulose material. These actions lead to a reduction in emissions produced throughout the cycle, estimated at a total of 2 tCO<sub>2</sub>e per year).

The path that the Group is taking towards an **Integrated Management System (IMS)** also involves obtaining environmental certifications for all the Group's production plants, both in Italy and abroad. The project was started in 2021 by the integrated Quality, Safety and Environment function and in the first quarter of 2023 it obtained environmental certification according to the ISO14001 standard for all Group companies in Italy. The project is continuing today, with a focus on companies based in Switzerland, the United States and China, for which we believe it is concrete to complete the process by 2025.

**ISO 14001:** sets out the requirements for an adequate management system to keep the environmental impacts of an entity's activities under control, and systematically seeks to improve them in a consistent, effective and above all sustainable manner.



The **energy intensity indicator**<sup>12</sup> has steadily improved over the last five years, with the exception of 2020 due to the decline in revenues caused by the pandemic. In 2019 the energy intensity index was 0.371, while today it stands at 0.294 with a 20.8% improvement. This result was achieved thanks to the implementation of investments and the care taken to adopt technologically advanced solutions aimed not only at satisfying the requirements of the business but improving energy performance, in both buildings and production plants, and in the organisation of processes.



In 2023, energy consumption amounted to 37,284 GJ (38,421 GJ in 2022).

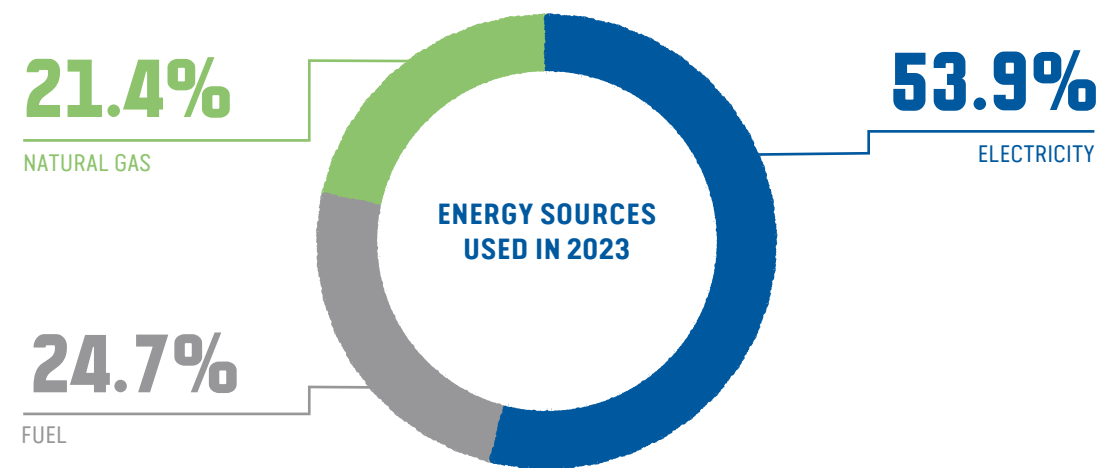
Total energy consumption	2023	2022	2021	2020	2019
Total energy consumption in GJ	37,284	38,421	52,986	45,359	48,078

Until 2021, the energy consumption for companies outside the 2022 scope was also reported following the sale of the motion control business to the WEG Group. With reference only to 2021, consumption totals 13,755 GJ (for further details refer to "11.3. The contribution to the ecological transition – appendix").

Comparing the data recorded in 2023 with the 2022 data, there is an overall decrease of 3%, despite the fact that from 2023 the reporting scope also includes the data of the Gefran Benelux commercial branch, previously excluded.

<sup>12</sup> The Group's energy intensity indicator is calculated as the ratio between the energy consumed (GJ) and the revenues achieved (in thousands of euro), limited to the companies included in the scope of reporting.

With regard to the breakdown, 53.9% of consumption is related to electricity (55.1% in 2022), 24.7% to fuels (up from 22.1% in 2022) mainly for the company's fleet of vehicles and 21.4% to the use of natural gas (22.8% in 2022) for the heating of work environments.



The **electricity** consumed, which accounts for more than half of its total energy consumption (53.9% in 2023), is mainly used in production processes, in the cooling and ventilation circuits and for lighting of the workspace.

Electricity in GJ	2023	2022	2021	2020	2019
Self-generated electricity	1,067	1,505	1,506	738	813
Electricity purchased from the grid, from non-certified sources	3,546	4,137	4,103	16,869	25,041
Electricity from certified renewable sources purchased from the grid	15,495	15,543	22,066	6,894	-
<b>Total Electricity</b>	<b>20,108</b>	<b>21,185</b>	<b>27,675</b>	<b>24,501</b>	<b>25,854</b>

In 2023, 82.4% of the electricity consumed globally by the Group derives from **renewable sources** , an increase compared to 2022, when it represented 80.5%: 5.3% of the total is produced through photovoltaic systems installed at some of the Group's plants in Italy belonging to Gefran SpA, Gefran Soluzioni Srl and Gefran Gmbh (self-generated electricity).

Production doubled from 738 GJ in 2020 to 1,506 GJ in 2021 (level confirmed in 2022), a result that is also due to the increased efficiency achieved by renovating the plant (replacement of some panels). In 2023 there was a drop in production, which totalled 1,346 GJ, including the share put into the grid and sold.

Nearly 77.1% of the total is purchased by suppliers who certify its renewable origin (electricity purchased from the grid).

In Italy, the electricity purchased from the grid comes from signing contracts for the purchase of **100% GREEN energy** from certified renewable sources as of September 202013. These contracts initially concerned the Gefran SpA and Gefran Soluzioni Srl plants, the companies with the highest electricity consumption. In 2022, Elettropiemme was also added and today all Group companies in Italy are covered by the supply.



During 2023, the project also extended to foreign subsidiaries, in particular the German company, Gefran Gmbh, and the Belgian company, Gefran Benelux, which in turn signed specific contracts with their local energy suppliers. Gefran's goal is to cover 100% of the Group's electricity needs with energy from certified renewable sources.

**Natural gas**, the second largest source of energy used in the Group (21.4% in 2023), is not used in the production process. Consumption is therefore for heating of the workplace.

Natural gas in GJ	2023	2022	2021	2020	2019
Natural Gas for heating	7,968	8,752	16,438	13,682	12,041
Natural Gas for other uses	3	-	-	-	-
<b>Total Natural Gas</b>	<b>7,971</b>	<b>8,752</b>	<b>16,438</b>	<b>13,682</b>	<b>12,041</b>

The increase in natural gas consumption between 2020 and 2021 is driven by the expansion of operating areas. The 2022 drop is mainly attributable to the change in the reporting scope following the sale of the motion control business. In 2023, thanks also to the building efficiency activities carried out, we have recorded a decrease in gas consumption compared to 2022, equal to about 9%.

13 According to Article 2 of Legislative Decree 387/03, energy sources are: "Non-fossil energy sources (wind, solar, geothermal, wave motion, tidal motion, hydraulics, biomass, landfill gas, residual gas from purification and biogas processes). Biomass specifically refers to the biodegradable part of products, waste and residues from agriculture, including plant and animal substances, and from forestry and related industries, as well as the biodegradable portion of industrial and urban waste."

**Fuel** consumption represents 24.7% of total energy consumption and comes mainly from diesel and petrol for company vehicles; the item diesel for other uses relates to the supply of fire pumps and emergency generators.

Fuel in GJ	2023	2022	2021	2020	2019
Diesel for company vehicles	7,002	6,567	7,763	6,186	8,616
Diesel for other uses	17	17	18	26	48
Petrol for company vehicles	2,186	1,900	1,092	964	1,519
<b>Total Fuel</b>	<b>9,205</b>	<b>8,484</b>	<b>8,873</b>	<b>7,175</b>	<b>10,182</b>

The increase of 8.5% recorded between 2022 and 2023 derives in part (about half) from the inclusion of Gefran Benelux Nv (BE) in the reporting scope, a company that was excluded until 2022. The remainder of the increase is linked to the expansion of the company's fleet, particularly in Italy.

In 2022, there was a 4.4% decrease in consumption compared to 2021, influenced by the sale of the drives business, while the figure recorded in 2020 did not consider the effect of the pandemic and the temporary lockdowns imposed to counter it, which led to a reduction in fuel consumption for company vehicles.

In analysis of the Group's activities and the **energy consumption** associated with them, Gefran takes into consideration direct consumption of energy:

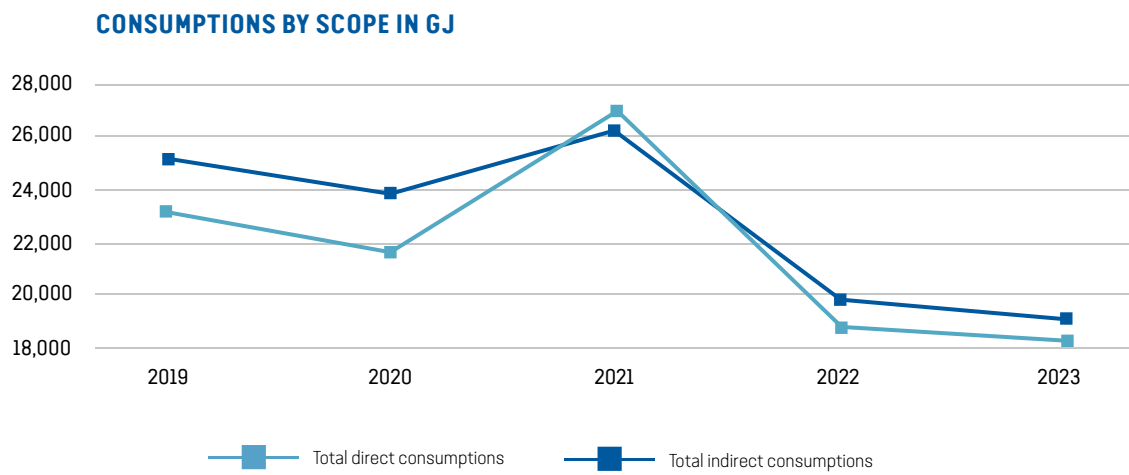
- / the use of fuels for company vehicles and for emergency generator units which only come into operation in the event of a blackout;
- / the electricity self-generated by photovoltaic systems installed on the rooftops of factories and used for the operation of systems;
- / the natural gas purchased and used for heating workplaces.

A summary is given in the table below.

Direct energy consumption in GJ	2023	2022	2021	2020	2019
Diesel	7,019	6,584	7,781	6,211	8,664
Petrol	2,186	1,900	1,092	964	1,519
Self-generated electricity	1,067	1,505	1,506	738	813
Natural gas	7,971	8,752	16,438	13,682	12,041
<b>Total direct consumption</b>	<b>18,244</b>	<b>18,741</b>	<b>26,817</b>	<b>21,595</b>	<b>23,036</b>

The **indirect energy consumption** (reported in the table) refers to electricity from the grid, used mainly in offices.

Indirect energy consumption in GJ	2023	2022	2021	2020	2019
Electricity purchased from the grid, from non-certified sources	3,546	4,137	4,103	16,869	25,041
Electricity from certified renewable sources purchased from the grid	15,495	15,543	22,066	6,894	-
<b>Total indirect consumption</b>	<b>19,041</b>	<b>19,680</b>	<b>26,169</b>	<b>23,764</b>	<b>25,041</b>



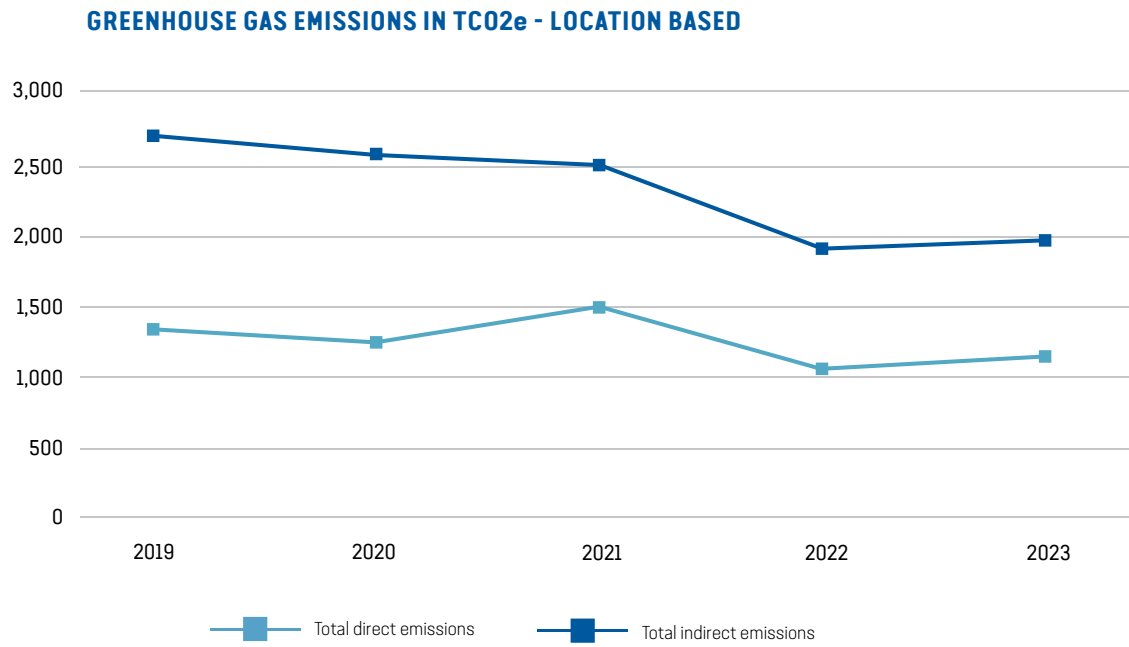
After gathering data on energy consumption for various purposes, greenhouse gas emissions were calculated. Greenhouse gas emissions connected to Gefran's activities arise from the direct and indirect consumption of energy, and from leakage resulting from consumption of refrigerant gas (F Gas).

Scope 1 emissions in tCO2e	2023	2022	2021	2020	2019
Diesel for company vehicles	521	487	576	459	639
Diesel for other uses	1	1	1	2	4
Petrol for company vehicles	155	129	74	65	103
Natural gas	452	423	794	661	582
Other (F Gas)	-	-	26	61	-
<b>Total direct emissions</b>	<b>1,130</b>	<b>1,040</b>	<b>1,471</b>	<b>1,249</b>	<b>1,328</b>

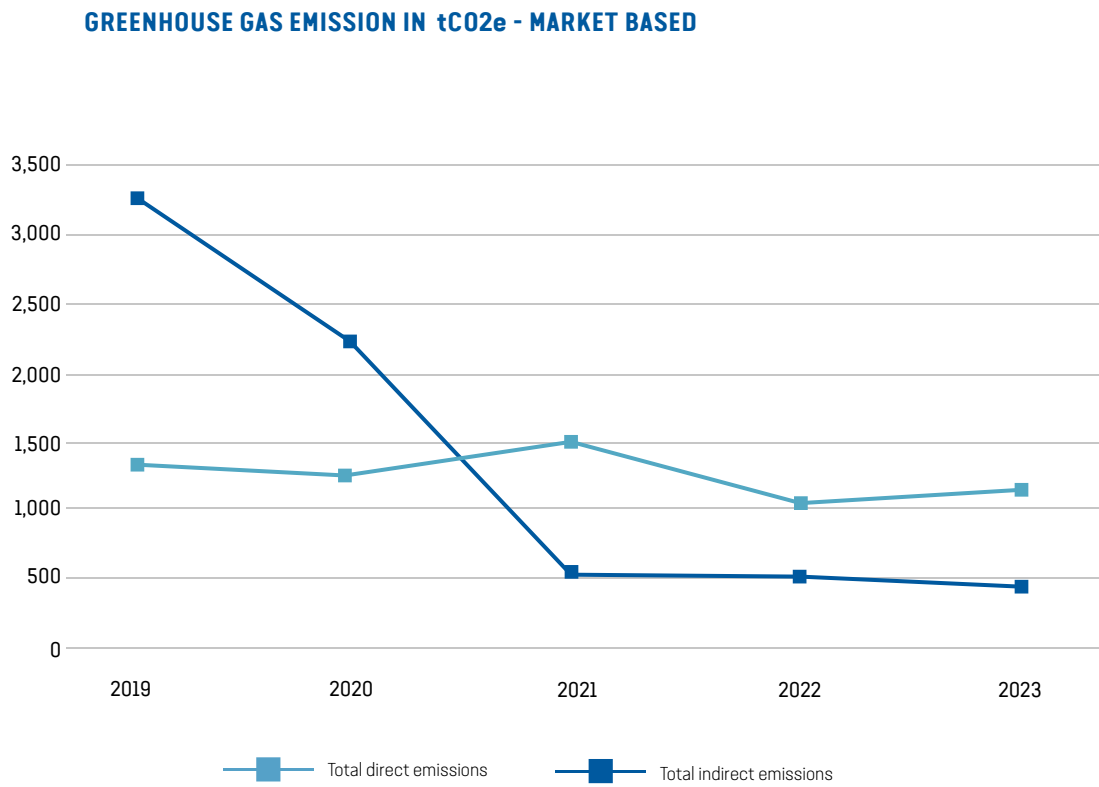


With reference to the emissions deriving from indirect consumption of electricity acquired from the grid, the calculation is provided with two different approaches: location-based<sup>14</sup> and market-based<sup>15</sup>.

Scope 2 emissions in tCO2e - Location-based method	2023	2022	2021	2020	2019
Electricity purchased from the grid, from non-certified sources	443	546	550	1,869	2,677
Electricity from certified renewable sources purchased from the grid	1,506	1,360	1,931	688	-
<b>Total indirect emissions</b>	<b>1,949</b>	<b>1,906</b>	<b>2,480</b>	<b>2,556</b>	<b>2,677</b>



Scope 2 emissions in tCO2e - Market based method	2023	2022	2021	2020	2019
Electricity purchased from the grid, from non-certified sources	444	515	532	2,215	3,274
Electricity from certified renewable sources purchased from the grid	-	-	-	-	-
<b>Total indirect emissions</b>	<b>444</b>	<b>515</b>	<b>532</b>	<b>2,215</b>	<b>3,274</b>



Analysing the emissions produced by the Company's direct and indirect activities, depending on verified source of supply, a total of 1,573 tCOe were produced in 2023, substantially aligned to 2022, despite the inclusion in the reporting scope of Gefran Benelux, a trading company that until 2022 was of marginal importance for the Gefran Group's business.

<sup>14</sup> Emissions calculated according to the so-called location-based method, taking into account the average intensity of GHG emissions from the grids in which energy consumption is being calculated, using primarily data from the average grid emissions factor.

<sup>15</sup> Emissions calculated according to the market-based method, taking into account the different forms of supply that the Company has chosen, where the energy generation method is certified; the "residual mix" parameter was used in the calculation where the organisation's emissions intensity level is not specified in the signed contracts; for countries where the "residual mix" reference benchmark did not apply (particularly China, Brazil, India, and Singapore), location-based conversion factors are applied.

The **emissions intensity indicator**<sup>16</sup> in recent years, calculated as the ratio between the emissions produced (in tCO2e) and the turnover (in thousands of euro) of the plants reported, is set out in the table.

Emissions intensity	2023	2022	2021	2020	2019
tCO2e on revenues	0.024	0.023	0.026	0.032	0.031

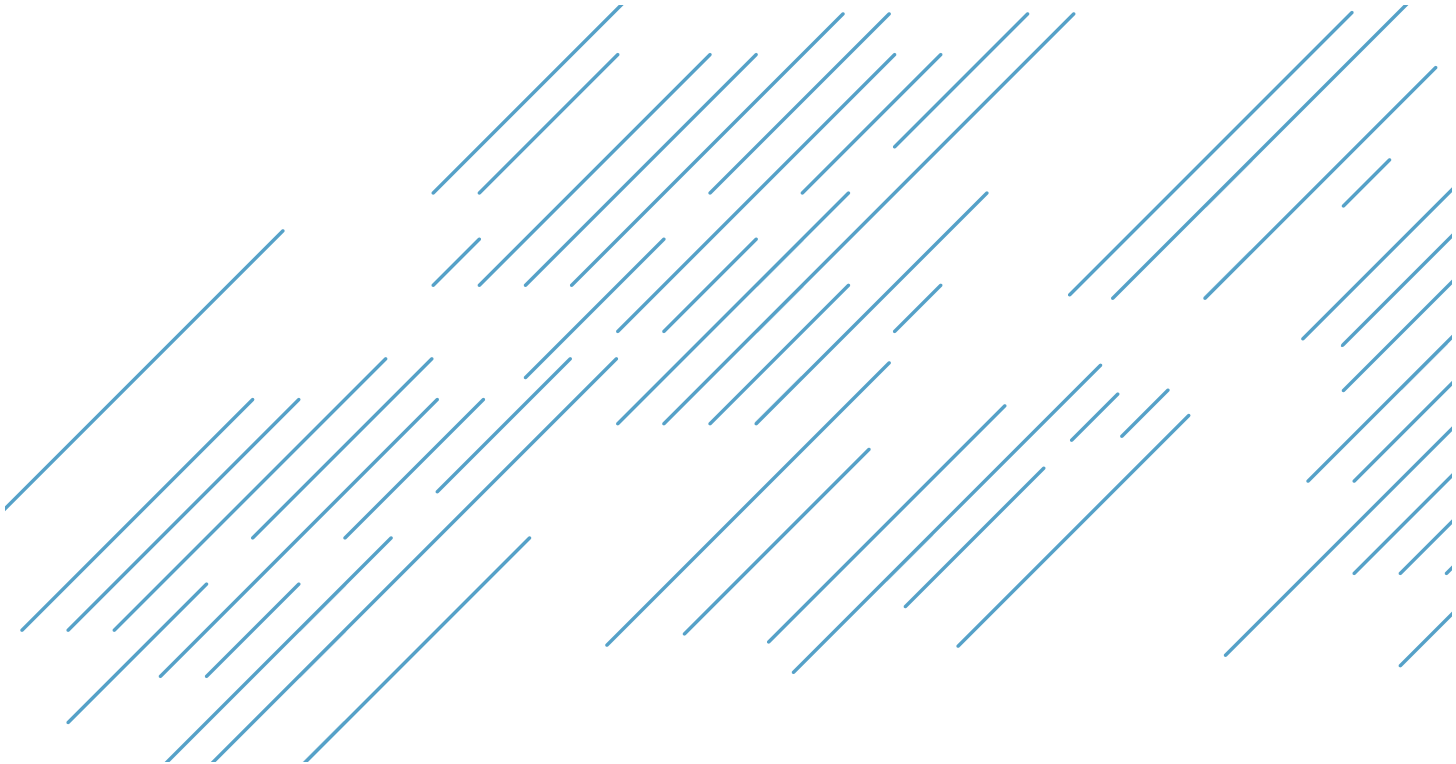
By calculating the indicator with the so-called *market-based approach*, the 2023 data is reduced to 0.012.

The table below shows the value of the **avoided emissions**<sup>17</sup> thanks to the production of electricity obtained from the photo-voltaic systems installed at the plants and the purchase of electricity from certified renewable sources.

Avoided emissions in tCO2e	2023	2022	2021	2020	2019
Yield of PV systems (in MWh)	374	418	418	205	226
Electricity purchased from the grid, from certified renewable sources (in MWh)	4,304	4,317	6,130	1,915	-
Avoided emissions (in tCO2e)	1,637	1,492	2,063	761	81

Figures for Nox (nitrogen oxide), SO2 (sulphur oxide) and other significant emissions are reported below for companies included in the scope of reporting, breaking them down into vehicle emissions and emissions from production processes:

Emissions in t	2023	2022	2021	2020	2019
<b>Emissions into the atmosphere from motor vehicles</b>					
NOx	2.208	2.047	2.344	1.874	2.622
SO2	0.003	0.003	0.003	0.002	0.003
PM10	0.144	0.133	0.150	0.120	0.169
VOC	0.503	0.438	0.275	0.239	0.369
<b>Atmospheric emissions from production processes</b>					
VOC	0.844	0.961	1.180	0.223	0.293



16 For the purpose of calculating the emission intensity indicator, the so-called location-based approach was used, with country-specific conversion factors of grams CO2e/KWh (International Energy Agency forecast 2022 data) for 2023, a factor of equal to 315 KgCO2//MWh (Terna 2019 data) for 2021 and 2022 and a conversion factor of 359 KgCO2/MWh (Terna 2014 data) for previous years.

17 For calculation purposes, the so-called location-based approach was used, with country-specific conversion factors of grams CO2e/KWh (International Energy Agency forecast 2022 data) for 2023, a factor of equal to 315 KgCO2//MWh (Terna 2019 data) for 2021 and 2022 and a conversion factor of 359 KgCO2/MWh (Terna 2014 data) for previous years.

7.2

MAPPING OF OTHER  
INDIRECT CO2  
EMISSIONS (SCOPE 3)<sup>18</sup>

A concrete commitment to reducing the impact on the environment must begin with an objective awareness of the CO2 emissions produced throughout the value chain.

It means knowing the emissions generated by the activities managed directly or indirectly in the Group's plants (Scope 1 and 2), but above all being aware of the emissions produced by so-called upstream and downstream processes (Scope 3).

Gefran has been monitoring Scope 1 and 2 emissions on time since 2017 and in 2023 decided to complete the mapping of its carbon footprint, also evaluating the other indirect emissions of Scope 3, in accordance with the Greenhouse Gas Protocol (so-called GHG) and with the support of a consulting firm of industry experts.

Scope 3, therefore, refers to emissions that come from sources and resources owned or controlled by other entities in the value chain (e.g., material suppliers, third-party logistics service providers, waste management service providers, travel providers, lessees and lessors, affiliates, retailers, employees, and customers). In order to avoid double counting, the Company's scope 3 inventory does not include any issues already accounted for as scope 1 or scope 2 by the Company itself.

The GHG Protocol, a widely recognised standard for emissions accounting, provides a framework for classifying Scope 3 emissions into 15 different categories. Here is a description of each category:

No. GHG Category		Description of the GHG category
1	Purchased goods and services	Emissions associated with the production of goods and services purchased by the organization, including raw materials, components and finished products
2	Capital goods	Emissions associated with the production of capital goods such as buildings, infrastructure and equipment purchased or leased by the organisation
3	Fuel and energy-related activities not included in scopes 1-2 (Fuel and energy-related activities)	Emissions from the extraction, production and transport of fuels and energy consumed by the organisation, including electricity, heat and steam
4	Upstream transportation and distribution	Emissions associated with the transport and distribution of goods and services purchased
5	Waste generated in operations	Emissions from the production and disposal of waste produced by the organisation's activities, including solid and liquid waste
6	Business Travel	Emissions from employee travel for work purposes, including flights, train travel, car rental and other modes of transport
7	Employee commuting	Emissions from the daily commute of employees to and from work, whether by car, public transport or other means
8	Upstream leased assets	Emissions associated with the production and maintenance of assets leased or leased by the organization, such as buildings, vehicles and equipment
9	Downstream transportation and distribution	Emissions from the transport and distribution of the organisation's products to customers
10	Processing of sold products	Emissions associated with the treatment, use and disposal of the products sold by the organization, including the use of the products by customers
11	Use of sold products	Emissions from the use of the products sold by the organization, including energy consumed during the use of the product and any subsequent emissions associated with the use of the products.
12	End-of-life treatment of sold products	Emissions from the disposal, recycling or treatment of products at the end of their life cycle
13	Downstream leased assets	Emissions associated with the production and maintenance of assets leased or leased by the organization's customers
14	Franchises	Emissions from franchise or branch activities under the control of the organization
15	Investments in JVs or other companies (Investments)	Issues associated with the organization's investments in other companies or projects, including equity investments, loans and other financial instruments

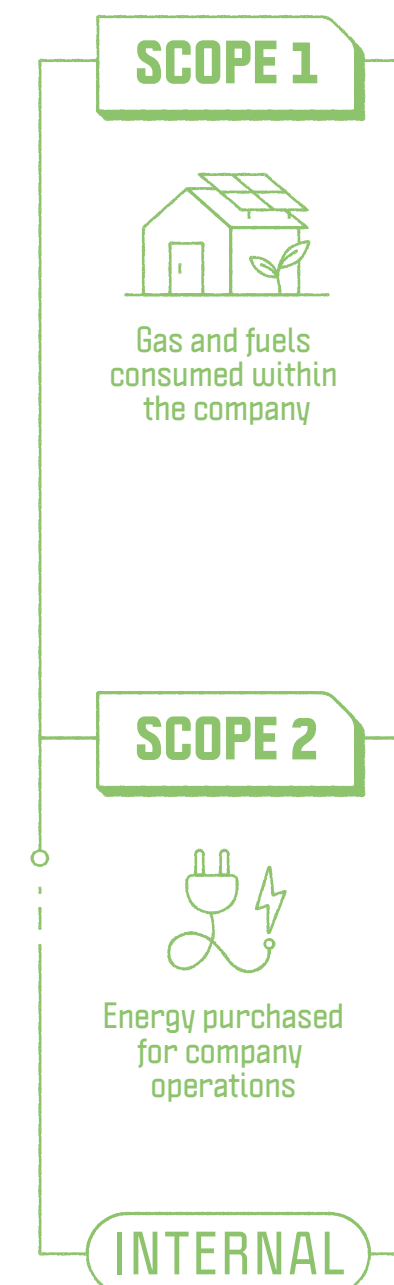
The first phase of the project saw the definition of the "relevant" categories for Gefran's Scope 3 emissions inventory, evaluating industry standards, Gefran product characteristics and the organisation of processes in the

18 The assessment, conducted including all Group Companies, took 2022 as the reference period.





Group. Considering also the Business Plan and the defined ESG strategy, as well as the best practices of the Industry sector, a specific focus was made on the categories that represent the "upstream" processes of the organization (so-called Upstream) and on the category of transport and distribution "downstream" (so-called Downstream), also by virtue of the commitment necessary for the collection and analysis of data, as well as the subsequent improvement actions to be implemented. This is the approach followed in the assessment carried out, which highlighted the intensively emissive categories, represented in the following scheme and described in the table below.



Categories not included in Scope3 calculation

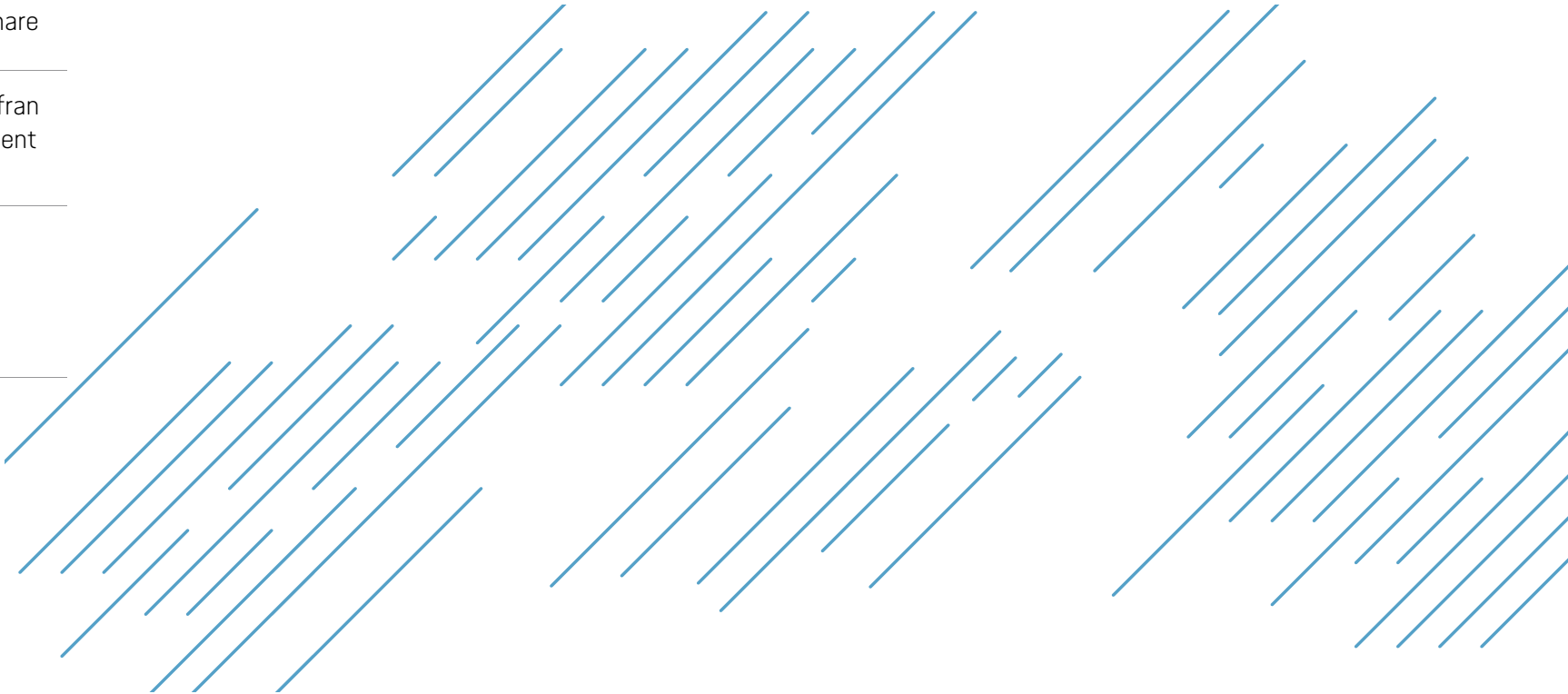
No.	GHG Category	In-Scope?	Rationale
1	Purchased goods and services	Yes	Gefran has more than 1000 suppliers from which all raw materials and services are procured and the impact of the emissions produced by their processes is considered significant for the purposes of the Gefran Scope 3 assessment
2	Capital goods	Yes	Capital investments involve the construction or acquisition of tangible assets, such as buildings, plants, machinery or equipment, which typically have a duration and generate emissions during their operational life
3	Fuel and energy-related activities not included in scopes 1-2 (Fuel and energy-related activities)	No	All fuel and energy consumption are included in Gefran's Scopes 1 and 2
4	Upstream transportation and distribution	Yes	A portion of supply comes from different countries, through multimodal routes, generating a significant share of emissions in a product cycle
5	Waste generated in operations	No	Insignificant emissions from the waste produced, by virtue of their nature
6	Business Travel	Yes	Gefran is a multinational company with a direct presence in 11 countries, distributes products through its sales network in 74 countries and manages an international supply chain; business trips are necessary and contribute significantly to the Group's indirect emissions profile
7	Employee commuting	Yes	Being a manufacturing company with about 650 employees, the carbon footprint resulting from daily "home-work" commutes is significant
8	Upstream leased assets	No	Irrelevant, emissions generated from the use of leased assets are included in Gefran's Scope 1 and 2
9	Downstream transportation and distribution	Yes	A portion of finished products is distributed to customers in different countries, through multimodal routes, generating a significant share of emissions in a product cycle
10	Processing of sold products	No	Not relevant, by virtue of the nature of the Gefran product which does not exercise an independent function
11	Use of sold products		
12	End-of-life treatment of sold products		
13	Downstream leased assets	No	Not relevant to Gefran
14	Franchises		
15	Investments in JVs or other companies (Investments)		

It should be noted in particular that, for categories 10-11-12, an in-depth evaluation was carried out, involving the engineering and research and development teams, in order to estimate the impact of the emissions of the products sold. The analysis highlighted the nature of Gefran products, which do not perform an independent function: the products made and sold by the Group are not used by customers as a final product, but rather components incorporated into their final products, which in an overall assessment will also include emissions related to the Gefran products included therein. Emissions associated with use by customers therefore do not have a significant effect on the overall carbon footprint of Gefran's activities.

The second phase of the project was dedicated to the collection of information, taking 2022 as the reference period, and involved the Parent Company Gefran SpA and all the Group's subsidiaries, depending on their involvement in the various processes, with the support of the company's information system.

The spending was then classified according to the product category of the goods and services purchased as well as, for some categories (for example, employee travel, transport and distribution), the supplier and the accounting nature of the expenditure. At the end of the process, 100% of Gefran's expenditure was mapped and classified through a 4-level taxonomy, in accordance with the category codes shared with Site Leads.

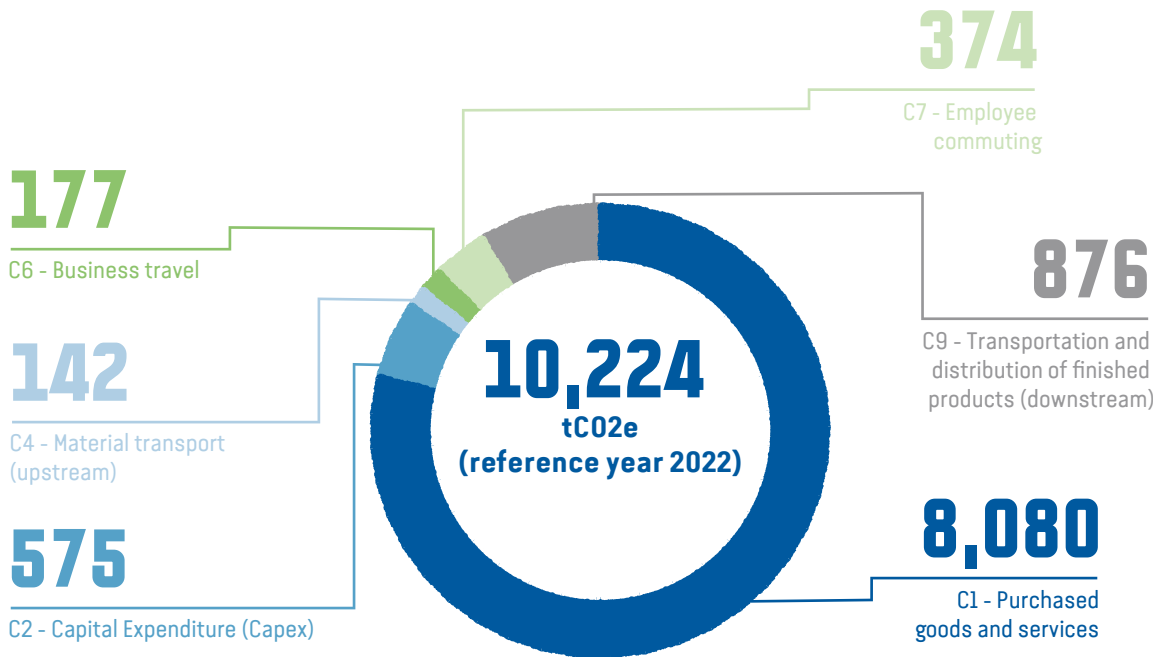
Subsequently, we focused on the calculation of the emissions generated, applying the emission factors identified for each category.



The emission factor (so-called EF) represents the amount of a specific pollutant released into the environment, per unit of a particular activity or source. It helps to estimate the emissions generated by a specific process and can vary depending on the approach taken. The ones used are summarised below:

	C1 – C2		C6	C7	C4 – C9
Categories	Purchased goods and services + Capital goods		Business Travel	Employee commuting	Transport and distribution (Upstream & Downstream)
Data source and details included	Extraction of the Spending from corporate information system (Direct, Indirect, Capex)		Extraction of the Spending from corporate information system + Travel Agencies Report (Means of transport, Distance and Expense, Hotel Accommodation)	Employee surveys (Type of transport and vehicle, Frequency, Distance,	Inbound and outbound transport (Expense, Distance, Mode of transport)
EF Database	Specific information from suppliers + CPA08 Product based Database		ICAO Database + UK Defra + Hotel Foodprint	UK Defra	UK Defra
Emissions calculation method	Spend Based	Fuel + Spend Based	Distance Based	Distance Based	

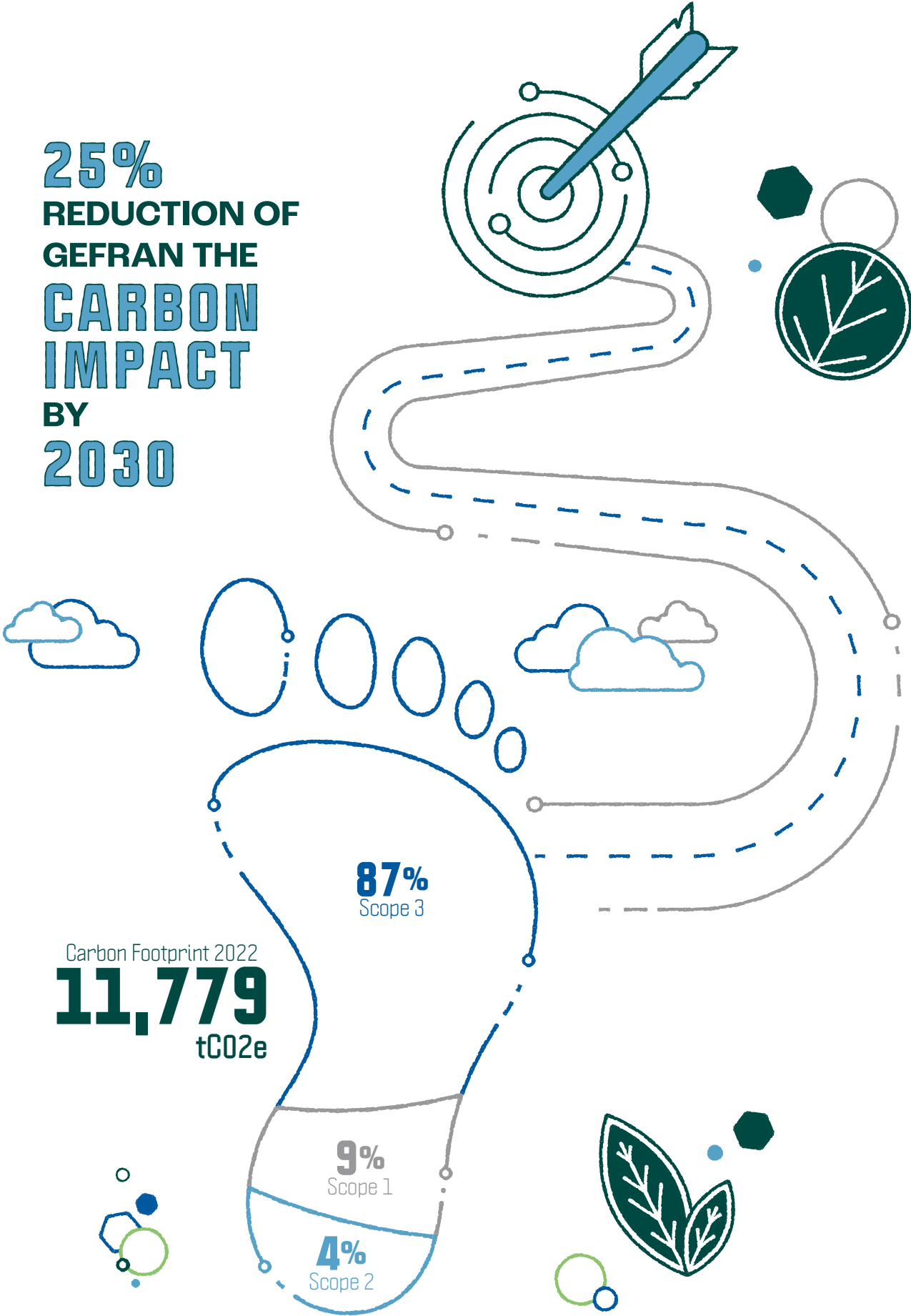
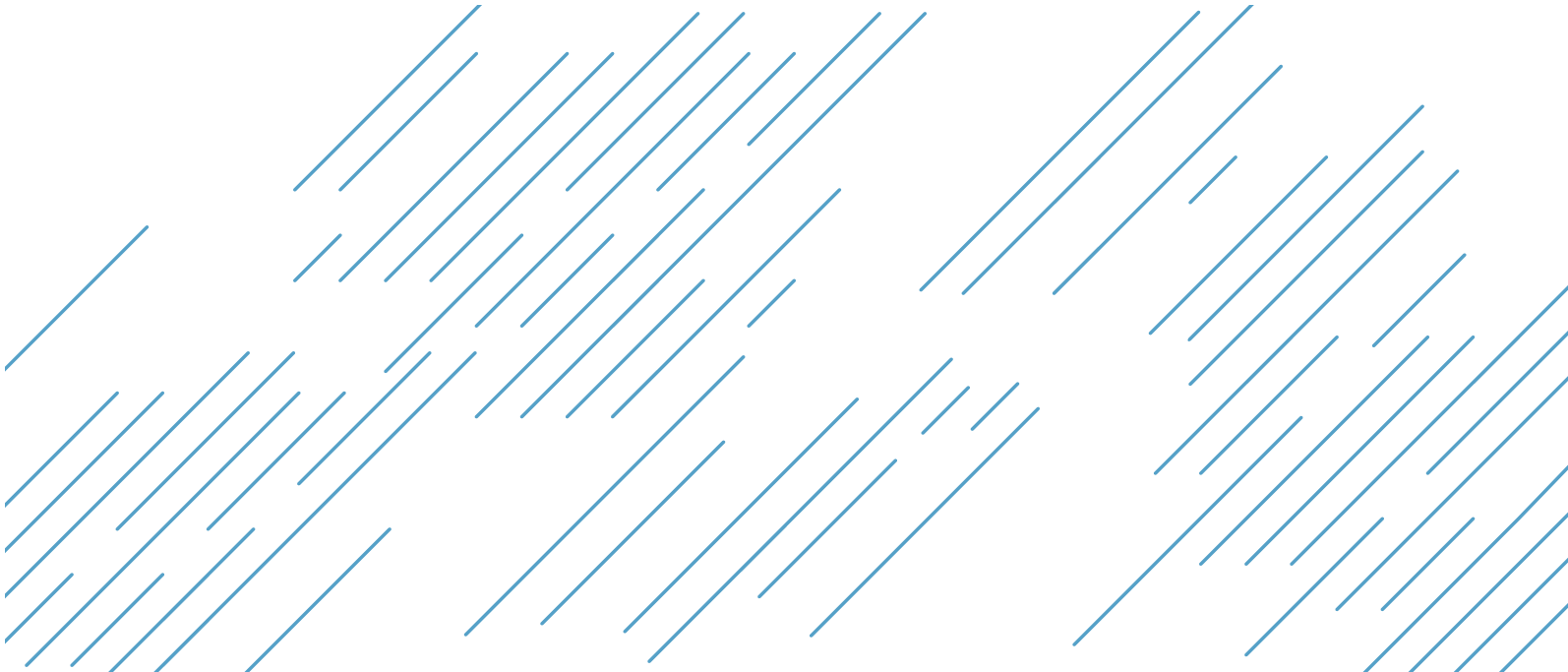
From the exercise, carried out on the data of 2022, it was possible to obtain the first evaluation of Gefran's Scope 3, for each category



Gefran will continue the mapping work of Scope 3, setting up periodic updates and constantly improving the process and assumptions behind the calculation. By the end of 2023, thanks to the direct involvement of some suppliers, the foundations have been laid to refine the assessment, which in the future will increasingly be based on specific data with respect to the average emissions factors by product category currently applied.



The activity carried out in 2023 has also made it possible to obtain a complete view of the Group's carbon footprint, with evidence of the most impacting areas and categories (so-called hotspots). Thanks to this first step, today Gefran is committed to defining actions and projects with a medium-long term roadmap in order to pursue a decarbonisation strategy, with a first goal of neutralising 25% of CO2e emissions by 2030, partly also through offsetting activities.



7.3

WATER  
MANAGEMENT<sup>19</sup>

The contribution to the ecological transition also means protecting water resources. Gefran operates to ensure proper management and monitoring of water withdrawals, discharges and consumption, although it is not used in production processes. The company's consumption is only civil in nature and relates mainly to the water withdrawals.

As with energy data, for **water withdrawals**, as well, in 2020, due to the effects of the pandemic, a reduction was recorded compared to the previous year. Less recourse to smart working in 2021 contributed to increased withdrawals. It should also be noted that beginning in 2021, groundwater withdrawals by Gefran SpA for the irrigation of green areas are also invariably reported.

As already noted for other types of consumption, water withdrawals in 2022 were also lower than 2021 due to the sale of the drives to the WEG group. In 2023, there was a 20.8% increase in water withdrawals compared to 2022, mainly due to the recognition of an adjustment on the previous withdrawals of the US subsidiary.

Water withdrawals in m3	2023	2022	2021	2020	2019
underground water	2,397	2,304	2,055	-	-
third-party water resources (from water mains)	13,324	10,713	17,648	17,252	19,970
Total volume of water withdrawn	15,721	13,017	19,703	17,252	19,970

Some Group companies were unable to report and therefore estimates have been reported based on average consumption for employees in companies of a similar size. This applies to Gefran Siei Asia Pte Ltd (Singapore), while up to the year 2020, estimates were made not only for Gefran Siei Asia Pte Ltd but for Gefran India Private Ltd (India) as well.

The water withdrawal analysis was also conducted, in relation to geographical areas, in terms of **water stress**, according to the World Resources Institute classification. In 2023, the share of water withdrawn from areas classified as high or extremely high water stress decreased significantly, reaching 47.2% of total withdrawals (91.2% of total volume in 2022). These categories include the withdrawals of Gefran SpA and Gefran Soluzioni Srl (Italy), Gefran Automation Technology Pte Ltd (China), Gefran Brasil Elettroel Ltda (Brazil), Gefran Deutschland Gmbh (Germany), Gefran Benelux Nv (Belgium) and Gefran India Private Ltd (India), the latter two being the only Group companies located in an area classified as extremely high water stress. The significant reduction recorded compared to 2022 is the result of the decrease in withdrawals in areas classified as high or extremely high water stress (such as Italy and India) and the updating of the classification itself by the World Resources Institute: in 2022 the areas where the Brazilian and Chinese subsidiaries are located were classified as high water stress, today they are classified as medium-high.

<sup>19</sup> The reporting of water withdrawal data, except as otherwise provided, has been carried out involving all the companies in the Gefran Group with the exception of certain companies, since they are purely concerned with marketing, as well as having a limited volume of business and a small number of employees. For these reasons, their impact on reporting energy and environmental data is deemed to be of marginal relevance. The 2023 scope therefore does not include the companies Gefran UK Ltd (UK), Gefran France S.A. (FR), which until 2022 included the company Gefran Benelux Nv (BE). It is also specified that, in light of the sale of the drives, the 2022 and 2023 reporting scope differs from the same in previous years, due to the exit of the subsidiaries Gefran Drives and Motion S.r.l. (IT) and Siei Areg Gmbh (DE). To provide more transparent information to the reader, key data relating to these two entities are highlighted in section '11.3. The contribution to the ecological transition – appendix'.

# SUSTAINABLE PRODUCT INNOVATION

08





8.1

PRODUCT SAFETY  
AND QUALITY

Safety and product quality are key factors and competitive levers of strategic importance.

Gefran has obtained specific certifications guaranteeing operator safety such as, for example, those based on the **Atex specifications or Sil2/Pl'd' industrial safety standards**. The development processes of new products, the acceptance of the material, the intermediate production phases and final testing are carried out with particular attention to the management of the regulations to be applied and the evaluation of performance.

The commitment to **supply cutting-edge safety products** is also reflected by the involvement in the work of the **Italian Electronic Technical Committee (CEI)**, which enables the acquisition of knowledge to be applied in product innovation, and the employment of specialised consultants in product certification.

There is an ongoing commitment to product innovation taking into account European and international safety directives. Since 2017, Gefran has been developing production processes, products and technologies that reduce the potential negative impacts on the environment and people in compliance with the **ROHS directive**, which introduced restrictions on the use of hazardous materials in electrical and electronic equipment. As a downstream user of chemicals, Gefran operates to ensure that its supply chain fulfils the tasks set out in the European REACH Regulation, ensuring continuity of supply and information to client companies when required.

With specific reference to the **pressure sensor** range, Gefran provides customers and end users with products with high standards of functional safety (**PL-Performance Level** and **SIL-Safety Integrity Level**) and sensors suitable for use in areas exposed to explosion risk (**IECEx, ATEX, FM, EAC Ex, Kosha, PESO, Nepsi Ex**).

The **automation components** range also demonstrates the ongoing effort to operate in line with high functioning and safety standards (such as **SCCR approval under UL 508**) to guarantee that users enjoy a level of protection.

To maintain leadership in product quality and health and safety assurance for users, Gefran has established an effective quality management system, which is systematically updated in compliance with the **ISO 9001:2015** requirements. The standard ensures that products comply with certain requirements and applicable regulations (also on a voluntary basis). It is also aimed at finding, selecting and working with suppliers that best meet the company's needs in terms of technological capacity, quality and service. The system contributes to the correct interpretation of needs by laying the foundations for better service delivery, full customer satisfaction and the building of lasting relationships.

The following is an outline of the processes, involving several company areas, that are applied under the Quality Management System.

Strategic processes	Operative processes	Support processes
<ul style="list-style-type: none"><li>- Strategy</li><li>- Product plan approval</li><li>- Three-year plan</li></ul>	<ul style="list-style-type: none"><li>- Commercial</li><li>- Innovation</li><li>- Operations</li><li>- Procurement</li></ul>	<ul style="list-style-type: none"><li>- Management control</li><li>- Information Systems</li><li>- Human resources</li><li>- Measurement, analysis and improvement</li><li>- Risk management (ERM)</li></ul>

For each process, specific responsibilities are attributed to ensure product quality and safety:

- / the **Operations Departments** and the **Chief Technology Officer** define the product plan and submit it to the CEO for approval, even for integration into the company's three-year plan;
- / **Product Managers** indicate the requirements of the customer or the market served (with the assistance of the sales staff), integrate input from the innovation area on trends in technological evolution, and monitor the development of binding regulations and certifications which increase security and therefore add a competitive advantage;
- / **R&D** develops the product and certifies that it complies with all the characteristics and standards in the technical specifications identified by the **Product Managers, including any additional** certifications;

- / the **Product Compliance** department, in collaboration with the R&D area, continuously strives to adapt product characteristics to meet the safety requirements of different application sectors and best meet customer needs and meet the mandatory requirements in the various markets in which the company operates;
- / **Engineering** industrialises and develops products through the analysis and identification of production procedures that mitigate possible risks deriving from the incorrect management of production processes;
- / **the Operations** area takes care of manufacturing: during the process the necessary control points are in place to ensure compliance with the product characteristics (Gefran performs control tests for 100% of the products and aims to insert automated controls to make them more effective than the manual controls);
- / **Quality** measures and analyses performance to guide continuous improvement.

In case of critical issues, Purchasing and R&D are promptly involved, which implement specific investigations to diagnose problems, minimise risks and implement prevention plans. If necessary, with the support of the Marketing team, actions are performed to recall the product with repair or replacement to protect the market.



## 8.2 TECHNOLOGICAL INNOVATION

Gefran came about and established itself through important investments in innovation: R&D is a fundamental trait of the company and still represents the fundamental value creation lever. This mission naturally equips the company to achieve the sustainability objectives, which require the ability to innovate processes and products.

R&D is therefore focused on the investigation and application of **eco-friendly solutions** products, which improve energy consumption.

**Sustainable innovation** is developed along two lines, both focused on producing products that have evolved functionality, and can guarantee better performance and energy savings: **incremental innovation and discontinuous innovation**.

**Incremental innovation** involves enhancement and development of new capabilities and functionalities of products that guarantee energy savings thanks to the intrinsic efficiency of the product and the possibility of managing the process more efficiently (through the greater availability of field data and more advanced control functions).

The company has laid out a product development roadmap across both business areas, which resulted in three main lines of action in 2023:

- / completion of the range of static units equipped with IO-Link and Modbus connectivity, also able to digitalise the deepest components of the machinery and extract the data needed to increase process efficiency;
- / evolution of the multivariate sensor portfolio, i.e., able to reconstruct the three-dimensional movement of a machine element, in order to more accurately predict any malfunctions and contribute to improving cycle efficiency;

/ development of the automation portfolio, starting from input/output modules, aimed at developing applications for the control of automatic machines that allow better energy performance and greater use of recycled raw materials.

**Discontinuous innovation** is mainly aimed at expanding the product range of industry 4.0 solutions. The goal is to promote digital culture, the open innovation focus and a market approach to result in an offer that can complement the product with innovative services. Services made possible by collecting data from our sensors and devices and transforming data into information, through algorithms and business intelligence, to improve our customers' core processes.

In 2023, the R&D area of automation components released new products that allow **substantial changes in production processes** by optimising performance, energy efficiency and error prediction/prevention. The GRM-H range of power controllers, launched in 2022 with the IO-Link digital bus option, has been enhanced, adding the version equipped with Modbus buses. The GRZ-H two- and three-phase static unit and versions of GRP and GRM products without integrated heatsink - also available with IO-Link options - were also developed. Work has also been done to further improve the ability of Gefran regulators to make the customer's thermal processes more efficient: the results of this activity consist of a new version of the 1850 and GFX Termo4 regulators.

In the R&D area of sensors, significant resources have been invested to expand the range of available field buses. Development of the first Gefran magnetostrictive sensor has been completed for Ethercat machine architectures, with high metrological performance and the ability to collect and transmit diagnostic data useful for preventing or mitigating plant failures. This sensor, launched in the second half of the year, fits into the context of the Ethercat-based automation architecture being developed by Gefran.

The miniaturised KM pressure probe was also brought to the market. This probe, in addition to allowing a reduction in the environmental "footprint" thanks to lesser use of raw materials, also constitutes the basis on which to implement digital buses. In particular, the development of the KMC sensor has been started, which implements CanOpen communication based on the KM sensor. This sensor, dedicated to agricultural, construction and material handling machines, allows a greater amount of data to be collected in digital format and therefore contributes to the development of more efficient and safer vehicles for operators.

Finally, the GSH-A multivariate sensor was launched, which combines the tilt and acceleration measurement with the position measurement with thread technology; this sensor allows for identifying the movements of the machine to which it is applied, anticipating malfunctions and providing useful indications to improve the efficiency of the machine.

In 2023, Innovation continued to develop Digital Twin solutions, condition monitoring algorithms and architectures for data transmission from the field to the edge and cloud. In particular, Digital Twin models have been developed both focused on Gefran products and on the production processes managed by them, in order to improve their efficiency. Digital Twin, algorithms and integration towards *edge* and *cloud* maximise the potential of products in Ethercat and IO-Link, allowing the use of data generated to develop predictive maintenance or performance optimisation solutions.







# 8.3

## THE *DIGITAL* TRANSFORMATION

Gefran has long launched important **digital transformation** projects aimed at optimising operations processes (Gefran Smart Manufacturing). Smart Manufacturing, conceived with a multi-year vision and declined in the areas of Logistics, Factory and Supply Chain, provides for the analysis and review of processes to rationalize them and improve their quality and efficiency, with the ultimate goal of redesigning and digitizing them. Digitalization in particular will also enable environmental impact benefits, allowing a better use of resources to support the execution of processes.

Digitalization makes it possible to acquire a large number of data from the process, exponentially enhancing the possibilities of analysis and monitoring. With the support of standardized procedures, this allows for increased control of the parameters that guarantee production efficiency, improving performance and reducing the risks of error and therefore the generation of waste material. The digital management of documentation and production orders allows a faster and more targeted information flow and at the same time the reduction of the use of supporting paper; the better management of the different types of packaging of the outgoing product rationalises transport.

Some issues addressed in recent years have now become consolidated processes that have led to more efficient communication and a reduction in the use of paper:

- / the management of meetings held by the company's governance bodies through the support of digital tools avoids documents being printed on paper; optical archiving of invoices and books reduces paper consumption;
- / the management of documents concerning relations with employees (pay slips, refunds, etc.) is carried out through a dedicated digital platform avoiding the use of paper forms;
- / the forwarding in digital form to customers of information related to the shipment of the products they have ordered (within Smart Logistics, branch of the Smart Manufacturing project)

- / the management of digital technical information for the SMT area, which allowed to go from 4 sheets to 1 sheet of paper for each production order.

This last action is the first step towards the goal of a sharp reduction in the use of paper to support production flows (multi-year "Paperless Production" project within Smart Manufacturing).

Gefran is not only involved in the revision of processes with a view to reducing paper consumption, but also in the use of inkjet printers that allow better energy performance and lower material consumption. The set of installed devices leads to savings in electricity and emissions produced, calculated at approximately 11,064 kWh of consumption and 3,662 Kg of CO2 in the 2020-2025 period, certified by *Energy Savings*.

In packaging management (made with entirely recyclable material), digital transformation helps to optimise transport by more efficiently managing the different types of output product packaging and has helped to replace the printed product manuals, initially (2012) with digital CD media, later (2019) through the publication of online documentation that provides customers and end users with the most up-to-date version.



## 8.4

### CUSTOMER CARE

One of the Gefran's key goals is to support customer companies in improving the performance of technological processes, by ensuring continuity and maximising value. Passion, energy, expertise and innovation allow effective and targeted responses through proprietary technologies that deliver the company promises of reliability, quality and safety.

Customers are overseen by Sales staff in collaboration with the Marketing area, which work together to study specific needs, fields of application and the areas in which the products will be installed to guide the companies' choice as well as possible in compliance with the safety protocols of each application sector.

Gefran also offers its customers a pre- and after-sales technical service and a RMA (Reparation) service accessible from the company portal, which, depending on the geographical area, directs to a telephone contact or an e-mail address to take care of the need.

The customer care also entails the ongoing assessment of the health and safety impacts associated with the use of the products and services provided by the Group. The analysis of the product categories sold, and excluding the binding certifications, shows that for 48% of the series available in the catalogue and sold by the Group in 2023 third-party voluntary product certifications were obtained, which require certain safety requirements in the various areas of application (UL/FM, CSA, EX, PL / SIL and E1 to name a few).

# THE SUSTAINABILITY OF THE SUPPLY CHAIN







# 9.1

## SHARING CULTURE

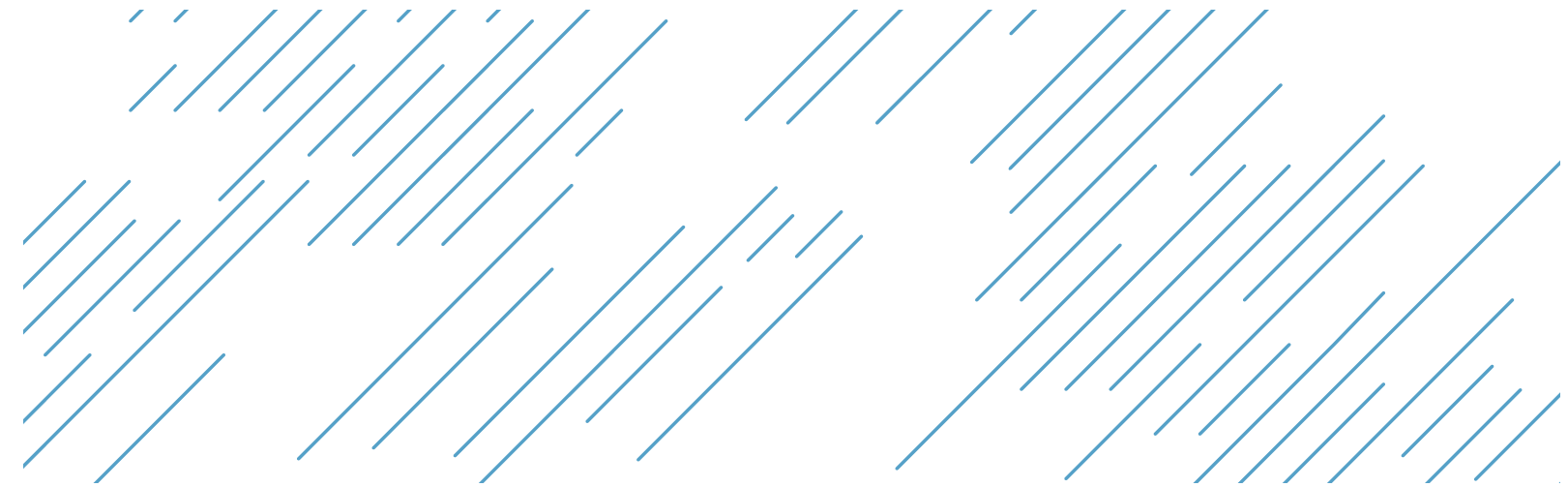
Sharing values and ethical principles with the components of the supply chain is a requirement that Gefran considers primary to achieve sustainability objectives. It means ensuring that suppliers are committed to respecting human rights, protecting workers' health and safety, protecting the environment and ensuring traceability of raw materials.

In 2020, Gefran launched the project **Promoting a sustainability culture**. This targets local suppliers, which are generally small and mid-sized companies with limited access to sustainability solutions and not always equipped with resources to develop actions in this area, even when sensitive to the issues.

The project launch was structured into three phases. In the first phase, an internal training session was held for the working group (the Purchasing and Quality, Safety and Environment department) to acquire basic skills. In the second phase, the documentation used for supplier evaluation audits was reviewed by integrating it with a section dedicated to sustainability issues. In the third phase, an event was organised to involve suppliers: on 25 November 2021, the day Gefran had been dedicating to sustainability for the past three years, the first Supplier Day took place.

The project continued in 2022 with a focus on cutting emissions, the core objective of the business strategy. Two projects were developed with local suppliers, arising from ideas and requests following the 2021 Supplier Day. The first project led to the replacement of traditional packaging that can only be used once with an innovative solution developed to be fully reusable and recyclable. Packaging is specially designed to pack, protect and ship the materials to Gefran and, once delivered, the packaging is returned to the supplier for reuse. This solution reduces the carbon footprint of both Gefran and the supplier.

The second project was carried out by a company that, thanks to the support of Gefran and a specialised consulting company, was able to start the path towards sustainability with an on-site assessment of its context. The evaluation report generated recommendations and possible applications which were translated into an action plan implemented by the company.



During Supplier Day 2022, the Scope 3 emissions calculation plan was shared with suppliers. At the end of the day, a membership pact (**ZerolmPact**) was symbolically signed which the relevant suppliers then formally signed themselves.

As usual, Supplier Day was also held in 2023, with the symbolic and evocative title, **Step 3**, signifying the achievement of a first important goal, the calculation of Gefran's scope 3, but also an ideal starting point for the decarbonisation process. In fact, the focus of the day was to share Gefran's decarbonisation objectives with suppliers, stimulating guests to actively participate in the result through the proposal to implement projects chosen from a selected list.

The meeting was also an opportunity to reward, with a symbolic recognition, the suppliers who, following the commitment made during supplier day 2022, made a concrete contribution to the calculation of Scope 3.



# 9.2

## THE SUPPLY CHAIN

Gefran’s strategic stakeholders are its **suppliers and business partners**. Closely involved in the running of the business, they are an essential factor in ensuring the highest quality standards and achieving performance, economic and sustainability objectives.

And not just that: it is often the case that some suppliers, owing to their skills and know-how, are involved from the development phase of new products in jointly designing components and specific or custom parts.

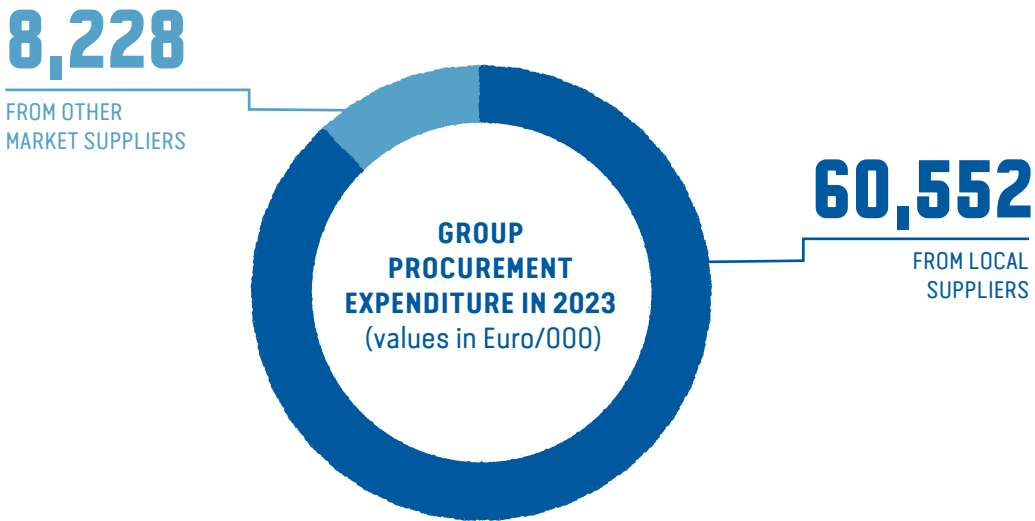
The market in which Gefran operates has variable demand and offers very quick delivery times. Add to this the fact that most of the production is classifiable as high mix-low volume (many finished product codes in the catalogue, each with recurring volumes that are not high), the need arises for a short supply chain, capable of acting quickly and flexibly. For this reason, local suppliers are involved in drawing up procurement plans to respond to rapidly changing demand.

They make up the supply chain: suppliers of materials in BOM; suppliers of materials not in BOM and services. Gefran’s supplier base consists of large multinational groups and local suppliers with specific know-how *and flexibility where **local suppliers** means suppliers belonging to the country where the plant is located.*

An analysis was carried out on the expenditure of local *suppliers* of the companies with the most relevant supply flows for the Group, which includes all production companies and some commercial companies that buy and resell products not manufactured within the Group. for the remaining sales companies, the analysis was conducted in a marginal way, as 90.9% of their procurement comes from intercompany purchases and the remaining part from local supplies.

The analysis showed that in 2023 the total expenditure on procurement was 68.8 million euros (72.8 million in 2022), with an incidence of local supply of 88% on total purchases (89.1% in 2021).

To provide more transparent information to the reader, key data relating to these two entities are highlighted in section “11.4. The sustainability of the supply chain – appendix”.



Looking at the trend of the last three years, 2021 was also marked by a strong demand for active electronic components (especially microcontrollers and chips), which resulted in significant increases in supply times and a general shortage of materials. For this reason, purchases were also made on the open market (independent suppliers not located in the territory and not belonging to large distributors of electronic components) which guaranteed the continuity of flows of materials and prevented production shutdowns.

In 2022, the chip market crisis intensified, prompting Gefran to introduce new and more effective measures. Collaboration with R&D intensified and made it possible, through partial or total product redesign, to activate second sources for materials that are more difficult to source and yet fundamental to product implementation. At the same time, inter-departmental teams (Purchasing, Logistics and Production) were created to overcome the increase in delivery times, with flexible and dynamic solutions adapted to the complexity and unpredictability of the moment. It has thus been possible to guarantee the continuity of the flows along the supply chain and avoid interruption of production.



# 9.3

## THE RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Gefran purchases raw materials, products and services from suppliers in culturally and economically different countries. This is why Gefran sets out the general standards for evaluating suppliers and the principles that characterise the Group's approach to sustainable management of the supply chain. Monitoring procurement processes is essential to ensure the highest standards of quality and product security, while respecting the environment and human rights.

**Responsible procurement** is based on the selection of suppliers through a **qualification process** that is applied differently according to the category of the purchase (direct, indirect or services). Gefran uses an e-procurement portal on which a form allows preliminary registration and accreditation of new suppliers.

In the case of suppliers of materials employed directly in the production process, information on the productive and economic structure is collected through evaluation questionnaires and information from third parties. The Quality department also performs an audit to certify the suitability of suppliers of components deemed strategic.

For suppliers of indirect materials and services, the qualification procedure is simplified, with the exception of undertakings for the disposal of waste and suppliers of contracted services, which are required to produce the documentation stipulated by the regulations in force for qualification purposes. Since 2020, a dedicated procedure has been developed for service providers. In compliance with the regulations in force, all service providers who require the physical presence of personnel on company premises for the provision of the service are obliged to complete a procedural accreditation process involving the signature and delivery of documents attesting to their professional and documentary qualifications in terms of safety and job protection.

During the qualification process for new suppliers of BOM, the **signing of the Sustainability Pact**, which integrates adherence to the principles of the Global Compact and the Group Code of Ethics and Conduct, is required as a prerequisite for activating a partnership with aspects relating to the management of environmental, reputational and financial risks.

The key goal of this document is to direct Group companies to work with suppliers who share and implement the Group's vision of sustainability and manage their business in an ethical, responsible way, demonstrating respect for people and the environment.

These are the assumptions on which the Pact is based, which includes the elements considered essential for a supplier to have a commercial relationship with Gefran:

- / Human rights;
- / Occupational health and safety;
- / Environment;
- / Fight against corruption;
- / Financial solidity;
- / Reputation.

To mitigate the risks of non-respect for human rights, work accidents by minors, forced labour and breaches of freedom of association and collective bargaining, the **supplier's evaluation and qualification sheet** has been integrated with a section dedicated to workplace health, safety and ethics.



Gefran has established procurement policies published on the Group's website (<https://www.gefran.com/en/pages/85-product-compliance>) to assure customers that products comply with the main European and international human rights regulations.

As regards minerals from conflict zones (referred to as **Conflict Minerals**), Gefran undertakes to procure responsibly and considers mining activities that fuel conflicts to be unacceptable. Gefran's commitment is in line with the activity carried out **by the Electronic Industry Citizenship Coalition® (EICC®)** and of **the Global and Sustainability Initiative (GeSI)** to improve the transparency and traceability of metals in the supply chain.

For this purpose, the BOM of the products manufactured by the Group is periodically mapped to identify the presence of the four minerals covered by the regulations (tungsten, tantalum, gold and tin). After this first check, suppliers are subsequently identified who could potentially use such minerals in their production process, and they are required to certify that their procurement does not occur in conflict zones, collecting information according to standards made available by **Responsible Minerals Initiatives (RMI)**.

# 9.4

## PROMOTION AND DEVELOPMENT OF THE TERRITORY AND COMMUNITIES

Gefran's close ties with the region where it operates is reflected by its partnership with schools and universities, and the social, educational, health and sports initiatives carried out by the Parent Company Gefran SpA, which bring together several local organisations.

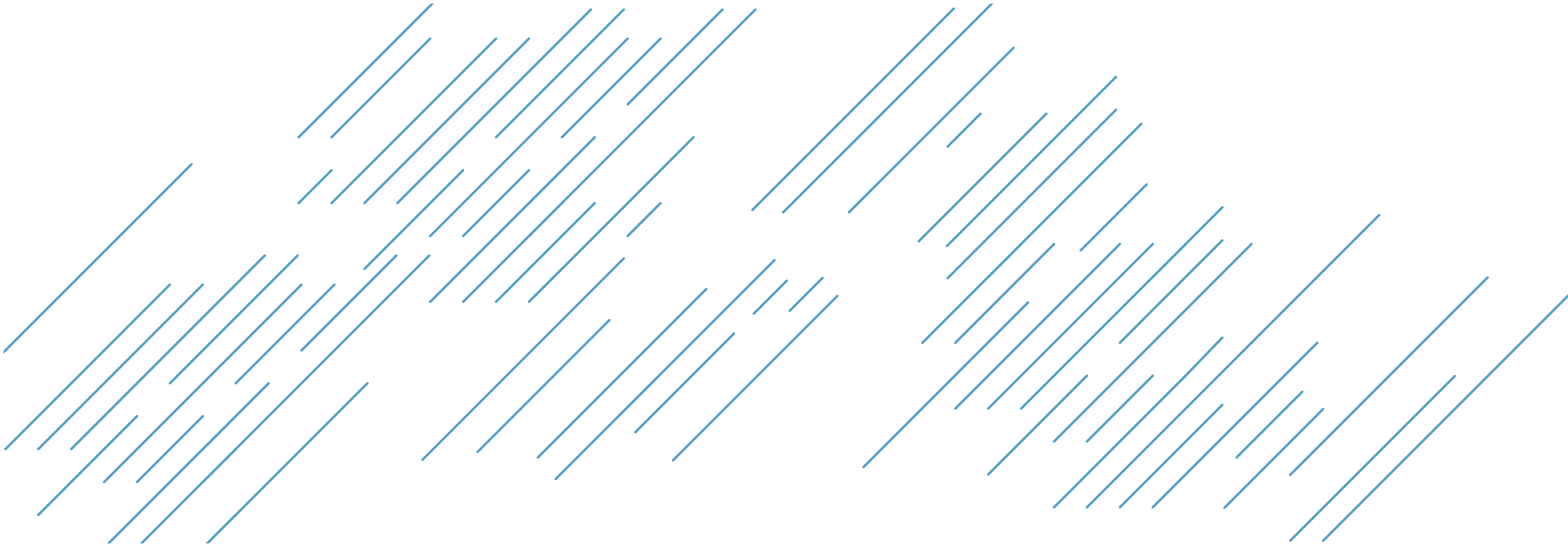
### Social projects

In 2023 Gefran supported La corsa di Maya, an event organized by Unicef in support of **the fight against climate change**, which represents a threat to children at every latitude.

In particular, the proceeds of the race went to the **"Schools of recycled plastic"** project, with which UNICEF, together with the Colombian start-up Conceptos Plasticos, recycles plastic waste that is suffocating Africa and that would otherwise be burned, fuelling emissions into the atmosphere that cause global warming. This threat to the world is instead transformed into an opportunity for girls and boys in the **Ivory Coast: plastic is used to make bricks to build schools**.

Gefran has supported the Brescia Respiro Association, which aims to **support the clinical, organisational and scientific activities of pneumology** in Brescia and throughout the country.

Floods and flooding in **Emilia-Romagna** in the spring of 2023 shocked an entire community: Gefran has joined the fundraising campaign promoted by the Italian Red Cross, which immediately took action to respond to the emergency and continues to be close to the population of the affected territories even in the reconstruction phase.



### TRAINING PROJECTS

In 2023, the Parent Company Gefran SpA financed a number of initiatives to better educate young people.

The company is one of the promoters of Fondazione Itis Benedetto Castelli, a foundation which:

- / proposes and manages initiatives of all kinds aimed at preserving and adding to the technical infrastructure at Istituto di Istruzione Superiore Benedetto Castelli in Brescia;
- / proposes and manages initiatives of all kinds aimed at involving teachers and students from the I.I.S. Castelli to improve the efficacy and efficiency of teaching and learning;
- / promotes and manages initiatives of all kinds aimed at developing synergies between businesses and I.I.S. Castelli to help educate students in the best possible way;
- / promotes initiatives of all kinds aimed at helping I.I.S. Castelli graduates find employment, also by promoting on-the-job experience opportunities.

Gefran helped an I.S.E.O. student participate with a scholarship. Summer School: an academic course on matters relating to the global economy, organised by the Istituto di Studi Economici e per l'Occupazione (Institute for Studies on Economics and Employment), currently chaired by Professor Robert Solow, the winner of the 1987 Nobel Prize for economics.

He has undertaken a project, in collaboration with the Soldano foundation, which will last three years, whose objective is training and education in the use of technology: to provide local boys and girls with ideas and insights through meetings and exchanges with leading figures, witnesses of our contemporaneity. The project involves fourth and fifth year students from some high schools in the province of Brescia.

### CULTURAL PROJECTS

The cultural project *Alleanza Arte Cultura*, which Gefran has joined, continues, which aims to build a lasting relationship, based on participation and mutual benefit between the foundation, companies, educational institutions, institutions and foundations to enhance the artistic heritage of the city of Brescia even by supporting major cultural events.

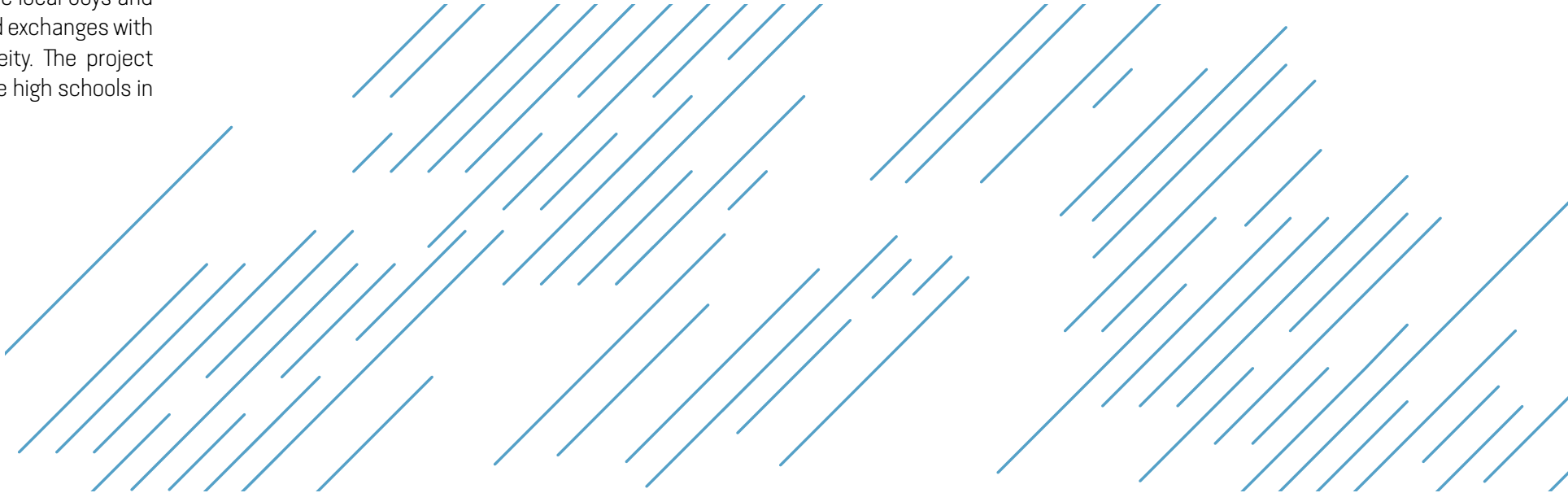
In 2023 Gefran helped to complete the restoration of the frescoes of the Presbytery, the Cantories, the Transept and the Dome of the Parish Church of Sant'Andrea di Iseo.

### PROJECTS FOR SPORT

An essential component for the psychophysical development of the human being, sport has always played a decisive role in our culture, social and family, thanks to its educational function. It represents, in fact, an important moment of training, both from a motor and psychological-emotional point of view, capable of actively contributing to the training of children and young people.

A true educational agency, sport is synonymous with commitment and perseverance, which puts each of us to the test, helping us to overcome limits and achieve dreams.

Aware that today many young people are experiencing an identity crisis capable of triggering feelings of insecurity, vulnerability and fragility, Gefran chooses to support and sponsor sports through support for local sports clubs such as Basket Iseo, Rugby Brescia, ASD Olimpia Lumezzane.



9.5

WASTE

MANAGEMENT<sup>20</sup>

The responsible disposal of waste produced is an integral part of the environmental sustainability policy.

Gefran manages it in compliance with the regulations in force in the various countries where it operates, collecting information and data on waste produced to ensure constant monitoring. The activity is implemented through a timely reporting system, followed by the integrated Quality, Safety and Environment function.

For all Group companies, there is a systematic classification of waste types with timely collection of the relevant quantities produced. This allows the identification of waste compliant with the European Waste Code (EWC) and the standardisation of temporary storage areas prior to collection.

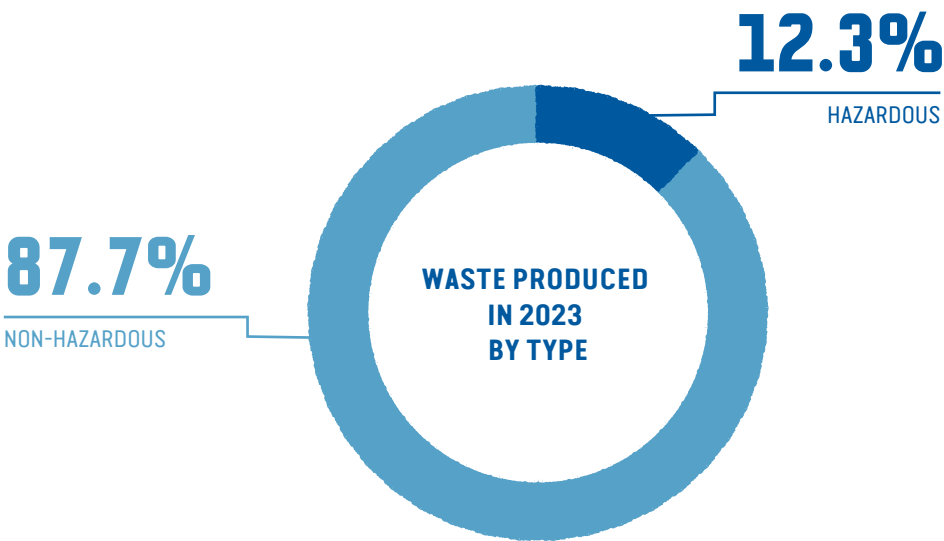
To facilitate data monitoring and reporting, aggregate indicators based on the values generated by individual establishments have been defined, paying particular attention to the distinction between hazardous and non-hazardous waste and how they are disposed and recovered.

At the same time, training activities (for those involved in handling, providing and managing temporary deposits) and awareness-raising takes place among workers.

In addition, reference figures for the implementation of the Environmental Management System have been appointed and an internal waste management audit programme has been introduced. These latter activities, together with the monitoring of performance indicators, help to identify the actions necessary to continuously improve environmental performance. For example, internal personnel were involved in the redesign of the processes that generate certain types of waste and technical and

technological measures were introduced to improve the processes and in particular reduce the waste produced by the manufacturing departments. Increasing attention is paid to the use of materials and packaging with less environmental impact in the products made by Gefran and in active collaboration with external partners in order to improve the impact of the Group's transport activities and procurement logistics.

In 2023, **waste produced**, a total of 346 t, decreased by 22.8% compared to the previous year when 448 t had been produced. The reduction is mainly attributable to the Group's Italian plants that have reduced the waste produced by 21%, partly thanks to the actions implemented and partly as a result of lower production volumes compared to 2022.



<sup>20</sup> . The reporting of data on waste produced, where not expressly indicated, was carried out involving all Group companies with the exception of some companies, as they are purely commercial in nature, ana have a limited turnover and small number of employees, so the impact on the reporting of waste produced is considered marginal. The 2023 scope therefore does not include the companies Gefran UK Ltd (UK), Gefran France S.A. (FR), which until 2022 included Gefran Benelux Nv (BE). Following the sale of the motion control business, the 2022 and 2023 reporting scope changed from the previous years as a result of the subsidiaries Gefran Drives and Motion S.r.l. leaving the Group. (IT) and Siel Areg GmbH (DE). To provide more transparent information to the reader, key data relating to these two entities are highlighted in section "11.4. The sustainability of the supply chain – appendix".



The waste generated by Gefran's activities is mainly of a non-hazardous nature and only a small part of these are defined as hazardous (only 12.3% of the total). In particular, 43 t of **hazardous waste** were produced in 2023 (47 t in 2022), continuing the trend of reduction compared to previous years (-9.6% compared to 2022).



The analysis by type of destination shows a significant weight of **waste destined for recovery** equal to 67.1% of the total in 2023, an improvement compared to 66.2% in 2022, also made possible by the separate collection and supervision of this activity by the Quality, Safety and Environment department.





# INFORMATION PURSUANT TO ARTICLE 8 OF EU REGULATION 2020/852 (EU TAXONOMY REGULATION)

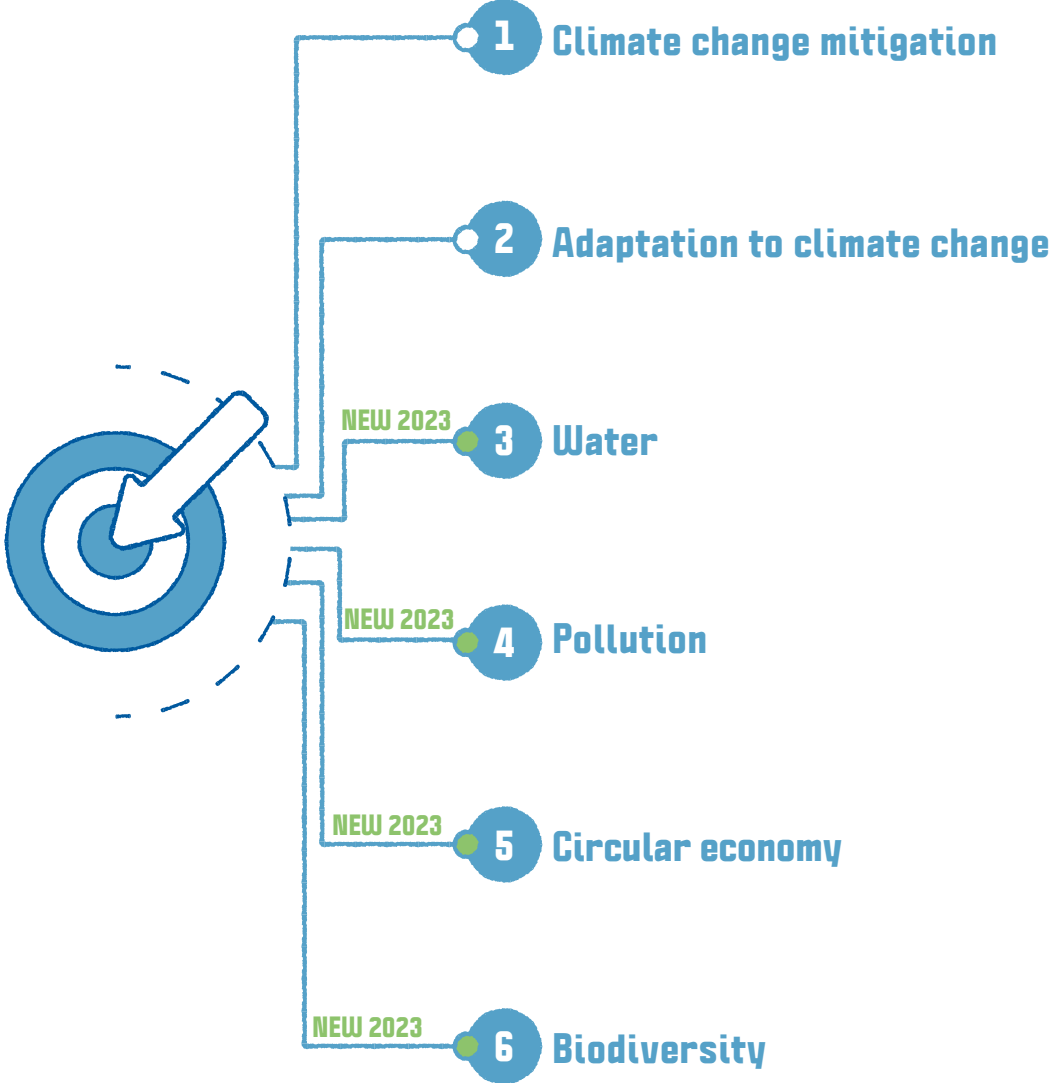




To increase sensitivity to the effects of climate change, the European Union urges companies to assess the impact of its activities and define business strategies taking into account environmental and social variables.

In order to guarantee transparency and comparability, the European Union has defined common criteria to establish the effective environmental sustainability of an economic activity collected in the so-called EU Taxonomy (Reg. EU 2020/852). The Regulation, an important step towards a clear reporting of commitments made and activities carried out by companies, is a tool that makes it possible to identify environmentally sustainable economic activities, to promote a transition towards a zero-carbon future/society and to direct financing towards solutions to address the climate crisis and prevent further environmental degradation.

In particular, an economic activity can be considered eligible if it contributes in a concrete way to the achievement of at least one of the four defined objectives:



In order for a business activity to be admissible, it is also necessary for it not significantly damage the attainment of the environmental goals identified, to be carried out in compliance with the minimum safeguards (CSR and Human Rights Requirements, OECD Guidelines and UN Guiding Principles on Business and Human Rights, etc.) and comply with the technical criteria set out in the Delegate Act of 4.6.2021 and its Annexes I and II.

Regulation 2020/852 (article 8), requires in particular that companies subject to the obligation to publish non-financial information pursuant to article 19 bis or article 29 bis of Directive 2013/34/EU (and therefore Directive 2014/95/EU - NFRD and the Legislative Decree of 30 December 2016, No. 254, which has transposed it into Italian law) include, in their Non-Financial Statements starting on 1 January 2022, information on how and to what extent their activities are environmentally sustainable. The methodology and indicators to be reported are specified in the underlying Delegate Act C2021/4987 and its Annexes.

To date, the European legislator requires us to provide a measure of aligned economic activities with respect to the first two objectives concerning climate aspects, specifically activities that contribute to climate change mitigation and adaptation objectives, while it requires us to provide a measure of eligibility with respect to all 6 objectives.

It should be noted in this regard that "eligible activity" means the economic activity described in the delegated acts adopted pursuant to articles 10 to 15 of EU Regulation 2020/852, regardless of whether it meets some or all of the technical examination criteria laid down in the acts. As of 1 January 2023, it is necessary to verify and confirm whether the activities identified are aligned with the technical criteria described in the Annexes to the Regulation, for the first two objectives.

This paragraph gives evidence of Gefran's activities related to the objectives set out above, through the share of turnover generated (Revenues), investments (Capex) and operating costs (Opex) for 2023. The following were considered:

- / revenues from the sale of goods and services to third parties by the Group in accordance with international accounting standards as set forth in the Group's Annual Financial Report;
- / investments made by the Group, as an increase in the historical cost of intangible assets, tangible fixed assets and usage rights, in accordance with international accounting standards as set forth in the Group's Annual Financial Report;



/ operating costs of the Group, understood as non-capitalized direct costs related to research and development, building renovation measures, short-term leasing, maintenance and repair necessary to ensure the continuous and effective operation of these assets.

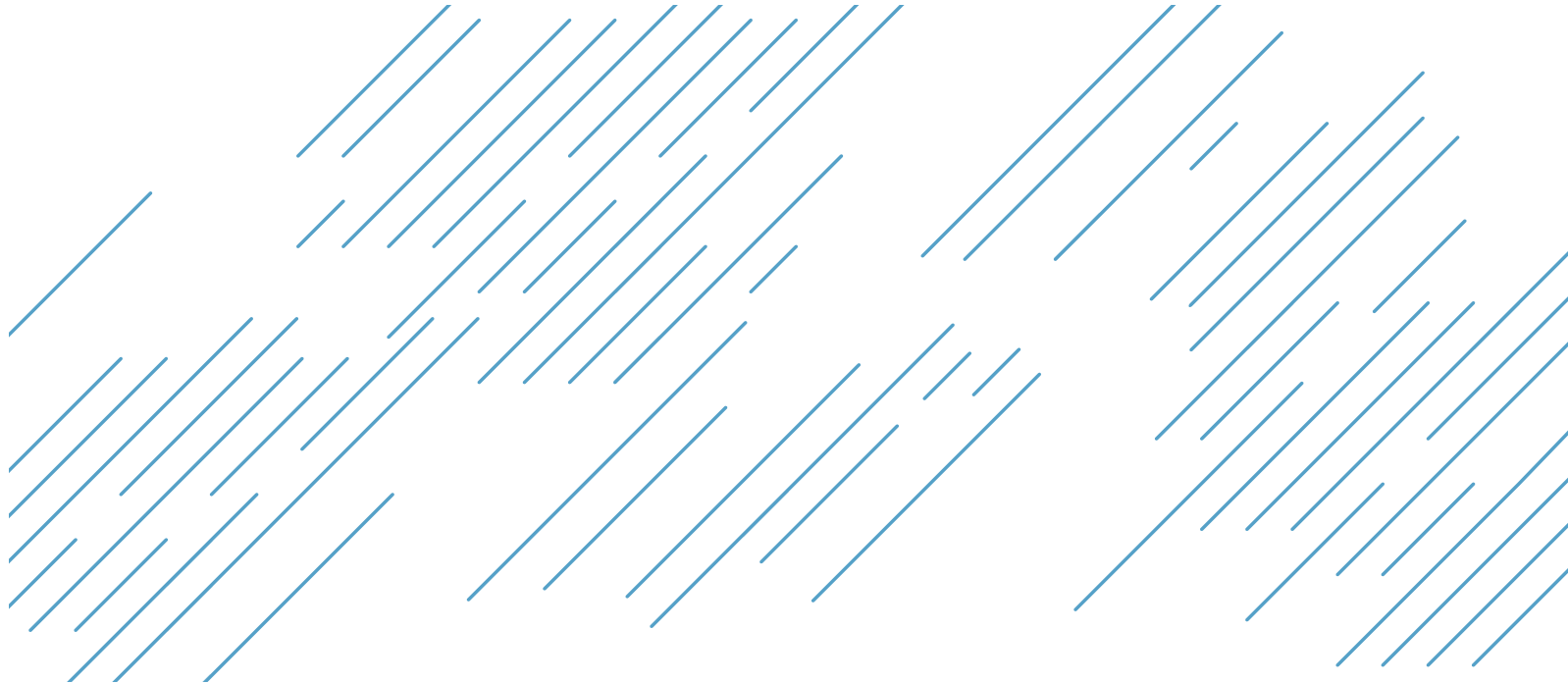
For the purpose of calculating the share of operating costs relating to eligible and aligned economic activities, repair and maintenance costs (including functional IT costs), research and development costs, personnel costs for repairs and maintenance, building renovation refurbishment measures, and short-term rentals for the activities subject to reporting shall be taken into account.

To identify eligible and aligned activities, the Group carried out an analysis in different areas.

An analysis of the activities included in the scope was carried out (also following the statistical classification of economic activities of the European Union, NACE code) identifying, if any, the correlation with the activities declared eligible as indicated in the Delegate Act and the respective Annex.

Subsequently, the characteristics of the activities described in the Regulations were considered and the relevance to the operational activities carried out by the Gefran Group companies was assessed.

Following the analysis, the activities listed in the table are considered to be aimed at climate change mitigation and adaptation objectives and suitable for taxonomy.



ID	Activity	Climate change mitigation	Adaptation to climate change	Water	Pollution	Circular economy	Biodiversity
CE 1.2	Manufacture of electrical and electronic equipment					X	
CE 2.3	Collection and transport of non-hazardous and hazardous waste					X	
CE 4.1	Provision of data-driven IT/OT solutions					X	
CE 5.1	Repair, redevelopment and remanufacturing					X	
CCM 4.1	Production of electricity using solar photovoltaic technology	X					
CCM 7.1	Construction of new buildings	X					
CCM 7.3	Installation, maintenance and repair of energy efficiency devices	X					
CCM 7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces pertaining to buildings)	X					
CCM 7.5	Installation, maintenance and repair of instruments and devices for measuring, adjusting and controlling the energy performance of buildings	X					
CCM 7.6	Installation, maintenance and repair of renewable energy technologies	X					

These activities led to the recording in 2023 of the data reported below.

Criteria for substantial contribution										DNSH criteria (“do no significant harm”) (h)										
Economic activities	Code (a)	Revenues	Revenues, year 2023	"Climate change mitigation "	Adaptation to climate change	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Share of taxonomy aligned (A.1.) or eligible (A.2.) Revenues, year 2022	Enabling activities category	Transition activities category	Qualitative comments and/or information
Text		Euro/000	%	"Yes; No; N/EL (b) (c)"	"Yes; No; N/EL (b) (c)"	"Yes; No; N/EL (b) (c)"	"Yes; No; N/EL (b) (c)"	"Yes; No; N/EL (b) (c)"	"Yes; No; N/EL (b) (c)"	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T	
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy aligned)																				
CCM 7.3 Installation, maintenance and repair of energy efficiency devices	CCM 7.3		0.0%														0.0%			
CCM 7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6		0.0%														0.5%			
Revenues of environmentally sustainable activities ( taxonomy aligned) (A.1)		0,00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.6%			
Of which enabling			0.0%	%	%	%	%	%	%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.6%	A		
Of which transition			0.0%	%	%	%	%	%	%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	%		T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (g)																				
		Euro/000	%	EL; N/EL (f)	EL; N/EL (f)	EL; N/ EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)											
CE 1.2 Manufacture of electrical and electronic equipment	CE 1.2	117,666	89.6%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL							%			
EC 2.3 Collection and transport of non-hazardous and hazardous waste	CE 2.3	-	0.0%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL							%			
CE 4.1 Provision of data-driven IT/OT solutions	CE 4.1	495	0.4%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL							%			
CE 5.1 Repair, redevelopment and remanufacturing	CE 5.1	1,113	0.8%	N/EL	N/EL	N/EL	N/EL	N/EL	EL	N/EL							%			
CCM 4.1 Production of electricity using solar photovoltaic technology	CCM 4.1	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							%			
CCM 7.1 Construction of new buildings	CCM 7.1	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							%			
CCM 7.3 Installation, maintenance and repair of energy efficiency devices	CCM 7.3	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							%			
CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces pertaining to buildings)	CCM 7.4	12	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							%			
CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, adjusting and controlling the energy performance of buildings	CCM 7.5	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							%			
CCM 7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1,197	0.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL							%			
Revenues of taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		120,483	91.8%	0.9%	0.0%	0.0%	0.0%	90.8%	0.0%								%			
A. Revenues of taxonomy eligible activities (A.1+A.2)		120,483	91.8%	0.9%	0.0%	0.0%	0.0%	90.8%	0.0%								0.6%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Revenues of taxonomy non-eligible activities		10,824	8.2%																	
Total (A + B)		131,307	100.0%																	

Criteria for substantial contribution										DNSH criteria (“do no significant harm”) (h)								Minimum safeguards	Share of taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Enabling activities category	Transition activities category	Qualitative comments and/or information
Economic activities	Code (a)	CapEx	CapEx share, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity							
Text		Euro/000	%	“Yes; No; N/EL (b) (c)”	“Yes; No; N/EL (b) (c)”	“Yes; No; N/EL (b) (c)”	“Yes; No; N/EL (b) (c)”	“Yes; No; N/EL (b) (c)”	“Yes; No; N/EL (b) (c)”	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T			
A. TAXONOMY ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (taxonomy aligned)																						
CapEx of environmentally sustainable activities (taxonomy aligned) (A.1)		0,00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.0%					
Of which enabling			0.0%	%	%	%	%	%	%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	%	A				
Of which transition			0.0%	%	%	%	%	%	%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	%		T			
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (g)																						
		Euro/000	%	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)								%					
CE 12 Manufacture of electrical and electronic equipment	CE 12	1,887	17.9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								%					
EC 2.3 Collection and transport of non-hazardous and hazardous waste	CE 2.3	18	0.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								%					
CE 4.1 Provision of data-driven IT/OT solutions	CE 4.1	12	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								%					
CE 5.1 Repair, redevelopment and remanufacturing	CE 5.1	-	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								%					
CCM 4.1 Production of electricity using solar photovoltaic technology	CCM 4.1	752	7.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%					
CCM 7.1 Construction of new buildings	CCM 7.1	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%					
CCM 7.3 Installation, maintenance and repair of energy efficiency devices	CCM 7.3	506	4.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%					
CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces pertaining to buildings)	CCM 7.4	28	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%					
CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, adjusting and controlling the energy performance of buildings	CCM 7.5	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%					
CCM 7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%					
CapEx of taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		3,203	30.3%	12.2%	0.0%	0.0%	0.0%	18.1%	0.0%								0%					
A. CapEx of taxonomy eligible activities (A.1+A.2)		3,203	30.3%	12.2%	0.0%	0.0%	0.0%	18.1%	0.0%								0%					
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																						
CapEx of taxonomy non-eligible activities		7,360	69.7%																			
Total (A + B)		10,563	100.0%																			



Economic activities	Code (a)	Opex	OpEx share, year 2023	Criteria for substantial contribution						DNSH criteria ("do no significant harm") (h)						Minimum safeguards	Share of taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Enabling activities category	Transition activities category	Qualitative comments and/or information
				Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity					
Text		Euro/000	%	"Yes; No; N/EL (b) (c)"	"Yes; No; N/EL (b) (c)"	"Yes; No; N/EL (b) (c)"	"Yes; No; N/EL (b) (c)"	"Yes; No; N/EL (b) (c)"	"Yes; No; N/EL (b) (c)"	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	A	T	
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (taxonomy aligned)																				
CCM 7.3 Installation, maintenance and repair of energy efficiency devices	CCM 7.3		0.0%														0.0%			
CCM 7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6		0.0%														0.1%			
OpEx of environmentally sustainable activities ( taxonomy aligned) (A.1)		0,00	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.1%			
Of which enabling			0.0%	%	%	%	%	%	%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.1%	A		
Of which transition			0.0%	%	%	%	%	%	%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	%		T	
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (g)																				
		Euro/000	%	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)											
CE 1.2 Manufacture of electrical and electronic equipment	CE 1.2	1,260	24.9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								%			
EC 2.3 Collection and transport of non-hazardous and hazardous waste	CE 2.3	-	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								%			
CE 4.1 Provision of data-driven IT/OT solutions	CE 4.1	179	3.5%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								%			
CE 5.1 Repair, redevelopment and remanufacturing	CE 5.1	-	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								%			
CCM 4.1 Production of electricity using solar photovoltaic technology	CCM 4.1	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%			
CCM 7.1 Construction of new buildings	CCM 7.1	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%			
CCM 7.3 Installation, maintenance and repair of energy efficiency devices	CCM 7.3	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%			
CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces pertaining to buildings)	CCM 7.4	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%			
CCM 7.5 Installation, maintenance and repair of instruments and devices for measuring, adjusting and controlling the energy performance of buildings	CCM 7.5	12	0.2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%			
CCM 7.6 Installation, maintenance and repair of renewable energy technologies	CCM 7.6	-	0.0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								%			
OpEx of taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		1,451	28.7%	0.2%	0.0%	0.0%	0.0%	28.4%	0.0%								%			
A. OpEx of taxonomy eligible activities (A.1+A.2)		1,451	28.7%	0.2%	0.0%	0.0%	0.0%	28.4%	0.0%								0.1%			
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OpEx of taxonomy non-eligible activities		3,608	71.3%																	
Total (A + B)		5,059	100.0%																	

Legend:

a)  
The code contains the abbreviation of the objective the economic activity can make a substantial contribution to, and the section number of the activity in the corresponding annex of the objective, namely:  
/ - climate change mitigation: CCM  
/ - climate change adaptation: CCA  
/ - water and marine resources: WTR  
/ - circular economy: CE  
/ - prevention and reduction of pollution: PPC  
/ - biodiversity and ecosystems: ORGANIC  
If activities can make a substantial contribution to more than one objective, codes for all objectives should be indicated.

(b)  
Yes – The activity is taxonomy eligible and taxonomy aligned with the relevant environmental objective  
No – The activity is taxonomy eligible but taxonomy non-aligned with the relevant environmental objective  
N/EL – Non-eligible; the activity is taxonomy non-eligible for the relevant objective  
(c) If the economic activity contributes substantially to more than one environmental objective, non-financial corporations shall indicate, in bold, the most important environmental objective for the purpose of calculating the KPIs of financial corporations, avoiding double counting. If the use of financing proceeds is not known, financial firms calculate in their respective KPIs the financing of economic activities that contribute to multiple environmental objectives under the most important environmental objective indicated in bold in this model by non-financial firms. An environmental objective can be indicated in bold only once in a row to avoid double counting of economic activities in the KPIs of financial firms. This does not apply to the calculation of taxonomy aligned economic activities for financial products defined in Article 2 (12) of Regulation (EU) 2019/2088. Non-financial corporations also report the degree of eligibility and alignment by environmental objective, including the alignment to each environmental objective of activities that contribute substantially to various objectives, using the following model:

REVENUES SHARE/TOTAL REVENUES

	Taxonomy aligned with objective	Taxonomy eligible for objective
CCM	0,0%	0,9%
CCA	0,0%	0,0%
WTR	0,0%	0,0%
CE	0,0%	0,0%
PPC	0,0%	90,8%
ORGANIC	0,0%	0,0%

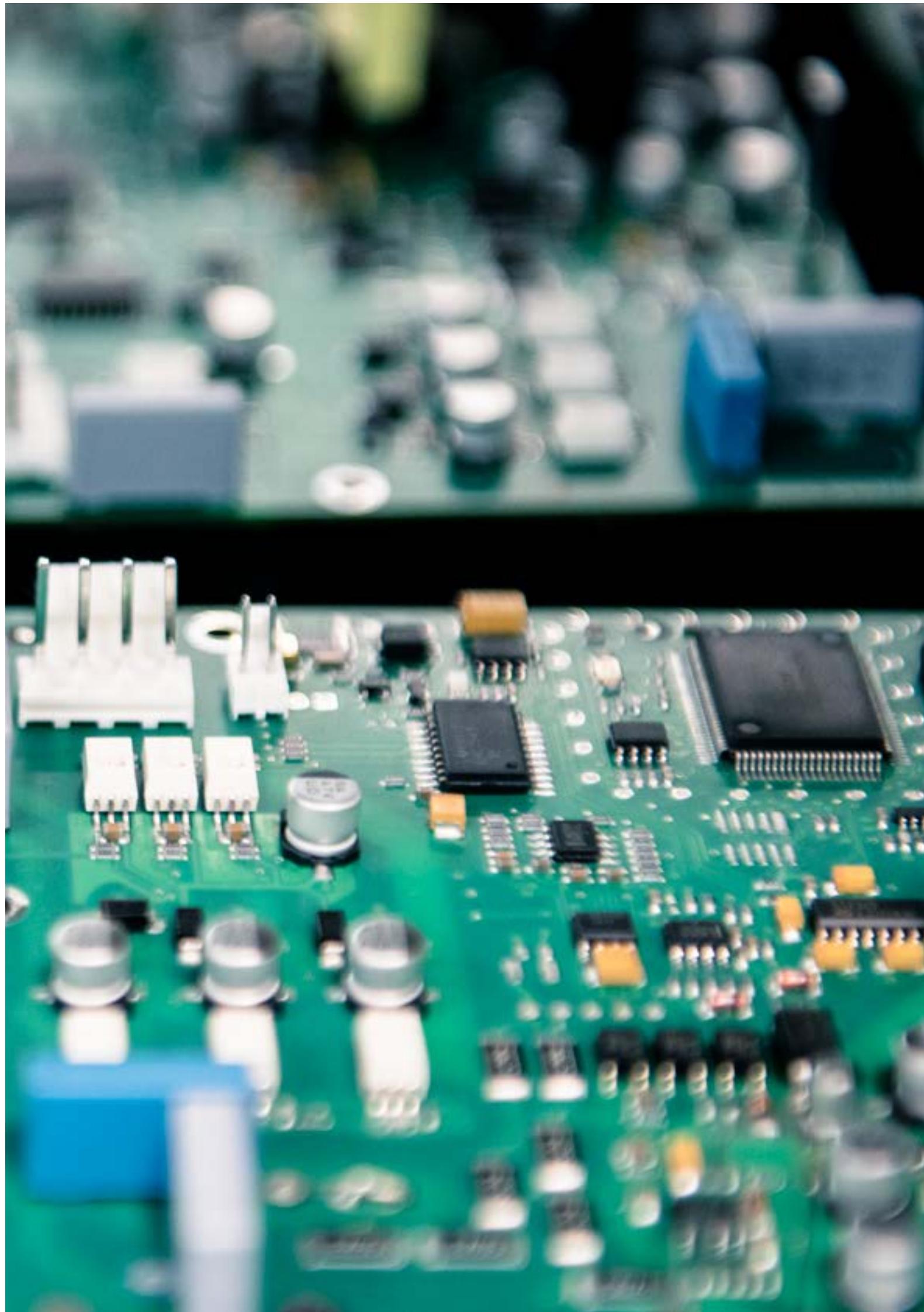
SHARE OF CAPEEX/CAPEEX TOTAL

	Taxonomy aligned with objective	Taxonomy eligible for objective
CCM	0,0%	12,2%
CCA	0,0%	0,0%
WTR	0,0%	0,0%
CE	0,0%	0,0%
PPC	0,0%	18,1%
BIOORGANIC	0,0%	0,0%

OPEX SHARE/OPEX TOTALS

	Taxonomy aligned with objective	Taxonomy eligible for objective
CCM	0,0%	0,2%
CCA	0,0%	0,0%
WTR	0,0%	0,0%
CE	0,0%	0,0%
PPC	0,0%	28,4%
ORGANIC	0,0%	0,0%

(d)  
An activity may be aligned with one or more environmental objectives for which it is eligible.  
(e)  
An activity may be eligible and not aligned with the relevant environmental objectives.  
(f)  
EL – Taxonomy eligible activity for the relevant objective; N/EL – Taxonomy non-eligible activity for the relevant objective  
(g)  
The activities are indicated in section A.2 of this model only if they are not aligned with any environmental objective for which they are eligible. Activities that align with at least one environmental objective are indicated in section A.1 of this model.  
(h)  
In order to be able to enter an activity in section A.1, it must comply with all DNSH criteria and the related minimum safeguards. For the activities listed in section A.2 non-financial corporations may voluntarily fill in columns 5 to 17. Non-financial corporations may indicate in section A.2 the substantial contribution and DNSH criteria met or not met, using: a) for the substantial contribution – Yes/No and N/EL codes instead of EL and N/EL and b) for DNSH – Yes/No codes.



The analysis was carried out with the support of the R&D, Operations, Q-HSE functions, and the product portfolio, the investment plan as well as the details of operating expenses were verified.

In particular, the activities that contribute to the objective of climate change mitigation, identified according to their description, are:

- / Production of electricity using solar photovoltaic technology (CCM 4.1): refers to the production of solar energy, through the photovoltaic systems installed at the Group's plants; investments in new installations are considered eligible (in 2023 one new plant was installed in Italy and one in Germany, for a total of Euro 752 thousand).
- / Construction of new buildings (CCM 7.1): refers to the construction of new areas, built in compliance with efficiency criteria; in 2023 there were no operations related to this activity.
- / Installation, maintenance and repair of energy efficiency devices (CCM 7.3): refers to the renovation of systems, in favour of the efficiency of the buildings that house the work areas; investments that have concerned the installation of efficient lighting systems (LEDs), new heating and cooling systems (in 2023 a total of €506,000 was invested) are considered eligible.
- / Installation, maintenance and repair of charging stations for electric vehicles in buildings and spaces used for parking pertaining to buildings (CCM 7.4): this includes charging stations; revenues generated from installations carried out at customers by the subsidiary Elettropiemme Srl (Euro 12 thousand in 2023), investments in new installations (Euro 28 thousand in 2023, in subsidiaries in Germany and Benelux) are considered eligible.
- / Installation, maintenance and repair of instruments and devices for measuring, adjusting and controlling the energy performance of buildings (CCM 7.5): the Company uses this type of device (Datalogger) to monitor the energy performance of machinery and plants; no new installations have been carried out, however, maintenance costs have been incurred for existing ones (in 2023 Euro 12 thousand).
- / Installation, maintenance and repair of renewable energy technologies (CCM 7.6): refers to the installation of photovoltaic systems at customers carried out by the Italian subsidiary Elettropiemme Srl, which also provides maintenance services; the revenues generated by this business are considered eligible (Euro 1,197 thousand in 2023).



With regard to the activities that contribute to the Circular Economy objective, depending on the description, the following are noted:

- / Manufacture of electrical and electronic equipment (EC 1.2): refers to the production of sensors, instruments, static units, power controllers, programmable automation, as well as electrical panels; the revenues generated from the sale of these products (in 2023 Euro 117,666 thousand), investments and research and development costs necessary for their maintenance and evolution (in 2023 respectively Euro 1,887 thousand and Euro 1,260 thousand) are considered eligible.
- / Collection and transport of non-hazardous and hazardous waste (EC 2.3): refers to the activity of collecting separated waste, for which investments were made in new equipment in 2023 (in 2023 Euro 18 thousand).
- / Provision of data-oriented IT/OT solutions (CE 4.1): refers to the production of static units and power controllers with functionalities based on IT/OT technology; the revenues generated from the sale of these products (in 2023 Euro 495 thousand) and the research and development costs necessary for their maintenance and evolution (in 2023 Euro 1779 thousand) are considered eligible.
- / Repair, requalification and remanufacturing (EC 5.1): refers to the activity carried out by the Company to repair out-of-warranty products; the revenues generated from the provision of this type of service are considered eligible (in 2023 Euro 1,113 thousand).

The analysis for the eligibility of the aforementioned activities is based on the interpretation of the legislation in force on the date of publication of this document. It is not certain that in the future the evolution of the legislation will allow us to continue to report these activities as admissible, and/or to expand the scope of alignment. To date, in fact, based on the analyses carried out, the characteristics of the activities identified as eligible for the Climate Change Mitigation objective do not fully comply with the technical criteria defined by the taxonomy for alignment purposes, and therefore none of them can be considered aligned.

During 2023 Gefran expanded the analysis of taxonomic activities to include the 4 new environmental objectives. Although the Regulation only required an analysis for the purposes of the eligibility of the activities of the new objectives, Gefran conducted an examination in order to also evaluate a possible alignment of the same not detectable today. However, any evolution of the taxonomic legislation and future clarifications of the same, Gefran does not exclude the possibility that these activities become in all respects environmentally sustainable.

In 2024, the analysis will continue, in order to incorporate possible evolutions of the legislation or of the technical characteristics of the activities carried out by the Group, with the ultimate objective of identifying possible activities eligible to date that are not accountable, and assessing the actual degree of alignment with the technical criteria of environmental sustainability of the taxonomy with respect to which to provide the necessary disclosure.

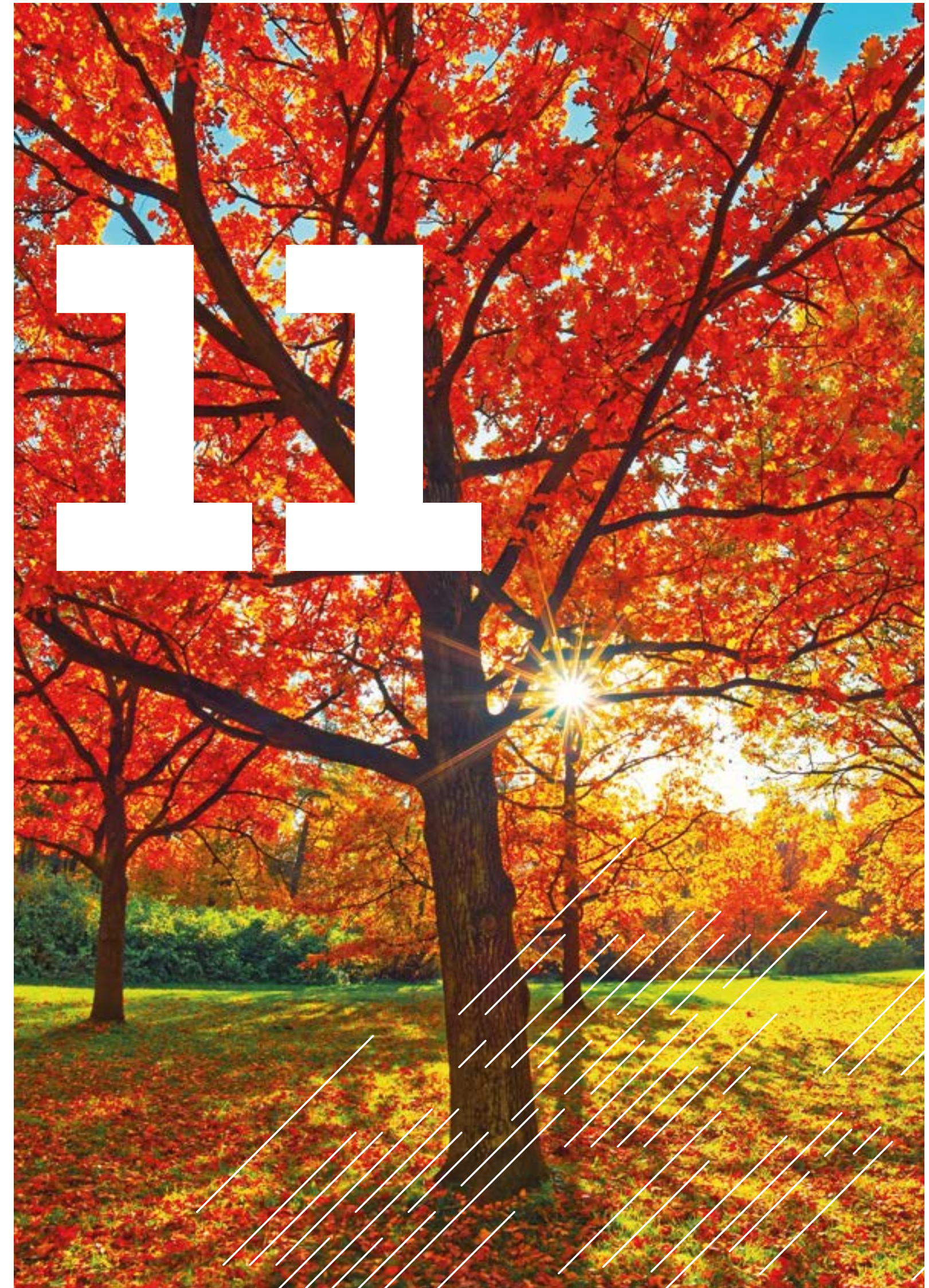
EU Regulation 2022/1214, amending EU Delegated Regulation 2021/2139, establishes the procedures for the communication of information on economic activities related to nuclear energy and fossil fuels. Gefran carried out the necessary verification activities and no economic activities related to nuclear energy or fossil fuels were found.

MODEL 1 - NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES.

Activities related to nuclear energy		
1.	The company carries out, finances or has exposures to research, development, demonstration and construction of innovative plants for the generation of electricity that produce energy from nuclear processes with a minimum amount of waste from the fuel cycle.	NO
2.	The company carries out, finances or has exposures to the construction and safe operation of new nuclear plants for the generation of electricity or process heat, also for district heating purposes or for industrial processes such as the production of hydrogen, and improvements in their safety, with the help of the best available technologies.	NO
3.	The company carries out, finances or has exposures towards the safe operation of existing nuclear plants that generate electricity or process heat, including for district heating or for industrial processes such as the production of hydrogen from nuclear energy, and improvements in their safety.	NO
Fossil gas activities		
4.	The company carries out, finances or has exposures the construction or operation of plants for the production of electricity using natural gas fossil fuels.	NO
5.	The company carries out, finances or has exposures to the construction, redevelopment and management of combined heat/cold and electricity generation plants that use natural gas fossil fuels.	NO
6.	The company carries out, finances or has exposures to the construction, redevelopment and management of heat generation plants that produce heat/cold using natural gas fossil fuels.	NO



# APPENDIX







# 11.1

## RESPONSIBLE MANAGEMENT OF THE BUSINESS – APPENDIX

Information on the tax impact of the Group's entities operating in each jurisdiction is provided below. Note that the figures derive from the Group's Financial Report, referring only to ongoing activities and in particular, with regard to the item Income taxes of the companies accrued on profits/losses, report only current taxes accrued on corporate income during the period (deferred tax assets and liabilities are therefore excluded).

### Taxation by country

			2023				
	Entity's main activities	Number of employees at 31.12	Revenues from sales to third parties	Revenues from intragroup transactions with other tax jurisdictions	Pre-tax profit/ (loss)	Corporate income taxes accrued on profits/ losses	
			Euro/000	Euro/000	Euro/000	Euro/000	
<b>Italy</b>		428	52,874	36,711	14,634	(2,368)	
	Gefran Spa	Production, Marketing and Central Services					
	Gefran Soluzioni Srl	Production and Sales					
	Elettropiemme Srl	Production and Sales					
<b>Belgium</b>	Gefran Benelux NV	Sales	15	6,387	-	610	(168)
<b>France</b>	Gefran France S.A.	Sales	8	5,332	-	576	-
<b>Germany</b>	Gefran Deutschland GmbH	Sales	26	19,055	16	2,302	(652)
<b>UK</b>	Gefran UK Ltd	Sales	2	683	-	124	-
<b>Switzerland</b>	Sensormate A.G.	Production and Sales	17	2,052	1,992	(44)	-
<b>United States</b>	Gefran Inc	Production and Sales	35	12,793	1,274	1,441	(257)
<b>Brazil</b>	Gefran Brasil Elettroel. Ltda	Production and Sales	33	5,648	1	935	(127)
<b>Singapore</b>	Gefran Asia Pte Ltd	Sales	8	6,432	1	1,170	(49)
<b>China (Peoples' Republic)</b>	Gefran Automation Technology Co. Ltd	Production and Sales	59	14,823	661	271	-
<b>India</b>	Gefran India Private Ltd	Sales	20	5,228	-	632	(155)
Total current taxes within the Group attributable to companies							(3,776)



Taxation by country							2022
		Entity's main activities	Number of employees at 31.12	Revenues from sales to third parties	Revenues from intragroup transactions with other tax jurisdictions	Pre-tax profit/ (loss)	Corporate income taxes accrued on profits/ losses
				Euro/000	Euro/000	Euro/000	Euro/000
Italy			424	52,767	40,223	14,658	(3,235)
	Gefran Spa	Production, Marketing and Central Services					
	Gefran Soluzioni Srl	Production and Sales					
	Elettropiemme Srl	Production and Sales					
Belgium	Gefran Benelux NV	Sales	16	6,100	-	581	(157)
France	Gefran France S.A.	Sales	6	4,969	-	620	-
Germany	Gefran Deutschland GmbH	Sales	26	20,512	18	2,519	(760)
UK	Gefran UK Ltd	Sales	2	671	-	112	-
Switzerland	Sensormate A.G.	Production and Sales	16	1,962	2,968	(1,100)	-
Turkey	Gefran Middle East Ltd Sti	Sales	-	-	-	(12)	-
United States	Gefran Inc	Production and Sales	36	13,754	1,418	1,496	(460)
Brazil	Gefran Brasil Elettroel. Ltda	Production and Sales	32	5,169	2	975	(281)
Singapore	Gefran Siei Asia Pte Ltd	Sales	10	6,016	1	261	(27)
China (Peoples' Republic)	Gefran Siei Drives Tech. Pte Ltd	Production and Sales	63	15,516	406	434	-
India	Gefran India Private Ltd	Production and Sales	28	5,056	-	(6)	(48)
Total current taxes within the Group attributable to companies							(4,968)

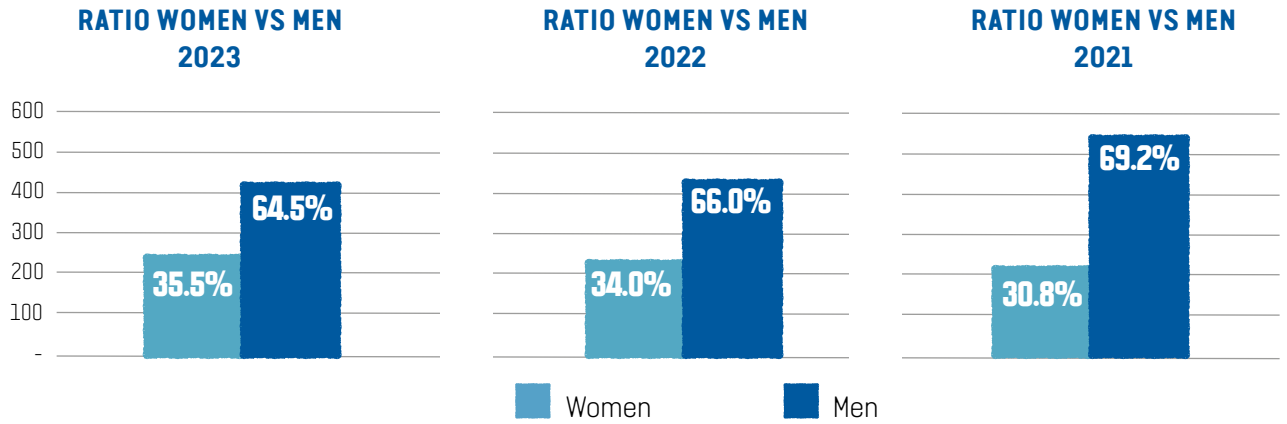
Taxation by country							2021
		Entity's main activities	Number of employees at 31.12	Revenues from sales to third parties	Revenues from intragroup transactions with other tax jurisdictions	Pre-tax profit/ (loss)	Corporate income taxes accrued on profits/ losses
				Euro/000	Euro/000	Euro/000	Euro/000
Italy			542	75,532	42,503	14,312	(3,215)
	Gefran Spa	Production, Marketing and Central Services					
	Gefran Drives and Motion Srl	Production and Sales					
	Gefran Soluzioni Srl	Production and Sales					
	Elettropiemme Srl	Production and Sales					
Belgium	Gefran Benelux NV	Sales	16	5,284	-	426	(119)
France	Gefran France S.A.	Sales	5	4,646	-	558	-
Germany			34	20,996	107	1,337	(375)
	Gefran Deutschland GmbH	Sales					
	Siei Areg GmbH	Production and Sales					
UK	Gefran UK Ltd	Sales	2	615	4	52	-
Switzerland	Sensormate A.G.	Production and Sales	17	1,481	2,671	(57)	-
Turkey	Gefran Middle East Ltd Sti	Sales	-	-	-	(48)	-
United States	Gefran Inc	Production and Sales	32	9,943	1,194	593	(131)
Brazil	Gefran Brasil Elettroel. Ltda	Production and Sales	29	3,725	2	472	(142)
Singapore	Gefran Siei Asia Pte Ltd	Sales	10	7,587	1	538	(65)
China (Peoples' Republic)	Gefran Siei Drives Tech. Pte Ltd	Production and Sales	69	20,233	983	1,455	-
India	Gefran India Private Ltd	Production and Sales	30	8,340	6	391	-
Total current taxes within the Group attributable to companies							(4,047)

11.2

THE CENTRALITY OF PEOPLE – APPENDIX

Reporting on data on personnel management, on gender equality, discussions with social partners and respect for human rights, except as otherwise provided, involved all Group companies. It should be noted that, in light of the sale of the drives, the 2022 reporting scope differs from the same in previous years, due to the exit of the subsidiaries Gefran Drives and Motion Srl (IT) and Siei Areg (DE).

Employees by company and gender		2023			2022			2021		
		W	M	T	W	M	T	W	M	T
Gefran Spa	Italy	142	199	341	136	195	331	127	183	310
Gefran Drives and Motion Srl	Italy	-	-	-	-	-	-	32	110	142
Gefran Soluzioni Srl	Italy	8	45	53	8	51	59	9	46	55
Elettropiemme Srl	Italy	3	31	34	2	32	34	2	33	35
Gefran Benelux NV	Belgium	5	10	15	5	11	16	5	11	16
Gefran France S.A.	France	1	7	8	1	5	6	1	4	5
Gefran Deutschland GmbH	Germany	8	18	26	9	17	26	7	15	22
Siei Areg GmbH	Germany	-	-	-	-	-	-	1	11	12
Gefran UK Ltd	UK	1	1	2	1	1	2	1	1	2
Sensormate A.G.	Switzerland	4	13	17	4	12	16	3	14	17
Gefran Inc	United States	12	23	35	10	26	36	6	26	32
Gefran Brasil Elettroel. Ltda	Brazil	12	21	33	9	23	32	7	22	29
Gefran Asia Pte Ltd	Singapore	4	4	8	5	5	10	5	5	10
Gefran Automation Technology Co. Ltd	China (People's Republic)	28	31	59	30	33	63	32	37	69
Gefran India Private Ltd	India	3	17	20	4	24	28	4	26	30
TOTAL GROUP		231	420	651	224	435	659	242	544	786



Employees by geographical area and gender	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Italy	153	275	428	146	278	424	170	372	542
Europe	19	49	68	20	46	66	18	56	74
America	24	44	68	19	49	68	13	48	61
Asia	35	52	87	39	62	101	41	68	109
TOTAL GROUP	231	420	651	224	435	659	242	544	786

Employees by age group and gender	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
<= 29 years	26	48	74	23	47	70	26	57	83
30-50 years	155	248	403	155	254	409	159	308	467
>= 51 years	50	124	174	46	134	180	57	179	236
TOTAL GROUP	231	420	651	224	435	659	242	544	786
<= 29 years	4%	7%	11%	3%	7%	11%	3%	7%	11%
30-50 years	24%	38%	62%	24%	39%	62%	20%	39%	59%
>= 51 years	8%	19%	27%	7%	20%	27%	7%	23%	30%
TOTAL GROUP	35%	65%	100%	34%	66%	100%	31%	69%	100%

Employees by contract type and gender	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Open-ended	229	415	644	223	433	656	241	544	785
Fixed term	2	5	7	1	2	3	1	-	1
TOTAL GROUP	231	420	651	224	435	659	242	544	786

Employees by employment type and gender	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
No. full time employees	205	416	621	200	432	632	214	539	753
No. part-time employees	26	4	30	24	3	27	28	5	33
<b>TOTAL GROUP</b>	<b>231</b>	<b>420</b>	<b>651</b>	<b>224</b>	<b>435</b>	<b>659</b>	<b>242</b>	<b>544</b>	<b>786</b>

Employees by classification and gender	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Managers	3	25	28	1	29	30	2	31	33
Middle managers	10	42	52	11	45	56	14	52	66
Clerical staff	111	247	358	109	249	358	112	310	422
Manual workers	107	106	213	103	112	215	114	151	265
<b>TOTAL GROUP</b>	<b>231</b>	<b>420</b>	<b>651</b>	<b>224</b>	<b>435</b>	<b>659</b>	<b>242</b>	<b>544</b>	<b>786</b>

2023 movements <sup>21</sup>		NO. OF EMPLOYEES 31.12.2022		NEW HIRES				NO. OF EMPLOYEES 31.12.2023	
				W	M	T	W	M	T
Gefran Spa	Italy	331		8	24	32	(2)	(20)	(22)
Gefran Soluzioni Srl	Italy	59		-	9	9	-	(15)	(15)
Elettropiemme Srl	Italy	34		2	4	6	(1)	(5)	(6)
Gefran Benelux NV	Belgium	16		-	1	1	-	(2)	(2)
Gefran France S.A.	France	6		-	2	2	-	-	-
Gefran Deutschland GmbH	Germany	26		-	2	2	(1)	(1)	(2)
Gefran UK Ltd	UK	2		-	-	-	-	-	-
Sensormate A.G.	Switzerland	16		1	1	2	(1)	-	(1)
Gefran Inc	United States	36		2	4	6	-	(7)	(7)
Gefran Brasil Elettroel. Ltda	Brazil	32		6	5	11	(3)	(7)	(10)
Gefran Asia Pte Ltd	Singapore	10		-	-	-	(1)	(1)	(2)
Gefran Automation Technology Co. Ltd	China (People's Republic)	63		2	7	9	(4)	(9)	(13)
Gefran India Private Ltd	India	28		-	4	4	(1)	(11)	(12)
<b>TOTAL GROUP</b>		<b>659</b>		<b>21</b>	<b>63</b>	<b>84</b>	<b>(14)</b>	<b>(78)</b>	<b>(92)</b>

21                6 employees moved to a different company during 2023, but still within the Group; two people (-6) are recorded as having left the company they worked for until 31 December 2022 and as having been hired by their new company (+6). In addition, in view of the sale of the drives to the WEG Group (as described in section "2.2 the Group's activities"), a total of 13 employees (1 women and 12 men) left the Gefran Group during 2023.

2022 Movements <sup>22</sup>		NO. OF EMPLOYEES 31.12.2021		NEW HIRES				NO. OF EMPLOYEES 31.12.2022	
				W	M	T	W	M	T
Gefran Spa	Italy	310		13	25	38	(4)	(13)	(17)
Gefran Drives and Motion Srl	Italy	142		1	7	8	(33)	(117)	(150)
Gefran Soluzioni Srl	Italy	55		1	7	8	(2)	(2)	(4)
Elettropiemme Srl	Italy	35		1	3	4	(1)	(4)	(5)
Gefran Benelux NV	Belgium	16		1	-	1	(1)	-	(1)
Gefran France S.A.	France	5		-	1	1	-	-	-
Gefran Deutschland GmbH	Germany	22		2	4	6	-	(2)	(2)
Siei Areg GmbH	Germany	12		-	-	-	(1)	(11)	(12)
Gefran UK Ltd	UK	2		-	-	-	-	-	-
Sensormate A.G.	Switzerland	17		2	-	2	(1)	(2)	(3)
Gefran Middle East Ltd Sti	Turkey	-		-	-	-	-	-	-
Gefran Inc	United States	32		5	5	10	(1)	(5)	(6)
Gefran Brasil Elettroel. Ltda	Brazil	29		3	4	7	(1)	(3)	(4)
Gefran Siei Asia Pte Ltd	Singapore	10		-	-	-	-	-	-
Gefran Siei Drives Tech. Pte Ltd	China (People's Republic)	69		2	6	8	(4)	(10)	(14)
Gefran India Private Ltd	India	30		-	1	1	-	(3)	(3)
<b>TOTAL GROUP</b>		<b>786</b>		<b>31</b>	<b>63</b>	<b>94</b>	<b>(49)</b>	<b>(172)</b>	<b>(221)</b>

2021 Movements <sup>23</sup>		NO. OF EMPLOYEES 31.12.2020		NEW HIRES				LEAVERS		NO. OF EMPLOYEES 31.12.2021	
				W	M	T	W	M	T		
Gefran Spa	Italy	311		6	17	23	(9)	(15)	(24)		310
Gefran Drives and Motion Srl	Italy	147		2	6	8	(1)	(12)	(13)		142
Gefran Soluzioni Srl	Italy	48		2	10	12	-	(5)	(5)		55
Elettropiemme Srl	Italy	36		-	6	6	-	(7)	(7)		35
Gefran Benelux NV	Belgium	16		-	-	-	-	-	-		16
Gefran France S.A.	France	8		-	-	-	-	(3)	(3)		5
Gefran Deutschland GmbH	Germany	22		1	2	3	-	(3)	(3)		22
Siei Areg GmbH	Germany	12		1	-	1	-	(1)	(1)		12
Gefran UK Ltd	UK	2		-	-	-	-	-	-		2
Sensormate A.G.	Switzerland	16		-	3	3	(1)	(1)	(2)		17
Gefran Middle East Ltd Sti	Turkey	2		-	-	-	-	(2)	(2)		-
Gefran Inc	United States	31		1	6	7	(2)	(4)	(6)		32
Gefran Brasil Elettroel. Ltda	Brazil	27		1	4	5	-	(3)	(3)		29
Gefran Siei Asia Pte Ltd	Singapore	10		-	-	-	-	-	-		10
Gefran Siei Drives Tech. Pte Ltd	China (People's Republic)	67		3	2	5	(2)	(1)	(3)		69
Gefran India Private Ltd	India	32		1	4	5	-	(7)	(7)		30
<b>TOTAL GROUP</b>		<b>787</b>		<b>18</b>	<b>60</b>	<b>78</b>	<b>(15)</b>	<b>(64)</b>	<b>(79)</b>		<b>786</b>

22                It should be specified that 2 employees moved to a different company during 2022, but still within the Group; two people (-2) are recorded as having left the company they worked for until 31 December 2021 and as having been hired by their new company (+2). In addition, in view of the sale of the drives to the WEG Group (as described in section "2.2 the Group's activities"), a total of 159 employees (33 women and 126 men) left the Gefran Group during 2022.

23                It should be specified that 5 employees moved to a different company during 2021, but still within the Group; five people (-5) are recorded as having left the company they worked for until 31 December 2020 and as having been hired by their new company (+5).





No. of leavers/No. of employees 31.12 <sup>24</sup>	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Turnover rate of leavers	6.9%	22.6%	17.1%	36.6%	68.5%	57.7%	6.2%	11.7%	10.1%

Reason for leaving	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Voluntary leavers	9	38	47	7	30	37	9	48	57
Retirement	-	8	8	5	6	11	1	4	5
Dismissal	3	11	14	4	7	11	3	6	9
Other <sup>25</sup>	2	21	23	33	129	162	2	6	8
TOTAL LEAVERS	14	78	92	49	172	221	15	64	79

Parental leave rate		2023		
		W	M	T
Employees using the right to parental leave	No.	14	9	23
of whom returned to work after using the right to parental leave	No.	12	9	21
Rate of return after parental leave	%	85.7%	100.0%	91.3%
Employees working at Gefran 12 months after using the right to parental leave the previous year				
Dipendenti in servizio aEmployees working at Gefran 12 mesi dopo avonths after usufruito del diritto al congeding the right to parentale l'anno precedente leave the previous year	No.	13	6	19
Rate of jobs kept after parental leave (ref. previous year)	%	86.7%	60.0%	76.0%

Parental leave rate		2022		
		W	M	T
Employees using the right to parental leave	No.	15	10	25
of whom returned to work after using the right to parental leave	No.	14	10	24
Rate of return after parental leave	%	93.3%	100.0%	96.0%
Employees working at Gefran 12 months after using the right to parental leave the previous year				
Rate of jobs kept after parental leave (ref. previous year)	%	81.8%	26.7%	50.0%

24 Calculated net of inter-company movements

25 The reasons "Other" include terminations of fixed-term contracts and exits linked to extraordinary movements between Group companies and, for 2022, exits connected with employees leaving the Group due to the sale of the drives to the WEG group described in section "2.2 The Group's activities".

Parental leave rate		2021		
		W	M	T
Employees using the right to parental leave	No.	11	15	26
of whom returned to work after using the right to parental leave	No.	8	14	22
Rate of return after parental leave	%	72.7%	93.3%	84.6%

Employees working at Gefran 12 months after using the right to parental leave the previous year	No.	6	17	23
Rate of jobs kept after parental leave (ref. previous year)	%	75.0%	85.0%	88.5%

Gender pay ratio throughout the Group <sup>26</sup>		2023	2022	2021
GROUP average		82%	82%	81%
Managers		103%	100%	101%
Middle managers		98%	104%	91%
Clerical staff		75%	74%	75%
Manual workers		88%	92%	89%

Reporting on data on personnel training, as well as that on personnel management, where not expressly indicated, was carried out involving all Group companies. It should also be noted that until 2021 the training hours offered to employees of the divested companies were also accounted for in the context of the sale described in section "2.2 The Group's activities" (a total of 1,376 hours in 2021).

Training hours	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Managers	67	949	1,016	160	1,529	1,689	70	1,775	1,845
Middle managers	849	1,154	2,003	737	1,124	1,861	749	1,243	1,992
Clerical staff	1,743	4,374	6,117	1,900	7,437	9,337	1,066	5,410	6,476
Manual workers	887	1,261	2,148	1,139	1,188	2,327	904	1,522	2,426
TOTAL TRAINING HOURS	3,545	7,738	11,283	3,936	11,278	15,214	2,788	9,950	12,738
AVERAGE NUMBER OF HOURS (hours/no. employees)	15.5	18.7	17.6	18.1	27.0	24.0	11.9	18.8	16.7

26 The ratios were determined as the ratio between the gross annual average basic salary (excluding the variable portion) of female employees and that of male employees, in individual Group companies, for each job classification. The Group indicators are calculated weighting the ratios of the individual companies by the number of employees in each, for each job classification, where the calculation was applicable. The Group average is determined as the average of the ratios of each job classification, weighted by number of employees, where the calculation was applicable.



Training hours by geographic region	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Italy	1,065	3,499	4,564	1,564	4,373	5,936	610	4,591	5,201
Europe	41	248	288	16	1,354	1,370	-	138	138
America	224	1,168	1,392	318	2,784	3,102	339	2,585	2,924
Asia	2,216	2,823	5,039	2,038	2,768	4,806	1,839	2,637	4,476
<b>TOTAL GROUP</b>	<b>3,545</b>	<b>7,738</b>	<b>11,283</b>	<b>3,936</b>	<b>11,278</b>	<b>15,214</b>	<b>2,788</b>	<b>9,950</b>	<b>12,738</b>

Technical training hours	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Managers	47	395	442	34	456	490	42	874	916
Middle managers	212	406	618	180	424	604	186	584	770
Clerical staff	1,008	2,957	3,965	1,049	5,776	6,825	668	4,731	5,399
Manual workers	825	1,130	1,955	1,043	1,114	2,157	726	1,246	1,972
<b>TOTAL HOURS OF TECHNICAL TRAINING</b>	<b>2,091</b>	<b>4,888</b>	<b>6,979</b>	<b>2,306</b>	<b>7,770</b>	<b>10,076</b>	<b>1,621</b>	<b>7,435</b>	<b>9,056</b>

Training hours spent on development of cross-cutting skills	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Managers	20	554	574	126	1,073	1,199	28	901	929
Middle managers	637	748	1,385	557	700	1,257	563	659	1,222
Clerical staff	735	1,417	2,152	851	1,661	2,512	398	679	1,077
Manual workers	63	131	193	96	74	170	178	276	454
<b>TOTAL HOURS OF CROSS-CUTTING SKILL TRAINING</b>	<b>1,454</b>	<b>2,850</b>	<b>4,304</b>	<b>1,630</b>	<b>3,508</b>	<b>5,138</b>	<b>1,167</b>	<b>2,515</b>	<b>3,682</b>

Certain companies have been omitted because though they are included in the Group's structure, they are purely concerned with marketing, and have a limited volume of business and a small number of employees, and so their impact on the reporting of the data in question is considered of marginal importance. The 2023 scope therefore does not include the companies Gefran UK Ltd (UK) or Gefran France S.A. (FR), in addition to Gefran Benelux Nv (BE) until 2022. Moreover, in light of the sale of the drives described in the section "2.2 The Group's activities", the 2022 reporting scope differs from the same in previous years, due to the exit of the subsidiaries Gefran Drives and Motion Srl (IT) and Siei Areg GmbH (DE). To provide more transparent information to the reader, in addition to the aggregated statements, key data relating to these two entities are also highlighted.

Type of employee injury	2023	2022	2021	2020	2019
<b>Total accidents on the job</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>5</b>	<b>5</b>
Injuries registered without lost work days	-	-	-	-	-
Fatal accidents (No. of deaths)	-	-	-	-	-
Accidents recorded with lost work days	4	1	2	5	5
including serious injuries (with serious consequences)	-	-	-	-	-
<b>Working days lost due to accidents</b>	<b>47</b>	<b>9</b>	<b>44</b>	<b>119</b>	<b>317</b>

<b>Total hours worked</b>	<b>1,109,215</b>	<b>1,127,459</b>	<b>1,368,376</b>	<b>1,286,899</b>	<b>1,467,541</b>
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Type of accident to employees on the way to and from work	2023	2022	2021	2020	2019
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Accidents on the way to or from work	-	1	3	-	2
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<b>Working days lost due to accidents on the way to or from work</b>	<b>-</b>	<b>4</b>	<b>25</b>	<b>-</b>	<b>5</b>
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Accident ratios - accidents to employees	2023	2022	2021	2020	2019
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Total accident frequency rate					
No. of accidents, excluding accidents on the way to or from work, per 1,000,000 hours worked	3.61	0.89	1.46	3.89	3.41
Accident frequency rate recorded (with number of lost working days)					
No. accidents recorded, with number of lost working days, per 1,000,000 hours worked	3.61	0.89	1.46	3.89	3.41
Severity ratio					
No. of working days lost due to accidents recorded per 1,000 hours worked	0.04	0.01	0.03	0.09	0.22

Type of injury to non-employee	2023	2022	2021	2020	2019
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<b>Total accidents on the job</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>-</b>
Injuries registered without lost work days	-	-	-	-	-
Fatal accidents (No. of deaths)	-	-	-	-	-
Accidents recorded with lost work days	-	2	1	-	-
including serious injuries (with serious consequences)	-	-	-	-	-
<b>Total hours worked</b>	<b>114,830</b>	<b>146,354</b>	<b>171,993</b>	<b>90,008</b>	<b>27,130</b>

Working days lost due to accidents	-	32	7	-	-
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Accident ratios - accidents to non-employees	2023	2022	2021	2020	2019
Total accident frequency rate					
No. of accidents, excluding accidents on the way to or from work, per 1,000,000 hours worked	-	13.67	5.81	-	-
Accident frequency rate recorded (with number of lost working days)					
No. accidents recorded, with number of lost working days, per 1,000,000 hours worked	-	13.67	5.81	-	-
Severity ratio					
No. of working days lost due to accidents recorded per 1,000 hours worked	-	0.22	0.04	-	-

Hours of Occupational Health and Safety instruction	2023			2022			2021		
	W	M	T	W	M	T	W	M	T
Managers	-	18	18	-	29	29	7	191	198
Middle managers	12	91	103	8	21	29	39	157	196
Clerical staff	240	845	1,085	111	855	965	169	891	1,060
Manual workers	232	553	785	720	760	1,480	195	633	828
TOTAL hours in the Group	484	1,508	1,992	839	1,664	2,503	410	1,871	2,281

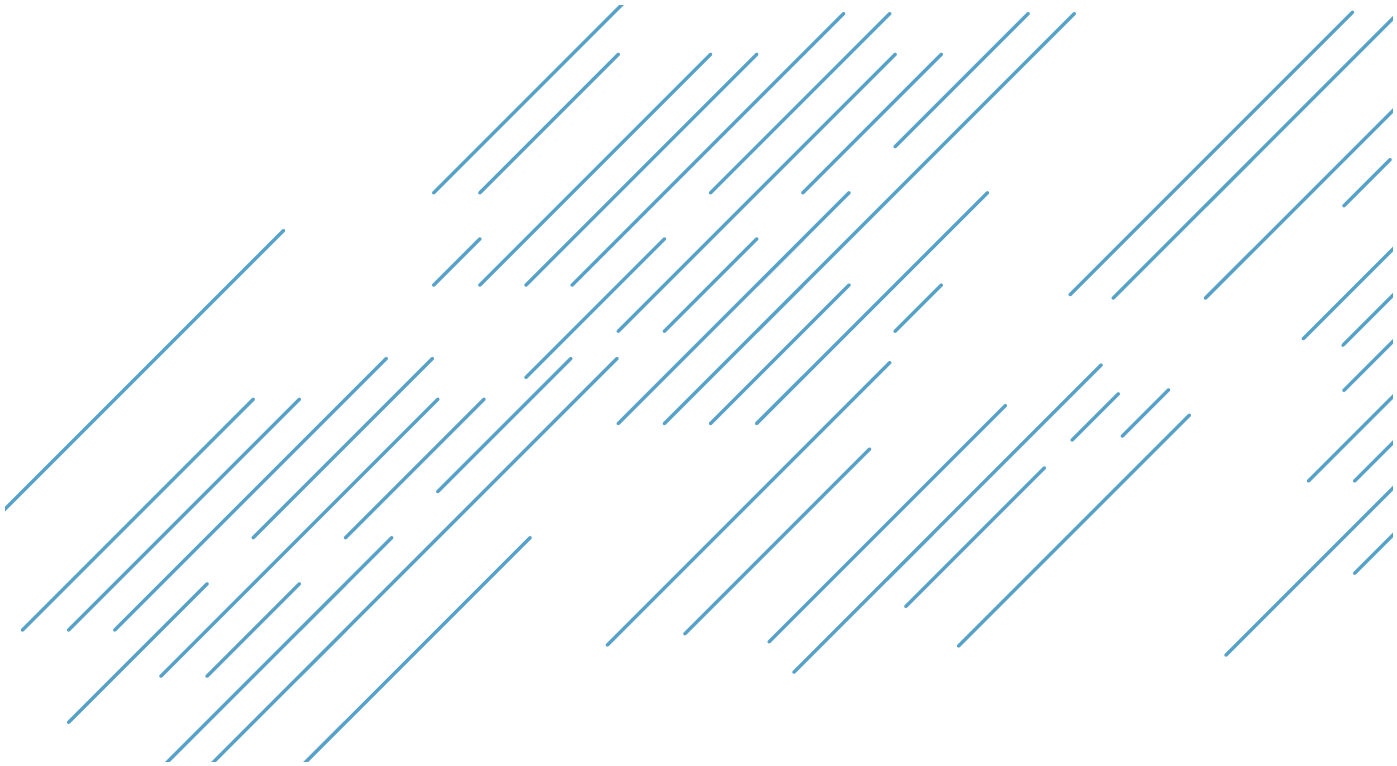
Specifically, as regards Gefran Drives and Motion Srl (IT) and Siei Areg Gmbh (DE), out of scope in 2022:

Type of injury to employees, companies out of scope in 2022	2021	2020	2019
Total accidents on the job	-	1	1
Injuries registered without lost work days	-	-	-
Fatal accidents (No. of deaths)	-	-	-
Accidents recorded with lost work days	-	1	1
including serious injuries (with serious consequences)	-	-	-
Working days lost due to accidents	22	2	13
Total hours worked	250,516	243,389	265,513

Type of accident to employees on the way to and from work, companies out of scope in 2022	2021	2020	2019
Accidents on the way to or from work	1	-	2
Working days lost due to accidents on the way to or from work	6	-	5

In the reporting period presented, at the companies that left the scope, in 2022 there were no accidents involving “non-employees” of the companies.

Health training hours, companies out of scope in 2022	2021		
	W	M	T
Managers	-	-	-
Middle managers	-	90	90
Clerical staff	4	149	153
Manual workers	-	104	104
TOTAL	4	343	347





11.3

THE CONTRIBUTION TO THE ECOLOGICAL TRANSITION – APPENDIX

Data on energy efficiency, emissions and water withdrawals, except as otherwise provided, has been reported with the involvement of all Group companies, with the exception of some companies, since they are purely concerned with marketing, as well as having a limited turnover and a small number of employees, whose impact on energy and environmental data is considered of marginal importance. The 2023 scope therefore does not include the companies Gefran UK Ltd (UK), Gefran France S.A. (FR), to which Gefran Benelux Nv (BE) will also be added until 2022. It is also specified that, in light of the sale of the drives, the 2022 reporting scope differs from the same in previous years, due to the exit of the subsidiaries Gefran Drives and Motion Srl (IT) and Siei Areg GmbH (DE). To provide more transparent information to the reader, in addition to the aggregated statements, key data relating to these two entities are also highlighted.

Energy intensity <sup>27</sup>	2023	2022	2021	2020	2019
GJ over revenues	0.294	0.299	0.354	0.376	0.371

Total energy consumption	2023	2022	2021	2020	2019
Total energy consumption in GJ	37,284	38,421	52,986	45,359	48,078

Electricity in GJ	2023	2022	2021	2020	2019
Self-generated electricity	1,067	1,505	1,506	738	813
Electricity purchased from the grid, from non-certified sources	3,546	4,137	4,103	16,869	25,041
Electricity from certified renewable sources purchased from the grid	15,495	15,543	22,066	6,894	-
Total Electricity	20,108	21,185	27,675	24,501	25,854
Percentage of total energy consumption	53.9%	55.1%	52.2%	54.0%	53.8%

<sup>27</sup> The Group's energy intensity indicator is calculated as the ratio between the energy consumed (GJ) and the revenues achieved (in thousands of euro), limited to the companies included in the scope of reporting.

Natural gas in GJ	2023	2022	2021	2020	2019
Natural Gas for heating	7,968	8,752	16,438	13,682	12,041
Natural Gas for other uses	3	-	-	-	-
Total Natural Gas	7,971	8,752	16,438	13,682	12,041
Percentage of total energy consumption	21.4%	22.8%	31.0%	30.2%	25.0%

Fuel in GJ	2023	2022	2021	2020	2019
Diesel for company vehicles	7,002	6,567	7,763	6,186	8,616
Diesel for other uses	17	17	18	26	48
Petrol for company vehicles	2,186	1,900	1,092	964	1,519
Total Fuel	9,205	8,484	8,873	7,175	10,182
Percentage of total energy consumption	24.7%	22.1%	16.7%	15.8%	21.2%

Direct energy consumption in GJ	2023	2022	2021	2020	2019
Diesel	7,019	6,584	7,781	6,211	8,664
Petrol	2,186	1,900	1,092	964	1,519
Self-generated electricity	1,067	1,505	1,506	738	813
Natural gas	7,971	8,752	16,438	13,682	12,041
Total direct consumption	18,244	18,741	26,817	21,595	23,036

Indirect energy consumption in GJ	2023	2022	2021	2020	2019
Electricity purchased from the grid, from non-certified sources	3,546	4,137	4,103	16,869	25,041
Electricity from certified renewable sources purchased from the grid	15,495	15,543	22,066	6,894	-
Total indirect consumption	19,041	19,680	26,169	23,764	25,041

Emissions intensity <sup>28</sup>	2023	2022	2021	2020	2019
tCO2e on revenues	0.024	0.023	0.026	0.032	0.031

Scope 1 emissions in tCO2e	2023	2022	2021	2020	2019
Diesel for company vehicles	521	487	576	459	639
Diesel for other uses	1	1	1	2	4
Petrol for company vehicles	155	129	74	65	103
Natural gas	452	423	794	661	582
Other (F Gas)	-	-	26	61	-
Total direct emissions	1,130	1,040	1,471	1,249	1,328

<sup>28</sup> For the purposes of calculating the emission intensity indicator, the so-called location-based approach was used, with country-specific conversion factors of grams CO2e/KWh (International Energy Agency forecast 2022 data) for 2023, a factor of 315 KgCO2/MWh (Terna 2019 data) for the years 2022 and 2021 and a conversion factor of 359 KgCO2/MWh (Terna 2014 data) for the previous years.

Scope 2 emissions in tCO2e - Location based method <sup>29</sup>	2023	2022	2021	2020	2019
Electricity purchased from the grid, from non-certified sources	443	546	550	1,869	2,677
Electricity from certified renewable sources purchased from the grid	1,506	1,360	1,931	688	-
Total indirect emissions	1,949	1,906	2,480	2,556	2,677

Scope 2 emissions in tCO2e - Market based method <sup>30</sup>	2023	2022	2021	2020	2019
Electricity purchased from the grid, from non-certified sources	444	515	532	2,215	3,274
Electricity from certified renewable sources purchased from the grid	-	-	-	-	-
Total indirect emissions	444	515	532	2,215	3,274

Emissions avoided <sup>31</sup>	2023	2022	2021	2020	2019
Yield of PV systems (in MWh)	374	418	418	205	226
Electricity purchased from the grid, from certified renewable sources (in MWh)	4,304	4,317	6,130	1,915	-
Avoided emissions (in tCO2e)	1,637	1,492	2,063	761	81

Emissions in t	2023	2022	2021	2020	2019
Emissions into the atmosphere from motor vehicles					
NOx	2.208	2.047	2.344	1.874	2.622
SO2	0.003	0.003	0.003	0.002	0.003
PM10	0.144	0.133	0.150	0.120	0.169
VOC	0.503	0.438	0.275	0.239	0.369
Atmospheric emissions from production processes					
VOC	0.844	0.961	1.180	0.223	0.293

29 Emissions calculated according to the so-called location-based method, taking into account the average intensity of GHG emissions from the grids in which energy consumption is being calculated, using primarily data from the average grid emissions factor.

30 Emissions calculated according to the so-called market-based method , taking into account the different forms of supply that the Company has chosen, where the energy generation method is certified; the ‘residual mix’ parameter was used in the calculation where the organisation’s emissions intensity level is not specified in the signed contracts; for countries where the ‘residual mix’ reference benchmark did not apply (particularly China, Brazil, India, and Singapore), location-based conversion factors are applied.

31 Emissions calculated according to the so-called location-based method, taking into account the average intensity of GHG emissions from the grids in which energy consumption is being calculated, using primarily data from the average grid emissions factor.

Water withdrawals in m3	2023	2022	2021	2020	2019
underground water	2,397	2,304	2,055	-	-
third-party water resources (from water mains)	13,324	10,713	17,648	17,252	19,970
Total volume of water withdrawn	15,721	13,017	19,703	17,252	19,970

Water withdrawals in “high” or “extremely high” water stress areas in m3 <sup>32</sup>	2023	2022	2021	2020	2019
underground water	2,397	2,304	2,055	-	-
third-party water resources (from water mains)	5,018	9,483	8,711	9,796	9,707
Total volume of water withdrawn	7,415	11,787	10,766	9,796	9,707

To better understand the trend of environmental indicators, the aggregated GRI for the periods 2021-2020-2029 and the companies Gefran Drives and Motion Srl are shown below. (IT) and Siei Areg Gmbh (DE), subject to the sale of the drives business and included in the scope of the non-financial reporting of the Gefran Group until 2021.

Total energy consumption, companies out of scope in 2022	2021	2020	2019
Total energy consumption in GJ	13,755	12,210	13,045

Electricity in GJ, companies out of scope in 2022	2021	2020	2019
Self-generated electricity	60	61	69
Electricity purchased from the grid	170	5,900	6,891
Electricity from certified renewable sources purchased from the grid	6,497	625	-
Total Electricity	6,727	6,587	6,959
Percentage of total energy consumption	48.9%	53.9%	53.3%

Natural gas in GJ, companies out of scope in 2022	2021	2020	2019
Total Natural gas for heating	5,688	4,531	4,592
Percentage of total energy consumption	41.4%	37.1%	35.2%

32 according to World Resources Institute classification

Fuel in GJ, companies out of scope in 2022	2021	2020	2019
Diesel for company vehicles	1,334	1,087	1,476
Diesel for other uses	5	5	18
Petrol for company vehicles	-	-	-
<b>Total Fuel</b>	<b>1,340</b>	<b>1,092</b>	<b>1,494</b>
Percentage of total energy consumption	9.7%	8.9%	11.5%

Scope 1 emissions in tCO2, companies out of scope in 2022	2021	2020	2019
Diesel for company vehicles	99	81	110
Diesel for other uses	0	0	1
Natural gas	275	219	222
Other (F Gas)	26	5	-
<b>Total direct emissions</b>	<b>400</b>	<b>305</b>	<b>333</b>

Scope 2 emissions in tCO2 - location based method <sup>33</sup> , companies out of scope in 2022	2021	2020	2019
Electricity purchased from the grid	19	433	695
Electricity from certified renewable sources purchased from the grid	569	225	-
<b>Total indirect emissions</b>	<b>587</b>	<b>658</b>	<b>695</b>

Scope 2 emissions in tCO2 - market based method <sup>34</sup> , companies out of scope in 2022	2021	2020	2019
Electricity purchased from the grid	28	560	884
Electricity from certified renewable sources purchased from the grid	-	-	-
<b>Total indirect emissions</b>	<b>28</b>	<b>560</b>	<b>884</b>

Water withdrawals in m3, companies out of scope in 2022	2021	2020	2019
third-party water resources (from water mains)	8,185	6,933	8,808
<b>Total volume of water withdrawn</b>	<b>8,185</b>	<b>6,933</b>	<b>8,808</b>

33 Emissions calculated according to the so-called location-based method, taking into account the average intensity of GHG emissions from the grids in which energy consumption is being calculated, using primarily data from the average grid emissions factor.

34 Emissions calculated according to the so-called market-based method, taking into account the different forms of supply that the Company has chosen, where the energy generation method is certified; the 'residual mix' parameter was used in the calculation where the organisation's emissions intensity level is not specified in the signed contracts; for countries where the 'residual mix' reference benchmark did not apply (particularly China, Brazil, India, and Singapore), location-based conversion factors are applied.

# 11.4

## THE SUSTAINABILITY OF THE SUPPLY CHAIN – APPENDIX

The reporting of data on waste produced has been reported with the involvement of all Group companies, excluding certain companies, since they are purely concerned with marketing, as well as having a limited turnover and a small number of employees, whose impact on this type of reporting is considered of marginal importance. The 2023 scope therefore does not include the companies Gefran UK Ltd (UK), Gefran France S.A. (FR), in addition to Gefran Benelux Nv (BE) until 2022. In addition to this, for Gefran Asia Pte Ltd, a company purely concerned with marketing and operating in the market through triangular sales with the other Group companies, it was not possible to report precisely and therefore estimates were made based on quantities of paper purchased and packaging consumed.

It is also specified that, in light of the sale of the drives, the 2022 reporting scope differs from the same in previous years, due to the exit of the subsidiaries Gefran Drives and Motion Srl (IT) and Siei Areg GmbH (DE). To provide more transparent information to the reader, in addition to the Group aggregated statements, key GRI relating to these two entities are also highlighted.

Waste produced in kg	2023	2022	2021	2020	2019
<b>Total waste produced</b>	<b>345,932</b>	<b>448,102</b>	<b>531,899</b>	<b>467,989</b>	<b>507,379</b>
of which hazardous	42,622	47,147	72,039	39,498	34,347
% of total	12.3%	10.5%	13.5%	8.4%	6.8%
of which non-hazardous	303,310	400,955	459,860	428,492	473,032
% of total	87.7%	89.5%	86.5%	91.6%	93.2%



Waste produced in kg, by intended purpose	2023	2022	2021	2020	2019
<b>Total waste for recovery (reuse or recycling)</b>	<b>232,268</b>	<b>296,866</b>	<b>360,500</b>	<b>294,987</b>	<b>312,123</b>
% of total	67.1%	66.2%	67.8%	63.0%	61.5%
of which hazardous	11,058	11,918	10,858	11,934	10,509
of which non-hazardous	221,210	284,948	349,642	283,053	301,614
<b>Total waste to be disposed of (landfill or waste-to-energy)</b>	<b>113,663</b>	<b>151,236</b>	<b>171,400</b>	<b>173,002</b>	<b>195,256</b>
% of total	32.9%	33.8%	32.2%	37.0%	38.5%
of which hazardous	31,564	35,229	61,181	27,564	23,838
of which non-hazardous	82,099	116,007	110,219	145,439	171,418

Specifically, with regard to the aggregate indicators on waste produced by Gefran Drives and Motion Srl (IT) and Siei Areg Gmbh (DE), out of scope in 2022:

Waste produced in kg, companies out of scope in 2022	2021	2020	2019
<b>Total waste produced</b>	<b>89,106</b>	<b>92,649</b>	<b>88,898</b>
of which hazardous	1,900	5,903	1,700
% of total	2.1%	6.4%	1.9%
of which non-hazardous	87,206	86,746	87,198
% of total	97.9%	93.6%	98.1%

Waste produced in kg, by intended purpose companies out of scope in 2022	2021	2020	2019
<b>Total waste for recovery (reuse or recycling)</b>	<b>84,825</b>	<b>89,391</b>	<b>85,401</b>
% of total	95.2%	96.5%	96.1%
of which hazardous	1,650	5,614	1,360
of which non-hazardous	83,175	83,777	84,041
<b>Total waste for disposal (landfill or waste-to-energy)</b>	<b>4,281</b>	<b>3,258</b>	<b>3,197</b>
% of total	4.8%	3.5%	3.6%
of which hazardous	250	289	340
of which non-hazardous	4,031	2,969	2,857

An analysis was carried out on the expenditure for supply of the companies with the most relevant flows for the Group, which includes all production companies and some commercial companies that buy and resell products not made within the Group. for the remaining sales companies, the analysis was conducted in a marginal way, as 90.9% of their procurement comes from inter-company purchases and the remaining part from local supplies. Specifically, in 2023 not included in the expenditure for the under-exposed supply are the companies Gefran UK Ltd (UK), Gefran France S.A. (FR), Gefran Deutschland Gmbh (DE) and Gefran Asia Pte Ltd (SG), in addition to Gefran Benelux Nv (BE) until 2022.

Moreover, in light of the sale of the drives also for procurement expenditure, the 2022 reporting scope differs from the same in previous years, due to the exit of the subsidiaries Gefran Drives and Motion Srl (IT) and Siei Areg Gmbh (DE).

It should be noted that local suppliers mean suppliers from the country where the company is based.

Group procurement expenditure (Euro/000)	2023	2022	2021	2020	2019
Group procurement expenditure	69,326	72,813	93,178	66,501	82,284
of which from local suppliers	61,101	64,851	79,951	58,563	73,691
% expenditure from market	88.1%	89.1%	85.8%	88.1%	89.6%

To provide more transparent information to the reader, in addition to the Group aggregated statements, individual entities are also highlighted.

procurement expenditure (Euro /000)	2023	2022	2021	2020	2019
<b>Plants of Gefran Spa (IT)</b>	<b>50,527</b>	<b>53,041</b>	<b>45,832</b>	<b>30,479</b>	<b>37,976</b>
from the market	48,250	51,412	44,123	29,177	36,274
of which from local suppliers	43,672	45,626	38,479	26,474	33,672
% expenditure from market	90.5%	88.7%	87.2%	90.7%	92.8%
<b>Gefran Drives and Motion Srl plant (IT)</b>	<b>-</b>	<b>-</b>	<b>28,119</b>	<b>19,520</b>	<b>23,469</b>
from the market	-	-	26,130	17,811	20,708
of which from local suppliers	-	-	21,825	15,221	17,924
% expenditure from market	N.A.	N.A.	83.5%	85.5%	86.6%
<b>Gefran Soluzioni Srl plant (IT)</b>	<b>7,137</b>	<b>7,436</b>	<b>7,037</b>	<b>5,011</b>	<b>6,318</b>
from the market	4,898	4,389	3,740	2,251	3,168
of which from local suppliers	4,827	4,213	3,532	2,066	2,937
% expenditure from market	98.6%	96.0%	94.4%	91.8%	92.7%
<b>Elettropiemme Srl plant (IT)</b>	<b>4,666</b>	<b>3,750</b>	<b>4,452</b>	<b>2,004</b>	<b>3,438</b>
from the market	4,400	3,630	4,366	1,977	3,414
of which from local suppliers	4,385	3,607	4,343	1,932	3,343
% expenditure from market	99.7%	99.4%	99.5%	97.7%	97.9%
<b>Gefran Inc plant (US)</b>	<b>7,650</b>	<b>8,655</b>	<b>7,217</b>	<b>9,404</b>	<b>12,862</b>
from the market	2,939	3,126	2,599	6,023	7,248
of which from local suppliers	2,748	2,980	2,493	5,892	7,088
% expenditure from market	93.5%	95.3%	95.9%	97.8%	97.8%
<b>plant of Gefran Brasil Elettroel. Ltda (BR)</b>	<b>3,465</b>	<b>3,583</b>	<b>2,786</b>	<b>2,081</b>	<b>2,252</b>
from the market	1,432	1,779	1,083	949	887
of which from local suppliers	1,432	1,779	1,083	949	887
% expenditure from market	100.0%	100.0%	100.0%	100.0%	100.0%

procurement expenditure (Euro /000)	2023	2022	2021	2020	2019
<b>plant of Gefran Automation Technology Co. Ltd (CN)</b>	<b>10,941</b>	<b>15,961</b>	<b>17,614</b>	<b>11,231</b>	<b>10,194</b>
from the market	2,246	4,901	5,442	3,594	3,714
of which from local suppliers	2,197	4,771	5,129	3,367	3,606
% expenditure from market	97.8%	97.3%	94.2%	93.7%	97.1%
<b>Siei Areg GmbH plant (DE)</b>	<b>-</b>	<b>-</b>	<b>3,083</b>	<b>3,994</b>	<b>5,637</b>
from the market	-	-	1,431	1,956	3,097
of which from local suppliers	-	-	880	1,168	2,048
% expenditure from market	N.A.	N.A.	61.5%	59.7%	66.1%
<b>Sensormate AG plant (CH)</b>	<b>2,029</b>	<b>2,492</b>	<b>2,547</b>	<b>1,983</b>	<b>2,798</b>
from the market	939	1,418	1,713	1,061	1,676
of which from local suppliers (*)	709	1,076	1,449	821	1,451
% expenditure from market (*)	75.5%	75.9%	84.6%	77.4%	86.6%
<b>Gefran India Private Ltd plant (IN)</b>	<b>3,801</b>	<b>6,248</b>	<b>7,175</b>	<b>4,292</b>	<b>5,355</b>
from the market	728	2,158	2,551	1,702	2,098
of which from local suppliers	341	799	738	673	735
% expenditure from market	46.8%	37.0%	28.9%	39.5%	35.0%
<b>Gefran Benelux Nv (BL) plant</b>	<b>4,824</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
from the market	3,494	-	-	-	-
of which from local suppliers	790	-	-	-	-
% expenditure from market	22.6%	N.A.	N.A.	N.A.	N.A.



# NOTE ON METHODOLOGY







The Gefran Group's Consolidated Non-Financial Statement was drawn up pursuant to Legislative Decree 254/16 and with reference to the international reporting standards issued by the Global Reporting Initiative "Sustainability Reporting Standards" in the GRI Standard 2021 version, with a "with reference to" application level. The list of selected indicators that was inspired for the purpose of drafting this Statement is shown in an appendix in this document, in the "Table of correlation to Legislative Decree 254/16". The GRI Standards state that the Statement should contain information about aspects considered material, which reflect the significant impacts for the organisation from an economic, environmental and social point of view.

The process of collecting the data and information for preparing this Statement was managed in conjunction with the various company functions, in accordance with the following principles set out in the GRI Standards:

- / comparability and clarity: to make the Statement usable by all stakeholders, clear and concise language was used together with tables and charts. The information appearing in the report refers to the period between 1 January 2023 and 31 December 2023. Where possible, data relating to previous years was recorded for comparison purposes so that the trend of the Group's activities can be evaluated over several time periods. However, the absence of such a comparison is due either to the trend over the years not being important or to the impossibility of recovering information about previous years. Finally, with regard to the quantitative information in this document for which estimates were used, this detail is appropriately indicated in the various sections;
- / balance: the data and information in the Statement are represented objectively and meticulously; the indicators reflect the Group's performance in the reporting period;
- / accuracy: the data and information in the Statement were checked by the respective function heads to confirm their accuracy and authenticity;
- / timeliness: the Consolidated Non-Financial Statement will be published annually at the same time as the Annual Financial Report;

/ reliability: the Consolidated Non-Financial Statement was drafted by an ad-hoc working group whose members were chosen from the Group's various departments and who validated the contents relating to their areas of responsibility. The final document, in its entirety, was presented and discussed by the Board of Directors.

The Consolidated Non-Financial Statement was reviewed by the independent external auditor PricewaterhouseCoopers Spa

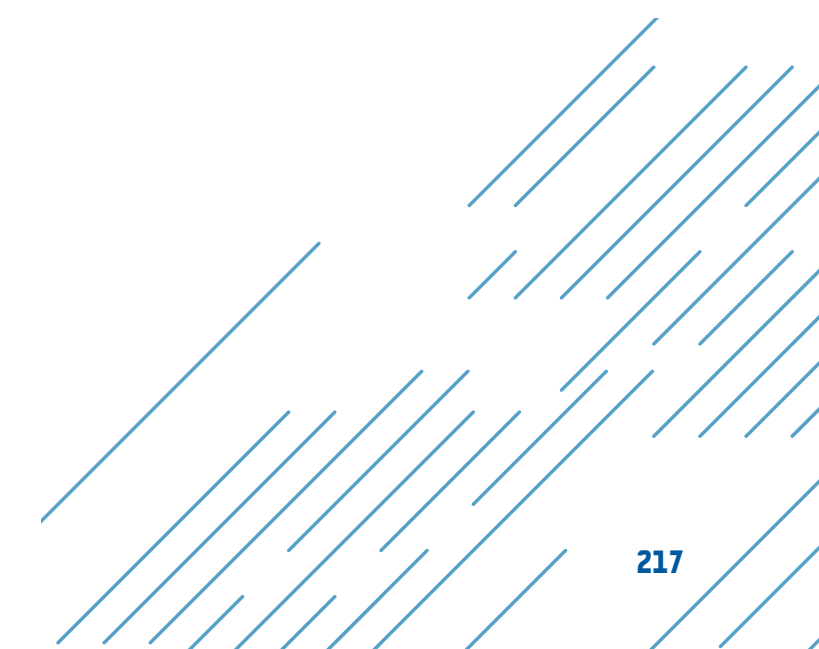
In general terms, the data and information in this Statement refer to the companies consolidated using the line-by-line method in the Gefran Group's Annual Financial Report at 31 December 2023.

Specifically, based on the distribution of personnel within the Gefran Group (where 88% of the workforce is concentrated in the Group's production companies), the sales companies are excluded from the reporting scope for some aspects where, given the nature of their activities, their contribution was not significant.

Please refer to section "2. The company" for details of the composition of the Group.

In summary, based on the information about the scope given in each section:

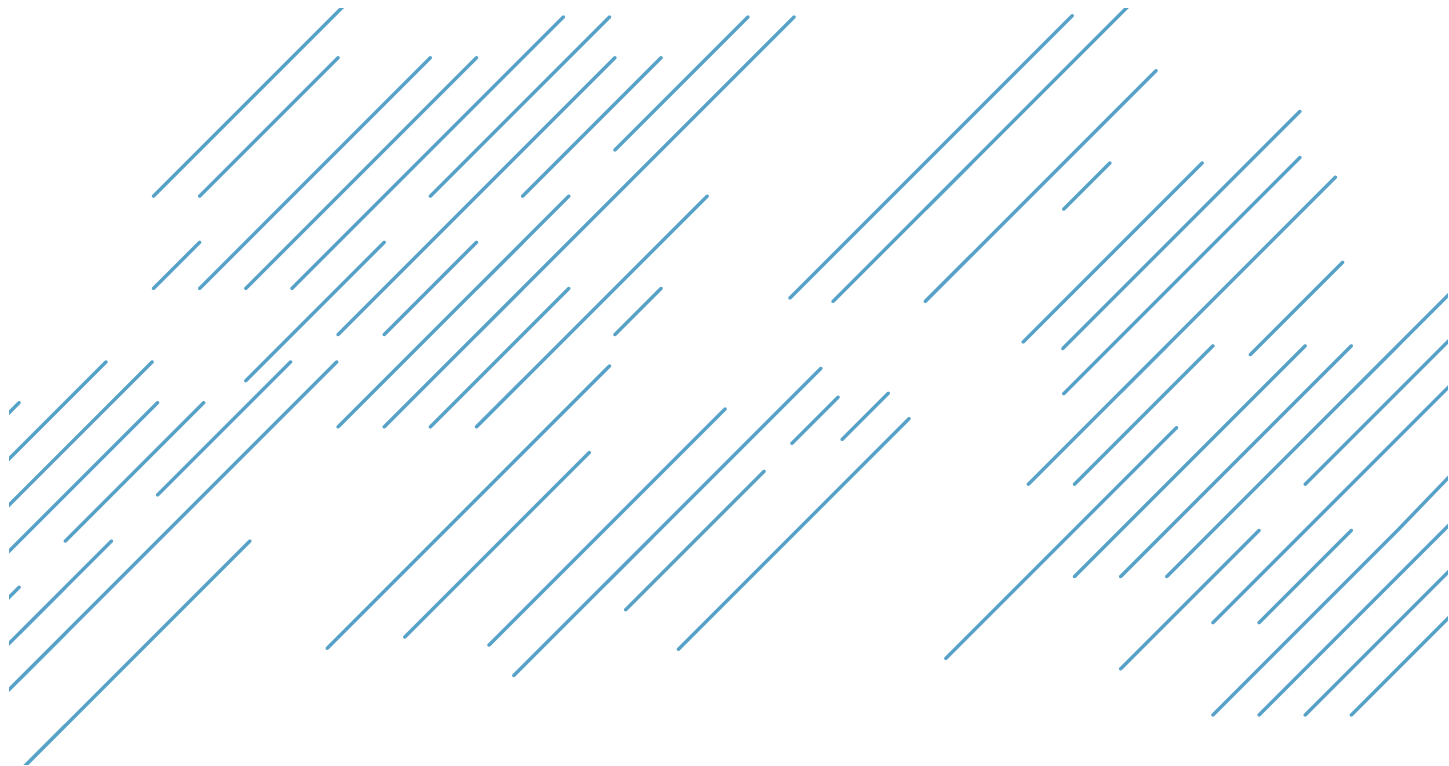
- / for the social and occupational health and safety areas, all of the Group companies are included in the scope;
- / for the consumer health and safety area, the policies and practices implemented by the production companies and the Parent Company are analysed;
- / with regard to the environment, the analysis was carried out for all production companies and the main commercial companies (Gefran UK Ltd and Gefran France S.A. are excluded from the 2023 scope, as their impact on this type of reporting is considered of marginal importance);



/ the aspects concerning involvement of local communities and governance were dealt with based on the initiatives/policies and practices implemented by the production companies and the Parent Company;

/ with regard to the supply chain, the analysis was conducted for all production companies and the main trading companies while, for the remaining trading companies (Gefran Uk Ltd, Gefran France S.A., Gefran Deutschland GmbH and Gefran Asia Pte Ltd), it was conducted in a marginal way, as their supply derives approximately 90.9% from intercompany purchases and the remainder from local supplies.

In addition, this Statement includes the information required by art. 8 of Regulation (EU) 2020/852 of 18 June 2020 (so-called Taxonomy Regulation) and the related Delegated Regulations (EU) 2021/2178 and (EU) 2021/2139. The limited examination carried out by the external auditor (PricewaterhouseCoopers Spa) on this Consolidated Non-Financial Statement does not extend to the information provided pursuant to the Taxonomy Regulation in section "10. Information pursuant to Article 8 of EU Regulations 2020/852 (EU Taxonomy Regulation)".



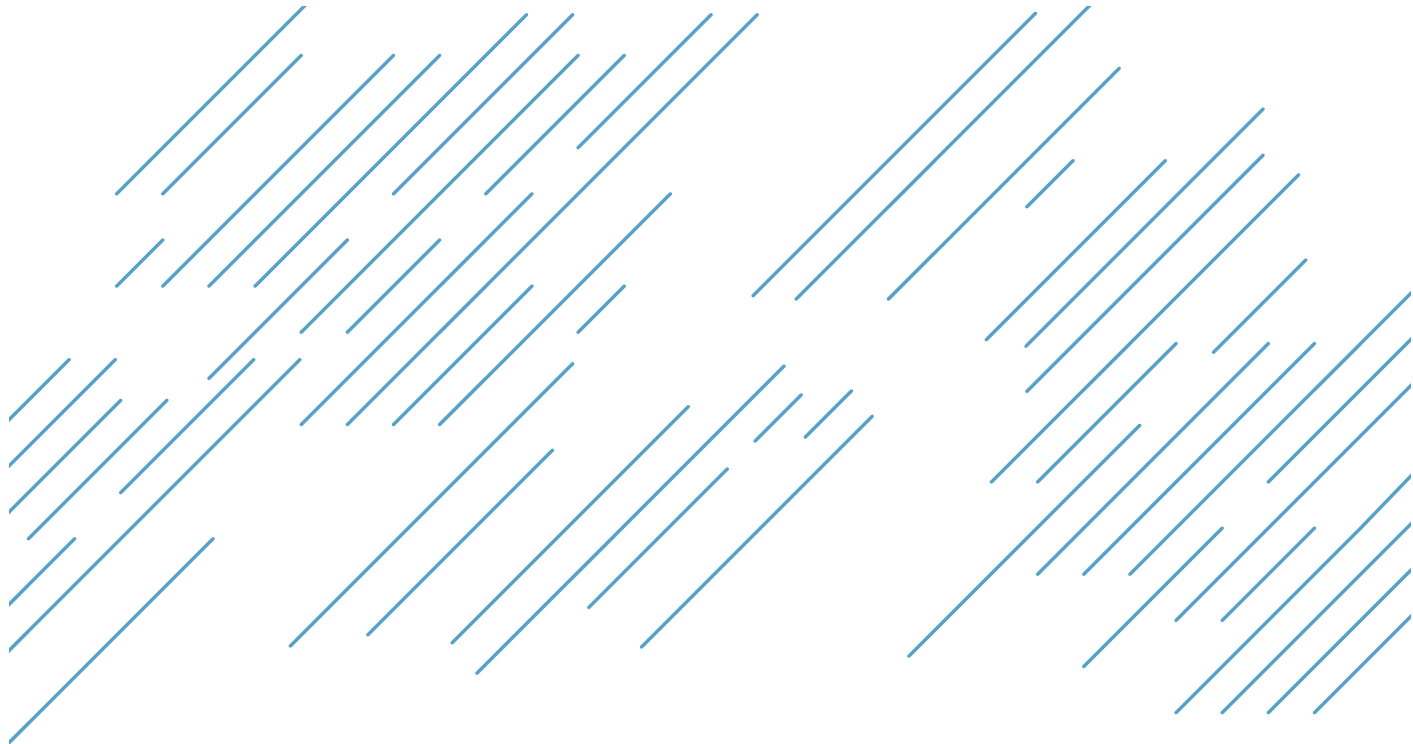


# TABLE OF CORRELATION UNDER LEGISLATIVE DECREE 254/16





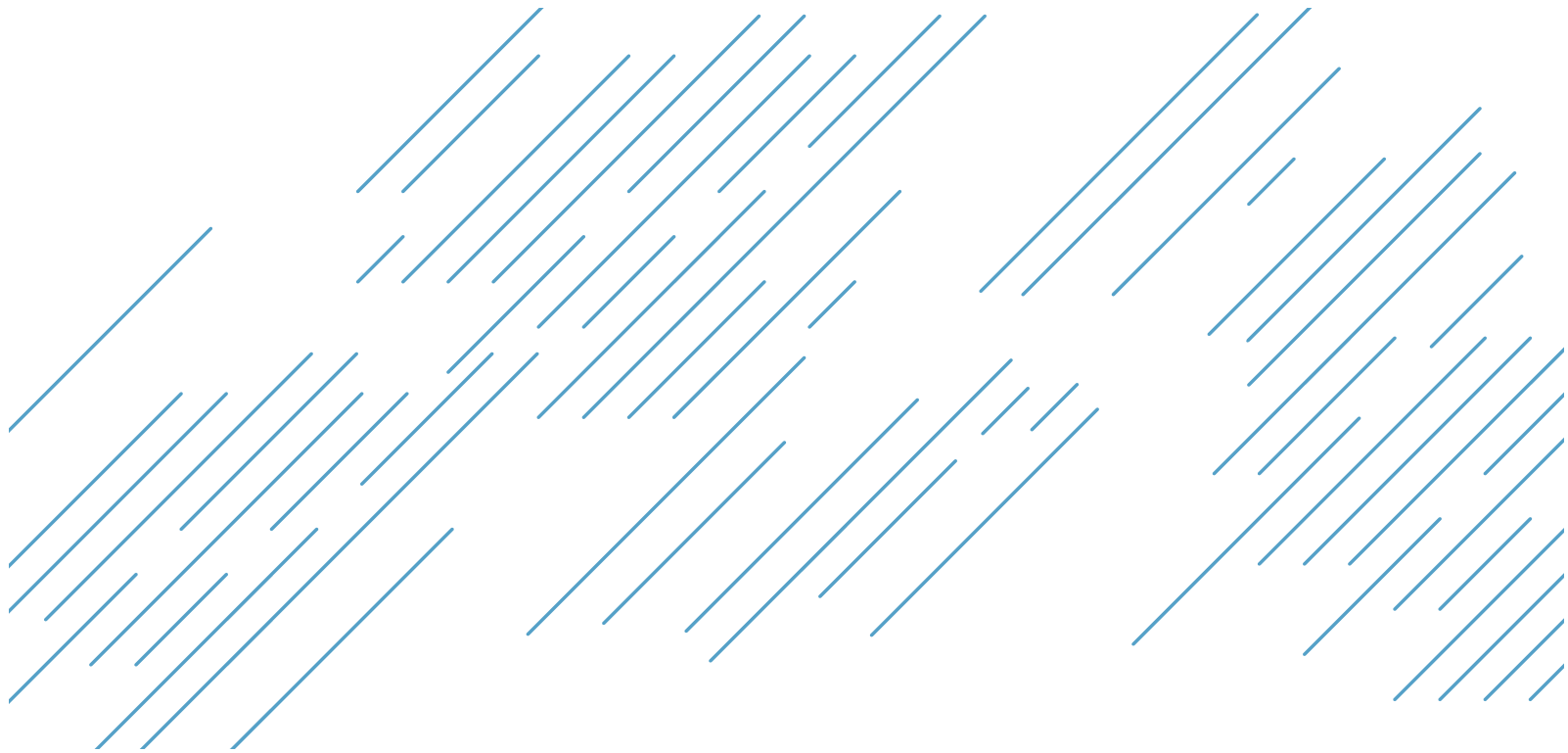
Overview	GRI	Disclosure	Section ref.	Page ref.	Omissions
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	205-3 a	Occurrences of discrimination identified and actions taken in response	3.2.4	52-53	
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	207-4 a, b (i) (ii) (iii) (iv) (v) (vi) (ix), c	Reporting by country	3.2.3, 11.1	50-51, 191-193	
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Material issue	GRI	Disclosure	Section ref.	Page ref.	Omissions
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	413-1 a (iv), a (vii)	Activities involving local communities, impact assessments and development programmes	9.4	163-165	
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# AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENTS







**Independent auditor’s report on the consolidated non-financial statement**

*pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation adopted with resolution no. 20267 of January 2018*

To the Board of Directors of Gefran SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the “Decree”) and article 5, paragraph 1 g), of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Gefran SpA and its subsidiaries (hereinafter the “Group”) for the year ended 31 December 2023 prepared in accordance with article 4 of the Decree, and approved by the board of directors on dd month year (the “NFS”).

Our review does not extend to the information set out in the section titled “10 - Informativa a norma dell’ art 8 del Regolamento UE 2020/852 (Regolamento sulla Tassonomia UE)” of the Group’s NFS, required by article 8 of Regulation (EU) 2020/852.

**Responsibilities of the Directors and the Board of Statutory Auditors for the NFS**

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the “Global Reporting Initiative Sustainability Reporting Standards” defined in 2016, and updated to 2021, by GRI – Global Reporting Initiative (the “GRI Standards”), with reference to a selection of GRI Standards, indicated in the paragraph “12. Nota Metodologica” of NFS” , which they identified as the reporting standards.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary for an understanding of the Group’s activities, development, performance and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for identifying and managing the risks generated and/or faced by the latter.

The Board of Statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

**PricewaterhouseCoopers SpA**

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**Auditor’s Independence and Quality Control**

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In the period this engagement refers to our firm applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Auditor’s responsibilities**

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the NFS with the Decree and with GRI Standards. We conducted our engagement in accordance with *International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereinafter “ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the NFS is free from material misstatement. Therefore, the procedures performed were less in extent than for a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and included inquiries, mainly of personnel of the Company responsible for the preparation of the information presented in the NFS, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. Analysis of the relevant matters reported in the NFS in relation to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. Analysis and assessment of the criteria used to identify the consolidation perimeter, in order to assess their compliance with the Decree;
3. Comparison of the financial information reported in the NFS with the information reported in the Group’s consolidated financial statements;
4. Understanding of the following matters:
  - Business and organisational model of the Group with reference to the management of the matters specified in article 3 of the Decree;
  - Policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
  - Key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under item 5 a) below.



**Independent auditor’s report on the consolidated non-financial statement**

*pursuant to article 3, paragraph 10, of Legislative Decree no. 254/2016 and article 5 of CONSOB regulation adopted with resolution no. 20267 of January 2018*

To the Board of Directors of Gefran SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the “Decree”) and article 5, paragraph 1 g), of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Gefran SpA and its subsidiaries (hereinafter the “Group”) for the year ended 31 December 2023 prepared in accordance with article 4 of the Decree, and approved by the board of directors on dd month year (the “NFS”).

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The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary for an understanding of the Group’s activities, development, performance and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for identifying and managing the risks generated and/or faced by the latter.

The Board of Statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

**PricewaterhouseCoopers SpA**

Sede legale: Milano 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119614 del Registro dei Revisori Legali - Altri Uffici: Ancona 60131 Via Sandro Totti 1 Tel. 071 2132311 - Bari 70122 Via Abate Giunna 72 Tel. 080 5610211 - Bergamo 24121 Largo Belotti 5 Tel. 035 239691 - Bologna 40124 Via Luigi Carlo Farini 12 Tel. 051 6186211 - Brescia 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - Catania 95129 Corso Italia 302 Tel. 095 7532311 - Firenze 50121 Viale Gramsci 15 Tel. 055 2482811 - Genova 16121 Piazza Piccopietra 9 Tel. 010 29041 - Napoli 80121 Via dei Mille 16 Tel. 081 26181 - Padova 35138 Via Vicenza 4 Tel. 049 873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091 349737 - Parma 43121 Viale Tanara 20/A Tel. 0521 275911 - Pescara 66127 Piazza Ettore Troilo 8 Tel. 085 4545711 - Roma 00154 Largo Fochetti 29 Tel. 06 570251 - Torino 10122 Corso Palestro 10 Tel. 011 556771 - Trento 38122 Viale della Costituzione 33 Tel. 0461 237004 - Treviso 31100 Viale Feliscent 90 Tel. 0422 606911 - Trieste 34125 Via Cesare Battisti 18 Tel. 040 3480781 - Udine 33100 Via Pascolle 43 Tel. 0432 25789 - Varese 21100 Via Albuzzi 43 Tel. 0332 285039 - Verona 37135 Via Francia 21/C Tel. 045 8263001 - Vicenza 36100 Piazza Pontelandolfo 9 Tel. 0444 393311

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