

# Sustainability Report 2023

Consolidated non-financial statement  
pursuant to Legislative Decree  
254/2016

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## Letter to Stakeholders

Dear Stakeholders,

we hereby present the 2023 Consolidated Non-Financial Statement of Biesse Group through which includes the results achieved in the environmental, social and governance (ESG) activities.

This year we accelerated the transition path that led us to redesign the organisation from a *One Company* perspective. This transformation has become necessary to improve competitiveness in international markets and is successful when it is supported by a set of shared values, which can involve and lead to a positive impact on employees, the community and the territory in which we operate. This path is essential to mitigate the risks of a complex and evolving geopolitical framework. In particular, the escalation of international conflicts has confronted Europe with new challenges such as energy supply and defence management, which require integrated strategies that can guarantee security and sustainable development in the long term. In addition, extreme weather phenomena must be considered, which, again this year, have affected not only our country, but the entire region, causing human losses and forcing many people to leave their homes. These emergency situations reminded us of the importance of a collaborative and timely response to contain their impacts and provide the necessary support. This context has further delayed, with only seven years to go before the UN deadline, the achievement of the sustainability goals set out in the 2030 Agenda. Planning the coming years will require significant political will, but also global awareness and active involvement. Realising the goals of the 2030 Agenda is not only a necessity, but an investment in the future of our planet.

We have responded to these challenges with the will to be a united and international group. Thanks to the economic performance we have achieved, we continue to invest in growth and development. The *Change Biesse* project: *To.Get.There* was created to promote an international and inclusive environment. The initiative is also the means to deepen the transformation project and make it concrete. Today, this is possible thanks to clear and shared values of which *One Company* is a catalyst. In this way, our actions can result in a positive impact on the environment and create relationships based on commitment and transparency. Building partnerships with suppliers and our communities also allows us to adopt a culture of problem-solving and support the most fragile people and vulnerable territories.

We must consider environmental challenges increasingly high on our agenda. Atmospheric warming is a macro-phenomenon that will affect all aspects of life and involve institutions and the regulatory environment. Aware of the issue, this year we invested in energy efficiency in our factories and expanded our energy consumption monitoring system. We have also obtained ISO 14001 certification for our environmental management system for our Bangalore plant in India, so that we can identify our environmental impacts and mitigate them.

We are convinced that actively participating in the evolution process is the only way to guarantee lasting and shared success.

The results we present to you are the fruit of this commitment to continue our project and contribute to building a better, sustainable future.

## Methodological note

This document constitutes the 2023 Consolidated Non-Financial Statement (“NFS” or “Statement”), pursuant to Legislative Decree 254/2016 (implementing Directive 2014/95/EU), of the companies pertaining to the Group consisting of Biesse S.p.A. and its fully consolidated subsidiaries (“Group”) and which addresses issues deemed to be significant and as required by Article 3 of the Decree.

The NFS has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards 2021 update published by the Global Reporting Initiative (GRI), according to the “in accordance” option and in line with the corporate procedure for preparing the NFS. The content addressed by the NFS has been selected based on the results of a materiality analysis, as updated in 2023, that has enabled us to identify topics that are material to the Group and its stakeholders.

The materiality matrix resulting from the analysis conducted was approved on 18 December 2023 by the Board of Directors and has been presented in the section of this document headed “Stakeholders and materiality analysis”. It should be noted that, on account of the business sector, there have been no significant emissions of pollutants into the atmosphere other than greenhouse gas emissions.

The scope of the financial, social, and environmental figures and other information is the same as that of Biesse Group 2023 consolidated financial statements and, therefore, also includes its fully consolidated subsidiaries. Any changes in the scope have been appropriately indicated in the document.

With respect to the consolidated financial statements for the year ended 31 December 2022, it should be noted that on 4 July 2023, the process of merging the subsidiary Movetro S.r.l. into Forvet S.p.A. Costruzione Macchine Speciali (its subsidiary, as well as a subsidiary of Biesse S.p.A.) was completed, with effect from 1 January 2022, while on 21 July 2023, the process of merging the subsidiary Montresor & Co. S.r.l. into the parent company Biesse S.p.A. was completed, effective as of 1 January 2023. It should be noted that the aforementioned merger transactions have no impact on the consolidated financial statements.

Lastly, the sale of shares in the subsidiary Biesservice Scandinavia Aktiebolag was finalised on 10 October 2023.

On 29 January 2024 (following what was announced in the press release issued on 21 December 2023), the acquisition of the entire share capital of GMM Finance S.r.l., the holding company at the head of the GMM Group, which includes GMM S.p.A., Bavelloni S.p.A. and Techni Waterjet Ltd., as well as their Italian and foreign subsidiaries, active in the sectors of machine tools for processing stone, glass and other materials, was finalised, as the conditions precedent set forth in the acquisition agreement had been met. The provisional consideration for the acquisition (so-called Equity Value), amounting to approximately Euro 69 million, was fully settled in cash, starting from an Enterprise Value of Euro 86.5 million and considering a debtor Net Financial Position. The final price, which will be calculated in the coming months, will include the usual price adjustment mechanisms (upwards or downwards), based on the change in the net financial position of GMM Finance S.r.l.

To enable the comparability of data over time and to evaluate Biesse's performance, prior year comparatives have been provided where possible. Any restatement of previously published comparative amounts has been clearly stated as such.

Moreover, to correctly represent performance and to ensure the reliability of the data, the use of estimates has been limited as much as possible and, if used, have been based on the best available methodologies and have been appropriately disclosed.

An analysis of the activities that could potentially be considered aligned under the Taxonomy («aligned *activities*») was carried out in accordance with the disclosure requirements of the European Taxonomy Regulation (Article 10 of the Delegated Act to Regulation 852/2020).

The Non-Financial Statement is published annually. If any further information is required, please use the following email address [sustainability@biesse.com](mailto:sustainability@biesse.com). This document is also available on the Biesse website [www.biessegroup.com](http://www.biessegroup.com). This Statement was submitted for review and assessment by the Control and Risks Committee on 05 March 2024 and was approved by the Board of Directors of Biesse S.p.A. on 14 March 2024.

This document has been subject to procedures performed in a limited assurance engagement in accordance with the criteria indicated by International Standard on Assurance Engagements (ISAE) 3000 (Revised) by the auditors Deloitte & Touche S.p.A. The limited assurance engagement was conducted by performing the procedures indicated in the "Report of the Independent Auditors" provided at the end of this document.

The Corporate Sustainability Reporting Directive - CSRD (EU Directive 2022/2464), approved and published in the EU Official Journal in December 2022, will come into force for the Biesse Group from 2024 (sustainability report published in 2025). This will entail the inclusion of sustainability reporting, to be prepared in accordance with the new European Sustainability Reporting Standards (ESRS) within the Management Report. The Group has started a transition path to adapt to the new requirements, e.g. by initiating a gap analysis process with respect to the new requirements, introducing the calculation of scope 3 emissions and carrying out an initial dual materiality exercise.

### **Sustainability risks**

The Group's *Enterprise Risk Management* ("ERM Model"), in the more comprehensive context of the Internal Control and Risk Management System, is inspired by the international standards "*Enterprise Risk Management - Integrated with Strategy and Performance*"<sup>1</sup> and the UNI 31000:2018 Standard<sup>2</sup>.

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<sup>1</sup>As updated in 2017 by the Committee of Sponsoring Organisation (CoSO) of the Treadway Organisation. It represents a standard framework and guide for companies planning to adopt risk management processes that can guide strategies by measuring performance and pursuing long-term value creation, while considering possible disruptions and risks that may result from adverse scenarios. Under the CoSO Framework, risk management processes are not a separate activity, but an integral part of setting and deploying a business strategy. Based on this assumption, the CoSO ERM Framework places the risk management process at the centre of the value chain between the organisation's mission, vision and core values and its performance.

<sup>2</sup>The "Risk Management - Principles and guidelines" Standard provides general principles and guidelines for organisations to efficiently, effectively and systematically implement a risk management system. In particular, this standard sets out the responsibilities for ensuring the adequacy, effectiveness and efficiency of the Risk Management process, and includes the essential elements for its implementation and continued improvement over time, and emphasises that risk management must be adapted to the specific needs and organisation of each company.

During the risk assessment phase of the ERM process, possible integration aspects relating to environmental, social and governance related risks ("ESG") were considered based on the guidance provided in the "Enterprise Risk Management – Applying enterprise risk management to environmental, social and governance-related risks"<sup>3</sup>.

The design of the risk management model envisages an integrated and systemic view of activities to achieve improvements in terms of efficiency, effectiveness and cost.

The *Risk Management* function supports the Managing Director in establishing the *Risk Management* strategy, which is linked to the risk appetite associated with pursuing medium- to long-term business objectives, establishing a common Group model for identifying, evaluating and managing risks and the related methodology. A description of the process can be found in the section "Risk Management" of this NFS.

### **Environment**

In 2023, the contract for the purchase of GO (Guarantee of Origin) certified electricity from renewable sources was renewed for all Italian companies, with the aim of significantly reducing indirect CO<sub>2</sub> Scope2 – *market-based emissions*. Also, as part of its ongoing efforts to improve energy efficiency, a dual medium voltage power supply system was set up on the Pesaro campus to reduce production downtime caused by power grid failures and to improve the self-consumption of energy produced by the solar panels already installed at the campus.

In addition, ISO 14001:2015 certification was obtained for *Biesse India Private Limited* in 2023.

### **Personnel-related issues**

This year, Biesse Group focused on "strategic" employee training. Relevant topics on which training was promoted were sustainability, *engagement*, corporate identity and *change management*, fundamental to support the ongoing transformation process.

### **Human rights, supply chain**

The group has structured a new *due diligence* process of its supply chain that includes verification on issues related to respect for human rights, workers' health and safety, and compliance with environmental regulations, in line with industry *best practice* and international reference *framework*.

### **Fight against active and passive corruption**

To further strengthen the safeguards in place for issues concerning the fight against active and passive corruption, the Group has adopted a crime risk control plan pursuant to Legislative Decree 231/01 by planning periodic *audit* cycles involving the performance of specific control tests. The Group plans to continue such activities to maintain constant control over these issues.

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<sup>3</sup> Guide prepared by the CoSO in partnership with the World Business Council for Sustainable Development (WBCSD)

## Biesse identity

### Company profile

Biesse is an international company that manufactures lines and machinery for processing wood, glass, stone, and composite materials. Founded in Italy in 1969 and listed on the Euronext STAR segment of the Italian Stock Exchange, Biesse supports the evolution of its customers' businesses operating in the furniture, housing & construction, automotive, and aerospace sectors.

Today, approximately 80% of the consolidated turnover is generated abroad thanks to a continuously growing global network with 4 production campuses and over 30 showrooms worldwide. With the expertise of over 4,000 employees, Biesse encourages the imagination of leading companies in its sectors and prestigious names in Italian and international design to unleash the potential of any material<sup>4</sup>.

### Vision

To simplify clients' manufacturing process, empowering their imagination to enhance people's everyday life.

### Mission

To provide clients with the most suitable solutions, committing our rooted competence to enable them to unleash the potential within any material.

### Values

#### International natives

The sense of belonging without borders that enhances the peculiarities of individuals.

#### Insightful curiosity

A constant desire for discovery, which turns into insight.

#### Genuine "maestria" (mastery)

The original "know-how" which comes out from a of genuine tradition.

#### Widespread transparency

The honesty of the people, the integrity of the company.

#### Heartfelt commitment

The adherence to a common project, lived and strengthened on a daily basis.

#### Respectful sight

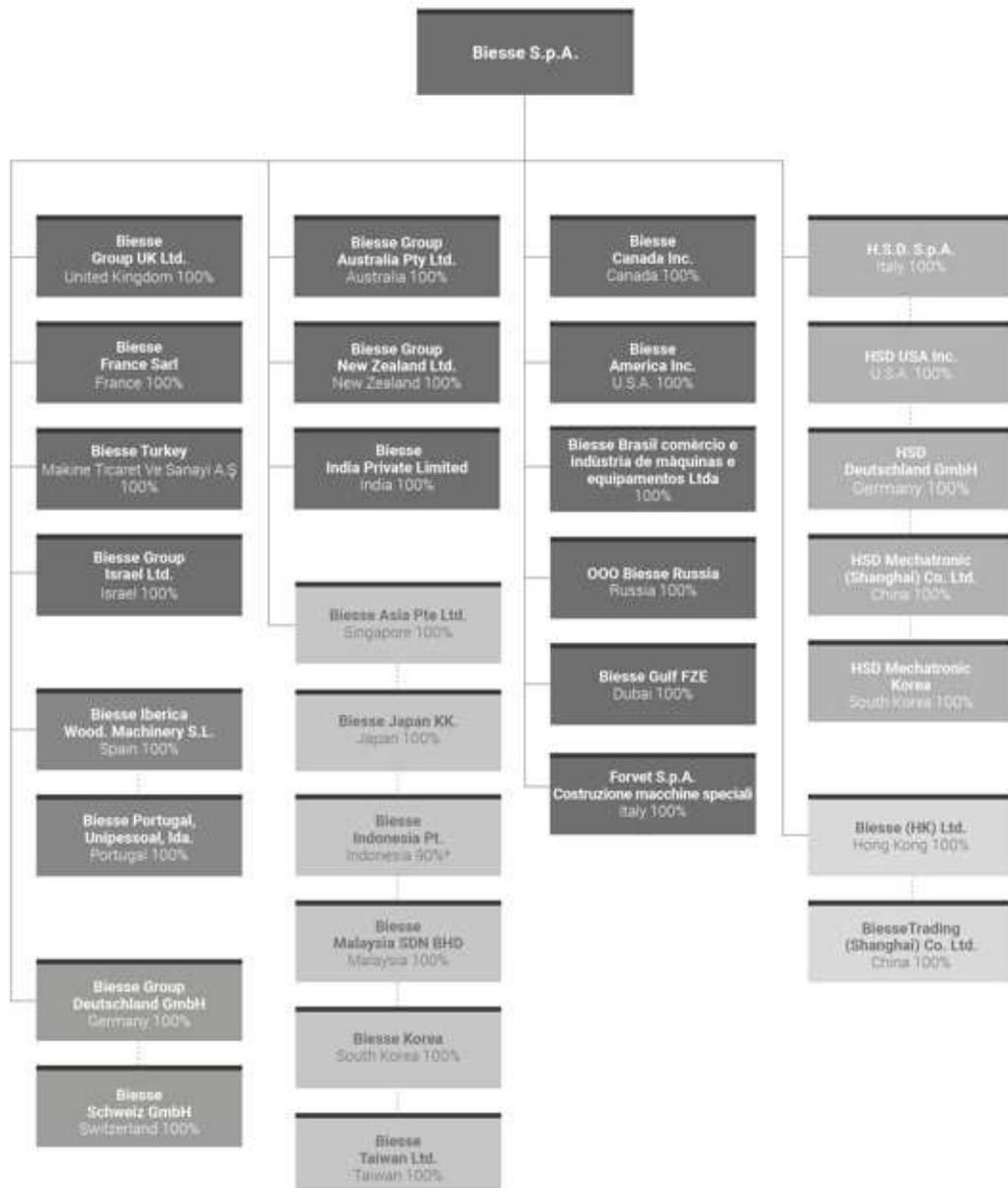
The care for environment, society, people

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<sup>4</sup> Following the acquisition of the GMM group, data regarding showrooms and employees may undergo changes

### Biesse structure

Figure 1. Biesse structure at 31.12.2023<sup>5</sup>



\* Il restante 10% è detenuto direttamente da Biesse S.p.A.  
The remaining 10% is owned directly by Biesse S.p.A.

<sup>5</sup> The various colours represent the subgroups in the chain of control.

### **Brand Architecture**

The four material brands with their respective colours represent the distinctive characteristics of the business sectors in which Biesse operates.

In fact, Biesse Wood, Biesse Glass, Biesse Stone and Biesse Materia guide the customer through the group's offering, conveying the distinctive characteristics of each business unit via the material they process.

The colours therefore express the unique aspects of the sectors and reinforce the notion of multiple materials, a distinctive feature of Biesse compared to its competitors.

The shades chosen directly to recall the material they are inspired by: light brown for wood, light blue for glass, verona red for stone, and purple for plastic, which was chosen to identify a material not found in nature.

### **HSD Mechatronics**

HSD, the group's mechatronics company, designs, produces and markets electrospindles, dual-axis milling heads and technologically advanced components for the machining of metal, alloys, composite materials, wood, glass and stone. The company operates out of an 8,000 square meters facility designed around the principles of "Just in Time" (JIT) production. Its headquarters is in Italy and with five branches in the most important world markets.

### **Diamut**

Diamut is the brand through which Biesse designs, manufactures and markets complete range of tools for processing glass, natural and synthetic stone for use on automatic and semi-automatic CNC machines. Launched more than 30 years ago, it supplies companies operating in sectors ranging from the aeronautical industry to household appliances, from consumer electronics to furniture and architecture.

### **Our history**

Biesse was founded in 1969 as a company dedicated to the design, manufacture and distribution of wood processing machinery. In a few years, the company became an integral part and engine of the Italian furniture industry and expanded throughout the country. With the opening of the first foreign subsidiary, a strong internationalisation process was launched that helped to establish the brand around the world.

The Group's history is a journey made of ambitious choices, collaborations and investment in research that have made it possible to manufacture state-of-the-art machinery.

**1969:** Biesse was founded in Pesaro, Italy, to design, manufacture and distribute wood processing machinery.

**1983:** Biesse launches Rover on to the market, a numerical control wood processing centre.

**1987:** the business unit focused on the design, manufacture and distribution of glass and stone processing machines was established.

**1989:** with the opening of the first branch abroad, the internationalisation process begins

**1991:** the HSD business unit was established to design, manufacture and distribute electromechanical components.

**2001:** Biesse S.p.A. is listed on the STAR segment of the Italian Stock Exchange.

**2008:** opening of the first overseas manufacturing plant in India.

**2017:** Biesse develops its own IoT (Internet of Things) platform, making its technology 4.0 ready. Acquisition of Movetro s.r.l. and Montresor & Co s.r.l.

**2018:** Biesse prepares its first Sustainability Report.

**2020:** start of the corporate reorganisation process, which involves the transition from an organisation based on business units to one based on processes.

**2021:** Forvet S.p.A. Costruzione Macchine Speciali, a manufacturer of special automated machines for machining glass, becomes part of the Group;

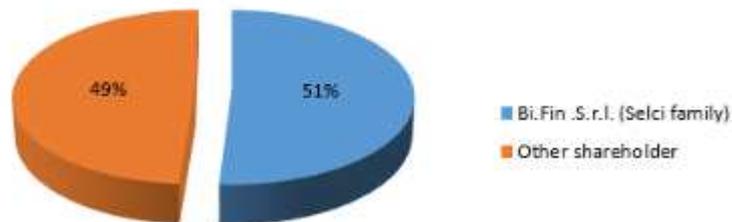
**2023:** pre-agreement signed for the acquisition of the entire share capital of GMM Finance S.r.l., the holding company at the head of the GMM Group, which includes the companies GMM S.p.A., Bavelloni S.p.A. and Techni Waterjet Ltd., as well as their Italian and foreign subsidiaries, active in the sectors of machine tools for processing stone, glass and other materials.

## Shareholders

Biesse S.p.A. has been listed on the STAR segment of the Milan Stock Exchange since 2001. Its share capital amounts to € 27,402,593, consisting of the same number of registered ordinary shares of Euro 1 each.

Set out below is a breakdown of shareholders at 31 December 2023:

Figure 2. Shareholders of Biesse S.p.A



## Corporate Governance

The Corporate Governance system of Biesse S.p.A. complies with the principles set out in the Corporate Governance Code for Listed Companies and the international *best practice*.

The Board of Directors approved on 14 March 2024 the Corporate Governance and Ownership Structure Report pursuant to Art. 123-bis of the Consolidated Law on Finance, for financial year 2023. Said Report is published on the Company's website [www.biessegroup.com](http://www.biessegroup.com) in the "Investor Relations" section, "Corporate Governance" subsection, and constitutes a reference for legal purposes.

Within the report on corporate governance and ownership structure (Chapter 4 par. 4.2 and 4.3) all information relating to the appointment, selection and criteria for selecting members of the Board of Directors can be found.

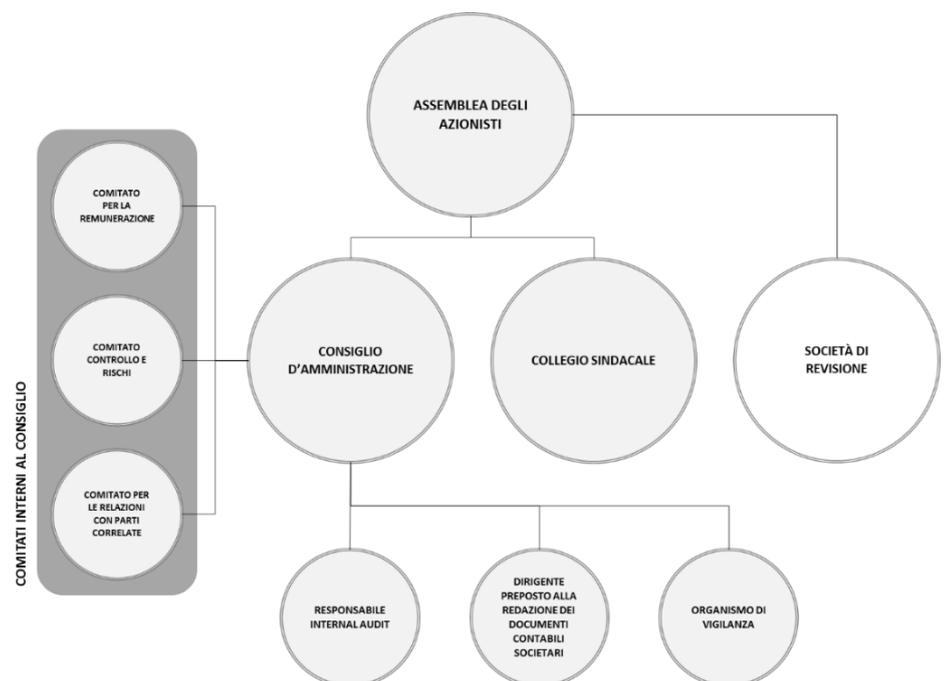
Biesse S.p.A. has adopted a traditional administration and control model, which requires general meetings of shareholders to be held and the appointment of a Board of Directors, a Board of Statutory Auditors, and Independent Auditors. The corporate bodies are appointed by the Shareholders' Meeting and hold office for three years.

The presence of independent directors, as defined by the Corporate Governance Code, and their role within the Board of Directors and on Corporate Committees (Control and Risks Committee, Related Party Transactions Committee and Remuneration Committee), constitutes an appropriate means of ensuring an adequate balancing of interests of all shareholders and a significant level of discussion during meetings of the Board of Directors.

In accordance with the Corporate Governance Code, the Group has also adopted an Internal Control and Risk Management System, structured based on the “CoSO Report – Internal Control Integrated Framework”, an authoritative international standard. The control system complies with the main corporate governance regulations and guidelines, such as:

- Law 262/2005 (Savings Law)
- Legislative Decree 231/2001 (Administrative liability of entities)
- Consob Regulations concerning Related Party Transactions
- Law 190/2012 (Anti-corruption)

Figure 3. Biesse S.p.A.'s Administration and Control Model



The **Board of Directors** is the central body of Biesse S.p.A.'s Corporate Governance system and its current members were appointed by the General Meeting of Shareholders on 28 April 2021 with a mandate that was due to expire on approval of the financial statements for the year ending 31 December 2023.

The composition of the Board of Directors of Biesse S.p.A.<sup>6</sup> at 31 December 2023 is as follows:

- Giancarlo Selci, Chairman of the Board of Directors
- Roberto Selci, Managing Director
- Massimo Potenza, Co-Managing Director
- Alessandra Baronciani, Non-executive Director
- Rossella Schiavini, Lead Independent Director
- Ferruccio Borsani, Independent Director
- Federica Ricceri, Independent Director

Under the current structure of the Board of Directors, the Chairman may not also be a senior manager of the organisation. The governing body is made up of executive and non-executive directors, all of whom possess adequate levels of professional expertise and skills for the tasks entrusted to them, including on sustainable development issues. In the ESG area, the Board of Directors is tasked with approving the Sustainability Policy and the Non-Financial Statement and communicating it to stakeholders.

As regards the non-executive directors serving on the Board of Directors of Biesse S.p.A., indicated below is the number of directorships or statutory auditor appointments in other companies listed on Italian and foreign regulated markets, in finance-sector companies, banks and insurance companies or in companies of significant size:

- Alessandra Baronciani: 1
- Rossella Schiavini: 3
- Ferruccio Borsani: 1

The composition of the Board of Directors of Biesse S.p.A at 31 December 2023 in terms of gender and age group is as follows:

- 57% Men and 43% Women
- 100% in the “over 50” age group

As stated previously, in accordance with Borsa Italiana's Corporate Governance Code, Biesse S.p.A. has four Board committees:

- A **Remuneration Committee**, consisting of two independent directors, the main task of which is to assist the Board of Directors in establishing the general remuneration policy for managing directors, executive directors, other directors assigned specific duties and key managers and to monitor the application of decisions taken by the Board of Directors.
- A **Control and Risks Committee**, consisting of two independent directors, which supports the Board of Directors in carrying out its duties relating to the Internal Control and Risk Management System, as well as those relating to the approval of periodic financial reports. The Control and Risks Committee has also been assigned the task of

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<sup>6</sup> Directors' curricula vitae are available on the website [www.biessegroup.com](http://www.biessegroup.com) in the “Corporate Governance” subsection of the “Investor Relations” section.

supervising sustainability issues involving the management of the company's impact on the environment and people, related to the conduct of business activities and the dynamics of interaction with all stakeholders. Also, Biesse's material issues are subject to annual review by the Control and Risk Committee (CRC) of Biesse S.p.A.

- A **Related Party Transactions Committee**, consisting of two independent directors, which supports the Board of Directors in the assessment, review, and approval of related party transactions.
- **Appointments Committee**: the company has considered assigning the duties of the Appointments Committee to the Board of Directors.

The composition of the Board of Statutory Auditors at 31 December 2023 is as follows:

- Paolo De Mitri, Chairman
- Giovanni Ciurlo, Standing Statutory Auditor
- Enrica Perusia, Standing Statutory Auditor
- Maurizio Gennari, Alternate Statutory Auditor
- Silvia Muzi, Alternate Statutory Auditor

The composition of the Supervisory Body at 31 December 2023 is as follows:

- Giuseppe Carnesecchi, Chairman (external member)
- Domenico Ciccopiedi, Group Chief Audit Executive
- Elena Grassetti, Group Chief Legal & Corporate Affairs Officer

Head of Internal Audit:

- Domenico Ciccopiedi, Group Chief Audit Executive

Financial reporting manager:

- Pierre Giorgio Sallier de La Tour, Group CFO

Independent auditors:

- Deloitte & Touche S.p.A.

### **Business conduct**

All business activities are conducted in line with the Group's Code of Conduct, to ensure full compliance with regulations in force at the local, national, and international level. The Code of Conduct is the official document that sets out the values, commitments, responsibilities and conduct to be observed by the Group companies when conducting business and in their relations with stakeholders, including respect for human rights. Moreover, it governs the body of rights, duties and responsibilities that Biesse expressly assumes in dealings with parties with which it interacts in the conduct of its business activities. The Code of Conduct, together with other documents relating to business ethics and integrity, mentioned below, are available on the Group's website in the "Corporate Governance" subsection of the "Investor Relations" section.

In 2023, the document was updated to incorporate the current Vision, Mission and new Corporate Values, and approved by the Board of Directors.

In order to promote and strengthen its anti-corruption efforts and to raise awareness and disseminate a culture based on ethical principles, Biesse has adopted an Anti-bribery Code of Conduct, which sets out the rules of conduct that all employees and other workers must observe in the conduct of business to ensure compliance with anti-corruption regulations in force.

The Anti-Corruption Code of Conduct, which has been distributed to all Group companies, has made it mandatory to apply the relevant principles and rules of conduct for the reasonable prevention of active and passive and direct or indirect corruption offences involving Italian or foreign private or public persons.

Specifically, the document sets out the rules of conduct to be observed in connection with various activities, such as:

- Dealings with the Public Administration
- Facilitation Payment
- Loans to political parties
- Donations
- Sponsorships
- Gifts, presents, hospitality and entertainment
- Dealings with third parties

In 2023, the document was updated following the implementation of reporting channels in line with current legislation and approved by the Board of Directors.

The commitment to combating corruption is also expressed within the Organisation, Management and Control Model, hereinafter OMCM, in which behavioural rules are defined to guard against the risk of corruption towards persons in the Public Administration, relating to public financing, the environment, health and safety at work and taxation. Furthermore, as a safeguard against the risk of private bribery, these companies are subject to periodic audit cycles. In the last year, no cases of active or passive corruption have been confirmed within the Group.

Moreover, every year the company carries out checks to ensure that conflicts of interest with respect to directors do not exist, including the checks envisaged by the procedure governing related party transactions as required by the Regulations adopted by CONSOB (Italian Companies and Exchange Commission).

No conflicts of interest requiring reporting to stakeholders emerged in 2023.

In 2023, no cases arose of non-compliance or pecuniary sanctions imposed on Biesse Group concerning the following areas:

- Environmental laws and regulations
- Social and economic laws and regulations

In 2023, the group received an administrative sanction related to the mandatory training of an individual employee. In addition, it received an appeal pursuant to Article 414 of the Italian Code of Criminal Procedure for an alleged breach of employer's obligations for an employee's accident that occurred at a customer's premises in 2015, and the litigation was transitorily settled during February 2024. No further relevant sanctions or reprimands were assessed against the group.

#### **Remuneration policy**

The Remuneration Policy, prepared according to the recommendations of the Corporate Governance Code to which Biesse complies, contributes to the sustainable

success of the company, and considers the need to attract, retain and motivate people with the skills and professional expertise necessary for the role they hold. It involves several corporate bodies, engaged in different ways in its preparation, approval and implementation: the General meetings of shareholders, the Board of Directors, the Remuneration Committee, the Human Resources Department and the Board of Statutory Auditors. These bodies are also involved in any revisions to the Remuneration Policy. The Remuneration Policy report is prepared according to Article 123-ter of the Consolidated Finance Act and was approved by the Board of Directors on 14 March 2022. The report describes the different components of remuneration (fixed, medium-term, and long-term variable, benefits and severance pay), the process for monitoring the correct application of the Remuneration Policy, the periodic assessment of the adequacy and overall consistency of the policy in terms of the remuneration of directors and top management. The best practices of listed companies were considered when drafting the policy. However, for now, stakeholders were not involved in this phase.

The Remuneration Committee, composed exclusively of independent directors, supports the Board of Directors in developing short- and long-term plans and supervising the Policy, periodically assessing its adequacy, overall consistency and application. The Policy is submitted to the General Meeting of Shareholders, which expresses its opinion on it with a binding vote. At present, the policy does not include an incentive for top management relating to sustainability performance.

In 2023, Biesse analysed and reported the total annual pay ratio of the highest-paid individual to the median of employees, as required by the latest version of the standard. The aim is to promote transparency and accountability in employee compensation and to encourage the review and improvement of the organisation's Remuneration Policy. When calculating the ratio between the total annual remuneration of the highest-paid employee and the median total annual remuneration of all employees, the following were respectively considered: the total annual remuneration of all employees (which includes base salary, bonuses, premiums, incentive plan compensation), the remuneration of the highest-paid employee (including base salary, the MBO target value and the amount accrued under the Long-term Incentive Plan - LTI for the 2023 reporting year), and the median annual remuneration of all employees, excluding the annual remuneration of the highest-paid employee. The value of this indicator in 2023 is 33.30 (in 2022, the indicator was 31.34) and has not changed much since 2022. The ratio between the percentage increase in the total annual compensation of the individual receiving the maximum compensation and the average percentage increase in the total annual compensation of all employees (excluding the aforementioned individual) is 2.2.

### **Organisational, Management and Control Model pursuant to Legislative Decree 231/2001**

Biesse S.p.A. and its main Italian subsidiaries<sup>7</sup> have adopted an OMCM Model in order to prevent, as far as possible, the commission of offences under Legislative Decree 231/2001, such as environmental offences, corporate offences, offences arising from a breach of health and safety at work regulations and corruption offences. Biesse also has a Code of Conduct, a document aimed at promoting "business ethics". The code consists of a set of internal rules whose ultimate purpose is to encourage a culture of corporate ethics and transparency. The Code of Conduct is an integral part of the OMCM. In 2023, the OMCM was updated to incorporate the latest changes in Legislative Decree 231/2001, as well as the updating of the reporting channels, in accordance with Legislative Decree 24/2023, which transposes the European Whistleblowing Directive (2019/1937). Biesse S.p.A.'s OMCM and those of the other companies is publicly

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<sup>7</sup> HSD S.p.A and Forvet S.p.A

available on the Biesse website, in the "Investor Relations" section, subsection "Corporate Governance". In order to actively promote business ethics and integrity, the persons most involved and senior management receive periodic training on issues pertinent to Legislative Decree 231/2001.

When reports are received, the Biesse S.p.A. Supervisory Board assesses the relevance of the information received and, where necessary, informs the Board of Directors and the control body. No matters were reported to the Supervisory Body in 2023 via the reporting channels available to all interested parties for the communication of unlawful conduct pursuant to Legislative Decree 231/2001 and the OMCMs.

### **Whistleblowing**

In 2023 Biesse S.p.A. adopted a whistleblowing policy, in accordance with Legislative Decree 24/2023, which implements the European Directive on Whistleblowing (2019/1937), with the aim of defining adequate communication channels for the receipt, analysis and processing of reports of possible unlawful conduct within the Group. Biesse prohibits and stigmatises any act of retaliation or discrimination, direct or indirect, against anyone who reports in good faith potential unlawful conduct, for reasons directly or indirectly related to the report, providing for appropriate sanctions, within the disciplinary system, against those who violate the measures to protect the reporter. At the same time, Biesse adopts appropriate sanctions against those who make reports that prove to be unfounded with malice or serious misconduct.

The whistleblowing policy constitutes an integral part of the OMCM adopted by /Biesse S.p.A. The above policy and the whistleblowing channel have been posted on the Group's website, in accordance with the reference legislation.

### **Antitrust**

The Group has adopted an Antitrust Code to ensure compliance with legislation concerning competition and market protection in the various countries in which it operates. The document is a follow-up to the Code of Conduct and develops, in particular, the section relating to competitive practices, as well as providing guidelines on conduct and omissions that comply with or violate antitrust legislation.

The Group firmly believes in competition in the various business sectors in which it operates, and its aim is to compete in a legitimate, loyal, and ethical manner in full compliance with competition protection rules. The rules set out in the document are designed to contribute to proper competitive market dynamics to strengthen competition and the economic efficiency of a free market. During 2023, no cases were reported of pending or concluded legal actions regarding anti-competitive behaviour or violations of antitrust and monopoly legislation.

In 2023, the document was updated following the implementation of reporting channels in line with current legislation and approved by the Board of Directors.

### **Transparency and approach to taxation**

In line with the Group Code of Conduct, Biesse's approach in its dealings with the public administration is inspired and aligned with the principles of correctness and honesty. The Group strives to fully comply with current tax legislation to adequately meet the expectations of its stakeholders, while also contributing - in accordance with the law - to the sustainable development processes of the countries and communities in which it operates by paying taxes.

The Group's approach to taxation also focuses on taking advantage of the opportunities available to it under the law to drive innovation and the pursuit of continuous

excellence, though, for example, the processes linked to the Patent Box tax incentives and the incentives provided for under the Industry 4.0 programme.

In this regard, the Group maintains a fully collaborative, dialogue-based and transparent relationship with the Italian tax authorities and other tax authorities in the countries in which it operates, avoiding any tax advocacy process that might involve monetary or non-monetary contributions to political or similar forces. This approach takes the form of full cooperation with the competent fiscal authorities.

To facilitate the continuous monitoring of tax regulations and ensure regulatory compliance, the Group has a dedicated "Tax Department" which is involved in the identification, management, and mitigation of tax risks/opportunities, within the broader context of the Enterprise Risk Management system which, ultimately, is approved by the Board of Directors of Biesse S.p.A. Tax risks (mainly risks associated with tax practices that could have a negative impact on the organisation's objectives or cause financial or reputational damage) are included in the company's integrated risk management models.

Other important controls to mitigate risk factors in the tax area are, in addition to the responsible supervisory body, the channels made available by the Group to encourage the reporting of any illegal or suspicious tax-related conduct, as well as the communication of any concerns related to taxation. These include the reporting channels made available for communicating relevant unlawful conduct pursuant to Legislative Decree 231/2001 (Whistleblowing). Moreover, shareholders and investors can refer to Investor Relations as a permanent point of reference for any discussion and communication, including on tax matters. Finally, the Consolidated Financial Statements of Biesse Group are regularly audited by an independent auditor and provide transparent disclosure concerning the fiscal management of the Group<sup>8</sup>.

Table 1. Report by country

				<b>2023</b>
Tax jurisdiction	Primary activities of the organization	Corporate income taxes paid on a cash basis <sup>9</sup>	Corporate income taxes determined on an accruals basis <sup>10</sup>	
Australia	Trading	- 101.063,36	-	138.244,10
Brasile	Trading	- 1.843,00	-	-
Canada	Trading	- 692.503,63	-	458.252,06
Cina	Trading	- 118.840,00	-	88.860,62
Emirati Arabi	Trading	-	-	-
Francia	Trading	- 1.183.276,00	-	717.814,00
Germania	Trading	- 365.517,33	-	306.670,17
Hong Kong	Trading	-	-	-
India	Production and Trading	- 1.532.265,79	-	1.585.724,19
Indonesia	Trading	- 8.058,83	-	45.149,93
Israele	Trading	-	-	-

<sup>8</sup> The Consolidated Financial Statements of Biesse Group are available on the group's website, in the "Investor Relations" section under "Financial Documents".

<sup>9</sup> The negative sign indicates an outflow of cash

<sup>10</sup> Taxes relating to previous years are excluded

Italy	Production and Trading	- 4.218.575,99	- 2.867.338,89
Japan	Trading	- 322,00	-
Korea	Trading	- 2.417,13	3.543,87
Malesia	Trading	-	79.981,69
New Zealand	Trading	- 66.399,56	- 113.295,56
Portogallo	Trading	- 9.748,58	- 9.748,58
Russia	Trading	-	18.155,20
Singapore	Trading	- 38.108,67	22.085,04
Spagna	Trading	149.246,87	- 435.854,87
Svizzera	Trading	- 30.040,97	- 105.174,17
Taiwan	Trading	-2.907,52	- 850,90
Turchia	Trading	-	297.407,79
UK	Trading	-892.911,26	- 774.845,18
Usa	Trading	- 1.651.109,04	- 1.530.505,17
<b>Totale Gruppo</b>		<b>-11.065.155,53</b>	<b>-8.953.428,58</b>

<b>2022</b>			
Tax jurisdiction	Primary activities of the organization	Corporate income taxes paid on a cash basis	Corporate income taxes determined on an accruals basis
Australia	Trading	33.545	1.000.977
Austria	Trading		
Brasil	Trading	- 3.165	-
Canada	Trading	- 715.521	- 502.753
China	Trading	- 13.119	- 137.197
Korea	Trading	559	- 48.051
United Arab Emirates	Trading	-	-
France	Trading	- 1.182.715	- 967.920
Germany	Trading	- 867.447	- 607.293
Hong Kong	Trading	-	-
India	Production and Trading	- 1.714.004	- 1.879.674
Republic of Indonesia	Trading	- 66.850	- 30.380
Israel	Trading	-	-
Italy	Production and Trading	- 10.953.577	- 7.281.407
Japan	Trading	465	-
Malaysia	Trading	- 62.955	- 38.897
New Zealand	Trading	4.785	- 161.785
Portugal	Trading	13.177	13.177
Russia	Trading	65.775	- 130.446
Republic of Singapore	Trading	- 1.235	- 84.441
Spain	Trading	- 58.208	- 149.247
Sweden	Trading	- 24.293	- 31.651
Switzerland	Trading	- 36.066	- 34.520
Taiwan	Trading	- 45.017	-
Turkey	Trading	16.487	43.872
UK	Trading	- 243.519	- 478.250
USA	Trading	- 2.425.297	- 2.534.008
<b>Total</b>		<b>-18.278.194</b>	<b>- 14.039.894</b>

The Group considers the protection of the assets and information that make up the company's information resources to be of fundamental importance. The Group has embarked on a process of continuous development and growth through the careful management of cyber security topics aimed at preserving the availability, integrity, and confidentiality of data, as well as the continuity of the services provided and protection against fraud.

These topics are included within the "ICT End User Global Policy", issued in 2019 and updated in 2023; the policy constitutes a reference for all the Group's employees for the correct use of the ICT tools made available by the Company; the policy places a significant focus on the "secure" management of company data and assets and on the importance of the conduct of each employee to ensure that their complete availability, integrity, and confidentiality are preserved.

To increase awareness of this in all employees, starting in 2021, "Information Security Awareness" was launched, an internal communications campaign through which targeted thematic information is periodically provided through company devices to raise awareness among company personnel about data and information security risks and protection from cyber-attacks. To give continuity and momentum to our awareness and training initiatives, in 2022, we have invested in a "Phishing Simulation" platform, through which we can continuously assess and keep the level of attention high among the entire corporate population regarding attempts at phishing and e-mail fraud. In 2023, in addition to keeping the Phishing Simulation active, a Cyber Security-themed training and gamification initiative was activated for all employees; this new type of training is based on micro-pills, has a duration of several years and each month a specific topic is covered and explored in depth.

Within the company organisational structure, the IT Department periodically conducts reviews and breach and attack simulations to identify any vulnerabilities or gaps that need to be addressed to mitigate and minimise the related risks. Moreover, in collaboration with Internal Audit, a risk assessment and remediation process for IT and cyber security issues is carried out annually. The ICT Security Manager is responsible for managing cyber security projects and matters throughout the Group.

Among the primary risks identified and managed by the Group are: the risk of mishandling of data and tools, the risk of phishing and fraud, and the risk of malware. These risks are managed through specific platforms and technological infrastructures for protecting data, digital identities and infrastructures, as well as by continuously providing information and training to employees.

To monitor the infrastructure and all suspicious events, there is a SOAR infrastructure, which is able to collect and correlate relevant security events; this is done in order to generate alerts to be investigated in case of suspicious events. This tool forms the basis of security monitoring activities that are conducted 24 hours a day, 365 days a year, with the support of a dedicated SOC (Security Operation Centre) structure.

With a view towards continuous improvement, a strategic improvement plan was prepared which forms the basis of the cyber security initiatives for the next three-year period. This plan focuses on the concepts of "Security Governance" and "Security by Design and by Default", key concepts to guide the Group in the digitisation and compliance process it has undertaken.

The Group complies with the existing regulatory framework governing the processing of personal data, including the General Data Protection Regulation "GDPR" (EU Regulation No. 2016/679). This Regulation, based on the principle of accountability, makes each personal data controller responsible for implementing regulatory, organisational, and technological steps to appropriately comply with the regulatory principles of the GDPR using a risk-based approach.

In 2023, there were no complaints or substantiated incidents of privacy breaches or data loss regarding customers or employees.

### Risk management

Effective risk management and the Enterprise Risk Management (ERM) process contribute to a company's sustainable success, maximising its value while complying with applicable regulations. It also allows the organisation to know and mitigate the possible impacts of changes in the environment in which it operates. Biesse has, therefore, defined an Enterprise Risk Management Policy and a model (hereinafter also referred to as "ERM Model") to identify, measure, manage and monitor the main risks that may compromise the ability to implement strategies and achieve business objectives. In particular, the model adopted by Biesse is inspired by the international standards "Enterprise Risk Management – Integrated with Strategy and Performance"<sup>11</sup> and the UNI 31000:2018 Standard<sup>12</sup>. Also, during the risk assessment phase of the ERM process, the implications of environmental, social and governance-related risks (so-called ESG) were considered, based on the guidance provided in the guide "Enterprise Risk Management – Applying enterprise risk management to environmental, social and governance-related risks"<sup>13</sup>. This new model applies to Biesse S.p.A. and to all Group companies. In particular, the new policy is addressed to the corporate bodies, employees and associates who operate within the Group and who are involved in various ways in the ERM process.

More specifically, the Enterprise Risk Management process adopted by the Biesse Group aims to integrate risk management activities into the organisation's processes and culture, following an approach of gradual implementation and continuous improvement of the process itself. This approach allows both an effective learning of risk management issues by the Board of Directors and Management, and the adaptation of the Risk Management process to the constantly evolving structure of the organisation.

The main objectives of ERM are described below:

- to ensure greater awareness in making strategic decisions (*risk informed*), taking into adequate consideration current and prospective risks, within the framework of an organised and overall vision;
- to promote the dissemination of risk management in business processes, in order to ensure consistency in methodologies and tools for risk management and control;
- to develop a common language and disseminate an adequate *risk culture* within the group, according to an integrated approach, also through specific communication and training initiatives that increase awareness of risk exposure and the ability to manage risks;
- to acquire an integrated view of risks at group level;

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<sup>11</sup>As updated in 2017 by the Committee of Sponsoring Organisation (CoSO) of the Treadway Organisation. It represents a standard framework and guide for companies planning to adopt risk management processes that can guide strategies by measuring performance and pursuing long-term value creation, while considering possible disruptions and risks that may result from adverse scenarios. Under the CoSO Framework, risk management processes are not a separate activity, but an integral part of setting and deploying a business strategy. Based on this assumption, the CoSO ERM Framework places the risk management process at the centre of the value chain between the organisation's mission, vision and core values and its performance.

<sup>12</sup>The "Risk Management - Principles and guidelines" Standard provides general principles and guidelines for organisations to efficiently, effectively and systematically implement a risk management system. In particular, this standard sets out the responsibilities for ensuring the adequacy, effectiveness and efficiency of the Risk Management process, and includes the essential elements for its implementation and continued improvement over time, and emphasises that risk management must be adapted to the specific needs and organisation of each company.

<sup>13</sup>Guide prepared by the CoSO in partnership with the World Business Council for Sustainable Development (WBCSD)

- ensure the performance of activities by coordinating the *risk owner* and the other actors involved in the process.

### **Governance and organisational structure for risk management**

From an organisational perspective, the main actors in Biesse's risk management are:

- The **Board of Directors (BoD)** of Biesse S.p.A., with the support of the Control and Risk Committee (CRC), defines the guidelines for the Internal Control and Risk Management System in line with company strategies and evaluates, at least once a year, the adequacy of this system in relation to the characteristics of the business and the risk profile assumed, as well as its effectiveness.
- The **Chief Executive Officer** of Biesse S.p.A. is responsible for identifying the principal business risks, taking into account the characteristics of the activities carried out by the issuer and its subsidiaries and for submitting them periodically to the review of the Board of Directors;
- The **Control and Risk Committee (CRC)** of Biesse S.p.A., in assisting the Board of Directors, examines the content of periodic information relevant to the Internal Control and Risk Management System. In addition, it expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the latter has become aware.
- The **Risk Management function** has the task of coordinating the ERM process and systematically supporting, as a methodological watchdog, the Chief Executive Officer in implementing the guidelines defined by the Board of Directors, and the company management (*risk owner*) in identifying risks, assessing them and drawing up the relevant treatment plans.
- **Risk Owner:** the person responsible for the process on which the risk impacts, in charge of defining the actions to be taken to mitigate the risk and its monitoring. In this context, all the main functions of the Biesse Group are involved.

### **Risk Management Process**

The Biesse ERM model provides an integrated and systemic view of activities to achieve improvements in efficiency, effectiveness and cost effectiveness. It involves the following stages:

- **Context definition:** analysis of the internal and external context in which the Group operates and its evolution over time. This analysis is carried out in cooperation with the key Organisational Departments/Functions of Biesse;
- **Risk identification:** identification, description and assessment of risks. To this end, the Risk Management function, together with the *Risk Owner*, analyses the risk components of activities and processes. The risks identified are classified on the basis of a specific categorisation model, the Group "Risk Model", which represents a constant point of reference for integrated risk management, control and reporting for the Risk Management function and the Board of Directors. Biesse's risk model does not have a category of risks classified as ESG, but each risk has been assessed according to its impact on social, environmental and governance sustainability issues (ESG related);
- **Assessment of existing risks and controls:** for each identified risk, the Risk Owner, with the support of the Risk Management function, makes an assessment based on probability, impact, interconnectivity and speed. The latter two items provide a dynamic view of the risk that supports the identification of its causes, effects and speed of occurrence, also facilitating the optimisation of mitigation actions. Interconnectivity refers to the analysis that identifies, qualifies and quantifies the

relationships between risks. Speed refers to the rate of onset or the time it takes for a risk event to occur;

- **Risk management:** the Biesse Board of Directors has the task of defining the acceptable level of risk in relation to the factors that have emerged and been analysed. Following the residual risk assessment, the directives to be undertaken are established by implementing the most appropriate measures to minimise risks and maximise opportunities.

As a result of the strategy adopted by the Group, management (Risk Owners and other company entities identified by it), with the support of the Risk Management function, prepares an action plan agreed with the Managing Director and submitted to the CRC and the BoD. To provide an up-to-date representation of the risks being monitored, and the related treatment plans, periodic reports are submitted to the Group's BoD and CRC and, where necessary, to the Control Bodies/Supervisory Body to support the Group's strategic decisions.

Finally, the Board of Directors approves the action plan containing the measures adopted by the company to mitigate the risk.

- **Monitoring and reporting:** the monitoring and reporting phase is designed to ensure the detection and analysis of trends in the main risks that have emerged.

### Risk Model

The risk model developed by Biesse allows for a common definition of Group risks. It also provides an overview of the main business risks and supports the analysis of the main risks for better understanding.

It proposes a classification of risks on the basis of two main macro-areas:

- **External Risks** (also including climate change/natural events and energy transition risks), related to the occurrence of external events that are difficult (or partially) to foresee or influence by Biesse;
- Internal Risks.

The latter are in turn subdivided into:

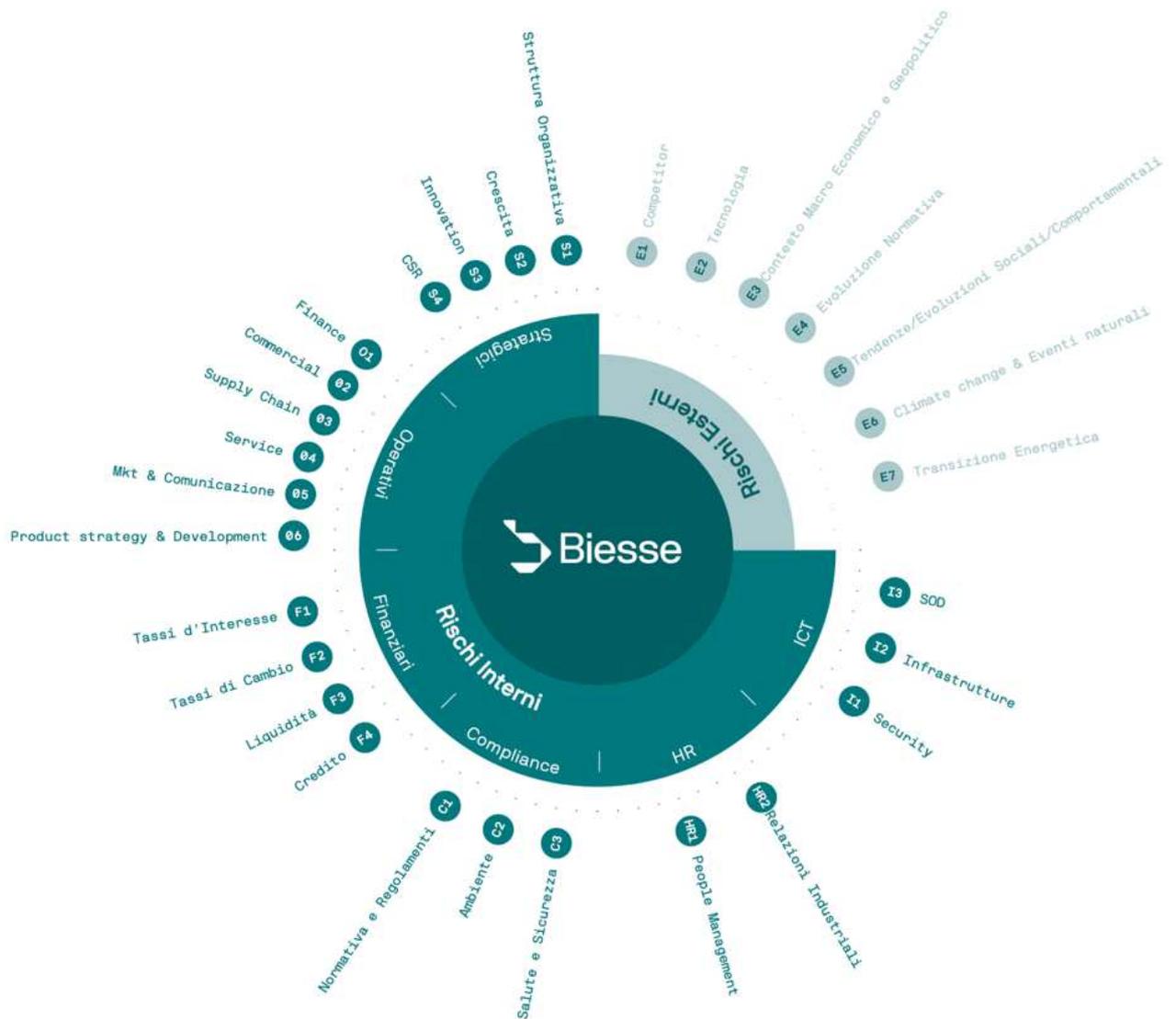
- **Strategic:** related to events that could influence the strategic guidelines or the organisational and business model adopted by Biesse. This family includes risks relating to the business model adopted, reference markets, innovation, investments, sustainability and the management of relations with stakeholders in general;
- **Operational:** related to inefficient and ineffective processes, with negative consequences on the creation of value for Biesse. This family includes risks relating to production, product quality, the supply chain, *business interruption* (linked to the unavailability of production sites and their operational continuity), planning and reporting processes as well as legal aspects;
- **HR:** risks related to personnel management fall into this family;
- **Financial:** related to the ineffective and efficient management of events originating from the financial markets of reference: market risk, liquidity risk, credit risk;
- **Compliance:** related to regulatory compliance, whether external, such as legislative requirements (including health, safety at work and environmental issues), or internal, such as compliance with the Group's Code of Ethics and the corporate procedural system;
- **ICT:** related to failures, defects or unplanned events affecting IT resources (e.g. IT systems/applications supporting the business) or deficiencies in physical security measures or cyber attacks with negative impacts on the integrity, availability, confidentiality, authenticity and/or continuity of Biesse's services

or processes, as well as the violation or imminent threat of violation of company regulations and practices regarding information security.

The Internal Risk categories in turn are subdivided into further subcategories that allow for a more detailed analysis.

The Risk Management function is responsible for ensuring that the Risk Model is periodically updated.

*Figure 4: Biesse's Risk Model*



Based on the analyses performed in 2023, it was possible to classify the Group's main risks according to the company's Risk Model.

The main risks are described in detail in the group's annual financial report.

As part of the materiality analysis conducted during 2023, the main risks and related material issues were identified and reported in this NFS.

### Climate risks

Climate change risks are the result of dynamic interactions between climate-related hazards, exposure and vulnerability of human society, species or affected ecosystems (IPCC, AR6 Synthesis Report, 2022). Climate-related risks fall into two main categories:

- physical risks, related to the physical impacts of climate change;
- transition risks, related to the transition to a low-carbon economy (TCFD, Final Report, 2017).

An in-depth analysis of climate risks was carried out in 2023 to understand the strategic implications for the group. In detail, different climate scenarios (Representative Concentration Pathway<sup>14</sup> such as RCP8.5, most catastrophic scenario, RCP7.0, RCP4.5, most likely scenario and RCP2.6 optimal scenario) and two-time horizons (2030 and 2050) were considered. Thanks to the use of a specific tool, it was possible to assess the exposure to physical risk of Biesse production sites and Group suppliers in the different scenarios considered. The tool has made it possible to calculate the possible days of business interruption in the event of flooding, severe storms (wind, hail, lightning, tornadoes and hurricanes) and the risk of fires in order to provide a measurement of the possible financial effects associated with these risks.

With regard to transition risks, various scenario analyses prepared by NGFS (Network for Greening the Financial System) and IEA (International Energy Agency) were used. A study was also conducted on the main climate regulations, thanks to a dedicated compliance project.

Finally, a benchmarking activity was carried out on a panel of actors in the manufacturing sector to identify the main transition risks and associated opportunities. By analysing climate-related scenarios, Biesse assessed the adequacy of its strategy in terms of resilience with respect to both physical risks and transition risks, demonstrating that the financial effect is not significant in the short and medium to long term.<sup>15</sup>

Integration with Enterprise Risk Management (ERM) also ensures constant alignment between the group's risk assessments and short-, medium- and long-term strategies.

Biesse's resilience is also supported by a business model based on diversification, technology clusters and technological development.

In addition to the physical and transitional risks associated with climate change, which will be monitored and managed with the objective of reducing their potential impacts, the group will continue to monitor the interesting climate-related opportunities for the sector, thanks above all to the strong drive expected from the development of renewable sources, the use of energy-efficient technologies and the strong growth in digitalisation.

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<sup>14</sup> IPCC models, Representative Concentration Pathways (RCPs)

<sup>15</sup> Short term (within one year), medium term (1 to 3 years), long term (between 3 and 10 years)

Table 2: climate risks

Transition risk	
Climate factors	Description of the risk identified in Biesse
Emerging regulation (Policy and Legal)	Failure/delayed interception of "ESG transformation" opportunities in corporate strategy. Failure/non-timely interception of regulatory developments in environmental and Corporate Governance.
Emerging and/or replacement technology (Technology)	Failure to intercept the evolutions/transition policies towards a more sustainable economy.
Increase in the price of energy and raw materials (Market)	Increase in operating costs due to higher production costs caused by changes in raw material prices and energy costs.

Physical risks	
Climate factors	Description of the risk identified in Biesse
Water stress (chronic)	Risk of water stress due to limited availability of water compared to demand and water shortage with damage to production and supply.
Heat stress (chronic)	Damage caused by heat stress in the group's geographical areas and at the group's suppliers.
Extreme weather events (high)	Occurrence of fires, caused by extreme weather conditions, with possible disruptions to production, supply chains, logistics and energy infrastructure.
Extreme weather events (high)	Occurrence of storms (cyclones, hurricanes) with potential damage such as loss of goods and equipment, interruption of production, increased repair costs and loss of income.

### Approach to sustainability

Since 2015, under the leadership of the United Nations General Assembly, the 2030 Agenda<sup>16</sup> for Sustainable Development has been the blueprint for governments and the private sector to focus their efforts to protect the environment, reduce inequality and eradicate extreme poverty. The cornerstone of the Agenda are the 17 Sustainable Development Goals (SDGs); as illustrated in the following pages, the material topics

<sup>16</sup> United Nations General Assembly, A/RES/70/1 - Transforming our world: the 2030 Agenda for Sustainable Development (2015).

identified by the Group have been aligned with the related SDGs to better set the company's actions in the global context of Sustainable Development.

Figure 5. The 17 Sustainable Development Goals (SDGs)



The 2023 Asvis report takes stock of the achievement of the 2030 Agenda goals. The report shows how, after the first few years in which good progress was made on some important topics, such as SDG 1 on poverty eradication or improving health and well-being, the pandemic, which brought with it serious social effects and economic repercussions, has slowed down the planned path. To this analysis we must add recent conflicts that have led to economic instability and shifted the focus to other fronts; geopolitical tensions lead to the weakening of international institutions, which are the only ones that can promote a model of sustainable growth and development and a dialogue between the countries of the world.

As far as the climate crisis is concerned, the COP 28 global climate conference, which took place in the United Arab Emirates in December, agreed on some important targets. The first concerns the transition away from fossil fuels, with zero emissions in 2050, but without setting concrete intermediate steps for the phase-out of non-renewable sources; the second concerns the Loss and Damage Fund, which has been made operational and is aimed at helping vulnerable countries overcome the destruction caused by climate change.

As far as our country is concerned, 2023 is out of line with the achievement of the 17 goals. The indicators drawn up by Asvis show worsening compared to 2010 for poverty (Goal 1), water and socio-sanitary systems (Goal 6), the quality of terrestrial and marine ecosystems (Goals 14 and 15), governance (Goal 16) and partnership (Goal 17); on the other hand, there was substantial stability for the goals related to food (Goal 2), inequality (Goal 10) and sustainable cities (Goal 11), and finally a slight improvement for six Goals such as education, gender equality, renewable energy, decent work, innovation and infrastructure, and combating climate change. Lastly, improvements are noted on health and the circular economy. In the field of occupational health and safety, according to INAIL<sup>17</sup> data referring to 2023, accident reports in Italy were 16.11% lower than in 2022, while those in itinere were 4.7% higher than the previous year. The territorial analysis shows a decrease in accident reports in all areas of the country: most

<sup>17</sup> Accidents at work, Inail data, quarterly bulletin, December 2023

in the South (-20.59%) and the Islands (-18.56%), followed by the North-West (-19.59%), the Centre (-15.95%) and the North-East (-9.93%).

By signing the outcome document of the UN SDG Summit, countries reaffirmed their willingness to close the gap between the Agenda's goals and the results achieved. This implies a commitment on the part of all European countries, since the Agenda represents a strategic choice for the Union. In the coming months, the Italian government, too, will have to agree to draw up an “acceleration plan” to achieve the goals that are currently off-track. Obviously, this effort entails investments that will make it possible to make profound changes to the socioeconomic system, protecting those who are penalised by the transition process. This also applies to companies that must embrace a path of transformation that allows them to gain competitiveness and development opportunities. For this reason, it will be the ability to adapt, to combine sustainability goals with competitiveness, that will enable them to face global challenges with a win-win strategy. The next five years will be crucial in overcoming the three major challenges to which the country is already committed: implementing the National Recovery and Resilience Plan (NRRP), achieving the right ecological transition, including a 55% reduction in greenhouse gas emissions by 2030, and achieving the Goals and Targets of the 2030 Agenda.

Given the context, meeting future challenges is more complex today than in the past. Companies must be able to move faster given the complexity and volatility of the world in which we operate. The challenges facing many companies this year seem to have different interests than the commitments made in the 2030 Agenda. In reality the goals of sustainability, economic competitiveness and national security. It is up to individual companies to find ways to adapt, mitigate and combine these concepts to meet global challenges with a win-win strategy.

### **Biesse's approach**

In 2023 Biesse established the “*Strategy & Sustainable Development*” function, which coordinates the company's strategic issues including ESG issues. With this reorganisation, the company wanted to highlight the strategic role of sustainability with a view to greater integration with the business. The sustainability function has various tasks:

- identifying and analysing the possible impacts and opportunities generated by the organisation
- identifying and analysing, together with the risk management function, which is also part of the same function, risks and opportunities in the ESG sphere
- involve the various internal and external stakeholders to assess and integrate the possible impacts, risks and opportunities identified and the possible actions to mitigate the dangers
- raise management awareness of sustainable development issues
- promote the integration of sustainability concepts in the company's current and future projects

The *Chief Strategy & Sustainable Development Officer*, who reports directly to the CEO on ESG issues, is supported by a Sustainability manager who is assigned the following tasks:

- preparing the corporate sustainability plan;
- reporting to the endoconsiliar committees on ESG initiatives, objectives, projects and policies related to materiality issues that have emerged;
- propose, coordinate and initiate projects and initiatives in the area of social responsibility;

- monitor the action plans of the various organisational units;
- coordinating the activities of drafting the annual Non-Financial Declaration.

The management committee, in which Management and the Managing Director supervise the activities required to implement the projects on a six-monthly basis, defines priorities and responsibilities, ensuring that all the functions involved contribute positively to the achievement of the established objectives.

The Sustainability Policy sets out the key principles on which the group's approach to sustainability is based. In addition, the 2021-2023 strategic plan, adopted by the Board on 30 July 2021, included a specific programme for the development of sustainability (currently reported through the Sustainability Report).

Consistent with the ongoing change process, Biesse has rethought its approach to sustainable development issues by integrating the new values, the new corporate mission and by using the 2030 Agenda as a guide for developing current and future projects. Consciously contributing to sustainable development means integrating the sustainability process into the various company activities to prevent potential adverse impacts and contribute positively to the achievement of business objectives. In addition, the three-year strategic plan '24-'26, approved by the Board of Directors on 28 February 2024 and available in the *Investor Relator* section of the institutional website, will contain the ESG plan outlining the sustainability objectives for future years.

#### **Economic sustainability**

Biesse sustainability initiatives are driven by a combination of proven *best practice* and innovation engaging with key stakeholders to simplify clients' manufacturing process, empowering their imagination to enhance people's everyday life.

#### **Social Sustainability**

Biesse is committed to protect the development of people by promoting curiosity and innovation enhancing the peculiarity of individuals through respect of human rights based on shared corporate values.

#### **Environmental sustainability**

Biesse aims to protect environment, using sustainable resources and materials and sharing these principles along the supply chain.

## Stakeholders and materiality analysis

### Stakeholders

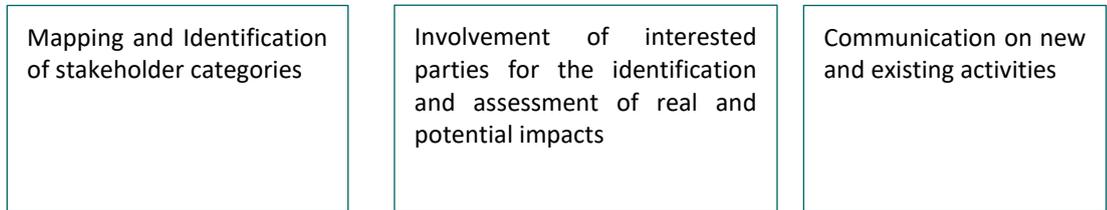
Biesse is committed to fostering a transparent and collaborative relationship with all its stakeholders. Our main stakeholders include employees, customers, the surrounding area and local communities, universities and suppliers with whom we collaborate.

Figure 6. Biesse's main stakeholders



The stakeholder identification process has been firmly established over the years and involves several actions:

- The mapping of the various stakeholders with whom the group interacts to correctly identify the categories to be involved;
- Identifying the key stakeholders with whom to promote ongoing dialogue while considering the external environment and Biesse's future development;
- Involving stakeholders in different ways to identify and assess the possible positive and negative, real and potential impacts generated by the organisation on the environment, the economy and people, including possible impacts on human rights;
- Constant communication of the results and activities to be undertaken through the publication of the sustainability report, or through targeted communications to interested groups.



The ways in which the various stakeholders were involved during the year are outlined below.

Table 3: Company commitments and Stakeholder engagement actions

Stakeholder	Summary of commitments and activities	Engagement actions	Stakeholder expectations
Shareholders and investors	Events for financial analysts and support offered by <i>the investor relator</i> . Information on the Stock Market performance. Sharing of ongoing projects on ESG issues	<ul style="list-style-type: none"> <li>General meetings of shareholders</li> <li>Channels of dialogue used by the group's Investor Relations Officer</li> </ul>	<ul style="list-style-type: none"> <li>Increase in share value</li> <li>Transparency in relation to Corporate Governance, long-term objectives and business performance (ESG related issues).</li> </ul>
Customers	Daily customer service activities. Dialogue with customers to assist them in the selection and customisation of products and to offer reliable machinery and ad hoc engineering solutions for the creation of complete systems.	<ul style="list-style-type: none"> <li>Direct customer assistance channels (Biesse Service and Biesse Parts)</li> <li>Plants and showrooms visits</li> <li>Invitations to events and fairs</li> </ul>	<ul style="list-style-type: none"> <li>Reliability, safety and technological innovation of products</li> <li>Continuous assistance and advice</li> <li>Information on the correct use and regular maintenance of the machinery</li> </ul>
Financial community	Accurate and precise measurement of economic performance. Accurate and transparent reporting, in line with current regulations, Participation in events and conventions, to transmit information relating to the Group's performance and to understand relevant market trends.	<ul style="list-style-type: none"> <li>Participation at events, conventions and conferences</li> <li>Round tables</li> </ul>	<ul style="list-style-type: none"> <li>Ability to meet its own financial commitments</li> <li>Compliance with legislation in force and principles of transparency, clarity, correctness and accountability</li> </ul>
Employees	Channels of communication to promote reporting by employees of alleged violations of the Codes and Regulations adopted by the Group. Sharing of ESG activities through internal communication channels	<ul style="list-style-type: none"> <li>Channels for the collection of reports of violations Group regulations</li> </ul>	<ul style="list-style-type: none"> <li>Safe and fair workplaces</li> <li>Occupational stability and corporate welfare</li> </ul>

			<ul style="list-style-type: none"> <li>• Fair remuneration policies and meritocratic systems</li> </ul>
Suppliers and Trade partners	Daily communication with suppliers by the purchasing department, in order to understand their needs and to encourage continuous improvement of the commercial relationship therewith.	<ul style="list-style-type: none"> <li>• Round tables</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with contractual conditions</li> <li>• Continuity of supply</li> <li>• Fair and non-discriminatory treatment</li> <li>• Possibility to develop strategic partnerships that improve their business</li> </ul>
Sector-specific media and magazines	Collaboration with sector-specific media and magazines, through interviews, presentations and dedicated events. Promotion of information campaigns relating to technological innovations, new machinery and new developments in the sector or any actions undertaken in the interests of the community and the environment.	<ul style="list-style-type: none"> <li>• Interviews</li> <li>• Corporate presentations</li> <li>• Corporate events and trade fairs</li> <li>• Press conferences or workshop</li> </ul>	<ul style="list-style-type: none"> <li>• Timely and accurate presentation of the Group's performance</li> <li>• Presentation of initiatives undertaken of a social and cultural nature</li> <li>• Presentation of technological innovations developed</li> </ul>
PA, government entities and control bodies	The Group guarantees the utmost integrity and correctness in relationships with the public administration, government entities and control bodies, based on principles, roles and responsibilities identified in accordance with legislation in force, with the objective of maintaining a constructive collaborative relationship that serves the interests of the community.	<ul style="list-style-type: none"> <li>• Institutional round tables</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with current legislation</li> <li>• Fight against active and passive corruption</li> <li>• Prevention of offences as per Legislative Decree 231/2001</li> <li>• Seriousness and transparency in addressing the needs of PA</li> </ul>
Trade unions	Dialogue with the trade unions, aimed at the complete protection of workers' rights in the context of activities carried out in the name of or on behalf of the group. Involvement of trade union representatives on Group ESG topics	<ul style="list-style-type: none"> <li>• Periodic meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Preparation of measures to safeguard the health and safety of employees</li> <li>• Compliance with contractual conditions</li> </ul>

Locality, communities and NGOs	Initiatives in support of the social and cultural development of the area where the Group operates Roundtable with local NGOs to promote social inclusion initiatives	<ul style="list-style-type: none"> <li>• Initiatives to engage with local communities</li> <li>• Dialogue with non-profit organisations for the payment of donations, contributions and sponsorships for sport and culture</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of local development</li> <li>• Participation and support by the Group for cultural development and social inclusion projects</li> <li>• Support to the Territory in case of Emergency</li> </ul>
Universities and research centres	Development of common interest projects to promote the development of new technologies and/or business practices. Collaboration with research centers to promote and ensure the entry of new specialized figures into the Group.	<ul style="list-style-type: none"> <li>• Workgroups and workshops with students</li> <li>• Career days at partner universities</li> <li>• Partnerships with key universities and schools in Italy and abroad</li> </ul>	<ul style="list-style-type: none"> <li>• Involvement of students in work experience and internships</li> <li>• Collaboration with universities and research centres in order to develop and disseminate engineering skills and techniques</li> </ul>

### Materiality

This year Biesse started the materiality analysis exercise following, as a preliminary step, the future requirements introduced by the new Directive (EU) 2022/2464 (CSRD, *Corporate Sustainability Reporting Directive*). The dual materiality process was conducted, integrating the “inside-out” (*Impact Materiality*) perspective, as required by the GRI Universal Standards 2021 (GRI 3 - Material Topics), with the “outside-in” (*Financial Materiality*) based on the EFRAG European Sustainability Reporting Standards (ESRS), in particular as defined in ESRS 1 General Disclosure.

In both perspectives, the entire perimeter within which Biesse operates has been considered and the impact on the entire supply chain has been considered. For the dual materiality analysis, the entire management and some representatives of the academic world were involved to have an overall view of the new process faced by the company. The entire dual materiality process consisted of the steps described below.

In the first phase, an analysis of internal documentation, a benchmark and context analysis (hereinafter also referred to as 'Context Analysis') was carried out to identify relevant aspects for the organisation in consideration of the activity carried out, business relations, the sustainability context in which the group operates and the expectations of its stakeholder. The materiality analysis also considers the areas envisaged by Legislative Decree 254/2016 to the extent necessary to ensure an understanding of the Company's activities, its performance, results, and impact.

Subsequently, the themes proposed by ESRS 1 *General Requirements* were analysed, verifying a possible correlation with the themes already reported in 2022.

Thanks to the Context Analysis, it was possible to investigate the positive and negative, current and potential impacts (an *inside-out* perspective) generated by Biesse in relation to each of the relevant aspects that emerged from the analysis conducted in the previous phase and through the use of internal documentation.

In the second phase, the identification of sustainability risks and opportunities was carried out, through the analysis of the issues present in the new sustainability standards (ESRS) and with the aid of corporate tools such as the *Risk Register ERM*.

All impacts, risks and opportunities were validated or integrated thanks to the involvement of corporate functions, each for the part of its competence.

Finally, the list prepared was then subject to evaluation by Biesse management.

Climate risks (physical and transitional) were the subject of an in-depth study as specified in the section on “climate change risks” in this NFS. The probability and magnitude of each climate risk was assessed by the *Group Chief Financial Officer*, on the Italian perimeter, and by the *Chief Financial Officer* of Biesse India Private Limited, on the Indian perimeter; the probability was subsequently weighted with the risk exposure to 2030 considering the *Representative Concentration Pathway 4.5*<sup>18</sup> scenario, thanks to the use of a specific *tool* for analysing climate risks.

Once the assessment was made, impacts and risks/opportunities were prioritised to obtain a list of significant impacts and a list of significant risks/opportunities downstream of the Top Management assessments.

With reference to FY2023, the Group decided to involve a panel of external stakeholders, such as representatives of the academic world with whom to share the dual materiality methodology adopted and the material issues that emerged, as well as to collect any observations and suggestions for improvement.

The results that emerged were aggregated to obtain, for each theme, an impact value and a *financial materiality* value.

The results obtained were shared with the Control and Risk Committee and finally approved by the Board of Directors on 18/12/2023.

Table 4: Material topics listed in order of priority according to Inside-out perspective

Material topics	General description of the impact (inside out perspective)	Type of impact
<b>Change management</b>	Involvement of the workforce in the transformation project with clear objectives and defined responsibilities.	Positive - current
<b>People experience &amp; development</b>	Improved employee engagement through enhanced sense of company ownership and opportunities for development and growth.	Positive - current
<b>Brand &amp; Product experience</b>	<i>Engagement</i> of stakeholders brought about by an effective brand & product <i>experience</i> .	Positive - current

<sup>18</sup> The RCP4.5 scenario is the most likely given current country commitments. The temperature is expected to rise between 2 and 3°C by 2100, well above the Paris 2015 and Kyoto Protocol limits. IPCC models.

<b>Product and process innovation</b>	Promotion of innovation diffusion and implementation of digitisation processes to enhance product performance.	Positive - current
<b>Supply chain</b>	Improved corporate performance and reputation through collaboration with suppliers qualified according to ESG criteria.	Positive - potential
<b>Climate change &amp; pollution</b>	Inadequate management of emission reduction.	Negative - potential
<b>Relationship with the community</b>	Social and economic development in the areas where the company operates through economic investment, skills transfer and support to local communities.	Positive - current
<b>Use of resources, water and waste</b>	Negative environmental damage related to inadequate management of resources used, waste and water (e.g. excessive withdrawal in areas of <i>water stress</i> ).	Negative - potential
<b>Equal treatment &amp; opportunities for all</b>	Enhancement of diversity to attract and develop new talent.	Positive - current

Table 5: Material topics listed in order of priority according to outside-out perspective

Material topics	General description of the risk (outside-in perspective)	Risk/Opportunity
<b>Change management</b>	Risks associated with the need to operate with a leaner organisational model in order to adapt to changing environments with speed and competitiveness.	Risk/Opportunity
<b>People experience &amp; development</b>	Difficulties in managing the turnover of key resources and loss of employee <i>engagement</i> .	Risk
<b>Brand &amp; Product experience</b>	Risks associated with the transformation of the Biesse Group's service model.	Risk
<b>Product and process innovation</b>	Risks related to Biesse's ability to maintain product competitiveness.	Risk
<b>Supply chain</b>	Risks related to inadequate supply chain management.	Risk
<b>Climate change &amp; pollution</b>	Risks originated by the physical effects of climate change (high or chronic). Risks originated by the transition to a low-emission economy.	Risk
<b>Relationship with the community</b>	Risk of not understanding the expectations of the community in which the group operates.	Risk
<b>Use of resources, water and waste</b>	Opportunities in the strategic management of materials and resources.	Opportunity
<b>Equal treatment &amp; opportunities for all</b>	Reputational risks related to sanctions and litigation along the supply chain.	Risk

## Economic sustainability

To sum up:

- 701 million of economic value distributed by the Group in 2023
- 785 million of total revenue in 2023
- 95% of purchases from local suppliers as far as manufacturing plants in Italy and India are concerned.
- Certification UNI ISO 9001:2015 for Biesse SpA with 4 manufacturing sites, Biesse India Private Limited with 2 sites and HSD SpA.

### Economic performance

As is well known, since January 2022, the escalation of tensions between Russia and Ukraine, which led to Russia's declaration of war on Ukraine and the invasion of Ukrainian territory by the Russian army on 24 February 2022, have had repercussions on international markets, both in terms of financial market trends and commodity prices, which continued to persist during 2023. In addition, recent events in the Middle East have introduced new variables of instability that have reflected on business dynamics not only regionally but also on a global scale. Biesse carefully monitored the evolution of the situation and continued to undertake initiatives aimed at countering any impact.

The reference context was therefore characterised by uncertainties due to the evolution of the international geopolitical context described above, with consequent repercussions on the evolution of supplies.

At the end of 2023, the Biesse Group's portfolio stood at € 282,320 thousand, down 26.6% from December 2022 (€ 384,659 thousand).

In this context, the Biesse Group's 2023 revenues amounted to € 785,002 thousand, a decrease (-4.6%) compared to 2022. This performance was characterised by the downturn in sales dynamics in certain geographic areas, a phenomenon partially mitigated by the size of the order backlog at the beginning of the year.

An analysis of sales by geographic area shows that the increase only affected Eastern Europe (10.3%), while Western Europe, Asia-Oceania, North America and the Rest of the World recorded decreases of 4.4%, 10.7%, 12.2% and 1.6% respectively.

Western Europe was once again the Biesse Group's largest market, generating € 412,343 thousand in turnover, i.e. 52.5% of the total. A breakdown of revenues by operating segment shows that (Machine-Systems and Mechatronics) decreased by 3.9% and 13.0% respectively in 2022.

The above-mentioned reduction in volumes was actually reflected in the operating result for the period, as indicated by Adjusted EBITDA, which, gross of non-recurring charges, amounted to € 77,025 thousand, down by 14.9% from the previous year. At the same time, the operating result before non-recurring events (Adjusted EBIT) decreased (€ 40,348 thousand in 2023 vs. € 47,574 thousand in 2022) with a negative delta of € 7,226 thousand and a decreasing EBIT margin from 5.8% to 5.1%.

It is also worth mentioning that the Biesse Group's economic result for the period was negatively impacted by "non-recurring events" in the amount of € 16,180 thousand, of which € 12,960 thousand relates to the company restructuring provision, € 4,030 thousand to the write-down of assets related to the Russian branch as a result of the increase in the country risk profile, also linked to the evolution of the local regulatory framework (of which € 1,732 thousand for inventory write-down, € 1,749 thousand for

bad debt write-down and € 549 thousand for write-down of other residual assets) € 941 thousand to costs incurred for the acquisition of the shares of GMM Finance S.r.l., partially offset for € 1,937 thousand by the capital gain arising from the sale of the building and relative land in Thiene.

With reference to the corporate restructuring provision recognised during the year, it represents the best estimate of current charges relating to the organisational transformation process that must lead to an adequate sizing of the structure in line with the business model defined within the One Company project and the volumes of business generated. To do this, a series of initiatives have been activated, such as the defensive solidarity contract for the period November 2023 - October 2024 and the rationalisation of its operating offices, which in the near future will probably entail the management of redundancies already identified on the basis of technical-organisational criteria, territorial location and the principle of non-opposition to redundancies favoured by economically incentivised redundancies. The economic incentives, which will be disbursed exclusively against the waiver of the right to contest the termination of employment through the signing of settlement agreements, envisage a payment by way of redundancy incentives and partially by way of a novation settlement, for the subjects identified.

In addition to what has been described so far on the economic performance, it should be noted that the financial performance was instead affected by the dynamics of net operating working capital, which increased by € 33,774 thousand compared to December 2022 (with a consequent contraction in cash generation). This phenomenon is mainly attributable to the decrease in contractual liabilities (amounting to € 30,148) influenced by the slowdown in order intake manifested during the year and was also negatively impacted by the bringing forward to the fourth quarter of 2022 of most of the investments related to Industry 4.0 (Italian users in fact wanted to ensure the incentive of the tax credit for Industry 4.0. at 40% knowing that in 2023 the rate would be halved).

Still on the subject of changes in net operating working capital, inventory recorded a significant decrease of € 47,195 thousand, in line with the Biesse Group's stock optimisation strategy. This trend was fully offset by and in line with the decrease in trade payables equal to € 46,715 thousand, against a significant reduction in procurement for the period, with a consequent reduction in average payment days (DPO).

On the other hand, with regard to trade receivables, there was an increase of € 4,106 thousand, an increase attributable to the increase in DSO both on the Italy area due to the halving of the 2023 rate of the tax credit relating to Industry 4.0. and partly on European areas such as France and the UK in particular.

The Net Financial Position (hereinafter also referred to as "NFP") of the Biesse Group at 31 December 2023 was positive for € 92,953 thousand, a decrease of € 23,693 thousand compared to the figure at 31 December 2022 (positive for € 116,646 thousand). The change is mainly influenced by the distribution of dividends during the first half of 2023 and the dynamics of net operating working capital as previously commented, despite the solid operating results achieved.

The scenario described so far, confirms that throughout 2023 the Biesse Group has resolutely implemented actions aimed at optimising warehouse inventories and containing costs, while at the same time seeking to monitor the dynamics of net operating working capital, even if strongly influenced by the trend of incoming orders manifested during the year.

#### **Economic value generated and distributed**

Economic value generated and distributed expresses in monetary terms the relationship between Biesse and the relevant socio-economic system, it measures Biesse's economic impact and its ability to create and distribute wealth to the key

stakeholder categories, such as personnel, shareholders, lenders, the community and the public administration. Economic value generated by the group in 2023 amounted to over Euro 757 million, whereas that distributed amounted to over Euro 697 million.

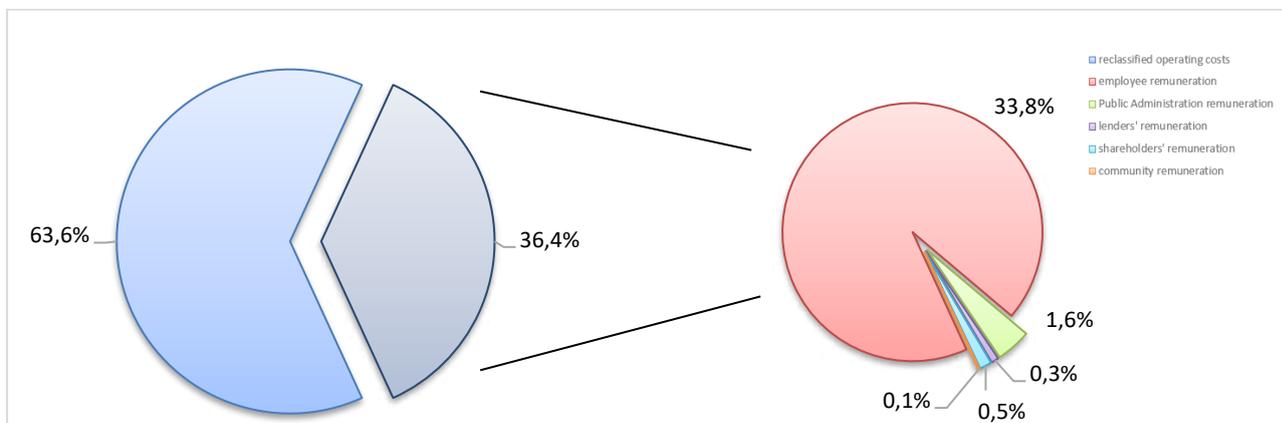
Table 6. Determination of economic Value generated, distributed and retained by Biesse Group

	2023	2022
<b>Economic value generated by the Group</b>	<b>757.662.148 €</b>	<b>857.105.796 €</b>
<b>Economic value distributed by the Group</b>	<b>701.318.207 €</b>	<b>797.274.380 €</b>
<i>of which: reclassified operating costs</i>	446.157.744 €	528.244.458 €
<i>of which: employee remuneration</i>	237.382.963 €	243.238.474 €
<i>of which: Public Administration remuneration</i>	11.161.286 €	14.453.810 €
<i>of which: lenders' remuneration</i>	2.330.674 €	2.013.523 €
<i>of which: shareholders' remuneration</i>	3.836.363 €	9.042.855,96 €
<i>of which: community remuneration</i>	449.277 €	281.259 € <sup>19</sup>
<b>Economic value retained by the group</b>	<b>56.343.842 €</b>	<b>59.831.417 €</b>

The portion of economic value attributable to Reclassified operating costs amounts to Euro 446,157 thousand and mainly includes costs incurred for the purchase of raw materials, ancillary materials, consumables and goods, cost of services, membership fees, lease and rental costs, directors' and statutory auditors' remuneration and other operating costs. The portion of economic value distributed to employees and other workers amounts to Euro 237.382 thousand and accounts for approximately 30.5% of the total economic value distributed. This portion includes costs incurred for wages and salaries, awards and bonuses, social contributions, charges to pension plan provisions and other employee related costs. A portion of economic value was distributed to the public administration in the year amounting to Euro 11.161 thousand. An amount was distributed to lenders of Euro 2.330 thousand resulting from finance costs. The amount distributed to shareholders amounted to Euro 3.836 thousand. An amount of Euro 449 thousand was distributed to the community under the form of donations, sponsorships and contributions. This figure constitutes a further direct and indirect impact on the development of the locality for the benefit of local communities. To conclude, the amount of Euro 56.343 thousand constitutes the economic value retained by Biesse, consisting mainly of profit for the year allocated to reserves, depreciation and amortisation, charges to provisions and impairment.

<sup>19</sup> The figure for community remuneration has changed as a result of the reclassification of membership fees within the item "reclassified miscellaneous operating expenses".

Figure 7. Economic value distributed by the group in 2023



### Product and Process Innovation

In 2023, the *Innovation* function merged into the *Product Innovation & Development* function, with the aim of guiding the strategic development choices of the entire organisation's product portfolio.

This choice stems from the realisation that managing innovation presupposes the ability to understand and respond to changing context conditions. The aim is to pursue new opportunities, to leverage the knowledge and creativity of internal people and also in collaboration with external partners, to whom we assign roles of *advisory*, *support* and *external development*.

In this regard, relations and collaborations continue with:

- **national universities** such as the *Polytechnical University of Marche* (project *Intelligence 5.0* to develop predictive analysis algorithms designed to develop machines and technologies for Industry 4.0), *Sapienza University* (project *Electrospindle 4.0*, to develop a prototype production process based on the Zero Defect principle), *Bocconi University* (wood-furniture chain sustainability project)
- **international universities** such as the *Swedish University of Agricultural Sciences* for the project *EcoReFibre*, which aims to set up a circular economy process to recycle scrap wood into fibre panels and new construction products.
- **research centres** such as *CATAS*, Centre for Technical Assistance for Companies in the Wooden furniture industry, for testing finished products and materials and running workshops on innovation and sustainability.
- **consortia and associations** *MUSP* (Machine Tools and Production Systems Consortium, under the project cluster of the mechatronics division), the *Intelligent Factory Cluster*, *EFFRA* (European Factory of the Future Research Association), *ACIMALL* (Association of Italian manufacturers of machinery and accessories for wood processing), *AMAPLAST* (Association of Italian plastics and rubber processing machinery and moulds manufacturers), *Confindustria Marmomacchine* (Association of manufacturers of ornamental marble, granite and stone and of machinery, tools and equipment for their processing), *GIMAV* (Italian association of suppliers of machinery and accessories for glass processing), *UCIMU* (Association of Italian manufacturers of machine tools, robots, automation and ancillary products), *VDMA* (German association for mechanical engineering in Europe).

- **start-up** including *U-Sense.it* for measuring the quality of the processing finish and consequently reducing waste.

### Product innovation

The Group has always been focused on implementing solutions that are capable of constantly improving operating performance and the reliability of the machinery, but that also to ensure well-being and safety in the workplace, to limit environmental impacts and to provide customers with greater production and energy efficiency.

Particular attention has been given to simplicity of use, ergonomics, dust reduction and to reduce energy consumption. The high degree of integration of mechanics, electronics and software render the company's products "*intelligent*" and "*collaborative*" and integrated, as well as capable of guaranteeing autonomous functionality without the constant presence of an operator.

Development with a view to increasing automation and in general the *self-awareness* of machines has in fact a crucial impact on the reduction of the mental load on the operator, with a consequent reduction of risk for the same and an enlargement of the audience of potential users, who require less expertise and specific skills to obtain better quality products. The transformation process the group has been going through has led to changes in the segmentation of offering, which is mainly focused on the development of:

- **systems**, that is, machines and automations perfectly integrated with each other and with the management software ecosystem used by customers;
- **intelligent machines**, that are easy to use, connected, reliable and with native automation that makes them increasingly independent of operator intervention and easier to control remotely;
- **differentiating solutions** with levels of performance and innovation that exceed the *needs* of the various market segments in which the Group operates.

To remain competitive in the market and to promote new products and services that meet customers' needs, in 2023, 150<sup>20</sup> people were involved in research and development activities, for a total of approximately 83,235 working hours.

The process of researching and developing innovative products is also implemented with involvement of the Group's customers through:

- internal testing activities with materials and tools that simulate as closely as possible the working conditions of clients with a focus on exceeding the guaranteed levels of performance;
- beta-testing at the premises of selected partners for the final performance and reliability tests.

Biesse's ability to innovate and leverage its *know-how* for strategic success can be measured by factors such as the number of patents deposited: the Group currently holds approximately 300 patents, which have contributed to the development of technological solutions present in the processing machinery market.

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<sup>20</sup> This figure relates to the following legal entities: Biesse S.p.A., HSD S.p.A. and Forvet Costruzione Macchine speciali S.p.A.

### Life Cycle Assessment

This year, the group carried out two *Life Cycle Assessment* (LCA) studies applied to the woodworking machinery supply chain as part of ESG projects. These projects concern:

- production of a numerical control processing centre for woodworking;
- machining phase of the wood-based panel using such a working machine.

The study, carried out as part of the Arcadia project, a project promoted by ENEA to bring companies closer to studying the life cycle of products, aimed to:

- promote the life cycle approach in public procurement and green purchasing and strengthen the skills of Public Administrations (PA) in this area;
- set up an Italian LCA (*Life Cycle Assessment*) database on 15 national supply chains as a support tool for PAs in the preparation of calls for tenders and the evaluation of offers and as a source of data representative of the Italian context for companies wishing to develop LCA studies of their products and services.

The realisation of the study was of some importance due to the fact that the wood-furniture sector in which the study is located is an economically relevant sector at national level. In addition, the *Life Cycle Assessment* is the main tool for investigating subsequent applications of eco-design principles and possible interventions for the collection, recovery and recycling of end-of-life products.

In addition to the LCA studies, the company developed two studies to compare the energy savings of two new technologies proposed to the market versus traditional technologies. In the studies, test protocols were developed to detect consumption according to UNI EN ISO 14021:2016. The analyses were subsequently evaluated and verified by a third party.

### IoT Platform: Sophia

Biesse's IoT platform, SOPHIA, is based on the connection of top-of-the-range machines to Microsoft's Azure cloud and enables the real-time collection of data and performance information on the technologies in use to initiate collaborative processes with our customers in terms of increasing the performance and optimising the productivity of machines and systems. In fact, the data collected makes it possible to analyse the functionality of the systems and programmes run, to identify any malfunctions and to assist customers with preventive maintenance to prevent breakdowns, thus minimising any interruption to the manufacturing process.

Through the direct connection to Sophia Parts, the group's spare parts portal, the platform facilitates the simple and efficient management of spare parts, guaranteeing constant assistance and quality to all its customers. The Industry 4.0 solutions thereby become an integral part of the product, offering customers more value from the machines.

An important innovation was the development, by HSD Mechatronics, of the first patented wi-fi connected electrospindle. This electrospindle, which can communicate with the most commonly used devices through an app, makes it easier for the user to monitor the component, guaranteeing faster and less costly maintenance, accurate and fast diagnostics, in addition to improved safety and flexibility in use.

With the Electrospindle 4.0 project, HSD becomes the first Italian medium-sized company to be the *Lighthouse Plant* of the *Intelligent Factory Cluster*, following the likes of companies such as Ansaldo Energia, ABB, Hitachi Rail and Tenova-Ori Martin. This was made official in December 2020 when the Minister for Economic Development signed the decree authorising the special "Agreement for Innovation", which envisages

investments towards the realisation of the innovative *Zero Defects Manufacturing*. Financial contributions from the Italian Ministry of Economic Development (MISE) and the Regions of Marche, Lazio and Umbria will be made to support the *Elettrospindle 4.0*, project for the design of interconnected electrospindles. For HSD, the objective is to establish a digitalised, interconnected, intelligent, resilient supply chain focused on quality and time-to-market.

#### **Re-engineering and digitalisation of the product development process**

As of 2022, the company re-engineered the product development process to make it more effective and controlled, integrating data, processes, and digital business systems into a workflow controlled by decision-making committees.

The product development process makes it possible to manage information, from concept to design and through to production and after-sales support, in a streamlined manner. It also makes it possible to manage projects in a manner consistent with the strategy, providing the tools to identify and manage priorities, resulting in a roadmap shared with other business functions.

This process forms the basis for improving the quality of products brought to market.

#### **Biesse among the "Sustainability Leaders" according to Il Sole 24 Ore and Statista**

Biesse's commitment to all aspects of sustainability - economic, environmental, and social - has been recognised in the "Sustainability Leaders" survey organised by the Italian financial newspaper Il Sole 24 Ore and conducted by Statista, which places Biesse among the top 200 companies in Italy.

#### **Biesse is listed among Italy's Best Employers by Statista and Corriere della Sera**

Biesse Group is once again recognised among Italy's Best Employers by Statista and Corriere della Sera, placing fifth in Italy in the "mechanical and plant engineering" sector. The ranking compiled by Statista, a German company that collects and processes economic and financial data, in collaboration with Il Corriere della Sera, analysed the attractiveness of over 3000 companies to identify the best companies to work for in Italy, and was based on a survey involving 20,000 workers.

#### **Brand & Product Experience**

*Customer Performances* and *Caring* are the basis of a strategic approach that starts with the sustainable management of the supply chain and continues throughout all stages of the lifespan of the product, ensuring ease of interaction and quality of service *end to end*. Today, the group employs more than 500 people who ensure the optimisation of planning and field implementation of customer services and more than 130 *Hotliner* located in the different markets. This allows greater service coverage and better tools for a more effective interaction between customer and Biesse. The company provides *on-site* and *on-line* installation, training and *commissioning* services for new machines and related equipment combining *best in class* service levels, advanced diagnostics, maintenance, and spare parts procurement to minimise *downtime* and maximise productivity and processing efficiency. In addition, the group has over 150 people around the world dedicated to *front* and *back office*, logistics and spare *parts* management.

With the new organisational structure, the group is strengthening its market presence in terms of customer support and procurement logistics. The group is structuring itself to complete the path initiated by *Customer Care* by strengthening its market presence and simplifying 24/7 customer interaction.

The Sophia digital platform, available 24 hours a day, 7 days a week, allows customers to navigate in a personalised area where they can access all the information regarding the *performance* of the machines, the order and the related tracking of purchases made until complete *delivery*. The portal allows you to identify and order the parts you need, creating a shopping cart, assessing the availability of both new and reconditioned guaranteed parts, and verifying in real time the minimised supply times thanks to a distribution network consisting of 13 interconnected *worldwide* warehouses. Starting next year, 24/7 telephone support will be progressively activated in different geographies to make the service offered even more differentiating.

The focus on professional training courses to improve the quality of service, localisation of skills, diagnostic knowledge and high quality technical-managerial figures is also growing, thanks to the technical training centre supporting the entire group network.

### **Quality Management System**

With the objective of offering high quality standards to its customers, in 1996, Biesse S.p.A. adopted a Quality Management System certified to the ISO 9001:2015 international standard. As of 31 December 2023, the certification applies to Biesse S.p.A., HSD S.p.A. and the Indian company Biesse India Private Limited. Pvt. Ltd.

The main company processes and activities are formalised in a document system managed by the *Risk & Process management*. To guarantee the standardisation of the processes, most of the *Quality System* documents are available (in Italian and English) and may be accessed via the new documentation portal from all group companies. To support the transformation project, the team worked closely with each department to define, structure, and standardise business processes. This support process led to the construction of a map of the Group's high-level processes, both operational and in terms of developing the business. This made it possible to identify the relationships to facilitate the exchange of data and information and ensure that company objectives are achieved more efficiently and effectively.

The *process management* is responsible for overseeing and ensuring the functioning of an approach based on process management, with the ultimate aim of facilitating the sharing of information, removing organisational barriers, and working to ensure that cross-functional processes and activities are clearly defined and controlled, and that roles and responsibilities are clearly identified. To enable a standardised and shared approach to processes, the company has, in fact, adopted an IT platform to monitor and control business processes by managing internal process and supply non-compliance.

### **Product reliability**

The Group strives for continuous improvement through a proactive organisational system aimed at increasing machine reliability and customer satisfaction.

The commitment to experimental development and the pursuit of new machinery and technologies is always considered a priority. For the Group, reliability is linked to the strengthening of the entire production process; The development process for a new product is standardised and formalised via specific procedures and operational instructions, which detail all the stages.

Customer centrality and satisfaction form the basis of a strategic approach implemented through the organisation of and control over the supply chain. The Quality Department analyses reports related to the replacement of components under warranty and the technical interventions made by the technicians of the Service function.

Periodic meetings on reliability issues attended by all the business functions involved are held to share and discuss the Group's main quality indicators.

Some of the most important actions taken in 2023 to improve process efficiency, reduce costs related to low-quality products and promote continuous improvement include:

- the development and improvement of a *problem solving* methodology
- application of the (*Failure Mode and Effect Analysis*) FMEA methodology during product development, as a preventive activity
- the introduction of DMS (*Daily Management System*), which involves planning structured and standardised daily activities to achieve certain goals through stand-up meetings, multidisciplinary groups, and visual management;

Before being delivered to the customer, all machinery must pass testing required by regulations in force, as well as specific tests depending on the product type. In 2023, more than 120,000 checks were carried out on products being shipped. Product Quality is achieved by accurately measuring the key values and characteristics of the assembled components. For this reason, all the mechanical and electrical instruments used are subjected to rigorous quality controls, and the approximately 8,000 measuring instruments are periodically checked and calibrated by accredited laboratories. In 2023, more than 48,000 lots from design providers were checked. The Group also has 12 three-dimensional measuring machines to check strategic components, plus various *laser tracker* and interferometers of the latest generation that are used during testing and for the validation of new products, that have resulted in an increase in measurement accuracy, a reduction in testing times and the possibility to increase the variables measured.

#### **Technology at the service of customers and their safety**

With the objective of guaranteeing its customers the highest machinery safety standards, the Group subjects all models produced to a stringent risk analysis in the design phase, with particular attention being paid to risks associated with any mechanical and electrical elements, as well as those linked to operators' behaviour, in order to guarantee levels of performance that exceed those required by the Machinery Directive 2006/42/EC and other international, Community and national legislation and regulations. In the testing phase, tests are performed of the level of noise emitted during operation and of electromagnetic compatibility with particular reference to radiation emitted and the immunity of machinery to radiation that it could be subjected to in the relevant industrial environment, plus electrical grounding tests are also performed.

Over the last twenty years, the Group has actively participated with its experts in the work that gave rise to the drafting of standards currently in force, both at the European level (EN Standards) and at the global level (ISO Standards). This work has followed the natural transformation of the sector, having been initially focused on wood processing machinery, before moving on to glass and stone processing machinery.

Figure 8: Course of action for well-being and the safe use of machinery



### Supply chain

Biesse adopts a responsible approach for the management of the entire supply chain, from small local businesses to large multinational organisations, by creating stable relationships with the communities in which it operates, and by encouraging mutually satisfying collaborations with more qualified partners that share the company's principles.

To avoid potential adverse impacts related to slowdowns or interruptions in the supply of materials, Biesse is committed to responsibly managing the supply chain by supporting socially and environmentally responsible practices for all its suppliers. This approach goes hand in hand with the other priorities of supply chain management: quality, innovation, service, and competitiveness.

The relationship with suppliers is developed in total transparency and, over time, the process has been standardised and involves:

- Sharing the Suppliers Quality Manual, Quality Standards and General Conditions of Supply.
- Evaluation of suppliers with regard to compliance with technical specifications and requirements in the Supplier's Manual. This includes maintaining high quality standards for the required products.
- Support for the development and maintenance of the supplier's skills by promoting coaching on organisational issues and specific knowledge. For example, the Supplier Quality function assists selected suppliers in improving the performance and quality of the products they supply.

In 2023, Biesse also integrated into its supplier assessment a section on the verification of compliance with health and safety regulations, applicable environmental standards and respect for human rights in accordance with the relevant national and international regulatory framework<sup>21</sup>. Through the due diligence process developed, the company wants to identify risks related to the aforementioned issues that could generate negative impacts. In particular, the focus is on potential human rights risks such as low wages, undocumented wages, excessive hours, unsafe working conditions and threats to association rights. Risk assessment is a constantly evolving process, and the company is constantly updating its methodology.

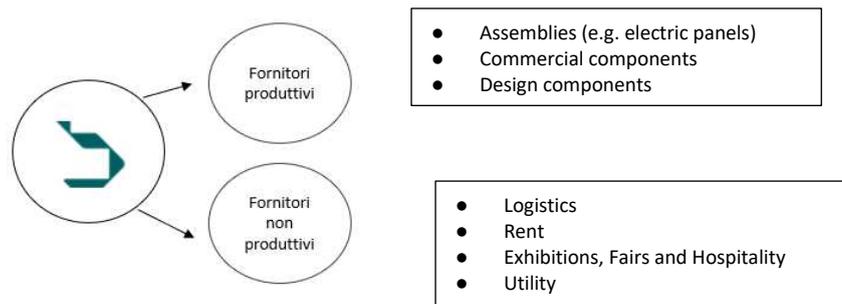
<sup>21</sup> United Nations Universal Declaration of Human Rights and International Labour Organisation (ILO), environmental and health and safety legislation relevant to the country of reference.

From the point of view of the quality and safety of their products, suppliers are subjected to periodic monitoring via dedicated software, which considers the quality failure rate (INQF), production stoppages, the level of service and the supplier's organisation subsequent to audit. The aforementioned indicators, duly weighted based on the results of the audits conducted at the selection phase, contribute to the determination of the merit rating assigned to each supplier, which also considers their internal organisation and the process control methods adopted by them. An analysis of the causes of production stoppages has led to the implementation of continuous improvement activities, which have achieved a notable decrease in the number of stoppages.

### Features of the supply chain

The Group supply chain consists of two main categories of suppliers: industrial suppliers of manufactured products and suppliers of goods and services.

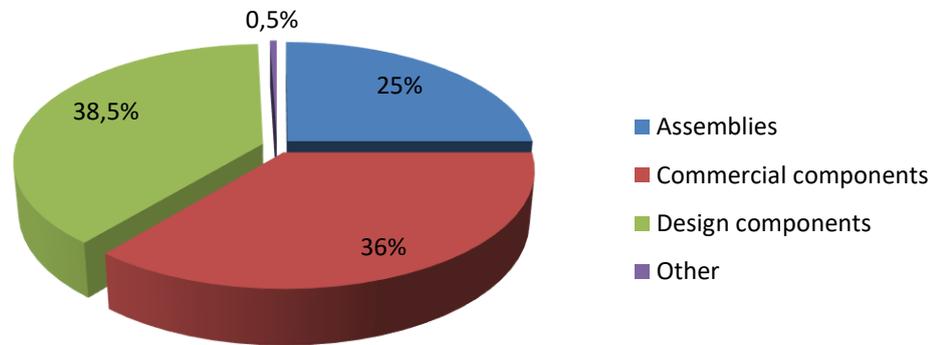
Figure 9: The main categories of Biesse's suppliers



The main industrial suppliers used by the Group in the last year number around 890<sup>22</sup> and accounted for approximately Euro 263 million of purchases in 2023 (compared to Euro 342 million in 2022).

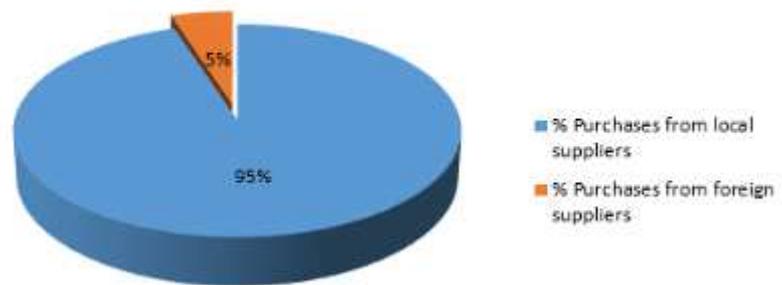
Figure 10. % Value of purchases from manufacturing suppliers, by category

<sup>22</sup> To provide more representative figures relating to the industrial supply chain, the number of "main suppliers" and the amount of purchases from manufacturing suppliers were calculated based on the consolidation of the information relating to the supply chain of Biesse S.p.A. and HSD S.p.A., Movetro S.r.l., Montresor S.r.l., Forvet S.p.A, and Biesse Manufacturing Co. Pvt. Ltd.



As regards the geographical breakdown of the purchase value, approximately 95% relates to local suppliers<sup>23</sup>. Group's decision to source most of its supplies locally is not only because of logistical advantages and technical skills but is also because of the desire to contribute to the support and social development of the local area and surrounding communities directly and indirectly.

Figure 11. % of purchases from local manufacturing suppliers by the Group's main production hubs<sup>24</sup>



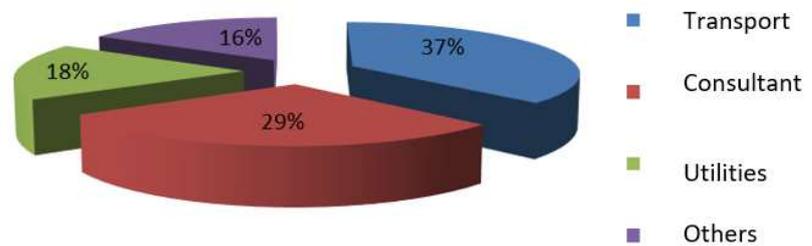
Non-manufacturing suppliers are those that the Group turns to for the purchase of goods and services, such as telephony, energy, transport, design, buildings, company fleets, cleaning, installation, consulting, marketing, advertising agencies and IT projects. The supplier evaluation is carried out using a model that considers merits and costs and is applied to all product categories with an emphasis on areas having a high economic impact.

<sup>23</sup> Local suppliers are Italian and Indian suppliers, with specific reference to the group's production hubs. This figure relates to the significant locations of operations: Italia, India.

<sup>24</sup> Due to the specific characteristics of the various types of assemblies purchased by the group, note that part of the amount of purchases from local suppliers for this product category is distributed to multiple sub-suppliers located in different geographical areas.

Non-manufacturing purchases in 2023 by Biesse S.p.A. alone amounted to approximately Euro 52 million (same as 2022). 80% of this amount was generated by approximately 112 suppliers, 15 of which are foreign.

Figure 12. Purchases from non-manufacturing suppliers of Biesse Italy<sup>25</sup>, by category



<sup>25</sup> The following items are not included in non-manufacturing purchases: HSD S.p.A., branches, investments, commissions, business trips.

## Social Sustainability

To sum up:

- 98% of employees have permanent contracts
- Over 5,000 hours of training on transformation topics for 900 employees
- Workplace safety management system of Biesse S.p.A., HSD SpA and Biesse India Private Limited certified to UNI ISO 45001:2018 standard.
- Support for social, cultural, artistic and sports initiatives in the community.
- Supplementary company agreement covering Smart Working (Italy)
- Educational projects for children and young people promoted by Biesse India Private Limited

### People Experience & Development

#### Its people

On 31 December 2023, Biesse had 3,596 employees, consisting of 3,101 men and 495 women, compared to 3,667 employees on 31 December 2022.

The group's workforce is shrinking as a result of the organisational transformation process that must lead to an adequate sizing of the corporate structure in line with its business model and the volumes of business generated. In 2023, 98% of employees have permanent contracts, providing proof that corporate policy creates stable relationships with our workers.

*Table 7. Number of Biesse employees by type of contract (permanent/temporary), gender and geographical area.*

At 31 December 2023					
Region	Type of contract	M	F	Not disclosed	Total
AMERICAS	Temporary	0	1	0	1
	Permanent	203	49	0	252
Total Americas		<b>203</b>	<b>50</b>	<b>0</b>	<b>253</b>
ASIA PACIFIC	Temporary	42	10	0	52
	Permanent	601	66	0	667
Total ASIA-PACIFIC		<b>643</b>	<b>76</b>	<b>0</b>	<b>719</b>
EMEA excluded Italy	Temporary	1	1	0	2
	Permanent	364	94	0	458
ITALY	Temporary	20	12	0	32
	Permanent	1,870	262	0	2,132
Total EMEA		<b>2,255</b>	<b>369</b>	<b>0</b>	<b>2,624</b>
Total Employees		<b>3,101</b>	<b>495</b>	<b>0</b>	<b>3,596</b>

**At 31 December 2022**

Region	Type of contract	M	F	Not disclosed	Total
AMERICAS	Temporary	0	1	0	1
	Permanent	189	43	1	233
<b>Total Americas</b>		<b>189</b>	<b>44</b>	<b>1</b>	<b>234</b>
ASIA PACIFIC	Temporary	58	11	0	69
	Permanent	587	65	0	652
<b>Total ASIA-PACIFIC</b>		<b>645</b>	<b>76</b>	<b>0</b>	<b>721</b>
EMEA excluded Italy	Temporary	1	3	0	4
	Permanent	365	86	0	451
ITALY	Temporary	40	9	0	49
	Permanent	1,932	276	0	2,208
<b>Total EMEA</b>		<b>2,338</b>	<b>374</b>	<b>0</b>	<b>2,712</b>
<b>Total Employees</b>		<b>3,172</b>	<b>494</b>	<b>1</b>	<b>3,667</b>

*Table 8. Number of Biesse employees by type of contract (full-time/part-time), gender and geographical area.*

**At 31 December 2023**

Region	Type of contract	M	F	Not disclosed	Total
AMERICAS	Full time	203	46	0	249
	Part time	0	4	0	4
<b>Total Americas</b>		<b>203</b>	<b>50</b>	<b>0</b>	<b>253</b>
ASIA PACIFIC	Full time	643	75	0	718
	Part time	0	1	0	1
<b>Total ASIA-PACIFIC</b>		<b>643</b>	<b>76</b>	<b>0</b>	<b>719</b>
EMEA excluded Italy	Full time	358	81	0	439
	Part time	7	14	0	21
ITALY	Full time	1,880	234	0	2,114
	Part time	10	40	0	50
<b>Total EMEA</b>		<b>2,255</b>	<b>369</b>	<b>0</b>	<b>2,624</b>
<b>Total Employees</b>		<b>3,101</b>	<b>495</b>	<b>0</b>	<b>3,596</b>

At 31 December 2022					
Region	Type of contract	M	F	Not disclosed	Total
AMERICAS	Full time	189	38	1	228
	Part time	0	6	0	6
<b>Total Americas</b>		<b>189</b>	<b>44</b>	<b>1</b>	<b>234</b>
ASIA PACIFIC	Full time	645	75	0	720
	Part time	0	1	0	1
<b>Total ASIA-PACIFIC</b>		<b>645</b>	<b>76</b>	<b>0</b>	<b>721</b>
EMEA excluded Italy	Full time	359	78	0	437
	Part time	7	11	0	18
ITALY	Full time	1,962	241	0	2,203
	Part time	10	44	0	54
<b>Total EMEA</b>		<b>2,338</b>	<b>374</b>	<b>0</b>	<b>2,712</b>
<b>Total Employees</b>		<b>3,172</b>	<b>494</b>	<b>1</b>	<b>3,667</b>

Table 9: Number of new hires and new hire turnover rate, by gender, age group and geographical area

2023							
Region	Type of contract	<30 years old	30-50 years	>50 years old	Unknown	Total	Turnover (based on total workforce)
AMERICAS	Women	0	8	0	2	10	0.3%
	Man	8	10	7	3	28	0.8%
	<b>Total</b>	<b>8</b>	<b>18</b>	<b>7</b>	<b>5</b>	<b>38</b>	<b>1.1%</b>
	Turnover on total workforce	0.2%	0.5%	0.2%	0,1%	1.1%	
ASIA PACIFIC	Women	12	12	1	0	25	0.7%
	Man	85	43	2	0	130	3.6%
	<b>Total</b>	<b>97</b>	<b>55</b>	<b>3</b>	<b>0</b>	<b>155</b>	<b>4.3%</b>
	Turnover on total workforce	2.7%	1.5%	0,1%	0,0%	4,3%	
EMEA excluded Italy	Women	3	14	4	0	21	0.6%
	Man	12	33	10	0	55	1.5%
	<b>Total</b>	<b>15</b>	<b>47</b>	<b>14</b>	<b>0</b>	<b>76</b>	<b>2.1%</b>
	Turnover on total workforce	0.4%	1.3%	0.4%	0.0%	2.1%	
ITALY	Women	7	6	1	0	14	0.4%
	Man	30	50	4	0	84	2,3%
	<b>Total</b>	<b>37</b>	<b>56</b>	<b>5</b>	<b>0</b>	<b>98</b>	<b>2.7%</b>
	Turnover on total workforce	1%	1.6%	0.1%	0%	2.7%	

<b>2022</b>							
Region	Type of contract	<30 years old	30-50 years	>50 years old	Unknown	Total	Turnover (based on total workforce)
AMERICAS	Women	2	4	2	3	11	0.3%
	Man	5	7	5	6	23	0.6%
	<b>Total</b>	<b>7</b>	<b>11</b>	<b>7</b>	<b>9</b>	<b>34</b>	<b>0.9%</b>
	Turnover on total workforce	0.2%	0.3%	0.2%	0.2%	0.9%	
ASIA PACIFIC	Women	5	12	0	0	17	0.5%
	Man	61	33	3	0	97	2.6%
	<b>Total</b>	<b>66</b>	<b>45</b>	<b>3</b>	<b>0</b>	<b>114</b>	<b>3.1%</b>
	Turnover on total workforce	1.8%	1.2%	0.1%	0.0%	3.1%	
EMEA excluded Italy	Women	5	15	3	0	23	0.6%
	Man	9	29	6	0	44	1.2%
	<b>Total</b>	<b>14</b>	<b>44</b>	<b>9</b>	<b>0</b>	<b>67</b>	<b>1.8%</b>
	Turnover on total workforce	0.4%	1.2%	0.2%	0.0%	1.8%	
ITALY	Women	9	17	3	0	29	1%
	Man	40	38	9	0	87	2%
	<b>Total</b>	<b>49</b>	<b>55</b>	<b>12</b>	<b>0</b>	<b>116</b>	<b>3%</b>
	Turnover on total workforce	1.3%	1.5%	0.3%	0.0%	3.2%	

Table 10: Number of leavers and leaver turnover rate, by gender, age group and geographical area **2023**

Region	Type of contract	<30 years old	30-50 years	>50 years old	Unknown	Total	Turnover (based on total workforce)
AMERICAS	Women	-1	-2	-2	-1	-6	-0,2%
	Man	-7	-8	-7	-6	-28	-0,8%
	<b>Total</b>	<b>-8</b>	<b>-10</b>	<b>-9</b>	<b>-7</b>	<b>-34</b>	<b>-0,9%</b>
	Turnover on total workforce	-0,2%	-0,3%	-0,3%	-0,2%	-0,9%	
ASIA PACIFIC	Women	-10	-12	-1	0	-23	-0,6%
	Man	-68	-49	-5	0	-122	-3,4%
	<b>Total</b>	<b>-78</b>	<b>-61</b>	<b>-6</b>	<b>0</b>	<b>-145</b>	<b>-4,0%</b>
	Turnover on total workforce	-2,2%	-1,7%	-0,2%	0,0%	-4,0%	
EMEA	Women	-1	-11	-1	0	-13	-0,4%
	Man	-7	-31	-17	0	-55	-1,5%
	<b>Total</b>	<b>-8</b>	<b>-42</b>	<b>-18</b>	<b>0</b>	<b>-68</b>	<b>-1,9%</b>
	Turnover on total workforce	-0,2%	-1,2%	-0,5%	0,0%	-1,9%	
ITALY	Women	-3	-16	-6	0	-25	-0,7%
	Man	-22	-93	-49	0	-164	-4,6%
	<b>Total</b>	<b>-25</b>	<b>-109</b>	<b>-55</b>	<b>0</b>	<b>-189</b>	<b>-5,3%</b>

	Turnover on total workforce	-0.7%	-3.0%	-1.5%	0.0%	-5.3%	
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**2022**

Region	Type of contract	<30 years old	30-50 years	>50 years old	Unknown	Total	Turnover (based on total workforce)
AMERICAS	Women	-3	-1	-2	-3	-9	-0,2%
	Man	-2	-12	-7	-6	-27	-0,7%
	<b>Total</b>	<b>-5</b>	<b>-13</b>	<b>-9</b>	<b>-9</b>	<b>-36</b>	<b>-1,0%</b>
	Turnover on total workforce	-0.1%	-0.4%	-0.2%	-0.2%	-1.0%	
ASIA PACIFIC	Women	-5	-14	0	0	-19	-0.5%
	Man	-124	-48	-3	-1	-176	-4.8%
	<b>Total</b>	<b>-129</b>	<b>-62</b>	<b>-3</b>	<b>-1</b>	<b>-195</b>	<b>-5.3%</b>
	Turnover on total workforce	-3.5%	-1.7%	-0.1%	0.0%	-5.3%	
EMEA	Women	-2	-14	-2	0	-18	-0.5%
	Man	-8	-26	-14	0	-48	-1.3%
	<b>Total</b>	<b>-10</b>	<b>-40</b>	<b>-16</b>	<b>0</b>	<b>-66</b>	<b>-1.8%</b>
	Turnover on total workforce	-0.3%	-1.1%	-0.4%	0.0%	-1.8%	
ITALY	Women	-4	-17	-5	0	-26	-1%
	Man	-28	-91	-50	0	-169	-5%
	<b>Total</b>	<b>-32</b>	<b>-108</b>	<b>-55</b>	<b>0</b>	<b>-195</b>	<b>-5%</b>
	Turnover on total workforce	-0.9%	-2.9%	-1.5%	0.0%	-5.3%	

In addition to the 3,596 employees at 31 December 2023, there were 335 other workers, in varying capacities, most of whom were temporary male staff, who contribute to the creation of Group machinery and technological innovations.

Table 11: Number and type of other workers

Region	Type of collaboration	M	F	Not disclosed	Total
AMERICAS	Temporary worker	3	0	0	3
<b>Total Americas</b>		<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>
ASIA PACIFIC	Temporary worker	220	4	0	224
<b>Total ASIA-PACIFIC</b>		<b>220</b>	<b>4</b>	<b>0</b>	<b>224</b>
EMEA excluded Italy	Trainee/intern	2	2	0	4
	Temporary worker	0	1	0	1
<b>Total EMEA</b>		<b>2</b>	<b>3</b>	<b>0</b>	<b>5</b>
ITALY	Temporary worker	100	1	0	101

	Trainee/intern	1	1	0	2
<b>Total Italy</b>		<b>101</b>	<b>2</b>	<b>0</b>	<b>103</b>
<b>Total Employees</b>		<b>326</b>	<b>9</b>	<b>0</b>	<b>335</b>

To continue the transformation process the group has embarked on, Biesse has invested in people ready to take on future challenges. The main talent attraction and selection strategies implemented by the company include numerous activities carried out in cooperation with academic institutes at national level. This includes cooperation with local technical institutes to select the best new graduates interested in pursuing a career with the company. For this same reason, Biesse is willing to offer work experience schemes.

For graduating STEM students, internships have been organised for preparing their theses and completing their university studies. At the same time, to find and nurture young talent starting from their university years, the company is often asked to carry out certain activities, such as lectures in the classroom, seminars and Career Days at major Italian universities. The selection of young talent takes place via assessment sessions, in which candidates are subjected to self-presentations, group tests and individual interviews. New recruits receive on-the-job training by working alongside senior colleagues and taking part in specific training sessions.

In 2023, to encourage the acquisition of new skills and new ideas and to accelerate the company's development process, the entire Talent Acquisition process focused on the *attraction* and selection of strategic individuals who could drive innovation and promote change. Through a specific process, coordinated by specialised individuals, tests were structured to assess the appropriateness and leadership qualities of the interviewees.

### Training

Training of employees ensures continuous innovation, reliability and quality of the products and services that the company offers its customers. The professional development of employees has a major impact on the group as it is able to maintain technical and managerial skills. Training is structured to provide a varied and inclusive offering designed to involve professional members of staff at all levels.

The training is divided into the following areas:

- Machines and Machine Systems and Software,
- Integrated Software Platforms;
- *Transformation enablers* (training to support the transformation process);
- Company processes;
- Professional specialised training (including training in sustainability)
- Obligatory training;
- Health and safety training.

On the technical product training front, the *Learning Center* in 2023 supported the reorganisation taking place in the company, with a special focus on *Customer and Services*.

At the beginning of the year, the entire sales team of Biesse Brazil travelled to Pesaro to attend parallel training courses on technologies dedicated to various materials.

Another important initiative was addressed to the subsidiaries Biesse America and Biesse Canada, which have always been among the most important in the group. All the sales staff and a large selection of *dealers*, totalling more than 60 participants, took part in an intensive seminar course accompanied by visits to plants built by Biesse.

At the end of the year, courses were developed for the Biesse Italy market and for the markets of Northeast Europe and Africa to enhance knowledge of the glass and stone sectors.

More generally, the customer area was supported by a training activity structured around the following thematic cores:

- new products and existing products;
- training on the existing product range for both new employees and those who have changed roles.

At the same time, the *Learning Center* supported the *Services* area in its progressive approach to individual customer service markets, offering a calendar of 115 live sessions (in-person and remote), numerous courses tailored to meet specific needs, and an impressive programme of 228 sessions dedicated to the world of telephone support, launched at the end of October and continuing until mid-2024.

The *e-learning* course catalogue, available 24/7 in two versions (Italian and English) is under continuous development and has reached a total of 120 titles.

The number of notices and newsletters concerning available courses was increased, as well as the sending of reminders for those who fall behind with the completion of their assigned courses.

During the year, the group provided a total of more than 60,000 hours of classroom training to its employees and other workers on various topics.

Among the training activities carried out this year, it is important to highlight the hours provided to support the company's transformation path, which amounted to more than 5,000 in 2023. This type of training was introduced at the end of 2022 and in 2023 allowed different company functions to be involved in order to share Biesse's values and transform them into behaviours that will have to characterise the group's identity and prepare the organisation for future evolutions.

In addition, attention was paid to training on sustainability issues involving direct and indirect Biesse and HSD staff both live and remotely for a total of more than 750 hours. This makes employees feel involved and empowered to the extent of the role they play.

In addition to the above, in 2023, various on-site and remote involvement, information and training sessions were held on Legislative Decree 231/2001, reporting channels available for the communication of unlawful conduct pursuant to Legislative Decree 231/2001 (*Whistleblowing*), the Code of Conduct, anti-bribery and human rights that involved over 2,100 employees.

In addition, starting from October 2023, a training course *e-learning* on Legislative Decree 231/01 has been developed for all Biesse S.p.A., HSD S.p.A., Forvet S.p.A. personnel.

To *comply* with Regulation (EU) 2016/679 (GDPR), courses were organised to raise employees' awareness of privacy issues.

A training course dedicated to the subject of *Cyber Security*, was activated in 2023, in order to enable the acquisition of awareness and notions functional to the protection of corporate data from cyber attacks.

The training is provided through the dedicated *e-learning* platform and lasts approximately 12 months; each month a specific topic is covered and explored in depth. In HSD, on the other hand, a process, called *Training Lab* has been created to design and deliver standardised and tailor-made training courses and make resources more efficient.

Additional figures relating to training is provided below.

*Table 12: Hours of training provided (broken down by labour category and gender)*

31 December 2023				31 December 2022		
Labour category	Hours Men	Hours Women	Total	Hours Men	Hours Women	Total
<b>Health and safety training</b>				<b>Health and safety training</b>		
White collar	5,099	1,621	6,719	3,575	743	4,318
Blue collar	7,294	61	7,355	6,072	17	6,089
<b>Total hours Health and Safety trainings</b>	<b>12,393</b>	<b>1,682</b>	<b>14,074</b>	<b>9,647</b>	<b>760</b>	<b>10,407</b>
<b>Professional and management training</b>				<b>Professional and management training</b>		
White collar	27,411	2,629	30,040	27,155	1,120	28,275
Blue collar	23,823	974	24,798	16,772	14	16,786
<b>Total professional and management training</b>	<b>51,235</b>	<b>3,603</b>	<b>54,837</b>	<b>43,927</b>	<b>1,134</b>	<b>45,061</b>
<b>Total hours employees</b>	<b>63,627</b>	<b>5,284</b>	<b>68,911</b>	<b>53,574</b>	<b>1,894</b>	<b>55,468</b>
<b>Total hours other workers</b>	<b>175</b>	<b>6</b>	<b>181</b>	<b>241</b>	<b>17</b>	<b>258</b>
<b>Training on the job<sup>26</sup></b>	<b>47,437</b>	<b>0</b>	<b>47,437</b>	<b>44,093</b>	<b>-</b>	<b>44,093<sup>27</sup></b>

Table 13: Average hours of training provided (broken down by labour category and gender).

31 December 2023				31 December 2022		
Labour category	Average Hours Men	Average Hours Women	Total average hours	Average Hours Men	Average Hours Women	Total average hours
White collar	17,8	9,0	16	16,1	3,9	13,7
Blue collar	24,4	41,4	24,7	18,0	1,6	17,8
<b>Average hours Employees</b>	<b>20,5</b>	<b>10,7</b>	<b>19,2</b>	<b>16,9</b>	<b>3,8</b>	<b>15,1</b>
<b>Average hours other workers</b>	<b>0,5</b>	<b>0,7</b>	<b>0,5</b>	<b>0,5</b>	<b>1,9</b>	<b>0,5</b>

<sup>26</sup> Training carried out alongside specialised technicians for the maintenance and start-up of new machines

<sup>27</sup> The data has been revised following the reclassification of personnel in the corresponding database

Table 14: Number of employees that received training or communications on the Code of Conduct and human rights

Labour category	31 December 2023			31 December 2022		
	No. Men	No. Women	Total	No. Men	No. Women	Total
White collar	1,231	351	1,582	1,201	321	1,522
Blue collar	1,291	41	1,332	1,237	45	1,282
Other workers	4	2	6	0	0	0
<b>Total</b>	<b>2,526</b>	<b>394</b>	<b>2,920</b>	<b>2,438</b>	<b>366</b>	<b>2,804</b>

### Industrial relations

Over the years, Biesse Group has put in place an effective industrial relations system based on sharing with workers' representatives the management of organisational and economic issues related to the variability in demand, efficiency and productivity, the management of internal or external issues, the work environment, safety, and the introduction of company welfare tools for improving working conditions and *work-life balance*.

The trade unions participate at different levels, ranging from periodic or specific briefings to consultations and participatory activities, to agreements that need to be finalised to plan work activities or to deal with specific issues.

The year 2023 was characterised by the management of a series of complexities induced by the review of the production footprint and the Italy market, with rationalisation of the operating sites across the country.

In particular, four procedures were opened and successfully closed, allowing the closure of various sites, centralising production, services and sales activities on Pesaro and Volvera (TO).

Inevitably, these initiatives favoured relations with trade union organisations in the territories where the level of operations increased.

Consistently with current regulations, tools were activated to contain indirect personnel costs to make them sustainable and aligned with the business model, foreign market development policies, and control over the Italian market.

In addition, the necessary tools were adopted to adapt production capacity to the new volumes required by the market.

The second-level agreements concerning the regulatory and economic aspects were duly implemented, being in full force and effect.

In the complexities of the ongoing process, relations with trade unions in the various territories remain positive.

In order to guarantee employees fair, safe, accessible and sustainable workplaces and working conditions, it is essential to maintain an effective industrial relations system. Over the years, Biesse has established a fruitful dialogue with the trade unions, in order to find the best solutions to reconcile people's needs with those of the business, guaranteeing every employee a transparent employment relationship and the full

protection of his/her rights, regardless of the form of the contract that is characterised by the countries in which he/she works.

The consolidation and strengthening of the system of relations between the company and employees' representatives involve periodic meetings, during which a review is conducted of the trend in the company's results and financial position, as well as of specific issues, such as occupational health and safety (analysis of injuries, near misses, processes for improving working conditions), professional training and skills development. In addition to this, there are also targeted meetings with the representatives of each individual production hall, in which the main efficiency and quality indicators are presented and discussed in a shared and transparent manner.

In addition to their customary role of sitting at negotiating tables, trade union representatives are often directly involved in organisational improvement processes.

As far as the Italian group companies are concerned, it should be noted that 100% of employees are covered by collective labour agreements.

### **Corporate Welfare**

The Group is committed to planning actions to improve the employee satisfaction and the corporate climate, by focusing on numerous initiatives concerning corporate welfare.

The preparation of a good welfare plan helps to reward and retain employees, makes the business more attractive to new candidates, thus improving the working environment.

To this end, all Italian employees are offered the chance to buy shopping vouchers or choose from a series of tax-exempt services related to health, wellness, education, recreation, sports and travel. In addition to the payment of annual amounts, the corporate welfare plan, which is targeted at all blue-collar workers, office workers and middle managers employed in Italy, provides for, in accordance with the collective labour agreement for metalworkers, the possibility for each employee to convert his/her corporate performance bonus each year to *flexible benefits*. Upon full or partial conversion of the accrued economic bonus into Company Welfare, the value that can be spent in the *flexible benefits* made available in the company platform is increased by the Company by a value equal to 13% of the amount of the converted economic bonus.

Following the renewal of the company's supplementary agreement, an additional specific Welfare Plan was established, which includes the payment of increasing amounts of €200 in 2022, €300 in 2023 and €400 in 2024, for the purchase of goods or services.

The Group offers a canteen service to employees in the main production plants in Italy and abroad, a transport service for workers in Pesaro and Bangalore.

In 2023, as far as Italy-based employees are concerned, the corporate partnership scheme was also revised and extended, with the objective of obtaining beneficial for local and nationwide recreational field.

Specific working schedules for similar categories of direct workers and flexible entry or exit for indirect workers are also envisaged.

### **Benefits and remuneration**

The Group's Remuneration Policy is based on incentive schemes designed to recognise the commitment and merits of employees, while, at the same time encouraging a sense of belonging, attracting excellent resources from outside the company and aligning employees' interests with the objectives of sustainable value creation for shareholders over a medium to long-term time frame. To guarantee fairness and transparency, the Group has designed a remuneration system for executive directors and key managers in line with the size and organisational characteristics of the Group and with the market

in which it operates. This remuneration envisages an annual fixed and variable component linked to the achievement of specific earnings based, and non-earnings based, performance objectives. The variable component of remuneration is paid upon the achievement of predetermined earnings and/or individual targets, through two incentive schemes, one of which is short-term (MBO) that envisages the award of an annual bonus based on the achievement of quantitative and qualitative objectives, while the other is medium- to long-term (LTI) and envisages the payment of a three-year bonus subject to the achievement of earnings and financial targets. As far as benefits are concerned, the Group has committed and continues to commit itself to guaranteeing its employees transparency and clarity. Disbursement mechanisms may vary, not dependent on different contractual forms (full-time, part-time, permanent or temporary), but on different geographical areas, because relevant regulations may include or exclude certain services.

### Change Management

The changes taking place in the global economic landscape necessitated a leaner and more standardised organisational model that would allow the company to adapt to different contexts with speed and competitiveness. To understand the transformation, the Group is going through, targeted meetings were promoted to involve employees. The main initiatives implemented for this purpose in 2023 were as follows:

- transformation project *Change Biesse To.Get.There*, to understand how each action actively contributes to the dissemination and sharing of corporate values. These meetings were promoted at all levels, from management to markets, to increase awareness and understanding.
- meetings with the Managing Director to share the actions promoted by the company on the topic of change, stimulate discussion and invite all employees to actively collaborate in the new project.

In the second quarter of 2023, it was launched the project *Change Biesse To.Get.There: Our Company transformation journey*, an integral and supportive part of achieving the new corporate structure. The aim is to spread a transformative and digital culture at Biesse, understood not as the mere use of IT and technological tools but as a new approach to every aspect of work, marked by agility, innovation and collaboration, thanks to high-tech tools and processes.

The project has a "wave" structure where groups of people are gradually involved in the various activities of the initiative, until they include *wave after wave*, the entire corporate population. Over the past few months, the main issues concerning the context in which we operate and the transformation processes underway have been addressed by external consultants and guests.

*Change Biesse To.Get.There* represents an important piece in the grand design of change undertaken by our organisation. Participants are given the opportunity to learn more about our six values: this is intended to encourage them to go beyond mere theoretical understanding in favour of the tangible benefits they induce and the need to improve their practical application. This articulated path has clear objectives: continuous improvement and sustainable growth.

The initiative, while starting from the headquarters, is intended to extend to our global markets. Today it has already involved the Iberian, American and Turkish markets and will gradually extend to the other markets, ensuring a lasting impact and realising the project of a "native international" company.

**Occupational health and safety**

The health and safety of employees and environmental protection are fundamental conditions for Biesse on which to place particular attention by providing human and economic resources and tools useful to pursue the objectives of prevention and continuous improvement. All business activities are carried out in line with the occupational health and safety regulations in force, as well as with the requirements of the Code of Conduct and the Safety Policy. The Group guarantees the protection, physical integrity and moral personality of workers by adopting safety standards, organisational and management measures and measures commensurate with the use of new technologies. The company also makes personal protective equipment available and guarantees adequate education, information and training for all employees.

The Safety Management System guarantees that all activities are carried out in full compliance with the regulations in force. At each production site, Prevention and Protection Service Managers (RSPP) and Prevention and Protection Service Officers (ASPP) and competent doctors have been appointed.

The Workers' Safety Representatives (RLS), elected by the employees, the emergency teams appointed by the Employer and the workers themselves, within the scope of their functions, complete and contribute to defining the guidelines of the prevention system.

The Company then established a specific organisation focused on workplace safety which includes a series of functions delegated by the Employer, with the relative coordination pursuant to Article 16 of Legislative Decree 81/2008, and also by designated officers, to oversee and supervise all areas of the company.

Employees are subject to medical surveillance as required by applicable regulations.

To generate a positive impact on the people working in the company, since 2021, Biesse S.p.A and its Italian plants, were also certified for their Occupational Health and Safety Management System in accordance with the international UNI ISO 45001:2018 standard, in addition to the certification previously obtained by HSD S.p.A. In 2023, Biesse India Private Limited also obtained UNI ISO 45001:2018 certification. In addition, periodic internal and external audits are organised to maintain this certification in order to verify the compliance of the implemented management system over time and the achievement of continuous improvement objectives.

As evidence of the sensitivity of Biesse employees to workplace safety, it worth noting the continuous monitoring of various indicators, useful for establishing preventive and corrective actions resulting from the assessment of the risk of injuries.

In particular, in 2023, 83 *near miss* were reported and documented. The analysis of the causes of these reported non-conformities led to actions to improve the existing prevention system.

The system for logging health and safety non-conformities is managed by a specific information system used by the company not least to encourage those authorised to file these reports and to raise awareness of prevention among all personnel.

In 2023, 48 workplace injuries were recorded (compared to 77 in 2022). No fatal or serious injuries were reported.

The number of accidents decreased compared to the previous year thanks to the training and prevention activities that were carried out with care and professionalism.

Further information concerning key figures relating to health and safety are indicated below.

*Table 15: Number of injuries recorded*

Injuries employees		2023	2022
Geographical area	Type	Total	Total

Italy	Total Injuries	31	50
	of which high-consequence injuries	0	1
	of which fatalities	0	0
Abroad	Total Injuries	17	27
	of which high-consequence injuries	0	0
	of which fatalities	0	0
<b>Total</b>	<b>Total Injuries</b>	<b>48</b>	<b>77</b>
	<b>of which high-consequence injuries</b>	<b>0</b>	<b>1</b>
	<b>of which fatalities</b>	<b>0</b>	<b>0</b>

Injuries other workers		2023	2022
Geographical area	Type	Total	Total
Italy	Total Injuries	6	9
	of which high-consequence injuries	0	0
	of which fatalities	0	0
Abroad	Total Injuries	2	0
	of which high-consequence injuries	0	0
	of which fatalities	0	0
<b>Total</b>	<b>Total Injuries</b>	<b>8</b>	<b>9</b>
	<b>of which high-consequence injuries</b>	<b>0</b>	<b>0</b>
	<b>of which fatalities</b>	<b>0</b>	<b>0</b>

Table 16: Injury rates

Injury rates for employees		2023	2022
Geographical area	Injury rates	Total	Total
Italy	Injury rate	8.55	13.23
	rate of high-consequence injuries	0	0,26
	rate of fatalities	0	0
	Worked hours	3,623,687	3,779,169
Abroad	Injury rate	5.86	9.90
	rate of high-consequence injuries	0	0
	rate of fatalities	0	0
	Worked hours	2,900,118	2,726,167

<b>Total</b>	Injury rate	<b>7.36</b>	<b>11.84</b>
	rate of high-consequence injuries	<b>0</b>	<b>0,15</b>
	rate of fatalities	<b>0</b>	<b>0</b>
	Worked hours	<b>6,523,805</b>	<b>6,505,336</b>

<b>Injury rates for other workers</b>		<b>2023</b>	<b>2022</b>
<b>Geographical area</b>	<b>Injury rates</b>	<b>Total</b>	<b>Total</b>
Italy	Injury rate	23,04	20,38
	rate of high-consequence injuries	0	0
	rate of fatalities	0	0
	Worked hours	260,370	441,645
Abroad	Injury rate	4,54	0
	rate of high-consequence injuries	0	0
	rate of fatalities	0	0
	Worked hours	440,601	425,724
<b>Total</b>	Injury rate	<b>11.41</b>	<b>10.06</b>
	rate of high-consequence injuries	<b>0</b>	<b>0</b>
	rate of fatalities	<b>0</b>	<b>0</b>
	Worked hours	<b>700,971</b>	<b>894,369</b>

### Equal treatment & Opportunities for all

Biesse is committed to cultivating a strong and inclusive corporate culture that transcends national boundaries, where people are valued for their uniqueness and can contribute to the company's development. The group's commitment to fostering skills, encouraging curiosity and promoting excellence in their respective areas creates a dynamic atmosphere of continuous development.

Biesse is carrying out a selection process for individuals, ensuring that the chosen candidates have the necessary skills to carry out their duties without any discrimination. The company firmly maintains its commitment to equal opportunities during the personnel selection and evaluation processes. The Group is committed not to make any direct or indirect discrimination in the personnel selection and evaluation process, based on trade union, political, religious, racial, language or gender related reasons.

Professional development programmes are designed to offer growth opportunities for each individual.

In addition, in 2023 on the issue of *disability inclusion* a process was carried out to ensure diversity of opportunity in the company, valuing only the skills and potential to be developed with reference to the positions to be filled.

Table 17: Percentage of employees by labour category and gender

<b>At 31 December 2023</b>				
<b>Labour category</b>	<b>Man</b>	<b>Women</b>	<b>Not disclosed</b>	<b>Total</b>
White Collar	50,78%	13,07%	0%	63,85%
Blue Collar	35,46%	0,70%	0%	36,15%
<b>Total (%)</b>	<b>86,23%</b>	<b>13,77%</b>	<b>0%</b>	<b>100%</b>

At 31 December 2022				
Labour category	Man	Women	Not disclosed	Total
White Collar	51,95%	12,93%	0,03%	64,9%
Blue Collar	34,55%	0,55%	0%	35,1%
<b>Total (%)</b>	<b>86,50%</b>	<b>13,47%</b>	<b>0,03%</b>	<b>100%</b>

Table 18: Percentage of employees by labour category and age group

At 31 December 2023					
Labour category	< 30 years old	30-50 years old	>50 years old	Not disclosed	Total
White Collar	4,42%	38,07%	20,11%	1,25%	63,85%
Blue Collar	6,45%	20,11%	9,48%	0,11%	36,15%
<b>Total (%)</b>	<b>10,87%</b>	<b>58,18%</b>	<b>29,59%</b>	<b>1,36%</b>	<b>100%</b>

At 31 December 2022					
Labour category	< 30 years old	30-50 years old	>50 years old	Not disclosed	Total
White Collar	5,13%	39,54%	19,01%	1,23%	64,90%
Blue Collar	6,71%	19,85%	8,51%	0,03%	35,10%
<b>Total (%)</b>	<b>11,84%</b>	<b>59,39%</b>	<b>27,52%</b>	<b>1,25%</b>	<b>100%</b>

### Relationships with communities

Biesse engages with the institutions, training centres and organisations active in the local communities, and strives to create opportunities in the various local areas in which it operates. It is committed to the promotion of social and cultural initiatives, favouring collaborations aimed at supporting training and the locality, while paying particular attention to projects focused on children, youth and culture.

With a belief in the value of continuous training, it fosters a participatory dialogue with national and international institutions, universities, training schools and research centres and develops, with their contribution, projects of common interest to facilitate the entry of young people into the world of work. Biesse has supported numerous social, cultural, scientific and sports initiatives, having made contributions and donations of approximately Euro 449 thousand and by having collaborated with various national and international non-profit institutions and entities.

The company's main initiatives are aimed at educating young children and teenagers to ensure they have the skills and safe and healthy environments where they can study and gain experience. Several projects were launched in 2023, both in Italy and in the countries where we do business.

### Synergy between school and business

One of the most significant efforts in the area of collaboration with schools is the project undertaken by Biesse in India, which demonstrates a deep commitment to creating a positive impact on the community.

The company was involved in the construction of a government primary school in the nearby village of Nelamangala (India). Recognising the serious condition of the existing

infrastructure, Biesse took the initiative to construct a new school building, complete with two classrooms and essential services. This effort provides a suitable environment for approximately 50 children from the village, enabling them to pursue their primary education in a facility that prioritises their well-being and educational development.

Together with the previous project, Biesse set up computer labs for young students at two educational institutions. The *Makali Pre-university College* and the *Sree Balaji Degree College* benefited from this initiative: the first received a lab equipped with 22 computers and the second with 25 computers. This investment in technology empowers some 250 students, facilitating a technologically enriched learning environment in line with the needs of the modern world.

### **Sustainable engineering**

In Italy, Biesse helped finance the Sustainable Engineering course at the Marche Polytechnic University, which includes the study of specific areas of electrical, energy and materials engineering in addition to the traditional field of mechanical engineering. In particular, topics will range from environmental chemistry, environmental sustainability of materials, environmental safety both internal and external to companies, and the circular economy.

### **Innovation platform – Furniture technologies**

The *Innovation Platform* was established in Brugnera (PN), to create a training centre dedicated to digital technologies used in the production processes of companies in the sector. This project was made possible thanks to the synergy between the public system and a pool of companies from Friuli and Veneto. Biesse provided the laboratory equipment that will be used to test digitised systems for managing production, virtualisation of machine systems, and a special room for laser cutting. The platform can be used for training courses by both students and companies working in the sector.

### **Biesse contributes to the education of future craftsmen**

In 2023, Biesse continued its partnership with the Professional Institute "Industry and Craftsmanship for Made in Italy", Wood-Furnishings Sector, Bramante-Genga of Pesaro to train and support the craftsmen of the future. The project, which focuses on sharing technologies, human resources and skills, has led to the continuation of the Woodworker and Design Draftsman Course (IeFP), with Biesse taking an active part in a series of lessons on specific topics.

### **Biesse is a partner of the University of Florence**

Biesse is a partner of the University of Florence, Faculty of Engineering - Department of Industrial Engineering, for the formula project *Student*, dedicated to the design and production of innovative electric racing cars, capable of shaping and defining the mobility trends of the future. As part of the project, Biesse provides the University and students with its technology and *know-how*.

### **Regional support initiatives**

With the goal of strengthening relations with local communities and fully understanding their needs, the Group actively involves countries in activities to listen to and support the socio-cultural development of their regions. Below are some of the most significant initiatives.

### **Biesse India**

Biesse initiated the construction of a complete rainwater drainage system in a local village determined by the critical problem of rainwater flow management. This initiative not only ensures the proper flow of water, but also protects public roads from potential damage. This preserves the ecological balance and contributes to sustainable practices.

#### **Biesse UK**

Biesse is a member and sponsor of "*The Furniture Makers' Company*", the charity for the furniture manufacturing industry in the UK. The association supports British industry with a talented workforce that cares for the welfare of employees and offers high quality products.

#### **Biesse France**

Biesse organised several fundraisers at its offices to support the initiative "*Restos du Cœur*". The French association works to alleviate food insecurity and in 2023 donations contributed to feeding those who need it most.

Biesse participated in the "*Pink October*" campaign by helping to raise awareness in the community about the problems of early detection of breast cancer and the need to provide support to women affected by it.

#### **Biesse Turkey**

Following the earthquake that struck Turkey on 6 February 2023, Biesse helped the community by delivering 65 prefabricated houses to their owners. In addition, Biesse employees in Turkey supported the *Turkish Education Foundation* to provide education for students affected by the earthquake and provided medical support to the region by donating blood to *Türk Kızılay*.

#### **Biesse America**

Biesse supports the *Second Harvest Food Bank* whose mission is to provide food assistance to those in need by hosting a collection of food and cash donations. These donations help local food dispensaries, soup kitchens for the homeless and other charitable organisations that assist individuals and families struggling to meet their daily needs.

#### **Support for "Progetti del Cuore" initiative**

Biesse supported "Progetti del Cuore", a local initiative designed to provide the Municipality of Pesaro with a specially equipped vehicle for transporting people with disabilities, guaranteeing them a free mobility service.

#### **Support to "I Bambini delle Fate" association**

Biesse's support of the "I Bambini delle Fate" association, which began in 2018, was renewed again this year. Since 2005, the association has provided economic support for social inclusion projects and initiatives run by local partners, that benefit families facing the challenge of autism and disabilities.

#### **Fight against waste in collaboration with Banco Alimentare and Caritas**

Thanks to an active contribution by Banco Alimentare and Caritas, unconsumed food in the company canteen on the Pesaro campus is recovered under a project inspired by circular economy models, thus fighting waste and making good use of food that would otherwise have been discarded. **Banco Alimentare** recovers hot meals, bread, desserts, fruit and vegetables from the company canteen three times a week and, thanks to its

volunteers, it redistributes them locally the same day, thus offering tangible, constant support to the needy. Thanks to a constant relationship with the company, **Caritas**, also collects, on a daily basis, excess food from the canteen, with which it provides support to “Casa Tabanelli”, an emergency reception centre in Pesaro, thus guaranteeing a meal every day to the centre's guests. In 2023, approximately **11,500 complete meals** were recovered.

## Environmental sustainability

To sum up:

- 100% of electricity purchased from renewable sources with guarantees of origin for the Group's Italian companies;
- purchase of Guarantees of Origin for the reduction of the corresponding emissions of CO<sub>2</sub> (4,446-ton CO<sub>2</sub>) according to the *Market-Based* methodology;
- 16,500 m<sup>2</sup> of photovoltaic panels installed;
- 760<sup>28</sup> tonnes of CO<sub>2</sub> avoided by using photovoltaic panels;
- 94% of waste products are non-hazardous;
- Environmental management system UNI ISO 14001:2015 for HSD S.p.A, Biesse SpA. and Biesse India private Limited.

### Approach to environmental management

The context in which Biesse operates, as highlighted by the latest WWF report<sup>29</sup>, reveals the alarming state of our planet's health and calls for transformational action to protect the planet from the consequences of biodiversity loss and the effects of climate change. Biesse is committed to making a positive contribution to this transformation. As previously mentioned, the certification of the environmental management system has allowed it to review its operating processes to improve efficiency and reduce consumption. The objective is to find the best solutions to minimise the company's environmental impact in terms of emissions and the use of natural resources, while also generating value for its stakeholders. Today, the main areas of improvement are focused on:

- Natural resource savings

Analysing the environmental impact on certain product categories in order to evaluate a design that takes these aspects into account when defining the new product in terms of energy savings, optimisation of raw materials and components, and regeneration of certain components.

- Reduction of the impact of production processes

Understanding and making production processes more efficient is the basis for making the production plants increasingly more advanced, using energy resources and raw materials efficiently.

- Compliance with relevant legislation

Biesse's commitment to compliance with environmental legislation constitutes an obligatory passage point and reflects the maturity achieved by the production facilities and the environmental management system.

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<sup>28</sup> In order to determine the tons of CO<sub>2</sub> not emitted into the atmosphere, the emission factor reported within the AIB document, European Residual Mixes 2022, was utilized. The data includes the avoided CO<sub>2</sub> emissions related to self-produced energy through Biesse-owned facilities and the non-owned facility used at the montesor & Co S.r.l. headquarters.

<sup>29</sup> Living planet report 2022.

## Reduction of emissions

### Energy consumption

In 2023, the company took several actions to optimise energy consumption in order to reduce the group's direct and indirect emissions mainly in the production plants. To this end, Biesse S.p.A. and HSD S.p.A. have voluntarily appointed an Energy Manager who is qualified as an Expert in Energy Management (EME). In compliance with Legislative Decree 102/2014 (that transposes EU Directive 27/2012 on energy efficiency, modified by EU Directive 2018/2002), Biesse S.p.A. and HSD S.p.A., which are defined as "Large Enterprises", undergo energy audits every four years on their main manufacturing plants.

Good conduct is encouraged throughout the Group with a view to the reduction of employees' daily energy consumption in performing their work; furthermore, investments are constantly made in devices to reduce waste, for example, for periods of inactivity (nights, weekends, and holidays), and in highly efficient energy systems, which may even involve the replacement of old, less efficient systems.

Electricity used by the Group is mainly for the supply of power for production cycles in manufacturing plants and, to a lesser extent, for offices and services. The total electricity consumed during 2023 corresponds to approximately 56,394 GJ, a decrease of about 11% compared to the values recorded during 2022. The delta is attributable to both the energy efficiency activities carried out in 2023 and to a milder winter that resulted in a reduced consumption of natural gas. As a sign of the Group's commitment to reduce its *carbon footprint*, following on from last year, all Italian companies of the Group have purchased electricity from GO (Guarantee of Origin) certified renewable sources, with the aim of significantly reducing indirect CO<sub>2</sub> *Scope2 – Market Based* emissions. In 2023 approximately 71<sup>30</sup>% of the total electricity consumed by Biesse came from renewable sources.

Table 19: Electricity consumption (GJ) <sup>31</sup>by the group

	2023	2022
Electricity consumption	Consumption in GJ	Consumption in GJ
Electric energy purchased	51,467	57,950
Of which from renewable sources with GO	35,025	40,121
Of which from national energy mix	16,442	17,829
Electricity self-produced and consumed from renewable energy sources	4,927	5,316
Electric energy sold	1,071	885
<b>Total consumption of electric energy</b>	<b>56,394</b>	<b>63,266</b>

<sup>30</sup> Includes electricity purchased from GO certified renewable sources and self-generated electricity from the photovoltaic system.

<sup>31</sup> Common Fossil Fuel (Defra UK Government) 2023.

Pesaro Campus has photovoltaic systems with a total area covered by solar panels of about 16,500 m<sup>2</sup> and a total installed capacity of 1,265 kWp. The medium-voltage ring that will make it possible to further increase the rate of self-consumption on campus and avoid the risks of production downtimes was completed in 2023 and will be fully operational in mid-2024. The future expansion of the photovoltaic systems will also allow the Group to further reduce its dependence on the grid for its energy purchases and lower the impact on costs. In 2023, about 1,611 MWh of clean energy was generated, providing around 16% of Biesse S.p.A.'s electricity requirements.

The Group develops initiatives aimed at a more efficient use of energy resources and a reduction of its environmental impact. In this regard, the following initiatives were implemented in 2023:

- special maintenance of the suction system;
- gradual replacement of existing lights with LED lights, both on the Pesaro campus and in the production facilities in India
- re-roofing some buildings on the Pesaro campus to improve building insulation and reduce the risk of extreme weather phenomena (e.g. hail)
- replacement of traditional boilers with heat pump systems in some offices on the Pesaro campus

In a broader context, the Group continues to implement structured continuous energy carrier monitoring systems (electricity, thermal, natural gas, suction and compressed air).

In 2023, *Biesse India private Limited* developed and obtained certification of its Environmental Management System to ISO 14001:2015 standards. Plant certification allows the group to optimise certain processes, monitor environmental performance in a coordinated manner and respond to environmental laws and regulations in a timely manner.

Other energy consumption consists of the use of petrol, diesel, and natural gas, as shown in the following table.

Table 20: Classification of energy consumption within the Group<sup>32</sup>

	2023	2022
Energy source	Consumption in GJ	Consumption in GJ
Petrol (for haulage)	16,381	12,737
Diesel for heating	3,358	3,384
Diesel for haulage	50,097	56,486
Natural gas (for heating)	40,059	44,377
LPG	3,404	2,719
Electricity consumed (plant operation, offices and cooling)	56,394	63,266
<i>of which purchased from renewable sources (with GO and self-produced with solar panels)</i>	39,953	45,437

<sup>32</sup> The conversion factors used are indicated in the document "UK Government GHG Conversion Factors for Company Reporting" from DEFRA 2023 and DEFRA 2022 for their respective reporting years

<b>Total energy consumption</b>	<b>169,694</b>	<b>182,969</b>
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**Emissions of CO<sub>2</sub>**

In 2023 the group has developed its own carbon management policy, implementing its own greenhouse gas (hereinafter GHG) emissions inventory, in accordance with the ISO reference standard 14064-1:2018. Greenhouse gas emissions include those from internal operations (scope 1,2) and emissions upstream and downstream of the *value chain* associated with transport, materials used in production and waste generated.

<p><b>Direct emissions (scope 1):</b> resulting from the operation of plants and machinery owned by the company, such as heating systems (natural gas consumption), diesel fuel systems, cars in the company pool, air conditioning systems.</p>	<p><b>Indirect emissions (scope 2):</b> From the generation of electricity purchased and consumed by the organization.</p>	<p><b>Indirect emissions (scope 3):</b> All indirect emissions (not included in scope 2) occurring in the value chain, including both upstream and downstream emissions.</p>
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As far as direct emissions are concerned, in 2023, the company carried out a series of works on the campus to reduce natural gas consumption by replacing air-conditioning systems with more efficient heat pump systems.

In 2023, there will be a slight decrease in emissions from mobile combustion due to a gradual change in the company fleet. In addition, emissions from the refrigerant gases used during the summer period for air conditioning were accounted for in a timely manner. In addition, the following gases are considered in the overall calculation of emissions: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC<sub>s</sub>, PFC<sub>s</sub>, SF<sub>6</sub>, NF<sub>3</sub>.

Overall, the group recorded a total production of approximately 5,623 tonnes of CO<sub>2e</sub>.

Table 21: Classification of Biesse's Scope 1 emissions<sup>33</sup>

<b>SCOPE 1</b>	<b>2023</b>	<b>2022</b>
Nature of emissions	Emissions (ton CO2e)	Emissions (ton CO2e)
<b>Total direct emissions (Scope 1)</b>	<b>5,623</b>	<b>6,013</b>
Due to natural gas	2,035	2,250
of which for diesel for power generation	221	244
of which LPG for power generation	203	
<i>Due to diesel for haulage</i>	<i>2,329</i>	<i>2,793</i>
Due to petrol for haulage	706	563
Due to LPG	0.06	162
Refrigerant gases (HFCs)	129	na

Regarding indirect emissions (Scope 2), the emissions of CO<sub>2</sub> produced in 2023 are approximately 2,595 tonnes (*market based*), in line with the previous year. In 2023, 4,446 tonnes of CO<sub>2</sub> (*Scope 2 –market-based method*) were avoided through the purchase of electricity from renewable sources with guarantees of origin for the Group's Italian companies. Furthermore, electricity produced by photovoltaic plants in 2023 made it possible to reduce CO<sub>2</sub> atmospheric emissions by approximately 760 additional tonnes<sup>34</sup>.

Table 22: Classification of Biesse's Scope 2 emissions<sup>35</sup>

<b>SCOPE 2</b>	<b>2023</b>	<b>2022</b>
Nature of emission	Emissions (ton CO2e)	Emissions (ton CO2e)
<b>Total indirect emissions (Scope 2) (location based)</b>	<b>5,714</b>	<b>6,204</b>
<b>Total indirect emissions (Scope 2) (market based)</b>	<b>2,595</b>	<b>2,761</b>

<sup>33</sup> For the calculation of Scope 1 direct emissions, the emission factors reported in the document "UK Government GHG Conversion Factors for Company Reporting" from DEFRA 2023 and DEFRA 2022 were used for their respective reporting years.

<sup>34</sup> To determine the tonnes of CO<sub>2</sub> not emitted into the atmosphere, use was made of conversion coefficients indicated by AIB's European Residual Mixes 2022. The figure comprises CO<sub>2</sub> avoided as a result of self-produced energy by the plants owned by Biesse and the unowned plant used by Montresor & Co. S.r.l.

<sup>35</sup> The Scope 2 indirect emissions from electricity are expressed in tons of CO<sub>2</sub>; however, the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO<sub>2</sub> equivalents), as inferred from the relevant technical literature. The Scope 2 indirect emissions are calculated according to the methodology defined by the GHG Protocol, which involves the use of average emission factors related to specific national energy mixes for electricity production. Specifically, for Scope 2 emissions - Location based, the emission factors for 2023 were derived from "International Comparisons" (source: Terna 2019) and AIB, European Residual Mixes 2022, while for 2022, the factors were derived from "International Comparisons" (source: Terna 2019) and AIB, European Residual Mixes 2021. For Scope 2 emissions - Market based, the emission factors for 2023 were derived from "International Comparisons" (source: Terna 2019) and AIB, European Supplier Mixes 2022, while for 2022, the factors were derived from "International Comparisons" (source: Terna 2019) and AIB, European Supplier Mixes 2021.

Unlike direct emissions, which must be reported on a mandatory basis, indirect emissions (scope 3) are quantified according to the significance of each category. The criteria selected, as well as the methodological process adopted, are described in the inventory process documents and guide the annual reporting process.

The Biesse inventory, in accordance with the reference standard, is measured in tonnes of CO<sub>2e</sub> (t CO<sub>2e</sub>) and takes into account emissions relating to the main greenhouse gases (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFC, PFC, SF<sub>6</sub>, NF<sub>3</sub>).

Below are the categories included in the inventory with descriptions and respective quantities:

Table 23: Classifications of scope 3 emissions<sup>36</sup>

Category	GHG Emissions (t CO <sub>2e</sub> )
<b>Category 3 - Indirect GHG emissions from transport</b>	<b>35,911</b>
3.1 Emissions from upstream transport and distribution of goods <sup>37</sup>	6,242
3.2 Emissions related to downstream transport and distribution of goods <sup>38</sup>	10,101
3.3 Emissions from employees on the home-work journey <sup>39</sup>	19,105
3.5 Emissions from work-related travel <sup>40</sup>	463
<b>Category 4 - Indirect GHG emissions from products used</b>	<b>591,540</b>
4.1 Emissions from goods purchased by the organisation <sup>41</sup>	586,388
4.3 Emissions from waste disposal (liquid or solid) <sup>42</sup>	5,152
<b>Total Emissions (t CO<sub>2e</sub>)</b>	<b>627,451</b>

<sup>36</sup> The calculation was conducted in accordance with the ISO 14064-1:2018 for each category identified as relevant. It is specified that for the quantification of GHG emissions, the software SimaPro 9.3.0.2 (Prè, 2021) was used, specifically utilizing the internationally recognized Ecoinvent 3.9 databases.

<sup>37</sup> The kilometres travelled by truck, ship and train of incoming materials from suppliers to production plants were taken into account (suppliers were mapped for Biesse SpA and India Private Limited by identifying a threshold of 80 per cent of purchases).

<sup>38</sup> Kilometres travelled for the shipment of finished products from the plants in question to the customer's place of dispatch were taken into account. The sales activity figure in kg was estimated based on the number of machines sold and assuming an average weight figure.

<sup>39</sup> Kilometres travelled by employees and their mode of travel as a result of the internal survey were taken into account. The answers obtained were then re-proportioned on the overall employee data

<sup>40</sup> Kilometres resulting from business trips by air were taken into account. Travel data were collated for Italian sites only, directly from data provided by the agencies organising business trips.

<sup>41</sup> Material codes covering a total purchased value of more than EUR 10,000 were considered, including the companies of Biesse SpA, Biesse India private Limited and Forvet. HSD was considered as a supplier. The available weight in kg was used for each code. Where it was not possible to have the data in kg, the average weight relative to the family to which it belongs was associated. To model and associate an emission factor, the most representative material in that category was considered for each item.

<sup>42</sup> All EWC codes produced in the reporting year were considered, and a disposal scenario was defined for each of them. This category also includes transports from the facility to the consignee, which are not counted in category 3.1

The GHG inventory and its calculation methodology were verified by an accredited third party for the ISO 14064 standard and a certificate was issued for the group's GHG inventory for the year 2023.

### Responsible management of water, materials and waste.

#### Waste management

Greater efficiency of use of materials in production processes translates to a reduction in costs, waste, and scrap, all of which benefits the environment. For these reasons, the Group promotes the responsible management of materials and waste, with particular attention to the processing and disposal of hazardous waste.

A dedicated department ensures compliance with current legislation concerning the management of the storage, transport, and disposal of hazardous and non-hazardous waste. The amendments to the new Legislative Decree 116/2020, which modified the Environmental Code, have also been incorporated.

Table 24: Classification of waste by type and by disposal method<sup>43</sup>

Waste produced	2023	2022
<b>Hazardous (T)</b>		
<i>Waste not intended for disposal of which:</i>		
Other recovery operations*	3	108
Recycling	9	14
<i>Waste intended for disposal of which:</i>		
Incineration with energy recovery	-	-
Incineration without energy recovery	26	12
Landfill	94	-
Other disposal methods	0	105
<b>Total hazardous waste</b>	<b>132</b>	<b>239</b>
<b>Not Hazardous (T)</b>		
<i>Waste not intended for disposal of which:</i>		
Other recovery operations*	1,631	2,628
Recycling	410	423
<i>Waste intended for disposal of which:</i>		
Incineration with energy recovery	-	12
Incineration without energy recovery	-	-
Landfill	124	-
Other disposal methods	-	57

<sup>43</sup> The waste produced by Biesse's foreign non-manufacturing subsidiaries have been estimated based on prior year average waste figures for the most representative subsidiaries and on employee numbers. By adopting this methodology, approximately 13% of total waste produced is based on estimates.

<b>Total not hazardous waste</b>	<b>2,165</b>	<b>3,120</b>
<b>Total (T)</b>	<b>2,297</b>	<b>3,359</b>
Of which intended for disposal	<b>244</b>	<b>186</b>
Of which not intended for disposal	<b>2,053</b>	<b>3,173</b>

Thanks to the environmental management system, the sorting of waste in the production process has been made even more efficient, making it possible to accurately separate waste materials within the individual workstations. The objective is to maximise the separation of waste so that most of the waste produced can be sent for recycling. With specific reference to wood panels used for machinery testing, to reduce the quantity that needs to be disposed of, a policy has been implemented, at the Group's main units, for the intelligent and responsible reuse of materials.

During 2023, the group decreased the amount of waste produced overall. The 2022 figure brought with it the campus relay activities that had led to an increase in the amount of waste generated. In 2023, 94% of waste will be non-hazardous and 89% of the waste generated will be recycled.

Biesse is in the process of increasingly careful classification of waste in each plant in line with the company's procedures that outline the standards to be followed for proper waste management.

Our sense of responsibility towards the environment, combined with the desire to offer customers a low-priced product with the same level of quality and reliability of new products, has led the Group to work to give new life to higher value used original components.

Accordingly, starting with a used original component, through a process of disassembly, cleaning, reconditioning, reassembly and final testing, the Group can give new life to used components, thus offering customers many advantages. In fact, in terms of savings, prices are 50% lower than those for new components and waiting times are much shorter than repair times, given that reconditioned parts are usually already available. As with other components, reconditioned parts are also 100% guaranteed and meet the same quality and reliability standards applicable to new products. Lastly, the reuse of used components is also a gesture of respect for and awareness of the environment in which we live since it translates into energy consumption and material savings.

### **Management of water resources**

The Group plans to develop strategies to improve the management of water resources, even though it does not need vast quantities of water for its production cycles, as a matter of respect for this precious resource for the well-being of the community.

The use of water resources is linked to a large extent to normal consumption for sanitary use. As far as production is concerned, water is mainly used for trials and testing of glass and stone processing machinery which are operated by water jet cutting systems. Biesse S.p.A. uses a closed-circuit purification system for the water used in the production process so that it can be reused in the process itself and reducing the amount of water withdrawn for the process to a minimum.

As a further sign of the Group's commitment to responsible management of water resources, at *Biesse Manufacturing* plant in *Makali*, India, sanitary wastewater is collected and treated in a purification system and then reused for irrigation of the manufacturing *plant's* green areas.

In 2023, the amount of water withdrawn was 70.47 ML in line with what was consumed in 2022.

All the water drawn comes from the aqueduct or from wells. Regarding the management of the impacts related to water discharges, the Group complies with the standards required by the regulations in force in each place it operates.

Table 25. Classification of water withdrawn by Biesse by source<sup>44</sup>

<i>Unit of measurement ML</i>	2023		2022	
<b>Source</b>	<b>Total</b>	<b>Of which water-stressed areas</b>	<b>Total</b>	<b>Of which water-stressed areas</b>
Groundwater	49.93	26.06	51.28	24.20
Third-party water resources	20.54	16.33	19.17	13.21
<b>Total</b>	<b>70.47</b>	<b>42.39</b>	<b>70.45</b>	<b>37.41</b>

<sup>44</sup> Amounts relating to water withdrawals by Biesse's foreign non-manufacturing subsidiaries have been estimated based on prior year water withdrawal figures for the most representative subsidiaries and on employee numbers. By adopting this methodology, approximately 10% of total water withdrawals is based on estimates. The World Resource Institute's online "Aqueduct" tool was used to assess the level of water stress.

Regarding water withdrawals, based on available information, all water withdrawn is estimated to be fresh water ( $\leq 1,000$  mg/l total dissolved solids) and as regards third-party water resources in water-stressed areas, about 95% is groundwater and the remaining 5% surface water.

## Taxonomy: Disclosure under the EU Regulation on environmentally sustainable activities

The EU Taxonomy Regulation (EU Regulation No. 2020/852) of 18 June 2020 provides a unified classification system for economic activities that can be considered environmentally sustainable. Specifically, the Taxonomy provides a classification system to define which economic activities can be considered environmentally sustainable and thus contribute substantially to the achievement of one of the following six objectives:

1. mitigation of climate change;
2. adaptation to climate change;
3. use and protection of water and marine resources;
4. transition to a circular economy;
5. prevention and reduction of pollution;
6. protection and restoration of biodiversity and ecosystems.

An activity may therefore be considered eligible<sup>45</sup> according to the Taxonomy ("Taxonomy-eligible"), i.e. potentially contributing substantially to one of the six environmental objectives, if it is described in the list of activities identified by the Regulation itself. In order to be able to define whether an eligible activity is aligned<sup>46</sup> with the Taxonomy ("Taxonomy-aligned"), the following criteria must be jointly fulfilled:

- make a substantial contribution by reference to the identified economic activity;
- technical screening criteria;
- do not cause significant harm ("Do Not Significant Harm" or "DNSH"), i.e. avoid adverse effects on other environmental objectives;
- carry out its activity in compliance with minimum safeguards, recognising the importance of human rights and labour standards.

Since the publication of EU Regulation 2020/852, to date, the following updates to the legislation have been made:

- Climate Delegated Act (2021/2139 EU);
- Delegated Act ex Art. 8 (2021/2178 EU);
- Supplementary Climate Delegated Act (February 2022);
- Delegated Regulation 2023/2485 on supplementary climate target activities;
- Delegated Regulation 2023/2486 on the four non-climate-related environmental objectives, also amending and supplementing the Delegated Disclosure Regulation (EU 2021/2178).

In accordance with the regulatory requirements set out in the Delegated Act relating to Article 8 of EU Regulation 2020/852, the Biesse Group is required to include in its Non-

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<sup>45</sup> Taxonomy-eligible economic activity: an economic activity described in the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, irrespective of whether that economic activity meets any or all of the technical screening criteria set out in those delegated acts.

<sup>46</sup> Taxonomy-aligned economic activity: an economic activity that meets the requirements of Article 3 of Regulation (EU) 2020/852.

Financial Statement (NFS) information on how and to what extent its activities are associated with eco-sustainable economic activities within the meaning of the EU Taxonomy. The Regulation requires the reporting of turnover (Turnover), capital expenditure (CapEx) and operating expenditure (OpEx) associated with activities considered eligible and aligned to the Taxonomy.

#### **Analysis of taxonomy-eligible and taxonomy-aligned activities in accordance with the European Taxonomy**

In order to comply with the above-mentioned disclosure requirements, Biesse carried out an analysis of its economic activities in order to identify those to be considered “*Taxonomy-eligible*” or “*Taxonomy-aligned*” with reference to the objectives governed by the Delegated Act on Climate Change, which includes the objectives of mitigation of and adaptation to climate change, and assessments of eligibility (“*Taxonomy-eligible*”) with reference to the objectives included in the annexes (Annexes I, II, III, IV) of the Delegated Act on the Environment, published in June 2023 by the Commission.

From the outcome of these analyses, it emerged that none of the group's economic activities are currently eligible, and therefore the entire turnover is not aligned with the European Taxonomy. In particular, in relation to the portion of “*Taxonomy-eligible*” or “*Taxonomy-aligned*” turnover, which represents the portion of net revenues deriving from services or products, including intangible products, originated from economic activities aligned to the taxonomy on total net revenues, in 2023, it was considered that Biesse does not carry out any activity considered applicable to the taxonomy. This result is the result of a comparison of Biesse's activities, in consideration of the NACE codes and the specific activities carried out by Group companies, with the list of activities included in the Regulation and the most recent published interpretations.

With regard to capital expenditure, in 2023 a number of investments were identified as eligible in accordance with the provisions of the regulation, the details of which are described in the attached tables. In this regard, it should be noted that, in conducting this analysis and preparing the related *disclosure*, Biesse has adopted a prudent approach overall and based on the interpretations available to date of the applicable regulatory requirements.

Further analysis will be carried out over the coming months, in light of the progressive evolution of the Regulation, as well as the strategic decisions taken by the Group.

Pursuant to the regulatory requirements in the Delegated Act relating to Article 8 of Regulation 2020/852, the tables in the annex (prepared in accordance with the provisions of Annex II of the Delegated Regulation (EU) 2021/2178) show the share of aligned, eligible, non-aligned and non-taxonomy-eligible economic activities in turnover, capital expenditure and total operating expenditure.

With reference to the disclosure in accordance with Article 8, paragraphs 6 and 7 of Delegated Regulation (EU) 2021/2178 which requires the use of the templates provided in Annex XII for the disclosure of nuclear and fossil gas activities, it should be noted that Biesse has not reported these templates as no eligible and/or aligned activities have been identified in reference to these areas.

Table 26. Proportion of turnover derived from products or services associated with economic activities aligned with the taxonomy - disclosure coverage year 2023<sup>47</sup>

Financial year N	Year			Substantial contribution criteria						DNSH criteria ( Does Not Significantly Harm)(h)							Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022	Category (enabling activity)	Category (transitional activity)
	Economic activities	Code	Turnover	Proportion of Turnover, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems				
		€/000	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N/	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1 Environmental sustainable activities (Taxonomy-aligned)</b>																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%															0%		
Of which enabling		0	0%															0%	E	
Of which transitional		0	0%															0%		T
<b>A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)</b>																				
				EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL											
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%															0%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		0	0%															0		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
Taxonomy-non-eligible activities		785,001	100%																	
TOTAL		785,001	100%																	

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

<sup>47</sup> The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO.

For example, the Activity “Afforestation” would have the Code: CCM 1.1.

Where activities are eligible to make a substantial contribution to more than one objective, the codes for all objectives should be indicated.

For example, if the operator reports that the activity “Construction of new buildings” makes a substantial contribution to climate change mitigation and circular economy, the code would be: CCM 7.1. / CE 3.1.

- Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
- N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
- N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Table 27. Proportion of capital expenditure (CapEx) derived from products or services associated with economic activities aligned with the taxonomy - disclosure coverage year 2023 <sup>45</sup>

Financial year 2023	Year		Substantial contribution criteria							DNSH criteria ( Does Not Significantly Harm)(h)							Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx year 2022	Category (enabling activity or)	Category (transitional activity)
	Code (a)	CapEx	Proportion of CapEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards			
Economic activities		€/000	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	0	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmental sustainable activities (Taxonomy-aligned)</b>																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%													0%			
Of which enabling		0	0%													0%	E		
Of which transitional		0	0%													0%		T	
<b>A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)</b>																			
				EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL	EL: N/EL										
installazione, manutenzione e riparazione di dispositivi per efficienza energetica	CCA 7.3	918	3%	N	N	N/EL	N/EL	N/EL	N/EL										
Ricerca, sviluppo e innovazione vicini al mercato	CCM 9.1	359	1%	N	N	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,277	4%	2.5%	1.5%	0%	0%	0%	0%							0%			
A. CapEx of Taxonomy eligible activities (A.1+A.2)		1,277	4%	%	%	%	%	%	%							0			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CapEx of Taxonomy-non-eligible activities		33,682	96%																
TOTAL		34,959	100%																

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	2,5%
CCA	0%	1,5%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Table 28. Proportion of operating expenditure (OpEx) relating to products or services associated with economic activities aligned with the taxonomy - disclosure coverage year 2023<sup>45</sup>

Financial year N	Year		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)(h)						Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category (enabling activity or)	Category (transitional activity)		
	Code	OpEx	Proportion of OpEx, year 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy				Biodiversity	Minimum safeguards
Economic activities		€/000	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmental sustainable activities (Taxonomy-aligned)</b>																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%		
Of which enabling		0	0%														0%	E	
Of which transitional		0	0%														0%		T
<b>A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)</b>																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%														0%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		0	0%														0		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Taxonomy-non-eligible activities		40,226	100%																
TOTAL		40,226	100%																

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

## GRI: Content index

<b>Statement of use</b>	Biesse Group has reported in accordance with the GRI Standards for the period 1/01/2023 - 31/12/2023
<b>GRI 1 used</b>	GRI 1 - Fundamental Principles - Version 2021
<b>Applicable GRI Sector Standard</b>	N/A

STANDARD GRI	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENTS OMITTED	REASON	EXPLANATION	
<b>General Disclosure</b>						
GRI 2 – General Disclosure version 2021	2-1 Organizational details	4, 7, 8				
	2-2 Entities included in the organization's sustainability reporting	4				
	2-3 Reporting period, frequency and contact point	4,5				
	2-4 Restatements of information					
	2-5 External assurance					
	2-6 Activities, value chain and other business relationships	45-48				
	2-7 Employees	48-53				
	2-8 Workers who are not employees	53				
	2-9 Governance structure and composition	10-13				
	2-10 Nomination and selection of the highest governance body	12				
	2-11 Chair of the highest governance body	12				
	2-12 Role of the highest governance body in overseeing the management of impacts	12				
	2-13 Delegation of responsibility for management of impacts	26-29,33-34				
	2-14 Role of the highest governance body in sustainability reporting	33-34				
	2-15 Conflicts of interest	13-14				
	2-16 Communication of critical concerns	15-16				
	2-17 Collective knowledge of the highest governance body	11-13,33-34				
	2-18 Evaluation of the performance of the highest governance body	13-16				
	2-19 Remuneration policies	12-15				

	2-20 Process to determine remuneration	14-15				
	2-21 Annual total compensation report	15				
	2-22 Statement on sustainable development strategy	4-6,28-29				
	2-23 Policy commitments	13-16				
	2-24 Embedding of Policy commitments	29				
	2-25 Processes to remediate negative impacts	20-26				
	2-26 Mechanisms for seeking advice and raising concerns	15-16				
	2-27 Compliance with laws and regulations	13-17				
	2-28 Membership of associations	39-40				
	2-29 Approach to stakeholder engagement	31-33				
	2-30 Collective bargaining agreements	57-58				
<b>Material topics</b>						
GRI 3 – Material Topics – version 2021	3-1 Process to determine material topics	33-34				
	3-2 List of material topics	34-35				
<b>Business conduct</b>						
GRI 3 – Material Topics – version 2021	3-3 Management of material topics	13-17				
206: Anticompetitive behavior (2016)	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	16				
207: Tax (2019)	207-1 Approach to taxation	16-17				
	207-2 Tax governance, control, and risk management	16-19				
	207-3 Stakeholder engagement and management of concerns related to tax	16-19				
	207-4 Country-by-country reporting	18-19				
205: Anti corruption (2016)	205-3 Confirmed incidents of corruption and actions taken	13- 16				
418: Customer privacy (2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	19-20				
<b>ECONOMIC SUSTAINABILITY</b>						
<b>Product &amp; process Innovation</b>						
GRI 3 – Material	3-3 Management of material topics	39-42				

Topics – version 2021						
416: Customer health and safety (2016)	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	14				
<b>Brand &amp; product Experience</b>						
GRI 3 – Material Topics – version 2021	3-3 Management of material topics	42-45				
417: Marketing and Labeling (2016)	417-3 - Incidents of non-compliance concerning marketing communications	It should be noted that, during 2023, no cases of non-compliance with regulations and voluntary codes on marketing communications were detected.				
<b>Supply chain</b>						
GRI 3 – Material Topics – version 2021	3-3 Management of material topics	45-48				
204: Procurement Practices (2016)	204-1 Proportion of spending on local suppliers	47				
<b>SOCIAL SUSTAINABILITY</b>						
<b>People experience &amp; development</b>						
GRI 3 – Material Topics – version 2021	3-3 Management of material topics	49-59				
401: Employment (2016)	401-1 New employee hires and employee turnover	51-52				
404: Training and Education (2016)	404-1 Average hours of training per year per employee	56				
401: Employment (2016)	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	58-59				
402: Labor/Management Relations (2016)	402-1 Minimum notice periods regarding operational changes	-				Minimum notice periods are defined in the National Collective Labour Contracts, if any, and by laws in force in the countries in which the

							Group operates.
<b>Health and safety</b>							
GRI 3 – Material Topics – version 2021	3-3 Management of material topics	60					
403: Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	60-62					
	403-2 Hazard identification, risk assessment, and incident investigation	60-62					
	403-3 Occupational health services	60-62					
	403-4 Worker participation, consultation, and communication on occupational health and safety	60-62					
	403-5 Worker training on occupational health and safety	56					
	403-6 Promotion of worker health	60-62					
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	60-62					
	403-9 Work-related injuries	60-62					
<b>Change management</b>							
GRI 3 – Material Topics – version 2021	3-3 Management of material topics	59-60					
201: Economic Performance (2016)	201-1 Direct economic value generated and distributed	38-39					
203: Indirect economic impacts (2016)	203- 2: Significant indirect economic impacts	38-39, 46-48,64-66					
<b>Equal treatment &amp; opportunities for all</b>							
GRI 3 – Material Topics – version 2021	3-3 Management of material topics	63					
405: Diversity and Equal Opportunity (2016)	405-1 Diversity of governance bodies and employees	12, 63					
<b>Relationship with the community</b>							
GRI 3 – Material Topics – version 2021	3-3 Management of material topics	64-66					

413: Local communities (2016)	413-2 Operations with significant actual and potential negative impacts on local communities	-					No operations were recorded with significant actual and potential negative impacts on local communities.
<b>ENVIRONMENTAL SUSTAINABILITY</b>							
<b>Climate change &amp; pollution</b>							
GRI 3 – Material Topics – version 2021	3-3 Management of material topics	67-73					
305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	71					
	305-2 Energy indirect (Scope 2) GHG emissions	71					
	305-3 Other indirect emissions (Scope 3)	72					
302: Energy (2016)	302-1 Energy consumption within the organisation	68-70					
<b>Use of resources, water and waste</b>							
GRI 3 – Material Topics – version 2021	3-3 Management of material topics	73-75					
303: Water and waste water (2018)	303-1 Interactions with water as a shared resource	74,75					
	303-2 Management of water discharge-related impacts	74,75					
	303-3 Water withdrawal	74,75					
306: Waste (2020)	306-1 Waste generation and significant waste-related impacts	73-74					
	306-2 Management of significant waste-related impacts	73-74					
	306-3 Waste generated	73-74					
	306-4 Waste diverted from disposal	73-74					
	306-5 Waste directed to disposal	73-74					

**INDEPENDENT AUDITOR'S REPORT  
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,  
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016, AND  
ART. 5 OF CONSOB REGULATION N. 20267/2018**

**To the Board of Directors of  
Biesse S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5, paragraph 1, letter g) of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Biesse S.p.A. and its subsidiaries (hereinafter "Biesse Group" or "Group") as of December 31, 2023 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 14, 2024 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "*Taxonomy: Disclosure under the EU Regulation on environmentally sustainable activities*".

### **Responsibility 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 the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative ("GRI Standards"), which they have identified as reporting framework.

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

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

**Auditor's Independence and quality control**

We have complied with the independence and other ethical requirements of the *International 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.

During the year covered by this assurance engagement, our auditing firm applied *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Auditor's responsibility**

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*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. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of Biesse Group;

4. understanding of the following matters:

- business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Biesse S.p.A. and with the employees of HSD S.p.A., Biesse Manufacturing Co. Pvt. Ltd. e Forvet S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the group level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following subsidiaries, Biesse S.p.A., Biesse Manufacturing Co. Pvt. Ltd. e Forvet S.p.A, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

## Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Group as of December 31, 2023 is not prepared, in all material respects, in accordance with article 3 and 4 of the Decree and GRI Standards.

Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph *“Taxonomy: Disclosure under the EU Regulation on environmentally sustainable activities”*.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Giovanni Fruci**  
Partner

Bologna, Italy  
March 28, 2024

*This report has been translated into the English language solely for the convenience of international readers.*