

SUSTAINABILITY REPORT 2021





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A MESSAGE FROM OUR CHAIRWOMAN



Dear Readers,

We Engineer Dreams is the claim that has guided our journey since 2020, and for us it has a dual meaning: on one side it represents our willingness to support our clients in the realization of their projects, and on the other it expresses our commitment to ensure that the people in our company can feel good and realize their dreams professionally. Today, more than ever, we feel a responsibility to our employees, to the communities around us, and to the environment. That is why I always like to emphasize that, at Bonfiglioli, **we design dreams and realize them in innovative, but above all, sustainable ways.**

Social and environmental responsibility have been the common thread of all our activities and projects in 2021.

We continued to safeguard the health of our employees around the world by ensuring timely compliance with the necessary measures to prevent the transmission of COVID-19. In June, **the Bonfiglioli vaccine hub** was inaugurated: we provided the community with a 1,500-square-meter warehouse in Bologna and built all the necessary facilities to have six outpatient clinics with a vaccination capacity of 500 vaccines per day. We are happy to have contributed to this system operation in the area, promoted by "Confindustria Emilia Centro", which has seen the birth of an inter-company network of vaccine hubs open to all member and non-member companies in the area, their employees, collaborators, and family members, all coordinated with institutions and public health.

Throughout the year we also promoted **Safety Breaks** for our employees: **half-hour meetings designed to spread the culture of occupational health and safety**, during which all Bonfiglioli employees, both blue and white collars, were invited to think about the importance of safety, with witnesses telling their experience of accidents at work or offering the basics of first aid. We strongly believe in the importance of these issues that we have linked physical participation in the meeting, or completion of the online form, to the performance bonus.

We continued to invest in people training, believing that continuous improvement, talent enhancement and the development of new skills are the key for having rewarded employees and increasingly qualified and specialized resources. Our **Bonfiglioli Academy**, with more than 23,000 courses delivered throughout the year, plays an important role in this growth path.

For our Forlì plant we are proud to have obtained the first **ISO 50001:2018 "Energy Management Systems" certification**, further evidence of our attention to the environment that involves us at all degrees.

In fact, we are committed to decreasing the environmental impact by reducing the energy consumption of our factories and plants, manufacturing energy efficient products, developing and promoting solutions for wind, recycling the photovoltaic sector and, at the same time, we contribute to spreading the culture of prevention and environmental protection.

In 2021 we also expanded our **competence** center for electrification and strengthened our support for all customers and companies facing the transition to electric and a cleaner world.

There are many moments in 2021 to be proud of, and the last one in chronological order encompasses them all: in December we did, in fact, reach **1 billion in sales**, a clear sign that we are an economically tough Group and that we must continue to be guided by our values and our approach to sustainability. With this in mind, we decided to share this important milestone with our employees, celebrating it with two initiatives. First, we planted, together with Treedom, **4,500 trees** that will help make our planet greener, absorbing 1,229,000 kg of CO₂ and providing jobs for the communities that will care for these trees. Secondly, we supported Save the Children to build housing for four teachers in Uganda to ensure their presence at school and thus give continuity and educational quality to 100 children.

We achieved this important result of 2021 thanks to our people, their commitment and dedication.

We all know that it has not been an easy year: the political-economic situation, together with the climate-environmental crisis, has confronted us with unprecedented challenges that have extended into 2022, and so it will be for the years to come as well. Therefore, we must keep the attention level always high when it comes to sustainability, intended in the broadest sense of the term. However, knowing that we can rely on solid values - our values - and on everyone's cooperation allows us to maintain the thrust in looking forward with confidence and continuing to realize our and your dreams!



2021 HIGHLIGHTS



OUR WAY



20 BRANCHES, 15 PLANTS & 550 DISTRIBUTORS

we guarantee our customers the same quality standards, any place, any time



ONE BILLION COMPANY

in December 2021 Bonfiglioli Group reached 1 billion euros in sales: this result has been achieved through the work and efforts of all our people.



SUPPORTING WORLDWIDE PROJECTS

we carried on the initiatives for local communities, fostering youth education, culture and health

OUR PEOPLE



4,072 OUR WORLDWIDE BONFIGLIOLI FAMILY

99% EMPLOYEES HAVE A PERMANENT CONTRACT

43,242 OVERALL HOURS OF TRAINING



BONFIGLIOLI ACADEMY

in 2021 we consolidated our Academy through a new course' structure and the introduction of professionalizing courses. In addition, the Bonfiglioli Academy, received the first prize in the Knowledge and know-how category for Responsible Innovators Award for the Emilia-Romagna region.



THE IMPLEMENTATION OF THE NEW AGILE RECRUITING PROJECT

we completed and implemented our Agile Recruiting and onboarding process, a fully digitalized and structured selection process, whose realization of which was possible through the collaboration between the Human Capital and the IT&Digital Departments.



THE IMPORTANCE OF HEALTH & SAFETY

during 2021 we finalized the **"10 HSE Golden Rules"** – a set of guidelines implemented worldwide – to underline and raise the awareness on the importance of safe behaviors.

Moreover, we promoted the **Safety Breaks** - collective training moments dedicated to our Italian employees – and we inaugurated a vaccine hub for Covid-19 in Calderara.

OUR IMPACT



RESEARCH & DEVELOPMENT

we collaborated with schools, local and international Universities and Institutions and proudly coordinated the IoTwins, one of Horizon 2020's most important European projects. Moreover, in 2021 we continued investing in innovation through our R&D Test Lab in EVO and Rovereto



RECYCLING & ENVIRONMENTAL SUSTAINABILITY

for the emerging sectors of the Green Economy, we introduced a new area that focuses on the design and the production of customized solutions to collect, compact and sort waste materials, offering a complete range of innovative shredding solutions



OUR COMMITMENT TO THE ENVIRONMENT

in order to reinforce our commitment to environmental protection, in 2021 we signed a new **integrated Q&HSE Policy** and we obtained the certification **ISO 50001** - Energy Management System for the Forlì (Italy) plant.



2.622.262 kWh PRODUCED BY OUR PHOTOVOLTAIC PANELS

that have been consumed in our plants, reaching an increase of 52% with respect to 2020



NEW BUILDING FOR BONFIGLIOLI SPAIN

The works to build the new plant for Tecnotrans began in 2021 and will include also a 200KWp PV system.

ONE BILLION COMPANY

The Group reached €1 billion in sales by December 2021, and important milestones deserve to be shared!

As part of the celebration of this achievement, the company decided to support employees, Save the Children, and Treedom, through actions in line with the values that have always guided its projects and decisions, namely, people, solidarity, and sustainability.



**Save the
Children**

Our contribution will enable Save the Children to build housing in Uganda for four teachers. This will allow them to live near the school and travel to the classroom on a daily basis, ensuring continuity of education for the students.



Thanks to Treedom we will plant 4,500 trees that will help make our planet greener, absorbing 1,229,000 kg of CO2.

Besides, the Bonfiglioli forest will create a job opportunity for local communities.

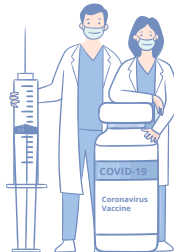
All Bonfiglioli employees received a special award as a sign of recognition for their efforts in achieving this milestone.



One billion Thanks!

VACCINE HUB

In June 2021 we provided the community 1,500 square meters of warehouse spaces in order to implement a vaccine hub at Calderara di Reno, Bologna. The initiative was promoted by Confindustria Emilia Area Centro and in agreement with institutions and public health, resulting in the creation of an inter-agency network of vaccination hubs. Overall, we can proudly affirm that 50,370 doses of vaccine were administrated.



First Prize

RESPONSIBLE INNOVATORS AWARD

In 2021 our Bonfiglioli Academy has been awarded as first prize in the "Knowledge and Know-how" category at the Responsible Innovator Awards for the Emilia-Romagna region. The recognition we received testifies the importance of a structured and innovative training program within our company.

E-COMMERCE ITALY



In 2021 we launched the Bonfiglioli e-commerce platform in Italy, after the go-live in the United States in December 2020. We plan to extend it to other countries as well, as the e-shop is a valuable tool that allows us to offer our customers an innovative, intuitive and timely shopping experience, for a defined number of products.

AWARDS IN CHINA



Awards received from local government:

- > Top 100 Enterprises
- > Outstanding talents team for the innovation and Entrepreneurship
- > Tax contribution award

Awards received from OEM customers:

- > Excellent supplier of SANY
- > Excellent supplier of XCMG



SAMPINGRANAGGI TRANSACTION



In March 2021, we acquired the assets of the Sampingranaggi and Samp Machinery Shanghai, companies of the SAMP Group. This acquisition offers us the chance to integrate some productions of strategic components and to approach the robotic transmission market. Thanks to this transaction, we had the opportunity to include in our Group all the Sampingranaggi warehouses, patents, designs and robotics products, and, above all, the 100 % of the staff and their know-how.

In order to harmonize their skills with the rest of the Group, a particular focus on the proper development of the workforce has been done, including implementing the continuing education programmes of the Bonfiglioli Academy.

I like to think that if Sampingranaggi had not already existed after the war, there would be no Bonfiglioli today. This is because it all began in 1948 when a young undergraduate engineer started out on a precious journey of work and experience that, three years later, led him to start his first business. Beyond this emotional reunion - which made me very happy - and the total complementarity between Sampingranaggi and Bonfiglioli's products, my first thought turns to the women and men of this accomplishment, who today represent an important component of Bonfiglioli.

Sonia Bonfiglioli talking about his father

FIRST ISO 50001 CERTIFIED FACILITY

During 2021 the Bonfiglioli Group made the strategic choice to undertake the path of certification ISO 50001 – Energy Management System starting from the Italian plant characterized by the greatest production complexity: the Forlì site. This certification represents the international standard that specifies the requirements for creating, implementing, maintaining and improving the Energy Management System, thereby facilitating the process of integrating energy efficiency into all business activities

**QUALITY, HEALTH, SAFETY,
ENVIRONMENT & ENERGY**
OUR COSTANT AMBITION

NEW HOME FOR BONFIGLIOLI SPAIN



In 2021, the construction of the new facilities of Tecnotrans Bonfiglioli S.A. – Spain, located in the municipality of Castellbisbal, has been completed and the plant is operative since beginning of September 2022. The new venue is developed over an area of 14,000 sqm and presents a PV system that will produce the 35% of the overall energy demand, fulfilling the Group's environmental sustainability and energy efficiency standards.

E-MOBILITY COMPETENCE CENTER ENLARGEMENT



EDS-X Series
Electric Drive System



EDS-H Series
Electric Drive System

The Electromobility competence center enlargement has been established in 2021 within the Mobility & Wind Business Unit. With the introduction of the **EDS-X** and **EDS-H** lines, integrated electric powertrains for numerous on-highway (commercial vehicles, bus, passenger vehicles) and off-highway (construction, agriculture, airport vehicles) applications, we have expanded and differentiated our current product offer, with the goal to better support companies and customers in the transition to electric.

CUSTOMER BENEFITS:



**EASY
INSTALLATION**



**REDUCED
TIME TO
MARKET**



**POWER
DENSITY**



**LESS SPECIFIC
KNOW-HOW IN VEHICLE
ELECTRIFICATION**



**>80%
WEIGHT AND VOLUME
REDUCTION**

BONFIGLIOLI EXCELLENCE SERVICE TEAM (BEST)

Growing further in 2021, the BEST distributor network includes the most qualified Bonfiglioli business partners: as they are capable of assemble Bonfiglioli products and meet customer requirements within a short period of time, as well as support for the start-up of their machines and dedicate to after-sale services.

Within the BEST project an ambitious distributor certification plan was launched in cooperation with TÜV, assuring the same high-quality level of services to all Bonfiglioli customers who use a BEST-certified distributor.

IN 2021 THEY WERE JOINED BY: BEST 2021 TOTAL:



ASSOCIATIONS



In 2021, Bonfiglioli became a member of **GWEC - Global Wind Energy Council** - the international trade association for the wind energy industry.

GWEC's mission is in line with the Group's values and strategies on environmental sustainability. In fact, the association aims to ensure that wind energy emerges as the answer to today's energy challenges, providing substantial environmental and economic benefits.

GWEC works at the highest international political level to create a better policy environment that promotes wind energy by educating local and national governments as well as international agencies about the benefits of wind energy.

We renewed in 2021 our membership with APQP4Wind, a non-profit organisation founded by the world's leading wind turbine manufacturers and suppliers.



APQP4Wind represents the quality assurance methodology used in the entire global wind industry supply chain, from design to customer. Therefore, being a member of APQP4Wind offers our customers an additional assurance of the high quality of our wind energy solutions.





OUR WAY:

A STORY OF CONTINUOUS
EXCELLENCE

OUR MISSION

Bonfiglioli's success and growth is based on two essential pillars: values and people.

Our strong and solid tradition combined with an innovative approach, allowed Bonfiglioli to overcome this challenging and difficult years, enhancing our capabilities to forecast markets' evolution and provide insights aimed at meeting customers' needs.

This important achievement was possible by pursuing three central objectives: innovation, excellence, and sustainability. Our team dedicated itself to ensuring excellence through innovative and cutting-edge products.

Therefore, we decided to increase our commitment to sustainability purposes, generating a social positive impact in the communities where we operate and reducing our environmental footprints.

We have a relentless commitment to excellence, innovation & sustainability. Our Team creates, distributes and services world-class power transmission & drive solutions to keep the world in motion.



EXCELLENCE

INNOVATION

SUSTAINABILITY

OUR VALUES

AT BONFIGLIOLI, OUR EVERYDAY WORK IS GUIDED BY FOUR MAIN VALUES: **CHALLENGE, RESPECT, ACCOUNTABILITY AND WINNING TOGETHER.**



CHALLENGE Continuously challenging our limits in the pursuit of excellence in performance, innovation, and products.

RESPECT Respecting diversity, local cultures, religions, and the environment with uncompromising ethics.

ACCOUNTABILITY Individual responsibility enables collective responsibility, practising leadership with commitment and determination.

WINNING TOGETHER Winning by working together, ensuring knowledge creation, and sharing.

1.2 MILESTONES

1956

Clementino founded
Costruzioni Meccaniche Bonfiglioli

1964

Works started at the factory in
Lippo di Calderara, Bologna, Italy

2002

We launched BEST, our
international distribution
network

2001

Acquisition of Vectron

2003

- › Acquisition of Tecnoingranaggi
- › Bonfiglioli Drives is established in
Shanghai, China

2005

Bonfiglioli expands into Slovakia

2006

Bonfiglioli Turkey is established

2015

Acquisition of O&K Antriebstechnik
GmbH

2013

Bonfiglioli South East Asia opens in
Singapore

2017

- › Expansion of plants in Slovakia
and Pune, India
- › The path toward digital
transformation begins

2018

- › New Electromobility plant in
Forlì, Italy
- › New plant in Chennai, India

2019

- › New and larger plant in Rovereto
- › EVO, new D&P offices and largest
industrial plant



1968

Tecnotrans Bonfiglioli SA is established in Barcelona. This was the start of our international growth.

1975

Acquisition of Trasmital

1993

Certifications DNV and TÜV

2000

Launch of MOSAICO, our product online configurator

1999

Inauguration of the plant in Chennai, India

1995

Launch of the C, A, and F series gear units

2008

- › New organisation into business units
- › Bonfiglioli Vietnam Ltd. is established in Ho Chi Minh City



2009

Bonfiglioli Brazil is established

2012

Creation of the Electromobility Competence Center

2011

- › Inauguration of the plant in Mannur, India
- › Inauguration of the plant in Rovereto, Italy

2010

Sonia Bonfiglioli takes control of the Group



2020

E-commerce USA launch

2021

- › Sampingranaggi acquisition
- › Italy e-commerce launch
- › Enlargement of the competence center for electromobility
- › Bonfiglioli becomes a €1 Billion Company

GLOBAL PRESENCE FOR LOCAL SUPPORT

Bonfiglioli's history starts in 1956 when Clementino Bonfiglioli founded a small family-run company whose success was immediate, becoming a leader in several sectors, starting from industrial automation, mobile machinery to wind energy.

The Group, distributed among 80 countries with more than 4,000 employees, includes three core Business Units: Discrete Manufacturing & Process Industries, Motion & Robotics, and Mobility & Wind Industries. Although the high technical levels required to operate in each sector lead to favoring a separation of the individual units, the aim of Bonfiglioli is to strengthen the cohesion and the synergies among the three Units, creating more innovative, sustainable, and products tailored to customers.

To meet the expectations related to the quality of our products, across all 20 branches and 15 plants, Bonfiglioli chose digitalization as the key to ensure the respect of the standard procedures for its products. Through digitalization and the 550+ distributors worldwide, the Group is able to guarantee the best support to clients and business partners. In 2020, Bonfiglioli launched its e-commerce platform for the US market, successively expanded in Italy during 2021 and with the final target of increasing the coverage to other countries during the next years.

Two are the main aspects that characterize the way Bonfiglioli generates value: proximity and efficiency to customers, thanks to the international presence, and the wide range of customized products, such as gearmotors, drive systems, planetary gearboxes, and inverters in the three Business Units.

15

PRODUCTION
SITES

20

COMMERCIAL
SITES

~4,000

PEOPLE

80

COUNTRIES

*We lead the world market
with **complete and
efficient solutions**,
accompanying our
customers with dedicated
services ranging from
co-engineering to **after-
sales service**.*

Through several certifications, Bonfiglioli Group wants to confirm its commitment to maintain high standards of quality. We obtained the **Group ISO 9001 - Quality Management System certification** for almost all the establishments, and the Management System Certifications on health and safety (previously known as **OHSAS 18001**, now **ISO 45001**) and environment (**ISO 14001**) for our main production sites. Moreover, Forlì's Plant achieved the **ISO 50001** for the **Energy Management System**.

COUNTRY	CERTIFICATIONS
AUSTRALIA 	
BRAZIL  	
CHINA   	  
FRANCE 	
GERMANY     	
UNITED KINGDOM 	
INDIA      	  
ITALY ☆       	   
NEW ZEALAND 	-
SINGAPORE 	-
SLOVAKIA 	
SPAIN 	
SOUTH AFRICA 	
TURKEY 	
USA  	
VIETNAM  	 

HEADQUARTERS ☆ PLANTS  BRANCHES 

OUR BUSINESS UNITS

To provide our customers with the best support possible, offering a long-standing experience and excellent know-how, we structured three main Business Units: Discrete Manufacturing & Process Industries, Mechatronic & Motion Systems, and Mobility & Wind Industries.



DISCRETE MANUFACTURING
& PROCESS INDUSTRIES



MOTION &
ROBOTICS



MOBILITY & WIND
INDUSTRIES



OUR BRANDS

BONFIGLIOLI IS THE LEADER OF THE POWER TRANSMISSION MARKET THROUGH FIVE DISTINCT BRANDS WHICH REPRESENT THE CULTURE, THE EXPERIENCE OF THE GROUP, AND THE INTENTION TO MEET CUSTOMER'S NEEDS.



Bonfiglioli
Riduttori



Bonfiglioli
Trasmital



Bonfiglioli
Vectron



Bonfiglioli
Tecnoingranaggi



Bonfiglioli
O&K Antriebstechnik

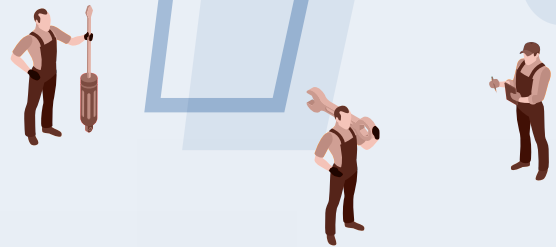
DISCRETE MANUFACTURING & PROCESS INDUSTRIES



The Discrete Manufacturing & Process Industries Business Unit offers gearboxes, geared motors, and electric motors for any type of industrial application.

Regardless of power requirements, our experts are able to meet the most complex demands for applications operating in any condition.

With over 60 years' experience working alongside our customers, we are now able to anticipate their needs in over 20 different sectors, with a particular focus on industrial processes and machinery for the manufacturing industry such as packaging, food and beverage, mining, logistics, and intra-logistics.



OTHER SECTORS:

- › Wastewater treatment
- › Metal machining
- › Access controls
- › HVAC and refrigeration plants

MOTION & ROBOTICS

Bonfiglioli solutions ensure the highest level of precision, efficiency, and energy optimisation. Thanks to our experience, we are able to support our customers with integrated and innovative advanced mechatronic solutions for more than twenty industries, including material handling, logistics, intralogistics, robotics, packaging, and the textile industry.

As of 2021, we have expanded our offerings in the area of robotics in order to provide increasingly vertical and cutting-edge solutions, our business unit Mechatronic & Motion Systems has therefore evolved into Motion & Robotics.

HIGHLIGHTS

- The **centre of excellence in Rovereto** deals with the development of innovative solutions for: IoT, high-precision electric motors and gearmotors.
- The **centre of excellence in Krefeld** deals with the development of advanced power electronic drives, such as inverters and servo motors.



WOOD



TEXTILES



FOOD AND BEVERAGE



PACKAGING



CRANES AND BRIDGE CRANES



MATERIAL HANDLING



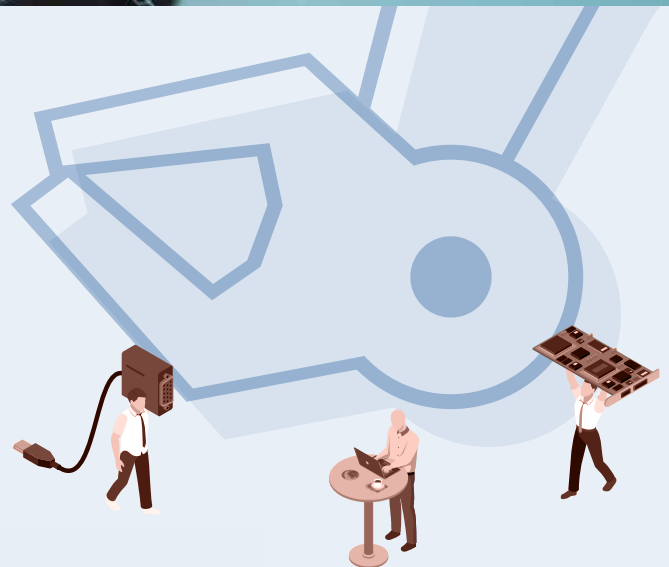
STORAGE SYSTEMS



MEDICAL AND PHARMACEUTICAL



GLASS PROCESSING



MOBILITY & WIND INDUSTRIES



The Mobility & Wind Industries Business Unit offers the widest range of gearboxes currently available on the market.

Its portfolio includes drives for travel, slew, winch, and other possible applications. All our products are customizable to meet any need.

The Mobility & Wind Industries team is the ideal partner for the implementation of efficient, intelligent, and durable solutions dedicated to the most complex applications in construction, wind energy, logistics, agriculture, and the offshore sector. For over 40 years we have been working with the world's leading OEMs.



MOBILE SOLUTIONS

By co-engineering wheel, track, slew, winch, concrete mixer and other drives together with our customers, we can meet all market needs for self-propelled machinery applications.

Bonfiglioli supplies final drives with the widest torque range on the market, from 1,000 to over 3 million Nm.



EARTHMOVING



ROAD
CONSTRUCTION



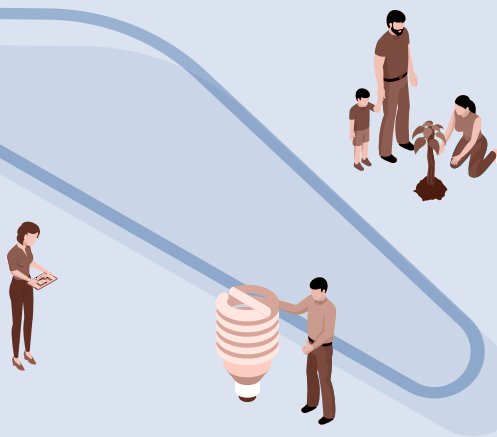
AGRICULTURE



MINING
INDUSTRY



MATERIAL
HANDLING



WIND SOLUTIONS

With a 30% market share for the supply of wind turbine gearboxes to major global players, Bonfiglioli is the undisputed leader in the wind energy sector.

Gearboxes for wind turbines are assembled in 5 of the 15 plants (Italy, Germany, India, China and Brazil) to better serve local markets and major global players.

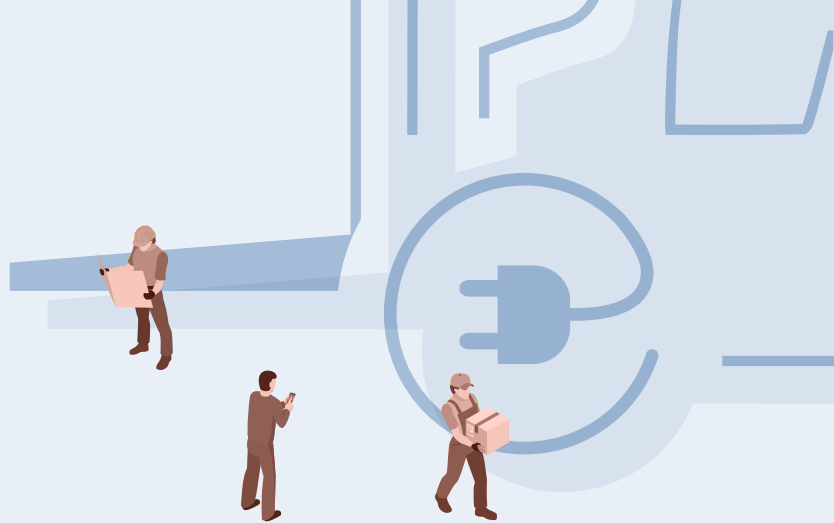
Our Yaw and Pitch drives are continuously optimised to improve turbine performance for traditional onshore applications, but also for the latest offshore applications, without increasing their weight and size and thus offering the market more competitive products.



SMALL WIND TURBINES
UP TO 200 KW



ON-SHORE
UP TO 6 MW
OFF-SHORE
UP TO 15 MW



ELECTROMOBILITY SOLUTIONS

ELECTRIC GEARMOTORS FOR DEDICATED ELECTROMOBILITY SOLUTIONS

Bonfiglioli leads the field in hybrid and electric technologies, with the aim of providing more energy-efficient solutions while at the same time reducing noise and harmful emissions. Our pioneering developments have made us a leader in sustainable technology, driving us constantly towards new horizons. In recent years, production capacity has been increased thanks to the construction of a new eco-friendly production line for electromobility in Forlì, covering an area of about 10,000 square metres.



COMMERCIAL VEHICLES



AGRICULTURE



CONSTRUCTION



MATERIAL HANDLING EQUIPMENT

ENLARGEMENT OF THE COMPETENCE CENTRE FOR ELECTROMOBILITY,
the transition to electric has never been easier

NEW!

2021

E-Axle and e-Dro are the new state-of-the-art integrated powertrains:

- Engine
- Inverter
- DCDC
- Telematic control unit

GOAL

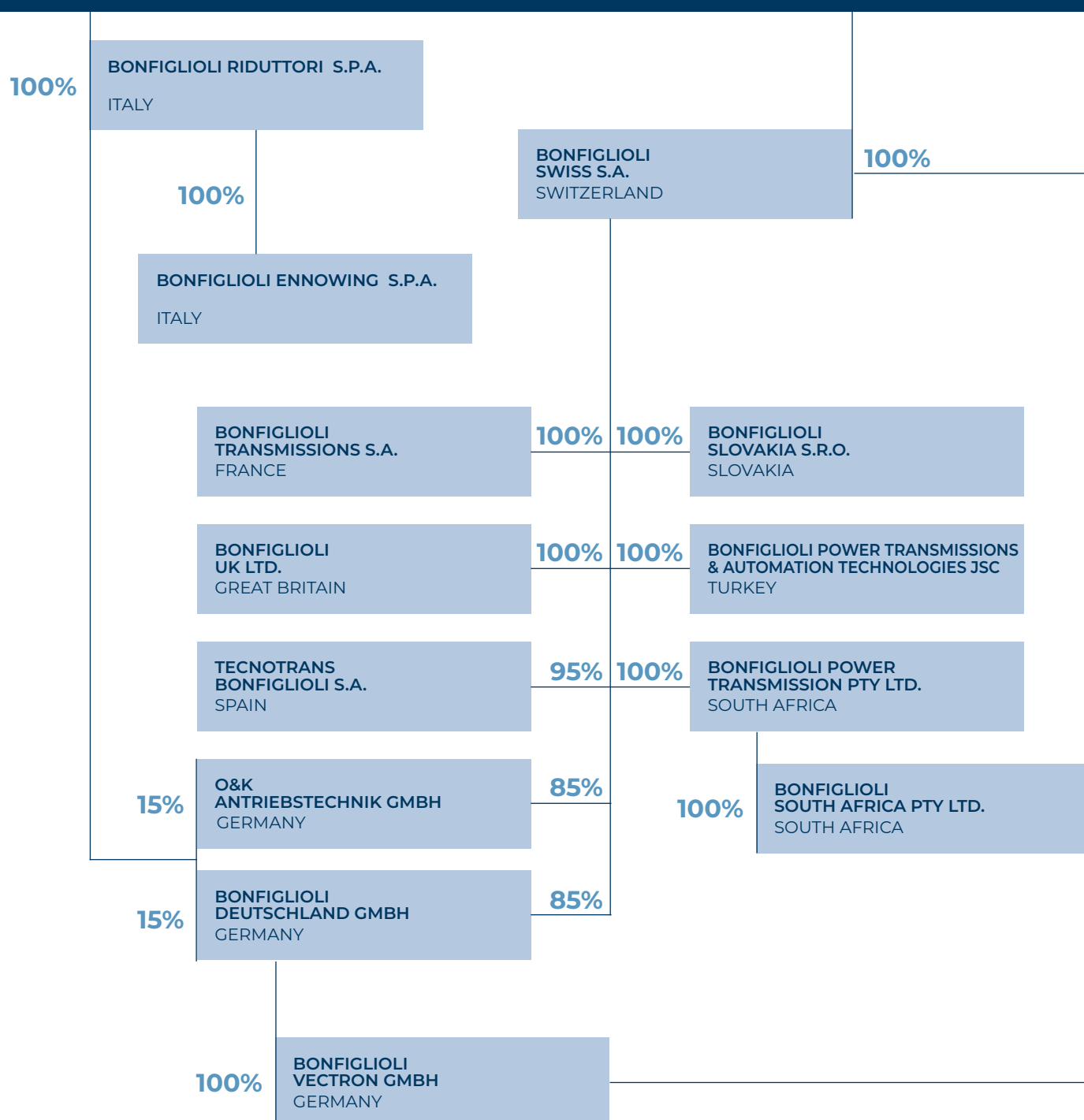
Supporting our customers' transition to electric with a solution that differentiates and expands Bonfiglioli's current business offer.

A SOLID ORGANIZATION

Bonfiglioli has a global presence thanks to the numerous sales branches and production plants distributed worldwide- The Group is, in fact, located in several regions: APAC (Asia Pacific), AME (North, Central and South America) and EMEA (Europe, Middle Est and Africa), where the Bonfiglioli S.p.A. and its headquarters are also situated, precisely in Italy, near Bologna.



Bonfiglioli S.p.A. (Group chart as of 31.12.2021)



EMEA

APAC

AME

100%

BONFIGLIOLI SOUTH EAST
ASIA PTE LTD.
SINGAPORE

100%

BONFIGLIOLI DRIVES
(SHANGHAI) CO. LTD.
CHINA

100%

BONFIGLIOLI
VIETNAM LTD.
VIETNAM

100%

BONFIGLIOLI TRADING
(SHANGHAI) CO. LTD.
CHINA

100%

BONFIGLIOLI
CANADA INC.
CANADA

100%

BONFIGLIOLI TRANSMISSION
(AUST.) PTY LTD.
AUSTRALIA

100%

BONFIGLIOLI
USA INC.
USA

73.82%

BONFIGLIOLI REDUTORES DO BRASIL
INDUSTRIA E COMERCIO LTDA
BRAZIL

2.43%

BONFIGLIOLI
TRANSMISSION PVT LTD.
INDIA

97.57%

B.E.S.T. HELLAS SA
GREECE

10%

100%

BONFIGLIOLI RENEWABLE POWER
CONVERSION INDIA PVT LTD.
INDIA

Following a traditional governance and control system, the Board of Directors is responsible for managing the Company, while the supervisory functions is assigned to the Board of Statutory Auditors and the auditing control activities and accounting to the Independent Auditors. Currently, the role of Independent Auditors is assigned to EY S.p.A.

The Board of Directors is composed by seven members, with the chairwoman who covers the highest role. Moreover, all the directors are aged 50 or above. The Board of Statutory Auditors is composed also of three members, two men and one woman. As the Group is distributed globally, the governance system is adopted in compliance with the International best practices and standards to enhance the creation of sustainable long-term growth, defining the strategic direction and encouraging corporate values.

BOARD OF DIRECTORS

Sonia Bonfiglioli > Chairwoman

Fausto Carboni > CEO

Luciano Bonfiglioli > Director

Tommaso Tomba > Director

Roberto Carlo Testore > Director

Giampiero Bergami > Director

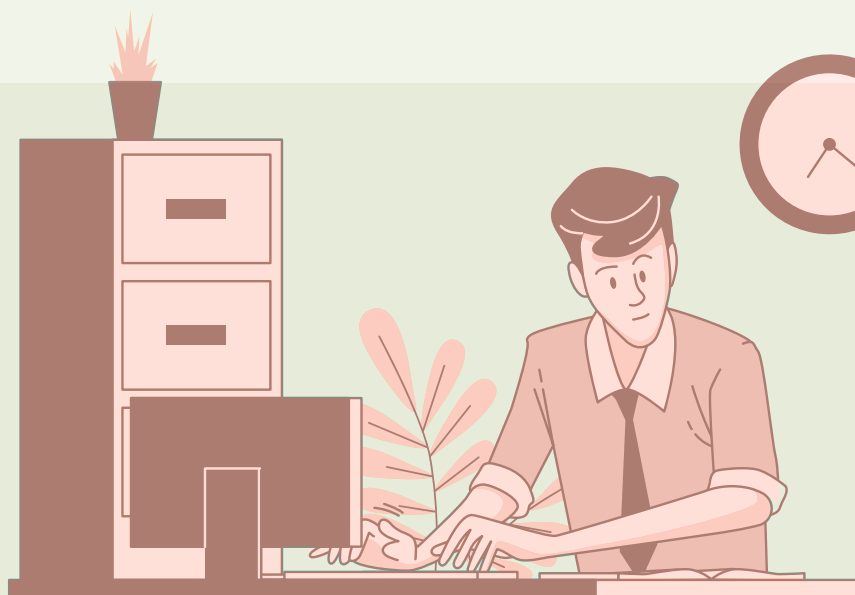
Roberto Tunioli > Director

STATUTORY AUDITORS

Alessandro Gualtieri > Chairman

Monica Marisaldi > Member

Biones Ferrari > Member



Regarding the operational level, our **CEO supervises over the 10 different business functions**: Research & Development, Real Estate & Facility Management, Information Technology & Digital, Human Capital, Legal & Corporate Affairs, Administration, Finance & Controlling, Strategic Purchasing, Quality & HSE, Strategic Planning & M&A, Strategic Marketing & Communication.

ORGANIZATION CHART



OUR COMMITMENT FOR A RESPONSIBLE BUSINESS

For over 60 years of activity, Bonfiglioli has been operating according to its values of **transparency, fairness, responsibility, seriousness and integrity**. These principles are applied by the Group in everyday activities, towards all stakeholders, in order to consolidate and continue the relationships built over the years in over 82 countries. In addition, the Group undertakes to follow and promote the principles of legality and fairness, adopting and respecting the regulations in force in the countries in which it operates.

MAKING BUSINESS ETHICALLY

To promote and spread the values we firmly believe in and the modus operandi that guides us daily, in 2019 we published the **Group Code of Ethics** and shared it with all our colleagues, clients, suppliers, institutions and business partners. In accordance with our core principles, through this document we intend to encourage and protect diversity, prevent child labor and promote rewarding and positive relationships with external partners.

To ensure the adoption of our principles, a copy of the Code of Ethics is provided to every new employee and, likewise, to all our business partners who are required to fulfil its rules of behavior. In recent years, the **General Conditions of Purchase** sent to our suppliers have been updated to **include direct reference to the Code of Ethics**: in 2021, the new agreements have been adopted for all Italian, German, Slovak, Indian, US-Americans, Vietnamese, and Chinese suppliers.



OUR ETHICAL PRINCIPLES

Bonfiglioli classifies ethical values into four different categories, considering its main stakeholders



GENERAL ETHICAL PRINCIPLES

Correctness, transparency, understandability and respect of lawfulness in business management

Prohibition of conflict of interest

Respect for diversity

Prevention of child labor



ETHICAL PRINCIPLES IN RELATION TO THIRD PARTIES

The Code of Ethics regulates the relations with the following categories:

Public Institutions

Mass-media

Customers

Suppliers

Competitors

Partnerships

Political parties



ETHICAL PRINCIPLES RELATING TO CORPORATE GOVERNANCE

The Code of Ethics regulates the following topics:

Processing of confidential information and protection of privacy

Accounting and corporate information

Anti-money laundering

Relations with Stakeholders

Protection of corporate image and quality

Protection of company assets

Industrial and intellectual property

Cybercrime offenses

Organized crime



ETHICAL PRINCIPLES IN RELATION TO STAFF

The code of Ethics deals with internal practices and activities, such as:

Impartiality in the management of Human Resources

Protection of health and safety and the work environment

Ban on consuming alcohol and drugs at work

Environmental Protection

For more information our Code of Ethics is available at the following link: https://www.bonfiglioli.com/BR_Code_of_Ethics2019_EN.pdf

Our parent company Bonfiglioli S.p.A. has adopted an Organization, **Management and Control Model** pursuant to **Legislative Decree 231/2001**¹ with the aim of ensuring fairness and transparency in relations with all stakeholders. The aim of the introduction of this model is to create a structured and organic system of control procedures and activities to reduce potential risks of committing crimes² through the identification of sensitive processes and their consequent organization / discipline.

To monitor the correct implementation and functioning of this Model, the Supervisory Body (SB) was established, a body characterized by autonomy and independence depending directly on the Group's Board of Directors.

In compliance with the whistleblowing legislation, the "Whistleblowing Policy" was introduced in order to regulate reports and convey them to a person in charge through a dedicated e-mail box by which each stakeholder can report violations of the Organizational Model and the Code of Ethics, addressing them to the SB. Thanks to our commitment and attention to business ethics, **no confirmed cases of corruption have been reported**³ within the entire Group so far.

The Organisational Model of Bonfiglioli S.p.A. and its updates are communicated to all the other Group companies which, considering the purposes indicated in Decree 231/2001, adopt their own Organisational, Management and Control Model, taking inspiration from the parent company principles and contents. Therefore, the identification of risky activities and the adoption of organizational models for the prevention of illegal behavior remain with the individual companies which, if necessary, use the support of external consultants for the compliance with the regulations in force in the individual countries.

¹ Management and Control Model pursuant to Legislative Decree 231/2001

² Examples of potential risks of commission of crime: crime towards the individual personality, crime towards worker safety, environmental crime, crime towards Public Administration, corporate crime, fraud, crime of money laundering and fencing. Source: Gazzetta Ufficiale – Legislative Decree 231/2001

³ The reports related to corruption concern any misconduct and violations of laws, while confirmed cases represent the ratification of these potentials.

NON-FINANCIAL RISKS MANAGEMENT AND METHODS OF SUPERVISION ADOPTED

In accordance with the values of responsibility and integrity, Bonfiglioli periodically conducts a risk analysis in order to identify, map and assess the probability of occurrence and severity of risks that could affect the entire Group. The objectives are both to identify potential critical situations that could directly and/or indirectly lead to negative consequences on the Group's activities and to define possible safeguards to reduce the occurrence of the identified risks.

Given the Group's relevance and focus on non-financial issues, the risk identification process also includes analyses on the following areas: anti-corruption, human resources and human rights, environment, and social aspects. Most of the analyses are carried out by the functions of the Parent Company, which are committed to conveying and involving the other Companies in the introduction and adoption of appropriate risk prevention measures. In this regard, socio-environmental safeguards implemented within the Group have been strengthened over the years, through the introduction of certified Management Systems, Policies and internal procedures.

Below a summary of the main risks detected and the measures taken to prevent them:

FIELD	TYPE OF RISK	MANAGEMENT AND ORGANIZATIONAL MODEL	POLICIES AND SOCIAL ENVIRONMENTAL SAFEGUARDS ADOPTED	RELATED PARAGRAPHS
PEOPLE	OPERATIONAL RISKS - Increased outgoing turnover and consequent loss of trained and competent personnel - Difficulty in recruitment efforts to find suitable resources in terms of training and accrued skills - Increased number of injuries - Risk of incompetence and negligence	The Human Capital (HC) function of the parent company manages, organizes and defines the strategic direction to be implemented, communicating and maintaining constant relations with all other companies of the Group. Supported by the HC function, the HSE team of the Bonfiglioli Group defines and coordinates the activities related to the Health and Safety issue to be implemented at global level.	- Group talent balance sheet - Group succession plan - Skill mapping and gap analysis - Code of Ethics - Quality, Health, Safety, Environment and Energy policy - Bonfiglioli Academy, development of professionalizing courses to improve human capital skills - Welfare initiatives	1.6 Our commitment for a responsible business 1.7 Value creation and our responsibility towards local communities 2.1 Growing together with digital technology 2.2 Building success through knowledge 2.3 Caring for our people safety
	COMPLIANCE RISKS Risk of discrimination and unequal treatment among employees	The tools and organizational management approach implemented are: - ISO 45001 (Occupational health and safety management systems) for some Group sites - System of Guidelines/Golden Rules/Procedures on "Quality, Health & Safety, Environment and Energy" topics valid worldwide - Use of internal management systems for personal data and employee training		

NON-FINANCIAL RISKS MANAGEMENT AND METHODS OF SUPERVISION ADOPTED

FIELD	TYPE OF RISK	MANAGEMENT AND ORGANIZATIONAL MODEL	POLICIES AND SOCIAL ENVIRONMENTAL SAFEGUARDS ADOPTED	RELATED PARAGRAPHS
ENVIRONMENT	OPERATIONAL RISKS - Waste/incorrect use of natural and energy resources - Incorrect disposal of waste and release of substances harmful to the environment and employees - Increased energy supply costs - Increase in emissions from the use of fossil energy sources - Failure to comply with internal procedures and operating instructions during the performance of activities	The HSE team of the Bonfiglioli Group is responsible for issues related to quality, health and safety at work, environmental protection and effective energy management. In fact, the team deals with defining and launching initiatives to reduce consumption and environmental impacts related to the activities of the Bonfiglioli Group. The tools and organizational management approach implemented are: - ISO 14001 – Environmental management systems, for some Group sites - ISO 50001 – Energy management systems, Forlì site - System of Guidelines/Golden Rules/Procedures on “Quality, Health & Safety, Environment and Energy” topics valid at worldwide level - Data collection and periodic monitoring of energy consumption and waste produced	- Organization, Management and Control Model pursuant to Legislative Decree 231/2001 - Quality, Health, Safety, Environment and Energy Policy - Code of Ethics	1.3 Global presence for a local support 1.6 Our commitment for a responsible business 3.4 Production designed to protect the environment
	COMPLIANCE RISKS Environmental crimes and penalties for non-compliance with the environmental legislation			
SOCIAL	OPERATIONAL RISKS - Failure to listen and discuss with stakeholders - Risks related to intellectual property - Risk of hacker attacks on computer systems and dissemination of sensitive data, employees and customers - Dissatisfaction of end users with unexpected quality standards - Risk of commercial partnerships with blacklisted parties in embargoed countries	The management of social issues is operated at the level of the single Group functions, which periodically analyze potential risks by defining guidelines to prevent, minimise and eliminate them. The tools and organizational management approach implemented are: - ISO 9001 – Quality Management Systems, for all Group sites - Product certifications and declarations of conformity - Request for acceptance and signing of the Code of Ethics - Acknowledgement by suppliers of the new General Terms and Conditions of Purchase, posted on the site and reachable via link given in orders/order confirmations	- Organization, Management and Control Model pursuant to Legislative Decree 231/2001 - Quality, Health, Safety, Environment and Energy Policy - Code of Ethics - Conflict Mineral – Declaration Letter	1.6 Our commitment for a responsible business 1.7 Value creation and our responsibility towards local communities 3.1 Innovation for a sustainable future 3.2 Embracing the digital transformation 3.3 A responsible supply chain
	COMPLIANCE RISKS Product non-compliance with the regulations and directives in force in the reference market			

FIELD	TYPE OF RISK	MANAGEMENT AND ORGANIZATIONAL MODEL	POLICIES AND SOCIAL ENVIRONMENTAL SAFEGUARDS ADOPTED	RELATED PARAGRAPHS
FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION	OPERATIONAL RISKS • Commission of unlawful acts and in particular acts of corruption by members of the organization • Reputational risks	Through the adoption of an Organisation, Management and Control Model by the parent company and, in cascade, the introduction of similar organisational systems in the other Group companies, Bonfiglioli intends to prevent and avoid offences caused by offences attributable to corporate entities.	• Organization, Management and Control Model pursuant to Legislative Decree 231/2001 • Whistleblowing Policy	• 1.6 Our commitment for a responsible business
	COMPLIANCE RISKS • Violation of the reference legislation	The tools and organizational management approach implemented are: • Establishment of a Supervisory Body (SB) • Creation of a Whistleblowing channel • Organization of mandatory training courses on Model 231 for frontline and for most employees		
HUMAN RIGHTS	OPERATIONAL RISKS • Respect for Human Rights throughout the supply chain	The issue of Human Rights is managed through the legislation in force in the countries in which the Group operates and through the adoption of the Code of Ethics.	• Organization, Management and Control Model pursuant to Legislative Decree 231/2001 • Code of Ethics of the Group • Conflict Mineral – Declaration Letter	• 1.6 Our commitment for a responsible business • 3.3 A responsible supply chain
	COMPLIANCE RISKS • Violation of the reference legislation	The tools and organizational management approach implemented are: • Request for acceptance and signing of the Code of Ethics • Acknowledgement by suppliers of the new General Terms and Conditions of Purchase, posted on the site and reachable via link given in orders/order confirmations		

Following the start of the digital transformation globally undertaken by the Group, we believe it is imperative that we continue to strengthen data protection measures and cybersecurity, to maintain a healthy and solid organization. In particular, the Information Technology and Digital function (see chapter 3.2 *Embracing the digital transformation* for more information) is responsible for ensuring that our procedures comply with the new requirements of the General Data Protection Regulation (GDPR).

OUR COMMITMENT TO CYBERSECURITY

To protect data of our employees, customers and projects, our IT & Digital department works daily to constantly test and improve the defensive barriers already present around our systems, networks and programs.

After a cyberattack that occurred and proudly stopped in 2019, we further strengthened our commitment to cybersecurity by defining a new organizational role, the **IT Security Manager**, responsible for managing and implementing our cybersecurity strategy. In addition, we have introduced several initiatives aimed at raising awareness among all our employees, preparing specific training courses on correct behavior to prevent cyber-attacks and ensure information security. Our experience has underlined the importance of investing in the Group's security, and we accurately describe how we handled the cyber-attack to make other companies more aware of the potential risks and to encourage them to increase preventive measures.

Furthermore, in 2021, we increased the level of Cybersecurity undertaken in 2019 and continued in 2020. Considering the new risks deriving from the introduction of smart working, we focused on:

- increased length and complexity of passwords to access IT resources;
- organization of some **penetration tests** to verify the security and protection of the systems;
- implementation of **new advanced security services** on perimeter firewalls;
- increase in the number of employees enabled to use **MultiFactor Authentication (MFA)** with monthly password; definition of **Cybersecurity solutions for network connections** to production infrastructures (OT area).

In addition, in 2021 we organized bi-monthly internal phishing mail campaigns to all the colleges with an email account (just less than 3.000), focusing on topics such as expiring passwords and meeting invitations.



VALUE CREATION AND OUR RESPONSIBILITY TOWARDS LOCAL COMMUNITIES

At Bonfiglioli, we believe that “doing business” has a different meaning than “making money”. We, in fact, consider our responsibility to pursue value creation for us and our stakeholder while also contributing to the communities in which we operate.

We strive to have a positive influence on our society and we aim at fostering prosperous relationships with communities of territories in which we operate. This is possible by cooperating with NGOs and Foundations to achieve positive outcomes on both the social and environmental levels, while also distributing financial value among stakeholders.

In 2021, the Bonfiglioli Group generated an economic value of 1,103.3 M€ and distributed a total of 995.4 M€ among its stakeholders: suppliers (775.7 M€), employees (194.0 M€), public administration (17.4 M€), capital providers (7.6 M€), and local communities (0.7 M€).

The Economic Value Retained (107.9 M€), and the Economic Value Distributed to stakeholders (995.4 M€) together constitute the Direct Economic Value Generated. After a slight decrease in 2020 principally due to the challenges caused by Covid-19, the 2021 performance of the Group has achieved a relevant increase in the revenues, with an increase of 10% and 16% compared to 2019 and 2020 respectively. Additionally, Bonfiglioli was able to almost double the number of resources donated to the communities (from 0.4 M€ to 0.7 M€ in 2021).

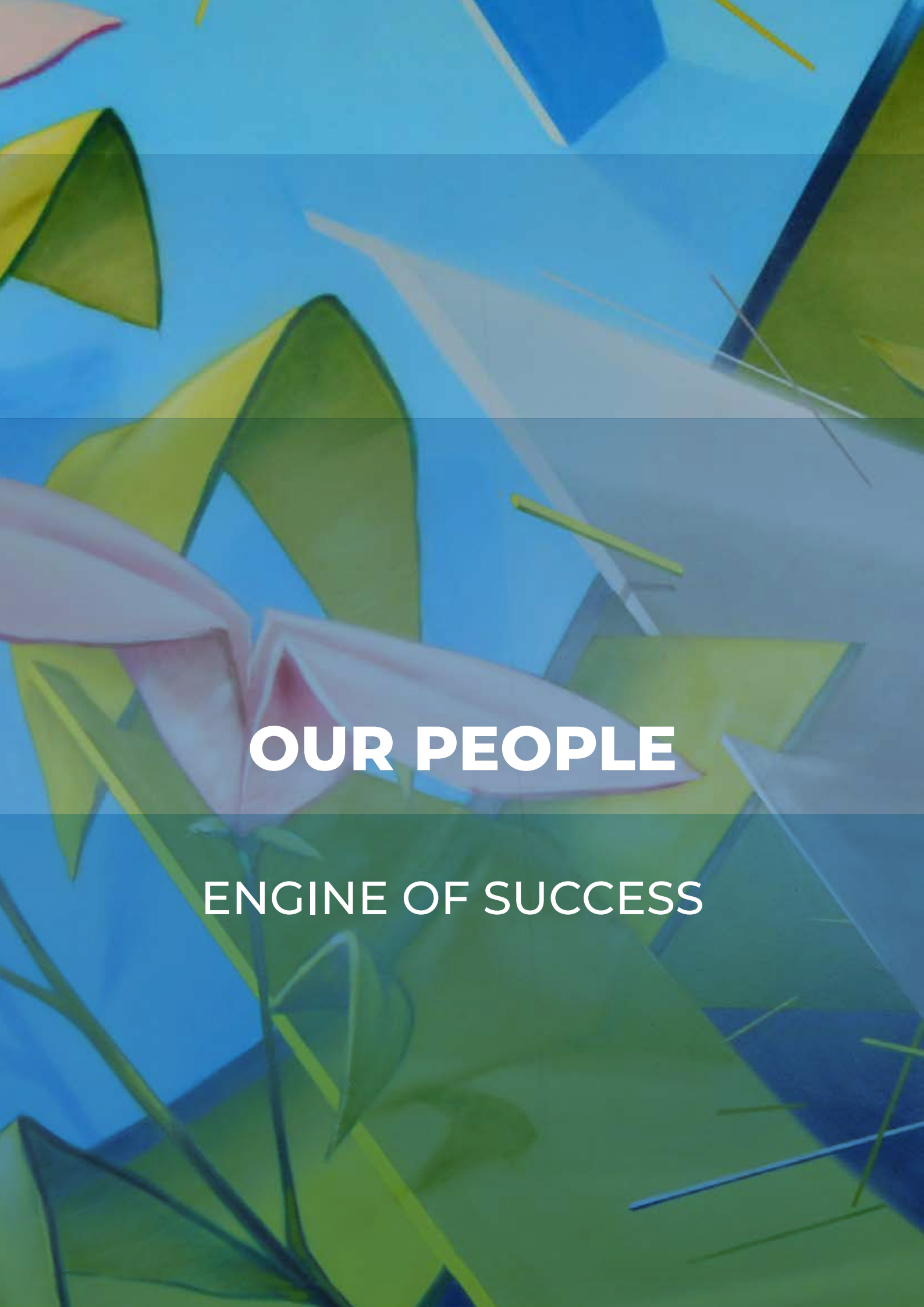
Our performance confirms our ambition to go above and beyond by fostering a successful and ongoing communication with communities, individuals, and institutions. One of our strategic pillars is embracing sustainability since Bonfiglioli aims to ensure a bright future for the business and its stakeholders.

According to the **Bonfiglioli's vision**, we aspire to help the next generation of leaders by creating a positive future for them and their communities.

GRI 201-1 ECONOMIC PERFORMANCE (M€)			
	2019*	2020	2021
DIRECT ECONOMIC VALUE GENERATED	999.4	948.4	1,103.3
Economic Value Distributed	913.9	852.7	995.4
Suppliers	710.0	655.4	775.7
Employees	181.3	173.8	194.0
Providers of capital	8.3	8.3	7.6
Public administration	14.0	14.8	17.4
Community	0.3	0.4	0.7
Economic Value Retained	85.5	95.7	107.9

* With the aim of improving data comparability, 2019 data were revised with respect to 2019 and 2020 Sustainability Reports due to a change in the classification methodology and in line with the consolidated financial data.



The background is an abstract composition. In the lower-left foreground, there is a pink flower with several petals, some showing a darker pink center. Behind the flower and extending towards the top right are large, stylized green leaves. The entire scene is overlaid with a semi-transparent horizontal band. In the background, there are various geometric shapes in shades of blue and green, some with thin yellow lines intersecting them, creating a layered, architectural feel.

OUR PEOPLE

ENGINE OF SUCCESS

GROWING TOGETHER WITH DIGITAL TECHNOLOGY

In the early part of 2021, Bonfiglioli continued facing the challenges arising from the global pandemic by ensuring a safe and healthy workplace for all employees, while at the same time maintaining its business direction, pursuing evolution and growth goals and managing uncertainties and unpredictability of the market. Bonfiglioli Group turned a crisis into an opportunity to test and improve its digital attitudes. We were able to answer quickly to unforeseen events becoming more and more resilient leveraging on digital transformation path. In fact, **we continued working activities both on-line and in-person, enjoying meetings with our colleagues in a safe workplace.** We still worked to achieve our goals of talent attraction, recruitment, and employment: the positive trend continued in 2021, recording an increase in the total number of employees compared to the previous year, from 3,804 to 4,072 employees. This growth takes into account also the acquisition of Sampingranaggi, which had new associates both in Italy and China. In addition, Bonfiglioli Group employs 475 temporary agency workers¹.

Bonfiglioli people are a team of women and men well trained, experienced and passionate and are key to the success and the continued growth of our Group.

Bonfiglioli takes care of its people, creating a stimulating and challenging environment in which where employees have the opportunity to express their talent, passion, and curiosity, promoting their active participation and contribution to boost excellence, quality and innovation.

We are proud to be a global company with presence in several countries: most of our employees (64%) are in Europe, Middle East & Africa (EMEA region), 31% work in the Asia-Pacific region (APAC region), and the remaining 5% are based in the Americas (AME region). Particularly, in 2021, we were present in 17 countries.

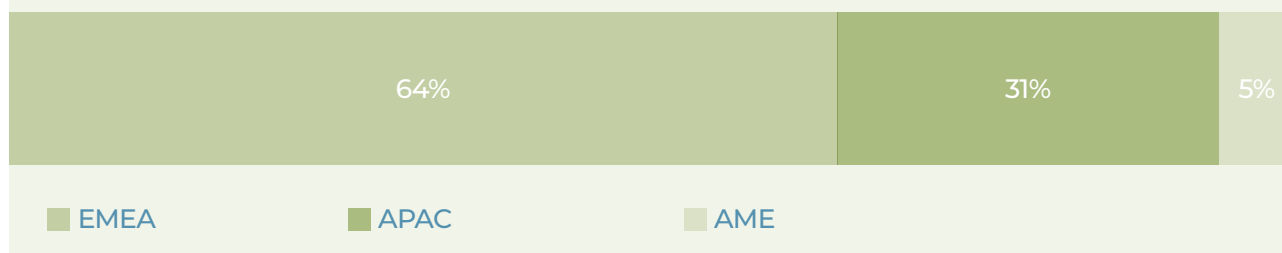
¹ In line with the Bonfiglioli Annual Report 2021, the total workforce number is 4,547, considering both employees (4,072) and temporary agency workers (475).

For further data on our workforce, please refer to the **APPENDIX**.

*“Our people are
our wealth. With
the acquisition of
Sampingranaggi, our
family rose to more than
4,000 people”*



TOTAL EMPLOYEES BY REGION 2021



EMPLOYEES BY EMPLOYMENT CONTRACT

	2019	2020	2021
Employees with permanent contract	3,437	3,428	3,597
women	466	456	481
men	2,971	2,972	3,116
Employees with temporary contract	344	376	475
women	77	78	84
men	267	298	391
Total number of employees	3,781	3,804	4,072
Total number of women	543	534	565
Total number of men	3,238	3,270	3,507

Bonfiglioli is committed to valuing people and fostering employment stability in the territories in which it operates and, therefore, promoting lasting relationships through permanent contracts and benefits to promote retention. In fact, 88% of total employees (equal to 3,597 individuals) has a permanent contract and almost all of them (99%) work full-time.

88% EMPLOYEES HAVE A PERMANENT CONTRACT 99% FULL-TIME

EMPLOYMENT TYPE BY GENDER

We promote a flexible and inclusive environment, to meet the needs of our employees and ensure a better work-life balance, offering them tailored solutions. For example, our employees can benefit from flexible schedules and, if necessary, part-time working hours: in 2021, 45 employees, 29 women and 16 men, opted for this type of collaboration.

EMPLOYMENT TYPE BY GENDER

	2019	2020	2021
Employees with full-time contract	3,737	3,752	4,027
women	511	501	536
men	3,226	3,251	3,491
Employees with part-time contract	44	52	45
women	32	33	29
men	12	19	16
Total number of employees	3,781	3,804	4,072

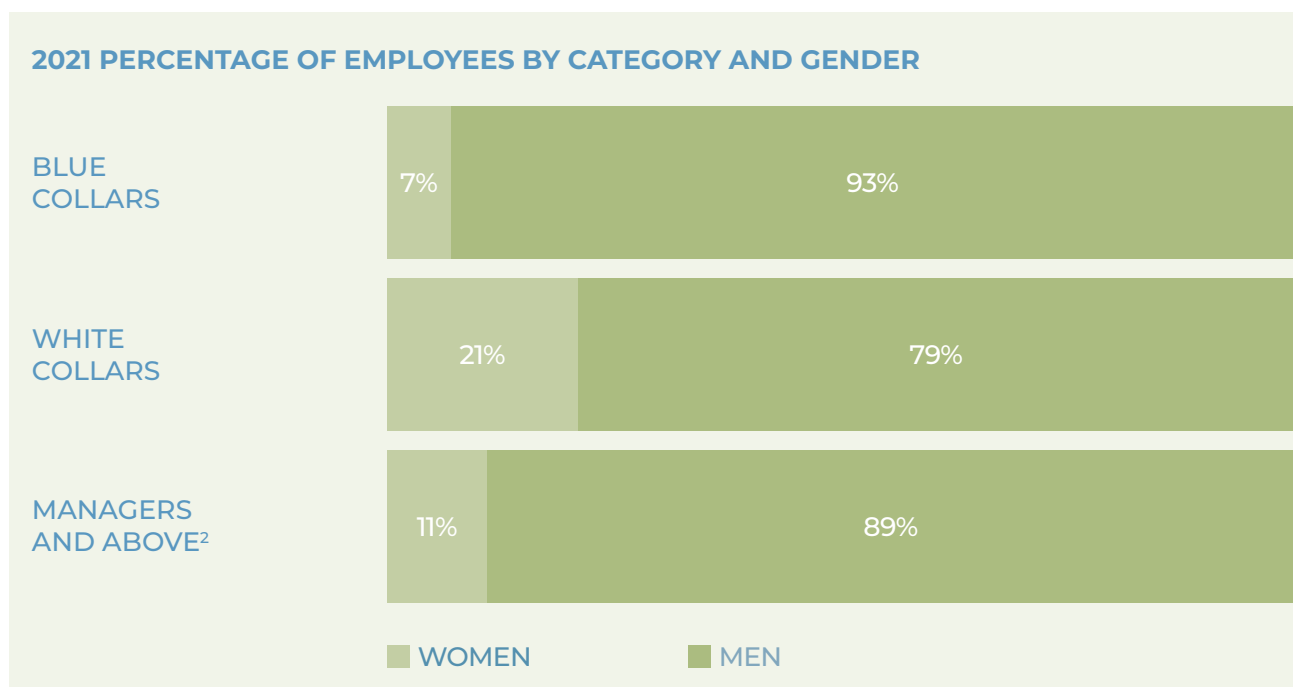
Thanks to the Bonfiglioli Group's worldwide presence, the backgrounds, beliefs, ideas and experiences of our people are very diverse. For us, **diversity represents a great added value that we want to protect and promote**; in fact, peculiarities allow us to add richness in terms of vision and points of view, enabling us to constantly improve our ability to respond to changing customer demands and dynamic market demand. As stated in our Code of Ethics, we are committed to creating an open and inclusive workplace, where everyone can express themselves. In fact, **we clearly forbid any form of discrimination** based, for example, on gender, language, religion, or nationality. In line with the previous years, we can proudly confirm that no incident related to discrimination was reported in 2021 in the Group.

In order to ensure **equal opportunities to all our employees worldwide**, we offer to all women and men working in our Group the same contractual conditions, regardless of their gender and age. As stated in our Code of Ethics, we are relentlessly committed to preventing the exploitation of child labor and prohibiting the employment of children under the legal age, in all countries we operate in. In this regard, promoting the respect of human rights is one of Bonfiglioli core values.

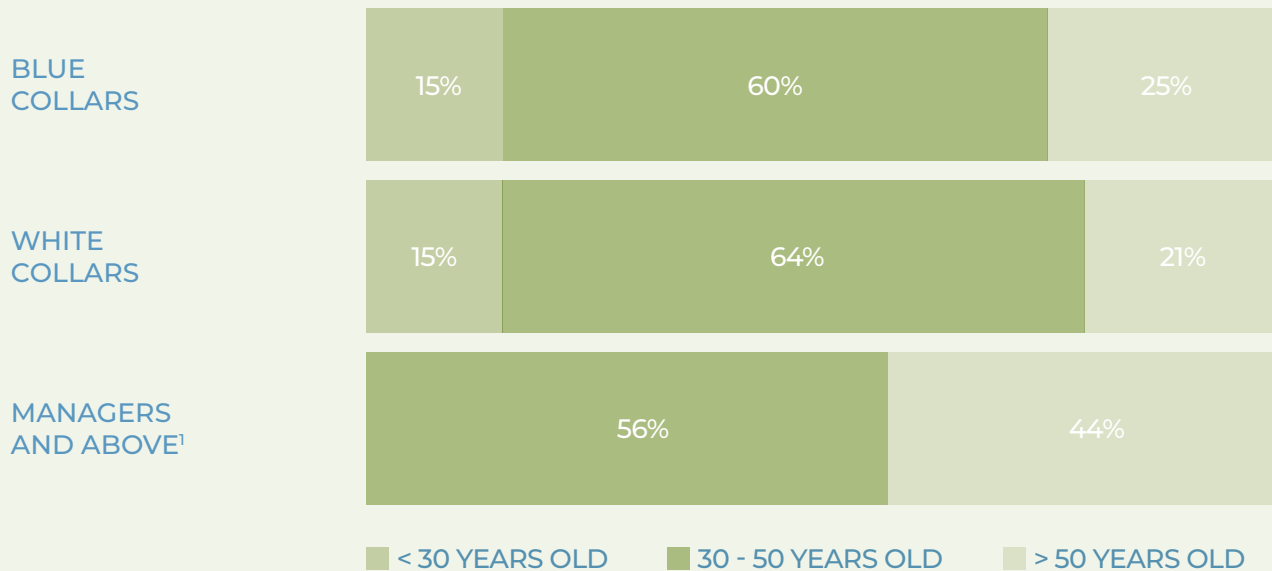
The male component within the Group represents around 86% of the Group's workforce. Particularly, blue collars – corresponding to the 48% of the overall Group's employees – are mainly men (93%). The relatively lower female presence reflects the trend in our business and specific aspects of the manufacturing sector in which the Group operates.

Considering the breakdown of employees into age groups, we are pleased to highlight a good mix within the Group that allows a perfect balance between new skills and ideas and the valuable know-how and experience gained by employees who have been working at Bonfiglioli for several years. In 2021, 14% of our employees were under 30 years old, 62% were between 30 and 50 years, and the remaining 24% were over 50 years.

14% OF OUR EMPLOYEES WERE UNDER 30



2021 PERCENTAGE OF EMPLOYEES BY CATEGORY AND AGE GROUP



In line with previous years, in 2021 Bonfiglioli kept a focus on monitoring the **gender pay gap**, to address the issue and to promote effective solutions for equal treatment to all our employees. Specifically, the value expresses the percentage difference between the average wages of women compared to men in same job category. We are committed to monitor this trend in order to increasingly reduce the gap, knowing that there are many variables able to influence this result, such as seniority, experience and other similar factors. Our willingness in communicating these data is aimed to always challenge ourselves in improving our practices and operations. Bonfiglioli is deeply engaged not only in granting equality but also in **valuing, acknowledging, and rewarding professional competences and technical skills**.

GENDER PAY GAP BY CATEGORY²

	2019	2020	2021
Managers and above	5.8%	5.8%	5.8%
White Collars	4.0%	4.0%	4.0%
Blue Collars	3.0%	3.0%	3.0%

¹ The category "Manager and above" includes executives, senior management and middle management, excluding governance body members (GRI 102-8).

² The gender pay gap is calculated as the difference between average gross annual salary of male and female employees as % of male gross salaries.

OUR EMPLOYEES, OUR STORY, OUR STRENGTH

WE ARE MORE THAN A COMPANY: WE ARE A FAMILY!

At Bonfiglioli, we firmly believe that our employees, through their passion and creativity and through **the commitment they put into their work, are the key players in our story and successes**. In fact, we are always proud to share and celebrate every achievement with our entire community.

For this reason, starting from 2020 we have launched the **#WeEngineerDreams** initiative, through which our people can express what this statement means to them. Moreover, the initiative wants to celebrate the experience, the permanence in the company and the promotions of all the employees. The initial intent was to get our employees to better know each other by sharing their stories, and it happened with internal communications. Later, when we realized that the initiative was a real success, we decided to share our employees' experience on our official social media channels, such as LinkedIn.

#WeEngineerDreams



Concerning the Group's Digital Transformation initiatives, in 2020 we launched the **Human Capital Digital Program** with the aim of improving the sense of belonging and the corporate culture. The program comprehends several initiatives that would be implemented across few years; they are aimed to develop, boost, and simplify internal communication tools and activities managed by the Human Capital Function.



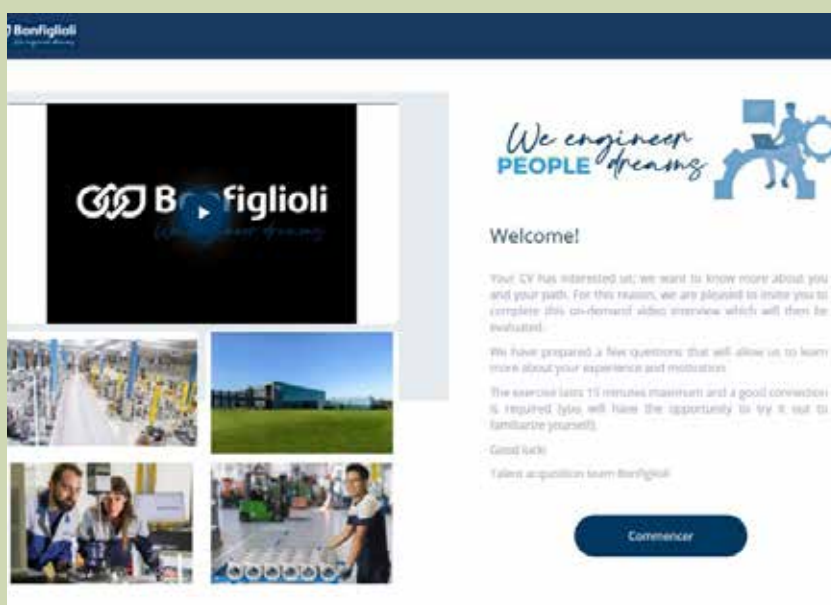
Within this framework, a **digital platform**, called **E-ngenious**, has been implemented to increase the connections of all Bonfiglioli employees around the world, to also support people and make them closer during the pandemic period. The digital platform, indeed, crosses geographical boundaries and physical barriers, creating a space where everyone has the opportunity to share experiences and career aspirations, as well as personal growth. Through this platform, we want to **promote inclusion and dialogue**. In fact, the portal provides access to key processes that connect and reduce the distance between people.

In 2021, we improved and extended the E-ngenious platform with the introduction of a new layout as well as innovative content and functionality, principally dedicated to new candidates that want to join our Group. The platform is now linked to the external job posting system, present on the Bonfiglioli website, as well as to the internal job posting system, that provides internal mobility opportunities worldwide (check out the box "**OPPORTUNITIES OF INTERNATIONAL MOBILITY**").

WE PROVIDE AN EXCEPTIONAL EXPERIENCE TO OUR CANDIDATES

After having collaborated with the IT & Digital department on the **Agile Recruiting and onboarding process** to improve and integrate the recruiting and onboarding processes within E-ngeinous, the 2022 was the implementation year. The project was focused on how to digitalize the entire overall process, including the phases of hiring, scouting and screening, selection of candidates. A great attention was given to the candidate experience and a tangible support to other Bonfiglioli functions involved in selecting the ideal candidate. Once the Agile wave was concluded, the project became a reality in 2022.

In fact, E-ngeinous has been integrated within a new area for candidates, that directly communicates with the Bonfiglioli website, on which new potential employees can autonomously upload their resume. As a result, a database of candidates is created and shared with the Human Capital team worldwide and Managers involved in the hiring process. The candidates can access to three main sections, increasing attractiveness by enhancing our unique identity: Our Culture, Life in Bonfiglioli and Candidate Journey. The first area focuses its attention on the core values of our Group; the second section shows what working in Bonfiglioli means, while the last one, the Candidate Journey, permits to follow all the recruiting steps of the talent. In this way, candidates have the innovative opportunity to use interactive methodologies (i.e. **video interview on demand**) as well as the chance to monitor their own application process.





APPLICATION

Fill out the application form: your profile will be analyzed by our Talent Acquisition team, and if it matches one of our vacancies you will be contacted within 30 days.



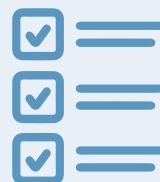
FIRST INTERVIEW

If your profile matches what we are looking for you, we will contact you, for an initial interview where we will tell you more about our company and ask you some questions about your professional experience.



SECOND INTERVIEW

During the course of this interview, you will get to meet the head of the company department. The goal is to best analyze your technical skills as required by the role.



ASSESSMENT

In this phase of the process, depending on the seniority of the position, we will ask you to take part in different types of assessments, such as gamification and behavioral tests. At the end of these tests, you will receive feedback on the profile which emerged.

#BUILDYOURCHALLENGE

Similar to the **#WeEngineerDreams** initiative, we launched **#BuildingYourChallenge**, an initiative which is addressed to our worldwide talents in the Group. Several employees tell their “employee success stories”, sharing their development and growth paths and the projects they work on.

Telling their stories, they also describe the opportunities they faced daily in growing with and within the Group: being part of the Bonfiglioli family, sharing the same Core Behaviors, constantly provides stimulating and exciting challenges. This gives to all employees the possibility to build their own career, becoming self-entrepreneur and, therefore, being responsible for their own growth.

Telling “employee success stories” increases awareness of the value of global opportunities offered by the Bonfiglioli Group. At the same time, these stories can be inspirational for both Bonfiglioli people looking for new job experiences and for those who are interested in joining our Group.

In the last 3 years I have been involved in challenging and pioneering projects like the new **EVO plant**, a people centric and extremely innovative environment, perfect example of Industry 4.0 state of the art. Bonfiglioli knows the importance of **innovation and training**, on which invests constantly.



In Bonfiglioli, we are always looking to attract new talents with the purpose of enlarging and increasing the value of our human capital worldwide. In 2021, we hired **638 new employees** and we continued our orientation events with local schools and universities, that share our principles and approaches on students’ development towards innovation and creativity.

NUMBER AND RATE OF NEW EMPLOYEE HIRES BY AGE GROUP AND GENDER

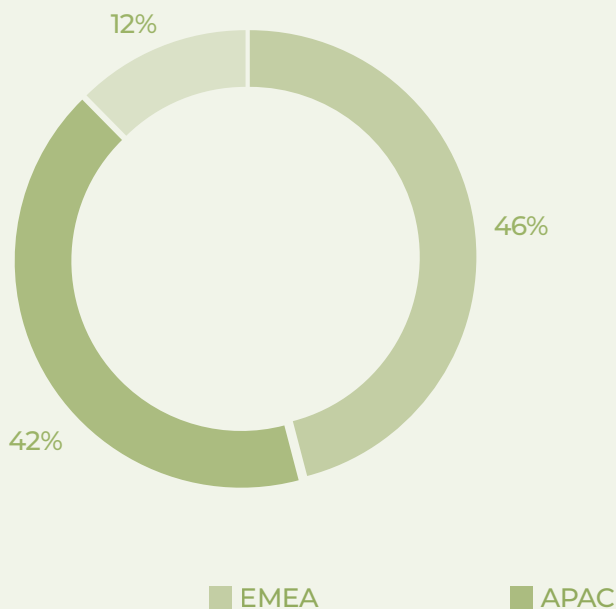
	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
New employee hires rate	16.9%	14.4%	10.9%	10.3%	14.9%	15.8%
<30 years old	7.7%	7.0%	3.4%	4.7%	5.5%	8.1%
30-50 years old	8.3%	6.7%	6.4%	4.9%	7.8%	6.7%
>50 years old	0.9%	0.7%	1.1%	0.7%	1.6%	1.0%

NUMBER AND RATE OF EMPLOYEE TURNOVER BY AGE AND GENDER

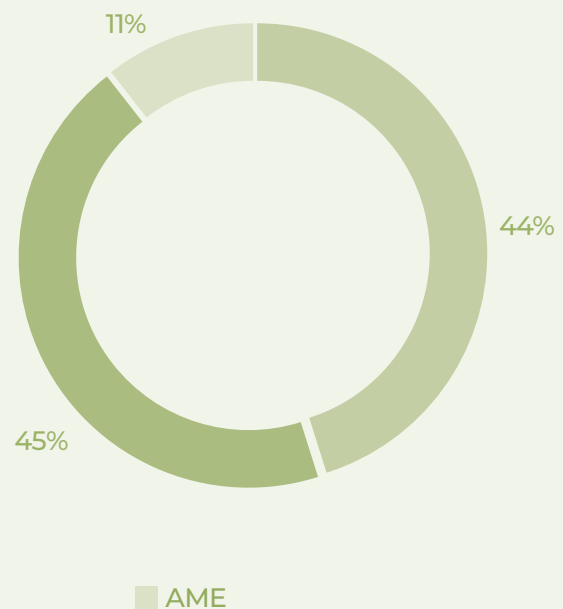
	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
Employee turnover rate	12.2%	13.1%	12.7%	9.3%	11.5%	12.2%
<30 years old	2.9%	4.0%	3.7%	3.1%	3.2%	4.3%
30-50 years old	7.0%	6.6%	6.6%	4.4%	6.9%	6.0%
>50 years old	2.2%	2.5%	2.4%	1.8%	1.4%	1.9%

Similarly distributed, most employees' hires and terminations were recorded in EMEA region (respectively 46% and 45%), followed by APAC (42% and 44%) and AME (12% and 11%).

2021 PERCENTAGE OF NEW EMPLOYEES HIRES RATE BY REGION



2021 PERCENTAGE OF EMPLOYEES TURNOVER RATE BY REGION



Bonfiglioli promotes fair labor conditions by enforcing collective bargaining agreements in accordance with the legislation of the countries in which it operates. In 2021, 2,405 of our employees (59% of our total workforce) were covered by a collective bargaining system.

Considering the broader scope of the Group and the different status of labor regulations within the countries in which Bonfiglioli operates, we constantly dialogue with trade union representatives in order to implement collective bargaining agreements which deal with work-life balance, welfare, safety and environmental sustainability topics.

Furthermore, these bargaining agreements also regulate the minimum number of weeks' notice provided to employees prior to the implementation of significant operational changes that could substantially affect them. In this case, the time required to apply an overarching regulation could vary a lot, but our purpose, as a cohesive worldwide Group, is to promote an open and transparent communication with employees. For example, the minimum work period required by the Italian legislation and, therefore, applied to Italian contracts, is at least 20 days of notice.

WELFARE INITIATIVES FOR OUR EMPLOYEES

We offer various welfare benefits to all employees, and we care about the people who belong and become part of the Bonfiglioli family because we care about their well-being and want to contribute to improve their work and private lives. To meet the needs of its employees, each subsidiary has shaped the benefits offered over the years, resulting in a range of different opportunities worldwide. The most common benefits offered to permanent employees include:

LIFE INSURANCE



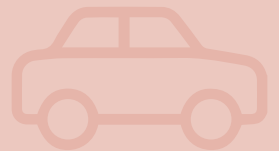
HEALTH CARE



BUSINESS TRAVEL INSURANCE



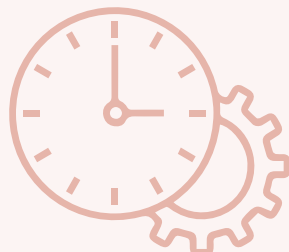
COMPANY CARS AND ALLOWANCE



PENSION PLAN



FLEXIBLE WORKING HOURS



PARENTAL LEAVE AND OTHER TYPE OF LEAVE



DISABILITY AND INVALIDITY COVERAGE



Among the various initiatives offered by each branch, we provide medical, dental and vision health care, flexible working hours, tuition and book refunds, housing allowance, team building programs and/or company social activities, and meal vouchers.

All the Italian plants have adopted the flexible benefit system **B-WELFARE PROGRAM**: this is an initiative through which employees can access a digital platform where they can choose the benefit available from health care, social, wellness, schools, entertainment, and shopping.



BUILDING SUCCESS THROUGH KNOWLEDGE

To push the boundaries of innovation in our sector, we continue to strengthen training activities because we firmly believe that a relevant aspect of our success is connected to the development of employees' skills and potential, which is done through the provision of training courses and shadowing activities during production activities.

To enhance the competencies of our people and to face future emerging challenges, during these years we have improved the methods, tools and courses offered. For this reason, our company is pursuing a revolutionary process of digitalizing key human resources processes and, aware that all Bonfiglioli's employees are the implementer of this transformation, it is essential for us to provide with the right skills and knowledge.

In this perspective, we developed a framework, the **Bonfiglioli Development System**, in order to assist our employees with relevant competencies and technical expertise. The framework is structured on four strategic pillars: values, leadership model, training, and performance.

LEADERSHIP

TO PREPARE OUR MANAGERS
TO LEAD THE ORGANIZATION

TRAININGS

TO ENHANCE
THE DIGITAL
TRASFORMATION

BONFIGLIOLI DEVELOPMENT SYSTEM

VALUES

TO REINFORCE
OUR CORE VALUES

PERFORMANCE

TO ALIGN OUR PEOPLE
TO OUR CULTURE

Our **Performance system** has been digitized for two years and modernized by adopting a centralized management system, which involves all our managers.

Bonfiglioli people have different backgrounds, experiences, and knowledge that create distinctive qualities and characteristics. Sharing the same vision enables us to transform all these differences in our strongest assets, promoting business growth and success. Through E-ngeious, our digital platform, we can supervise onboarding and training activities worldwide. In particular, we defined induction activities and courses involving newcomers so they can get to know Bonfiglioli's values and vision, offering them the opportunity to better understand our company in an easy, simple and fast way.

In 2021, Bonfiglioli organized courses for **43,242 hours of training**, marking a slight increase of 3% over the previous year. Data are not yet at the pre-pandemic level of 2019, as 2021 still had some restrictions on the training activities due to Covid, which inevitably slowed down all planned programs. Moreover, the number of training hours recorded for 2019 was considerably higher because of the launch of the Bonfiglioli Digital Re-training, which mainly aimed at preparing employees for the new EVO plant.

HOURS OF TRAINING OFFERED BY GENDER AND CATEGORY ²			
	2019	2020	2021
Average hours of training	19	11	11
Women	31	25	13
Men	16	9	10
	2019	2020	2021
Average hours of training	19	11	11
executives & managers	41	12	13
white collars	15	10	13
blue collars	20	12	8

²⁾ The average hours of training per employee is calculated through the ratio between the total amount of training hours divided by the number of employees. The same approach is applied with reference to gender or category (i.e. women) for the total number of employees belonging to the same gender or category (i.e. the number of women as of 31st December).

Overall, in 2021, each employee benefitted from 11 hours of training on average; particularly, women received 3 hours of training more than men. Overall, the amount of hours were equally distributed among all the employees' categories, with a slight increment for white collars, executives & managers and with a slight reduction for blue collars.

Bonfiglioli **ACADEMY**

Bonfiglioli bases its success on corporate know-how and recognizes its employees as the main creators and repositories of corporate knowledge. In order to consolidate this knowledge and to spread in the company, in July 2020 we officially launched the **Bonfiglioli Academy** and in 2021 we consolidated our digital

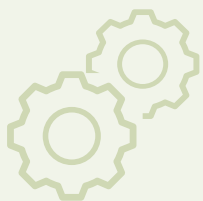
learning platform. Our Academy is open to all Bonfiglioli's employees, regardless of their geographic location and occupational classification: executives, managers, white collars and blue collars can all access the training courses offered. **The Bonfiglioli Academy promotes self-development, placing each person in charge of their own personal and professional growth path:** all our employees have access not only to dedicated role-specific training courses, but also to a large number of courses based on their professional and personal needs and interests. By offering a wide range of self-learning courses, we are able to progressively harmonize the skills of different geographical areas and employees; by attending suggested training courses, all people can adopt a common language and share our values and technical expertise.

THE NEW STRUCTURE OF THE BONFIGLIOLI ACADEMY COMPRISES FOUR IN-HOUSE SCHOOLS:



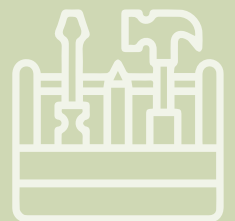
**BONFIGLIOLI
CULTURE**

**LEADERSHIP
GYM**



**PROFESSIONAL
SCHOOLS**

**TECHNICAL
TOOLBOX**



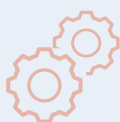


Courses tagged as **Bonfiglioli Culture** aim to spread our company culture and key messages worldwide;



Our **Leadership Gym** courses give the opportunity to develop new skills and strengthen those that are already possessed through a lifelong learning approach on the following topics: Accountability and Results-Oriented Adaptability, Communication and Interpersonal Influence, Creative Thinking and Innovation, Values Diversity, Inclusion, and Belonging;

M Manufacturing *School*



Within **Professional Schools** courses we want to share and disseminate our know-how related to the professional families present in the company. Over the past few years, we have been developing professionalizing and training paths shaped on Bonfiglioli reality, such as the *Manufacturing School*² for blue collars, which involved an initial phase of defining key roles, identifying the necessary training content and transforming it into digital training. This involved making Bonfiglioli-branded e-learning courses available as assets to the local area. The success of these courses encouraged us to grow our professional schools that also cover professional families. As a result, in 2021, we also structured and launched the Sales School and other customized courses for different internal roles;



Technical Toolbox training courses help to learn and make the best use of new tools and technologies.



OVER THE
PAST 4
YEARS, THE
**BONFIGLIOLI
ACADEMY** HAS
DELIVERED
**97,300 HOURS
OF TRAINING**
ON SOFT
SKILLS TOPICS
ALONE

² Developed in partnership with Regione Emilia-Romagna, FAV- Scuola di Industrial Management Confindustria Emilia Area Centro and Altaformazione – digital learning creation

Concerning the new framework, the 43,242 hours of training courses attended in 2021 were distributed as shown below:

TRAINING BY TYPE		
	2021	
Annual hours of training	43,242	100%
Executives	519	1.2%
Leadership Gym	4,111	9.5%
Bonfiglioli Culture	5,605	13.0%
Professional School	11,113	25.7%
Technical Toolbox	13,402	31 %
Safety	8,492	19.6%

FURTHERMORE, ALL OUR EMPLOYEES CAN DEVELOP THEIR SKILLS WITH INTERNAL AND EXTERNAL CONTENTS FROM **OUR DIGITAL LIBRARY**, COMPRISING MORE THAN 17,000 COURSES.

Our Bonfiglioli Academy activities are carried out through different modalities such as **Classrooms** (physical or virtual) with a teacher and a group of participants, **Digital Learning**, in which digital courses are uploaded in a platform and usable at all times and **Blended Learning**, which arise from the combination of virtual classroom, digital learning and sharing materials. Moreover, the Bonfiglioli Academy is also **mobile**, allowing to attend courses both online and offline with a simple and user-friendly interface.

“KNOWLEDGE AND KNOW-HOW” FIRST PRIZE



The Bonfiglioli Academy has been awarded the **first prize in the “Knowledge and Know-how” category in 2021 at the Responsible Innovator Awards** for the Emilia-Romagna region. This recognition testifies the importance of a structured and innovative training program within our company, which represents a concrete application of training democracy toward employees, as well as an excellent result of digitizing training content.

Offering several courses on different topics we believe in providing benefits for our people, indeed, increasing their competencies, especially on technologies and innovative methods and processes and, through the new skills acquired, their employability in the labor market, that highly appreciates cutting-edge competences. **Across the years, we received numerous acknowledgments by many Italian media and, the award acquired in 2021, still confirms Bonfiglioli Academy is a model to be inspired** by, in order to promote an increased skill levels among people, that benefit also of the exchanges of knowledgeable manpower among firms.

OPPORTUNITIES OF INTERNATIONAL MOBILITY

In order to promote dynamism and change inside the Group, we decided to launch an internal job posting initiative through which employees can check company vacancies worldwide and matching skills. This “international job posting” portal project aims to create new opportunities for all our **people as they are our key asset** and sharing gained skills.

Indeed, the internal mobility project was designed to provide our people a **concrete opportunity for personal and professional development**, considering personal aspirations and motivations.

Thus, our employees have the chance to step forward, enhance competencies and skills, as well as express their potential. Moreover, the introduction of the international job posting platform aims to attract people and promote retention in the Group.

124 APPLICATIONS

20 JOB VACANCIES

5 APPOINTED



CARING FOR OUR PEOPLE SAFETY

We consider people's health and safety our priority, in fact, we are committed to spread a culture of safety and prevention in the workplace and to ensure that our sites and internal processes meet the requirements of the applicable laws. Our teams work to ensure that safety and working conditions are constantly monitored and effective by adopting all necessary tools and systems required for this purpose. We are actively engaged in evaluating and implementing new measures and enforcing the existing ones, with the aim of reducing the occurrence of potential work-related incidents and injuries as well as the creation of physical and psychological hardship conditions.

After having defined an integrated Group Quality, Safety and Environment (QHSE) Policy in 2017, **in September 2021 we introduced the new Quality, Health & Safety, Environment and Energy (Q&HSEE) Policy**, which requires all our production sites, among other things, to comply with **high standards related to occupational health and safety**. The new Policy includes specific references to Bonfiglioli's business management and its supply chain, referring to 5 key principles: **sustainable development, innovation, compliance & excellence, prevention, and resources**

“The Bonfiglioli group considers the dissemination of a culture of safety to be of primary importance. It seeks to reduce risks to the physical integrity of all its collaborators, also using information and training as a tool for making them responsible for their own conduct and guaranteeing health and safety in the workplace in compliance with the requirements of the applicable laws.”

Code of Ethics, Bonfiglioli Group

The majority of our sites established formal procedures regarding the management of health and safety issues; specifically, most of our sites in Italy, China and India were certified in accordance with the new **ISO 45001:2018**¹. Generally, when a site has a structured approach to defining and identifying potential risks as well as implementing effective measures and actions to prevent, minimize, and eliminate risks, this attests that a health and safety management system is in place. Through the system, our sites identify specific workplace hazards and address risks associated with operations, processes, and activities of every employee category. Once potential harms and risks are identified and analyzed, it is possible to consider the introduction of proper prevention and protection measures, minimizing and/or removing the hazards. We have been restlessly committed to identify and implement continuous improvements over the years; among the measures adopted, we installed innovative systems to better handle heavy products as well as we provided all the necessary protective equipment to our workforce.

¹ Specifically, Bonfiglioli Riduttori S.p.A., Bonfiglioli S.p.A., Bonfiglioli Drives Shanghai Co. L.t.d., and Bonfiglioli Renewable Power Conversation India P.v.t. L.t.d. have obtained the ISO 45001:2018.

Considering that we have several sites and, therefore, we must comply with different national regulations, we set up a centralized health and safety team that is responsible for the definition of policies and guidelines to be applied in all companies of the Group. The corporate team conducts periodic site visits to verify the proper adoption of recommendations and to evaluate locally implemented health and safety systems. It also carries on the regular work of harmonizing and coordinating safety measures among all sites. Indeed, each company conducts its own risk assessment to facilitate the identification of legislative good practices and possible gaps in coverage, and to detect specific hazardous elements, that usually are strictly related to the operations conducted by each facility. For this reason, in each facility, there is a specific team responsible to manage and supervise the effectiveness of the health and safety programs; to simplify and improve data communication to the parent company, in 2021 an internal platform has been introduced that collects health and safety information from all the sites.

In addition, employee representatives regularly participate in formal joint management-workers committees, while guidelines and policies are managed at the Group level.

-18% OF RECORDABLE WORK-RELATED INJURIES OF EMPLOYEES COMPARED TO 2020

We actively engage and involve our employees in creating a safer working environment to increase the awareness and responsibility on health and safety, and we highly encourage their suggestions, ideas, and recommendations. We believe that organizing awareness-raising initiatives about these topics is the first fundamental step to prevent injuries, therefore we promote a responsible conduct, and we offer continuous training courses on dangers related to daily job activities, providing guidance and technical assistance to employees in reporting unsafe practices or serious hazards in the workplace. Every year, we also conduct several courses on safety, focused both on general topics and job-specific risks, related to each worker's task. In 2021 we offered 8,492 hours of training concerning health and safety, which corresponds to the 19.6% of the overall education provided worldwide by Bonfiglioli to its employees.

In 2021, we achieved a slightly lower number of work-related injuries compared to 2020. The rate of recordable work-related injuries decreased from 5.7 to 4.0, meaning around a -30% reduction compared to the previous year. This positive trend is linked to the safety measures implemented over the years.

In 2021, we continued our commitment to minimize the health risks and impact on our employees through specific procedures and operative instructions. We focus on eliminating the leading causes of preventable injuries and our goal is to create conditions for "zero injuries". We reported zero fatalities and high-consequence work-related injuries in 2021, therefore the number and rate of high-consequence injuries decreased, demonstrating a reduction of injuries from which employees do not recover fully to pre-injury health status within six months. The main types of injuries reported are connected to cuts, slips, materials manipulation, collisions, and lumbar pains. Furthermore, in 2021 we tracked the number of recorded near-misses, that were 99 for employees and 0 for external workers.

WORK-RELATED INJURIES – EMPLOYEES			
	2019	2020	2021
Total number of work-related injuries	57	39	32
high-consequence work-related injuries*	2	1	-
fatalities	-	-	-
Total worked hours by employees	7,045,550	6,892,099	7,928,880
Rate of work-related injuries	8.1	5.7	4.0
Rate of high-consequence work-related injuries*	0.3	0.2	0.0

* High-consequence work-related injuries are those injuries that result in a fatality or in an injury from which the worker does not recover fully to pre-injury health status within six months.

We not only take care of the health and safety of our employees but also of the one of our external workers, i.e. the people that are not directly employees but work at our sites (e.g. agency workers, suppliers working permanently on-site, etc.). They, in fact, are required to respect and adhere to all safety regulations defined by each site to ensure their safety as well.

Based on information and data collected at the Group level, there is evidence of an increase in hours worked by external workers (+8,4% compared to 2020), as a result of the improved mapping information and the recovery of the usual activities after the pandemic.

WORK-RELATED INJURIES – EXTERNAL WORKERS ¹			
	2019	2020	2021
Total number of work-related injuries	11	5	4
high-consequence work-related injuries*	-	1	-
fatalities	-	-	-
Total worked hours by external workers	774,421	921,837	1,006,094
Rate of work-related injuries	14.2	5.4	3.98
Rate of high-consequence work-related injuries*	0.0	1.1	0.0

* High-consequence work-related injuries are those injuries that result in a fatality or in an injury from which the worker does not recover fully to pre-injury health status within six months.

¹ 2019, 2020, and 2021 data regarding work-related injuries of external workers are related to 15, 17 and 19 sites respectively. Since information concerning external workers are not directly managed by the Group, data are not always readily available, but we are improving the data collection to extend the perimeter to all our Group external workers.

HSE GOLDEN RULES

In 2020, the corporate HSE team involved all subsidiaries through a questionnaire to identify global issues and possible areas of improvement in order to standardize and harmonize internal operations. Based on the results of the survey, the Group developed the “**10 HSE Golden Rules**”, a set of guidelines that have the goal to strengthen **the environmental and safety measures** already introduced and implemented in our sites, in accordance with national and international health and safety rules and regulations. **To reinforce its effectiveness, the guidance was created with a more user-friendly approach and a globally understandable communication style.**

The Golden Rules provide various suggestions and behaviors for all employees to adopt in case of particular situations, with the aim to reduce hazardous conduct and, thus, to prevent injuries.

In 2021 all the procedures related to the 10 rules were completed, and work began on the training pills that will be **published on the Bonfiglioli Academy**. In this way, all employees will have access to the training page, which is periodically updated with dedicated training courses, pills and videos.



THE BONFIGLIOLI GOLD RULES ARE:

1 ST RULE		LIFTING OPERATIONS to provide accurate information and instructions regarding manual handling, lifting and carrying activities using mechanical equipment and lifting with slings and chains
2 ND RULE		PERSONAL PROTECTIVE EQUIPMENT to communicate to employees, external workers and visitors how to choose and manage the proper personal protecting equipment for their activities
3 RD RULE		SAFE DRIVING to provide indications on how to drive safely, identifying potential hazards, checking the overall car's conditions and respecting the highway code and local traffic laws
4 TH RULE		ISOLATION AND LOCKOUT-TAGOUT to explain how to properly conduct isolation and lockout-tagout (loto) operations and to apply the required procedures after the completion of the “last minute risk assessment checklist”
5 TH RULE		WASTE MANAGEMENT to spread preventive behaviors and minimize accidents and injuries related to waste management operations
6 TH RULE		PREVENTION OF LEAKS to provide information on how to contain and control incidents related to chemical leaks and spills so as to minimize the effects and to limit danger to persons, the environment and property
7 TH RULE		WORK PERMITS to set out the precautions required to complete the work safely, authorizing certain people to carry out specific work within a specified time frame
8 TH RULE		MOBILE AND ENERGIZED EQUIPMENTS to explain the potential electrical hazards in the work environment that are linked to electrical current which includes electric burns, shock, fire and electrocution
9 TH RULE		CONFINED SPACES to provide indications on the necessary steps to ensure worker safety around confined spaces, avoiding fires, explosions, unconsciousness, asphyxiation, or drowning
10 TH RULE		WORK AT HEIGHT to inform the workers on the possible dangers related to working at heights, which are commonly related to falling from height and falling objects

OUR FIRST SAFETY BREAKS

In 2021, we launched a new initiative, called **Safety Breaks**, that involves all the Italian sites to promote Health and Safety in the workplace. This initiative confirms Bonfiglioli's focus on raising awareness,

spreading the culture of health and safety and promoting best practices within sites, assiduously investing resources, time and training. More than 1.300 employees took part in Safety Breaks on voluntary basis; the meetings were organized directly in the sites to be even closer to our people. The 2021 activities involved both a testimonial of a work-related accident victim and the **Italian Red Cross**.

A person who had an arm amputated in 2010 as a result of a workplace accident became a safety ambassador. Today, he is a speaker and carefully explains, based on his experience, the importance of not letting the guard down during work and that is very important to continue investing in training and spreading a strong safety culture.

Furthermore, we provided our people the possibility to take part in the presentation of the volunteers from the Italian Red Cross who addressed the topic of the first link in the chain of survival, which is critical to handling emergencies promptly.



COVID-19 - A WORLDWIDE EMERGENCY

Since 2020, we have been experiencing the coronavirus pandemic, a challenge that all our companies had to face and manage; for this reason, we developed general indications to share with the entire Group. To be compliant with these guidelines, each plant revised internal regulations, aligning them also to the Country's legislation in place.



The Corporate HSE Team together with the Human Capital Team, was responsible for coordinating and supporting the local HSE and HC worldwide and, at the same time, was in charge of managing all the Italian sites. In particular, the Team developed a General Protocol to better handle the emergency and monitor activities to ensure its correct implementation. The Protocol defined and implemented specific measures based on the conditions of different areas within the Italian sites. To make people feel safe, we strengthen the health services provided by internal nurseries to better manage the pandemic inside the buildings; in addition, in 2021 we launched the third Covid-19 voluntary serological testing campaign.

OUR SUPPORT TO INDIA

In July 2021, following the worsening of the COVID-19 epidemic in India, which led to a shortage of oxygen supplies, we donated equipment for the production and filling on-site of hospital-quality oxygen cylinders, thermometers, saturation meters, imaging devices for advanced diagnosis, stretchers with mattresses and pillows, and reverse osmosis equipment to the Kancheepuram hospital in Tamil Nadu. After having consulted the government authority, we donated to the city of Pune several medical equipment and essential products to the extensive hospital facility set up for COVID-19, such as video-laryngoscopes, defibrillators and more. We also distributed COVID-19 kits to frontline workers and financial support to local medical and vaccination centers.

VACCINE HUB

In June 2021, Bonfiglioli inaugurated a vaccine hub in Calderara di Reno, Bologna. The initiative was promoted by Confindustria Emilia Area Centro and in agreement with institutions and public health, resulting in the creation of an inter-agency network of vaccination hubs.

We provided the community 1.500 square meters of warehouse spaces and we were responsible for setting up and building all the necessary sites. The hub had 6 clinics with a vaccination capacity of 500 vaccines per day.

At the beginning, the hub was reserved for inter-company vaccination of all our employees in the Emilia-Romagna sites, as well as of all workers, collaborators, and family members of local companies. This ensured to employees and their family to complete their vaccination by the end of the summer, enjoying the period with a greater peace of mind and with a hopeful glance into the future.

In August 2021 the facility was made available to the community by becoming one of Bologna's municipal administration centers. Overall, 50,370 doses of vaccine were administrated.





50.370
ADMINISTERED
VACCINES IN OUR
HUB



6
DOCTORS

7
NURSES

6
ADMINISTRATIVE
EMPLOYEES

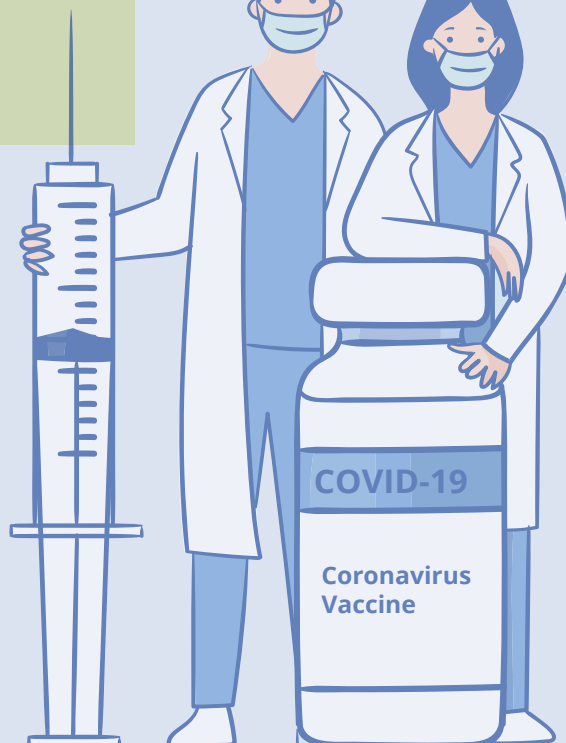


4
VOLUNTEERS

2
CHWS (COMMUNITY
HEALTH WORKERS)



92,4%
IMMUNIZATION
COVERAGE AT LOCAL
LEVEL







OUR IMPACT

WORKING TODAY FOR A
SUSTAINABLE TOMORROW

INNOVATION FOR A SUSTAINABLE FUTURE

To meet the new market demands and be a reference point for our customers, we work to develop cutting-edge solutions by constantly challenging ourselves in improving our performances. For this reason, we constantly invest in new ideas to optimize our products and production processes and to ensure high-quality solutions. Specifically, our pathway to excellence is driven by three pillars:



R&D

- DESIGN YOUR SOLUTIONS
- CO-ENGINEERING
- TEST CENTERS
- IIoT TECHNOLOGY



MANUFACTURING AND DIGITALIZATION

- BONFIGLIOLI BUSINESS OPERATIONAL EXCELLENCE PROGRAM
- INDUSTRY 4.0



QUALITY

- CERTIFICATION SYSTEM
- PRODUCT CERTIFICATIONS AND DECLARATION OF CONFORMITY
- BEST DISTRIBUTORS

RESEARCH AND DEVELOPMENT



Our global R&D team develops innovative solutions to meet the most demanding application requirements and support our customers' growth combining the most advanced electro-mechanical, electronic, and hydraulic technologies.

We are present across the world with 5 different R&D test centers, located in Italy, Germany and India and engage about 250 employees.





“Each gearbox, motor and inverter combine the fundamentals of classical electromechanics and electronics and are optimized thanks to the most advanced calculation and simulation systems”

DESIGN YOUR SOLUTIONS

The aim of the Design simulation is to use several advanced **virtual simulation techniques** to design, test and optimize our products to ensure the highest standards of performance and reliability, reducing time to market and providing the best possible experience. Every year more and more up-to-date and refined techniques are adopted. For example, during 2021, we implemented several optimization techniques aimed at identifying more efficient solutions in terms of power losses, use of lubricants and electricity consumption.

TEST CENTERS

Test centers are advanced laboratories in which we **develop, certify and perform products in-depth follow-up** for the solutions designed and manufactured in our plants across the world. Moreover, it is where we validate all our solutions, from the smallest component to the finished product. Indeed, thanks to a wide range of equipments, our specialists can conduct performance and fatigue testing on all our **electrical, mechanical, or hydraulic solutions**. A Test Center, is present in most of R&D centers.



“At Bonfiglioli, we have Test benches for all dimensions, and the power and speed for life-testing in induced environmental conditions to monitor temperature, vibration and noise”



“Once the prototype is ready, Bonfiglioli tests replicating real-life operating conditions in order to verify performances, durability and reliability, before it is delivered to the customer”

CO-ENGINEERING

We support our customers' projects from the design phase to the serial production. In fact, to better meet our customers' needs, we offer the possibility to **customize products**. We develop a tailor-made solution that accurately **maximizes productivity, efficiency, and reliability, saving development** time through a continuous dialogue and interaction on technical aspects with the client and dedicated calculation tools. The integration with the customer gives several joint benefit: for the end user and for those who install the product as well as for Bonfiglioli.



Bonfiglioli's IIoT-technology is an innovative solution for constantly monitoring the health of a gearbox thanks to the combination of Bonfiglioli's offer with sensors, software and know-how based algorithms

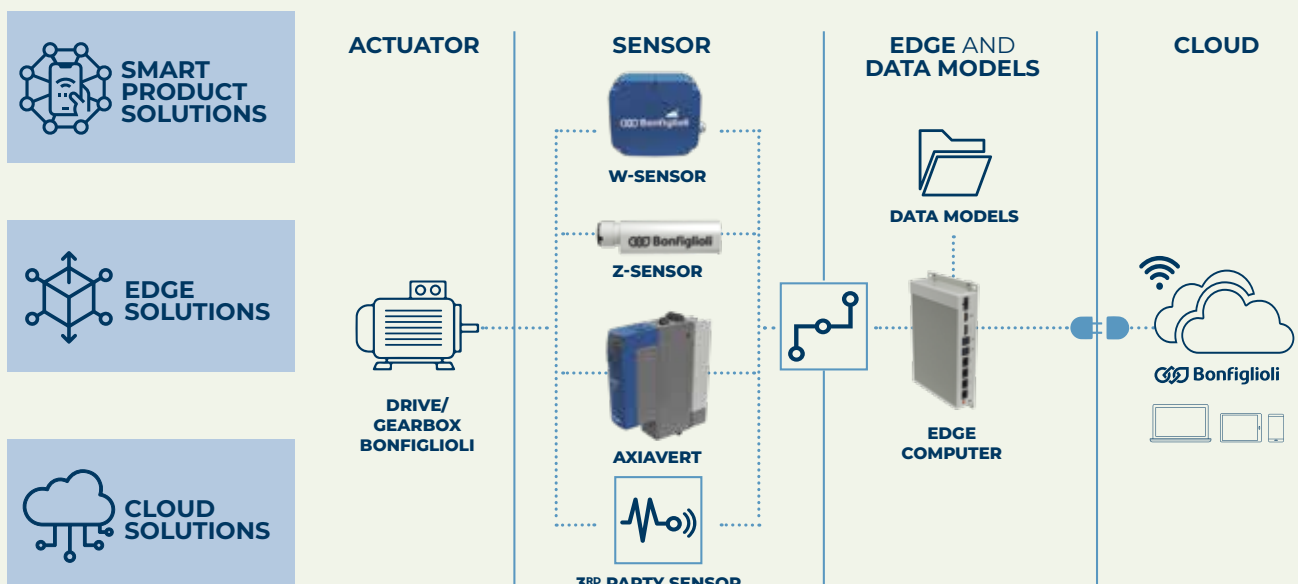
INDUSTRIAL INTERNET OF THINGS (IIOT) TECHNOLOGY

The R&D team offers tailor-made IIoT solutions **to enhance the efficiency and increase productivity of customers' machines**. In fact, **IIoT enables in-depth real-time monitoring and association of different sales models**.

Bonfiglioli predictive maintenance system, for example, is one of the IIoT services and is a potential service to be associated with the data acquisition from smart systems. There are many other services to monitor residual useful life and health parameters, among them geolocation services, or performance services and system of alerts when usage exceeds a critical level.

IIOT & PRODUCT SENSORIZATION

By combining sensors, software and algorithms, it is possible to constantly provide information about products and their health, supporting customers in setting up a predictive maintenance plan, from components to talking products.



R&D TEST LAB

Bonfiglioli restlessly focuses on and invests in research and innovation to continuously improve its product portfolio, striving to anticipate and meet market and customers needs. For us, **innovation is a strategic lever, and, indeed, it is in our mission**. For this reason, in 2021, we have further implemented the use of our dedicated testing area at the EVO site which was built during 2020.

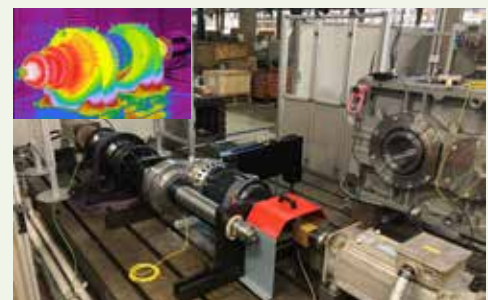
The Test Labs are key spaces where the R&D staff can conduct experiments and combine new materials, technologies and solutions, constantly cooperating with teams worldwide. Although test centers collaborate with research and development teams around the world, offices in Italy at the moment represent the main hub.

Until the end of 2021, each test center had its own product managers but, from December 2021, the organizational structure changed and now all test centers are coordinated by one responsible figure to ensure a more cohesive approach.

R&D TEST LAB IN EVO

In line with the company's strategy and business, EVO's Test Lab is also evolving: in 2021, we installed a new bench dedicated to the development of electric wheelsets capable of running performance and durability tests on all sizes of the material handling product range.

EVO is also enriched by the new expertise dedicated to robotics resulting from the acquisition of SAMPIngranaggi and before 2021 similar activities had been carried out only in Germany. Two new areas have been installed within the existing test cells to measure gearboxes for anthropomorphic arm applications. One bench is aimed at measurements of efficiency, backlash, positioning errors, and any measurement useful to provide our customers with information for the design of future generation robots; on the other hand, the second area is equipped with 6 endurance test benches to simulate operating conditions at the maximum allowable loads and verify the required endurance performance.



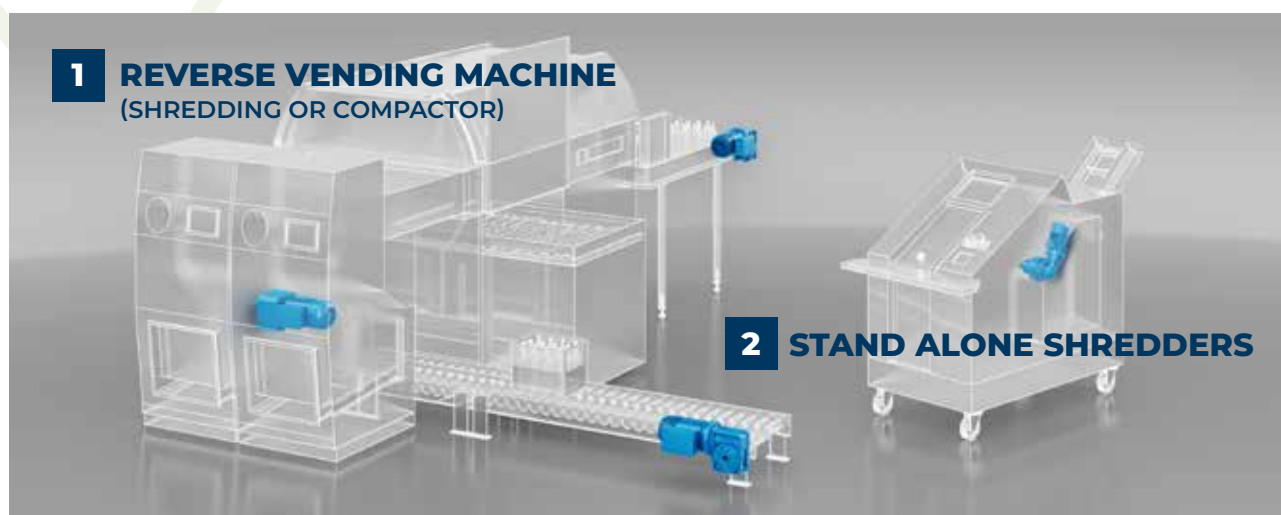
R&D TEST LAB IN ROVERETO

With the financial support of the Trentino Sviluppo Consortium, a new Test Lab has been created in the Mechatronics Hub in Rovereto, projecting Bonfiglioli into the Industry 4.0 era. Four 4kW maximum power benches (each with two axes) and one 15kW bench that can also be remotely controlled have been included in the R&D Test Lab and are dedicated to the development of IoT solutions and data collection aimed at the development of mathematical models for predictive maintenance. The algorithms developed in the R&D Test Lab in Rovereto represent the base for the work of Bonfiglioli IoT Edge and User Interface team aimed at creating values for the customers of data.

PROMOTING RECYCLING AND ENVIRONMENTAL SUSTAINABILITY

Drawing on Bonfiglioli's extensive experience, the new **Recycling and Environmental Sustainability sector** of the D&P business unit deals with the green economy, researching and proposing possible business opportunities and supporting branches in developing solutions and applications, together with customers, that can incentivize a circular economy approach. The main projects are conducted and developed by Italian facilities, which also coordinate projects carried on mainly in China, Europe, and United States.

We are focusing on developing solutions of two different recycling activities: the Reverse Vending Machine (Shredder or Compactor) and the Stand-Alone Shredder, respectively identified by the number 1 and 2 in the image below.



Since recycling is a way to reduce both pollution and landfill use, we are committed to find customized solutions for our clients to collect, compact and sort waste materials, i.e. **Stand-Alone Shredder** (Figure. 1). Several important partnerships have been established to develop fully tailor-made solutions. For example, together with Arjes, one of the world's leading shredder suppliers, we co-engineer a new modular planetary gearbox for a primary shredder impactor (for further information, refer to: Bonfiglioli & Arjes) (Figure. 2). Thanks to the compact design and the improvements made to meet the specific requirements of the recycling sector, the Bonfiglioli's planetary gearbox guarantees the highest torque and efficiency for processing various types of waste.

THE CUSTOMER'S SATISFACTION:

“Our collaboration with Bonfiglioli was a fundamental factor in developing this project. In the end, their solution fully satisfied all our needs, both in terms of performance (times and energy performance), and on a technical level, i.e. compliance with the required measurements, which allowed us to integrate it perfectly with the system we had created.”

GreenBig

Concerning the second type of solutions we develop, the **Reverse Vending Machine (Shredder or Compactor)**, we provide a tailor-made solution for clients who need a shredder that could be integrated with its specifics project or phases. In 2021 we had the great opportunity to support GreenBig, a circular economy start-up which promotes a new economic model capable of recycling PET bottles using a special ground-breaking machine, that can also be installed in public places, such as supermarkets. Thanks to a co-engineering activity, we developed a solution that directly connects the gearmotor with the shredder and, above all, that meets the required dimensions for the product (for further information, refer to: Bonfiglioli & GreenBig).

In 2021, the sector presented its solutions for a more sustainable future at trade fair. In fact, in autumn **we were at Ecomondo in Rimini**, the fair for the ecological transition and during the exhibition, a range of recycling products and solutions for a greener future were presented.

Since we have an established business in the recycling sector, where we are leader with some product lines globally, we are now focusing on developing solutions in biogas and solar tracking and, in particular, we are trying to create new range of products for these types of applications based on our existing technologies.

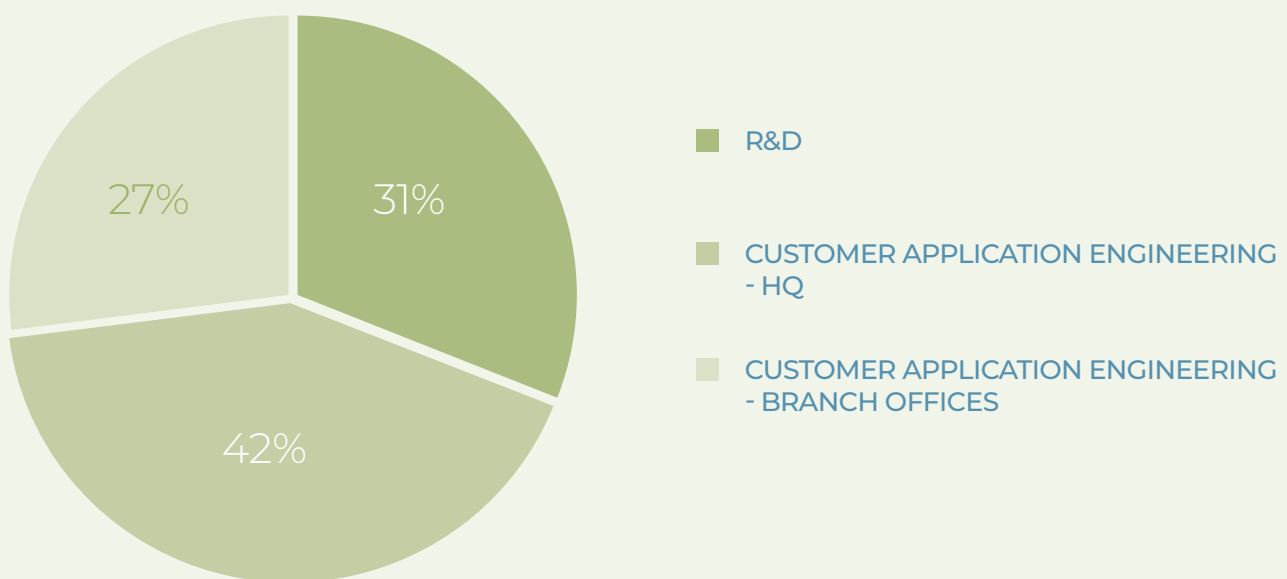


During the production of our products, we are committed to maximize their performances and reliability, combining efficiency, innovation and digitalization together. In fact, we are continuously developing new technological and comprehensive solutions that reduce the number of components and offer simpler application to facilitate the customer experience.

In order to standardize and harmonize all of Bonfiglioli's internal activities related to the development of customized products and production launch across the three business units, the **Product Development Process** continued in 2021. The new operating procedure first involves a detailed feasibility study, which includes several stages, such as a risk analysis and economic and strategic assessments. The actual project development, which includes design, prototyping, testing, industrialization, and finally serial manufacturing occurs only after the business case is approved. The methodology complies with the Advanced Planning Quality Product (APQP) standard.

In 2021, about **2,100 new customized products and applications** were developed at the Group level, with an increase of 24% compared to new products developed in 2019. Of these projects, around 650 projects (31%) are developed by the R&D department.

2021 PROJECTS BY RESPONSIBLE DEPARTMENT

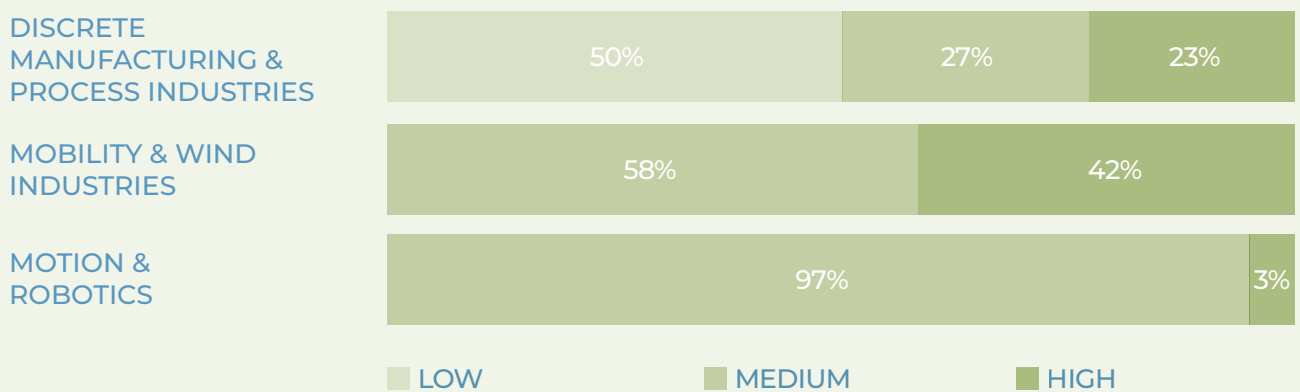


A **project complexity matrix** easily identifies the level of difficulty of each project to trigger the correct development workflow:

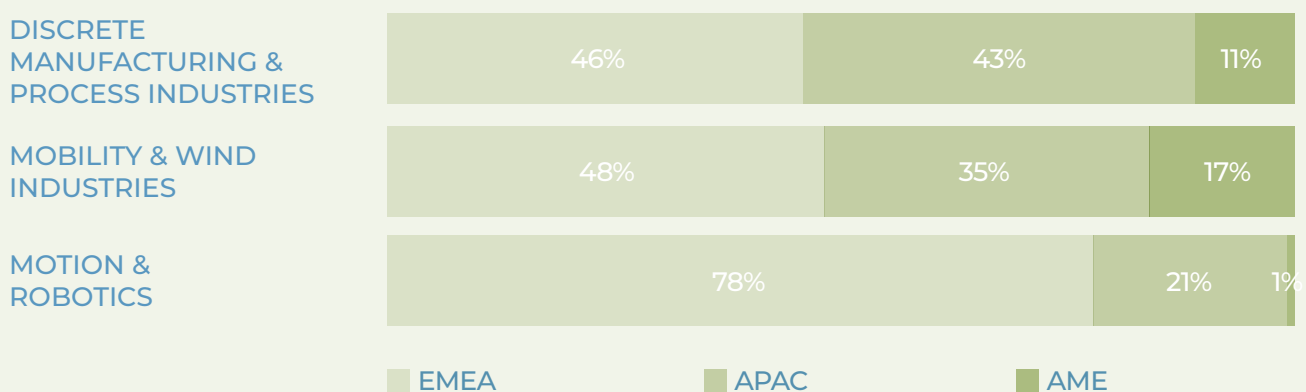
- projects that require very few customization from the standard are categorized as “low complexity” (23%) and, therefore, can be managed directly by individual branches;
- projects that require more complex changes, considered “medium complexity” (50%): the customer application engineer at the headquarter level is involved;
- the development of new solutions, namely the “high complexity” projects (27%), is fully managed by R&D specialists in the applicable technology Platform.

Considering the overall number of projects and the allocation of projects implemented by each business unit, the Mobility & Wind Industries developed the majority of high complexity projects (58%), followed by the Discrete Manufacturing & Process Industries (40%) and by the Motion & Robotics (2%).

2021 OVERALL PROJECTS DEVELOPED BY BUSINESS UNITS AND COMPLEXITY



2021 OVERALL PROJECTS DEVELOPED BY BUSINESS UNITS AND BY GEOGRAPHICAL AREA



Overall, focusing on market segments, most of the projects of the Mobility & Wind Industries business unit were developed for the construction (36%), marine (16%) and wind (15%) sectors; the Discrete Manufacturing & Process Industries principally managed solutions for material handling (12%) and mining (9%); while Motion & Robotics focused its projects on system integrator (26%), packaging (17%), and chemical & pharmaceuticals (17%).

COLLABORATIONS WITH UNIVERSITIES AND INSTITUTIONS

The R&D team collaborates frequently with local and international universities and institutions for the development of numerous projects. In this regard, we favour the creation of innovative solutions and applications thanks to an approach that is open to challenges and to the desire of sharing skills, technologies and best practices with valuable partners. In 2021, this approach has allowed our parent company to implement the following initiatives:

IoTwins HORIZON 2020

In the wind power sector, we continued activities related to the **IoTwins** project funded by the European Community as part of the Horizon 2020 programme. IoTwins involves big data, artificial intelligence and the Internet of Things applied to manufacturing and infrastructures. The project employs **12 testbeds** – each realizing a digital twin – virtual copies of real processes and plants that are able to simulate different scenarios to evaluate all possibilities for improvement, in order to define corrective actions, increase efficiency and diagnose anomalies before they occur. In particular, these testbeds focus on three different areas:

- **Manufacturing testbeds:** to give predictive maintenance services to help the design of maintenance plans and costs, through data analysis and time to failure forecasts;
- **Facility management testbeds:** to identify critical problems, optimize techniques in order to outline efficient management plans and improve operational programs and renovation plans;
- **Replicability testbeds:** to show the possibility of reproducing and adapting the IoTwins platform to other types of projects, for example, in small and medium-sized enterprises.

In 2020, Bonfiglioli participated in the project because it believed in the opportunity to embark on a path of innovation in wind industry projects that could effectively meet market needs. In 2021, in collaboration with project partners, 8 sensor-equipped yaw drives were installed on 2 wind turbines at a wind farm in Northern Ireland. Through the dedicated IoTwins platform, data acquisition from sensors installed in the turbines are enabled to be processed by a digital twin model of the turbines. The goal of this hybrid yet innovative system is to diagnose and improve the efficiency of energy production.

IoTwins is managed in partnership with local institutions and it involves **23 different partners**, including the University of Bologna, the National Institute of Nuclear Physics, Cineca, and Regione Emilia-Romagna with Art-ER and Marposh. Moreover, there are various international groups and scientific institutions that enriched the project; to name a few: Siemens, the Supercomputing Centre in Barcelona and the Fraunhofer Institute in Munich.

*“Being the leader of this project is a source of pride, but it also means an **assumption of responsibility**. We have the chance to show how valuable the ability to work in a team of international companies is, where the vision of **digitalization is still focused on being at the service of people and their environment**.”*

Sonia Bonfiglioli



23
PARTNERS



12
TEST-BEDS



20 M€
TOTAL VALUE



1
PLATFORM



16 M€
EU FUNDING



3
AREAS OF APPLICATION



Together with Marposs, we collaborated as a partner of DiaPro 4.0 (Diagnostic Prognostic Industry 4.0), an industrial research project started in 2014 and that is going to end in 2022. This project was oriented to develop an **innovative system of advanced maintenance for Industry 4.0 based on predictive diagnostics**. DiaPro 4.0 involved three local industrial research laboratories acknowledged by the High-Technology Regional Network: MechLav of the University of Ferrara, InterMech-MO.RE of the University of Modena and Reggio Emilia, and regional laboratory Raw Power Srl. The project aimed to identify the best predictive maintenance technologies with the ultimate goal of designing

production lines that are able to conduct self-diagnosis during the process (predictive diagnostic) or estimate the residual life of the production line to plan maintenance intervention in advance (Prognostics). Furthermore, we carried on an **innovative patented system for measuring torque and load** on even the largest gear motors, in collaboration with the Raw Power laboratory.

Finally, we point out our participation in **Expo Dubai** in January 2022, where we will present the DiaPro 4.0 project. The Expo will be great opportunity to promote research and development activities, training actions and the ability to attract international investments.



BI-REX (Big Data Innovation & Research Excellence), based in Bologna, was established in 2018 and is one of the 8 national “Competence Centers” set up by the Italian Ministry of Economic Development as part of the Industry 4.0 government plan. Overall, 57 entities – including Universities, Research Centers and

businesses – are effective members of this **public-private consortium focused on Big Data**.

In 2021 the Bonfiglioli Group participated in the development of 10 major projects, in particular, 4 of them were managed by the R&D. Two projects have been launched in the field of industrial robotics: one is aimed at solutions of advanced robotic vehicles capable of being autonomous during the production process, while the other, which will develop an innovative, automatic and flexible manipulation system, based on the combined use of collaborative robots, mobile robots and advanced perception and learning systems (based on Artificial Vision and Intelligence). Concerning additive manufacturing, Bonfiglioli is also participating in a project aimed at the definition of the design methodologies of mechanical components in metallic material to be realized by means of Additive Manufacturing (AM). Finally, there is the **Kinema** project, which aims to use state-of-the-art Machine Learning methods in an innovative way, in order to maximize the exploitation of the knowledge available on the entire production chain for maintenance purposes.

CLUST-ER MECH

Our partnership with the Mechatronics and Motorists Clust-ER continues. Clust-ER Mech is a regional association that connects several public and private entities, such as companies, research centers and training institutions. The spread of knowledge, skills, ideas and resources to support the competitiveness of the mechatronics and motor engineering industry is the main goal of the cluster, promoting the development of new materials, machines and processes. The Mech Clust-ER focuses

its research and projects on seven highly specific topics and, in particular, Bonfiglioli collaborates on the working group related to Digital and Advanced Manufacturing, also known as **DaAma**, which deals with the transition to a new generation manufacturing system: Industry 4.0. As part of the Mech Clust-ER, in January 2022 Bonfiglioli will participate in **Expo Dubai**.



TRENTINO SVILUPPO PROJECT AIoT BONFIGLIOLI

Developed by Bonfiglioli, in collaboration with Trentino Sviluppo, the project aims to create **damage prediction models** based on Machine Learning (ML) and Artificial Intelligence (AI) that can **predict and diagnose** the occurrence of disruptions and damages, as well as develop a **platform to manage and analyze collected data**. The project officially started in 2020 with the finalization of the M&M plant test area, where our products have been tested since early 2021. The Rovereto testing area of the plant is fundamental to achieving these goals because it is equipped with advanced AI technologies needed to make the main gearmotors' families more responsive through additional sensors, to conduct comparable tests on healthy and faulty systems and to perform many other specific tests. Today, Trentino Sviluppo is in the process of further developing the **laboratory**, which has been in operation since June 2021 and that will be fully implemented in 2023.

Also, in the context of Trentino Sviluppo Project and with the collaboration with Bruno Kessler Foundation, in 2021 Bonfiglioli has joined the platform **EIT Manufacturing**. On the EIT platform, Bonfiglioli was able to present the Moliere project, aimed at the industrialization of an innovative Mems sensor, capable of detecting surface deformations with a sensitivity of 2 orders of magnitude higher than that of traditional load cells; the possible applications in the various industrial sectors are very interesting. The funding for the project has been obtained and the project will develop in 2022, with the collaboration of 5 other important international partners.

OTHER 2021 INITIATIVES



MATCHER GREEN DEAL EDITION 2021

In 2021 Bonfiglioli participated in MATCHER Green Deal Edition 2021, the second edition of the International Open Innovation Program organized by ART-ER and the Emilia Romagna Region. The initiative was an opportunity for matchmaking activities between 10 Emilia-Romagna companies and 88 international start-ups, with a focus on innovative and sustainable projects.



Co-funded by the
European Union



EIT MANUFACTURING

EIT Manufacturing is the main partnership at European level that brings together the protagonists of the manufacturing industry in innovation ecosystems aimed at adding value to products, processes and services by promoting competitive and sustainable global production. This community within the European Institute of Innovation and Technology (EIT), currently has over 60 European partners, among the most important for innovation, training and business creation, from 17 countries. Bonfiglioli has been involved partly thanks to the collaboration between HIT Foundation and Trentino Sviluppo – Polo Meccatronica.



IoT PLATFORM PROJECT

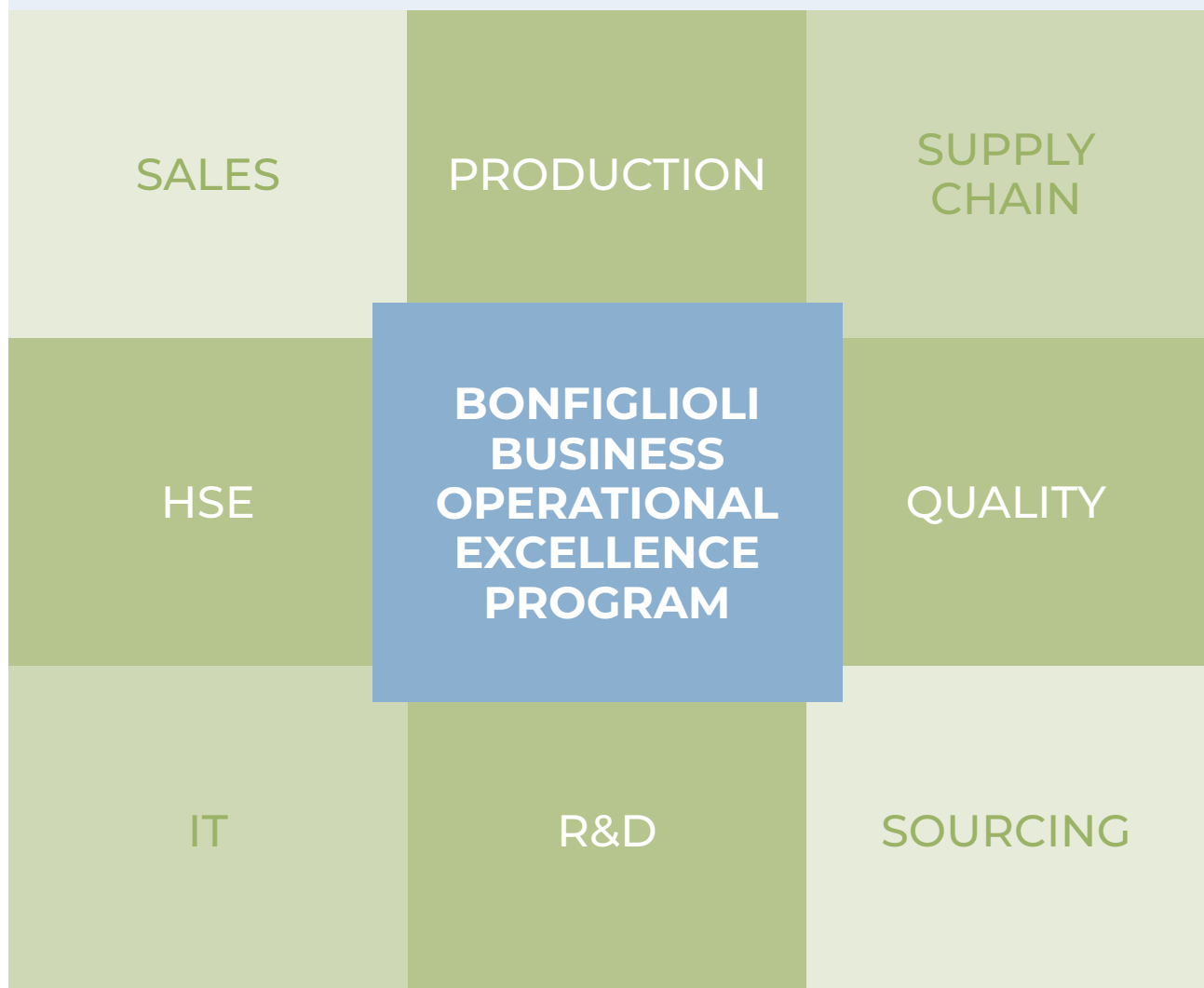
Since 2018, Bonfiglioli is developing an Industrial IoT platform based on algorithms that combine model based reasoning with Artificial Intelligence. The objective of the project is to enhance the offer of Bonfiglioli devices.

MANUFACTURING AND DIGITALIZATION

Thanks to the expertise gained, it has been possible in recent years to progressively enhance the introduction of digital tools and advanced technologies in all 15 Bonfiglioli plants. This has enabled each plant to specialize in distinct product lines, while maintaining their connection to serve the market efficiently. Indeed, we serve the customers with the required product promptly, guaranteeing excellence and innovation.

EXCELLENCE

Through the introduction of the **Bonfiglioli Business Operational Excellence Program** we constantly measure our performances and align production processes around the world. Based on eight main pillars that drive all internal processes, the program has been introduced with the purpose of improving the overall performances, to guarantee the same quality of production any time, everywhere and, finally, to better serve our customers. In fact, simulating, testing and optimizing processes before real operation is fundamental.

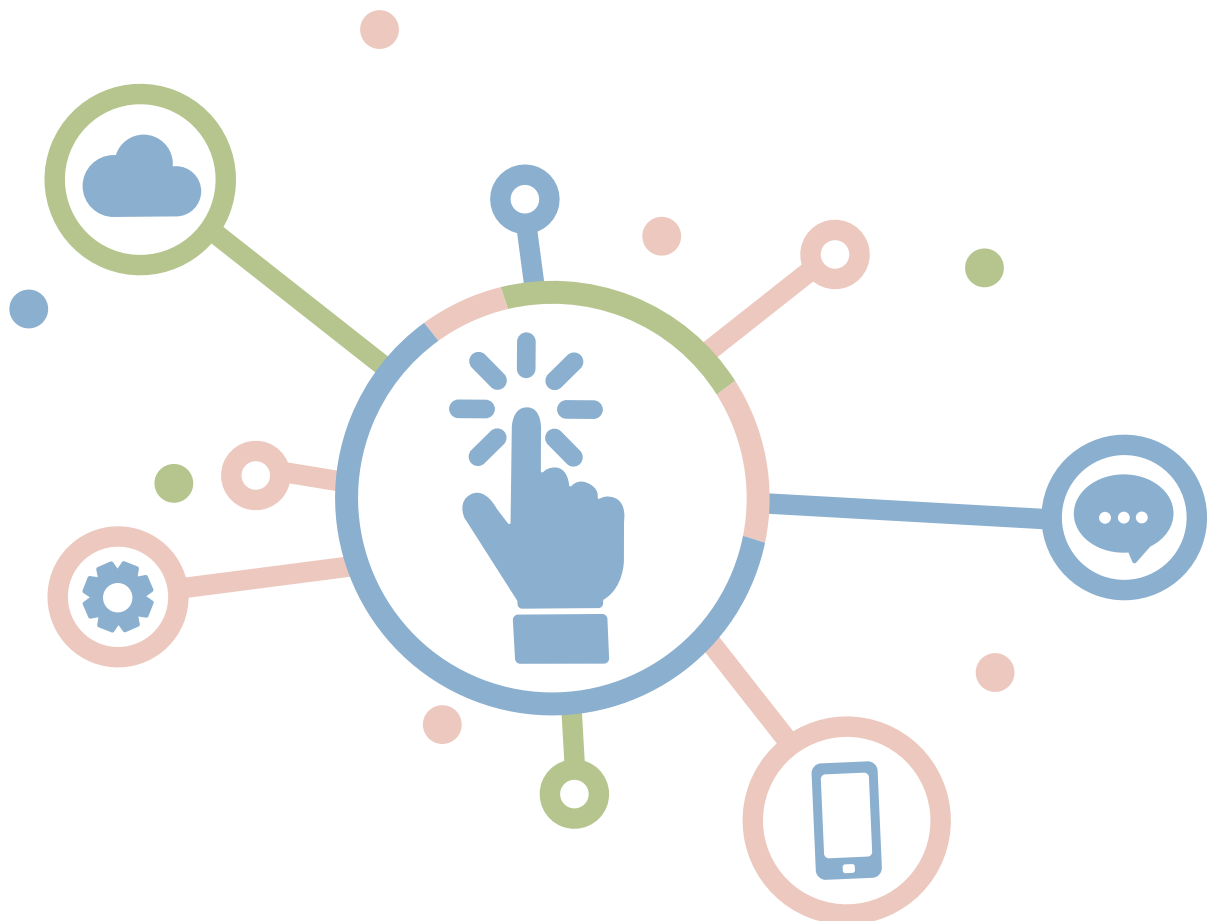


INDUSTRY 4.0

Industry 4.0 enables much quicker flow of customized products and can radically reduce inventories throughout the supply chain reducing our customers' machines time-to-market.

Digitalization manufacturing and assembly is an effective way to increase quality, production efficiency and flexibility while reducing costs at the same time. Industry 4.0 allows us to interconnect our plants, which enables us to increase the production capacity through precise monitoring of our global operation, having a complete overview of the entire process. Industry 4.0 allows a wider understanding of customer needs and permits immediate sharing of demand data across complex supply chains and networks.

By combining the Industry 4.0 with lean management, we have implemented the **Bonfiglioli Manufacturing Execution System** in several plants. The collection of data and information from the production monitoring system allows us to oversee production processes, measuring performance and identifying corrective actions to improve the efficiency of each step, from start to shipment.



BONFIGLIOLI PRODUCTION SYSTEM



The Bonfiglioli Production System (BPS) is a **production management system that aims to continuously enhance our processes and improve our efficiency** and it was developed to improve and accelerate innovation within the Group. Initially launched as a pilot initiative, the BPS has been gradually introduced into several plants: in 2020 it was applied to the entire Discrete Manufacturing & Process Industries and, in 2021, we started its introduction to the Motion & Robotics business unit.

The data collected and the analysis of the trends performed by our experts allow our teams to diagnose potential malfunctions and areas of improvement, introducing corrective actions. The possibility to detect and predict inefficiencies helps us realize a continuous improvement of internal processes and, in the meanwhile, implement the “Zero Waste” philosophy.

Employees are actively involved and engaged in the Bonfiglioli Production System through the introduction of some key roles, such as the BPS Leader, the Team Leader, and the Team member, according to their knowledge and their specific tasks. This structure allows everyone to provide suggestions, opinions, and ideas for improvement which may lead to the launch of new projects.

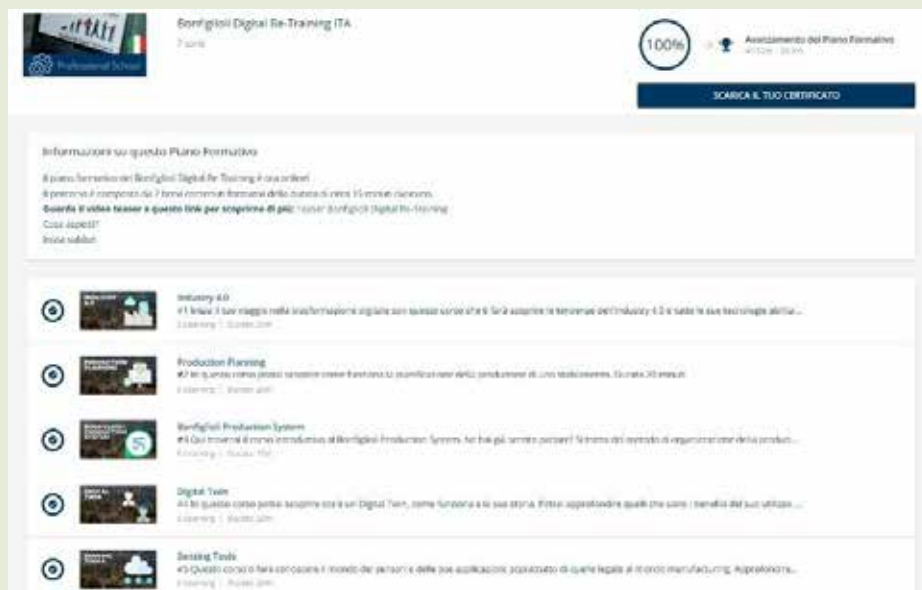
The BPS includes three main areas:

- **Pillars’ structure** to simplify the collaboration among different corporate’s functions with the intent to enhance the overall business performance;
- **Cost Deployment** to define where people, energy, and resources should be allocated to maximize results;
- **Improvement Projects** to improve processes and detect better opportunities.

OUR GLOBAL BPS PLATFORM: DASHBOARD VIEW



The **global BPS platform** was created to collect data and monitor all projects launched and the results achieved; an interactive dashboard (shown in the picture at the bottom of page 84) provides an overview of the key information, such as number of initiatives and their status, geographical area in which initiatives are implemented, pillars involved, and the forecast of potential savings. In 2021, the BPS launched 83 projects worldwide, 59 projects started, 51 of which were closed and 33 were audited by the central BPS Team, that evaluates both the methodological aspects and the actual fulfillment of the initiative and 7 are carry-over projects. Particularly, for 2021, as highlighted in the bar chart reported, the majority of the projects were focused on Technology, with an optimization of new equipment introduction, Quality, through quality defects' reduction projects and internal quality process optimization and Supply Chain, with out-bound cost reduction through trucks' saturation optimization, intra-plants shipping cost optimization and stock cost reduction.



A dedicated BPS e-learning course is also available in the E-ngeinous platform and is mandatory for all Italian employees. Specific training courses are included in this plan to facilitate its effective implementation and to enable our employees to familiarize with this method, supporting them with the transition to this new way of working.



A BPS APPLICATION: A PHOTOVOLTAIC SYSTEM IN VIETNAM

Looking for continuous improvement, the Bonfiglioli Production System was introduced in the Vietnamese plant in 2020 with a dedicated project to make it more sustainable. In line with our commitment to reduce our environmental impacts, the facility was equipped with 10,000 square meters of solar panels, able to provide 1,678 MWh per year, when active

The introduction of a solar power system envisages a number of benefits: it allows to significantly meet the energy needs of the facility, reducing the electricity related expenses; secondly, using solar energy, the Vietnam branch will be more environmentally friendly, savings more than 800 tons of CO₂ on yearly basis..



SOLAR PANELS
10,000 M²



**SAVING
ELECTRICITY**
805 TONS CO₂
PER YEAR



BENEFITS
REDUCE PLANT
TEMPERATURE
4-5°C DEGREE

VIETNAM PLANT IN NUMBERS



**22,000 SQM
BUILDING**



**93,844 SQM
TOTAL AREA**



**489,000 PIECES
PRODUCT CAPACITY**

A BPS APPLICATION: A MORE EFFICIENT LIGHTING SYSTEM IN SLOVAKIA

The plant in Slovakia replaced the lighting systems in the machining area by switching to LED lamps and introducing lighting control software, which resulted in:

- Reduce energy consumption with related economic savings;
- Improve the daylight comfort in the work area, guaranteeing 500 lux at the desk level, considered a good level of lighting for offices¹;
- Improve the work environment in terms of safety.

¹ According to "The Lighting Handbook, Zumtobel Lighting, 2018"



**ILLUMINATION
WITH LED**
1000 M²



ECONOMIC SAVINGS
REDUCTION OF ENERGY
CONSUMPTION



BENEFITS
CORRECT LIGHTING &
SAFER WORK ENVIRONMENT



QUALITY

As a global industry leader, Bonfiglioli is concerned with ensuring and constantly improving **product quality and end-user safety** throughout the entire value chain, from suppliers to customers. In fact, to always ensure high quality standards at all stages of our products development, we also require our suppliers to align and refer to our benchmarks. To harmonize the internal approach and set company-wide goals to easily measure achievements, **in September 2021 we have signed the new integrated Quality, Health & Safety, Environment and Energy (Q&HSEE) Policy.**

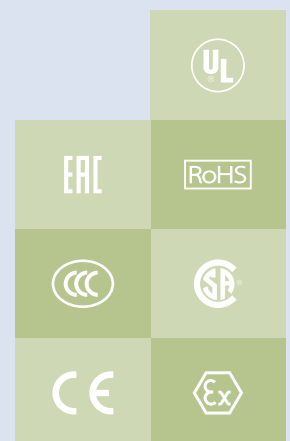
SYSTEM CERTIFICATIONS

Our commitment to the highest ethical principles and quality standards is documented in the **Bonfiglioli Quality Management System**, to ensure consistent improvements and quality of our products. In order to validate our engagement to provide products that meet our customers' needs and regulatory requirements, Bonfiglioli management systems have several certifications: **ISO 9001:2015** (Quality management system) at the Group level, **ISO 14001:2015** (Environmental management systems) and **ISO 45001:2018** (Occupational health and safety management systems). Moreover, in 2021, the Forlì plant proudly achieved the certification **ISO 50001:2018** (Energy Management System), which would be extended to other plants and branches in the next years.



PRODUCT CERTIFICATIONS AND DECLARATIONS OF CONFORMITY

To prevent any potential negative effect, 100% of Bonfiglioli products, considering both commercial and customized solutions, is evaluated against potential health and safety risks. In fact, our solutions are designed in compliance with all current safety regulations and products guidelines, including the European Directive on the restriction of the use of certain hazardous substances. Moreover, the design of our products is found to comply with **several international certifications**, including CCC, UL, EAC, BIS, ABS, and DNV.



BEST CERTIFICATION



Bonfiglioli has a network of more than 550 partners in 22 countries around the world, that promptly provide ready-to-use products and after-sales services. BEST (Bonfiglioli Excellence Service Team) distributors Certification awards the most qualified business partners. Several distributors were certified, with the involvement of an accredited third party. Audit and certification are provided by TÜV, which ensures the same high-quality standards to end users worldwide. During 2021, in Europe 8 New Best were certified (1 Gold – 1 Silver – 6 Bronze). Surveillance was completed for 10 Best already certified.

HOW TO SPREAD “QUALITY” THROUGH A DEDICATED TRAINING PROGRAM

In 2021, Bonfiglioli defined and developed **dedicated trainings related to key corporate procedures** with the purpose of providing specific technical knowledge and a complete set of minimum skills needed for each process. The goal was to increase the awareness on internal procedures and align all employees worldwide by creating a structured training program.

For the definition of the content and the structure of the courses, the QHSE Team was supported by the Human Capital function, which is in charge of the standardization of the training methodology across the Bonfiglioli Group. The main benefits of the project are the sharing of corporate know-how and best-practices, more timely and effective training in the event of new hires or role changes, standardization of training recording, easier and faster collection of KPIs and single repository of training materials.

As a result, in 2021 we completed the preparation of the following specific training programs:

PURCHASING

- Performance evaluation
- Supplier quality

NEW PRODUCT DEVELOPMENT

- Product technical change management
- Product or process validation

MONITORING & IMPROVEMENT

- Context analysis, risk analysis and review of management
 - Audit management
- Performance monitoring (KPI)

AFTER SALES

- 8D Client (eight-step process for managing customer complaints)
 - Claim management

To continuously improve our products and services, we collect feedback from our customers on our performance through the completion of a satisfaction survey. In fact, through interviews and surveys, we gather information about our strengths and weaknesses, and define areas for improvement and interventions accordingly.

Periodically, we conduct customer satisfaction assessments by submitting surveys on different business units at regular intervals – for example, in 2020 we focused on M&M and M&W, while in 2021 we collected information on the D&P business unit. The frequency of the survey is 2 years for each business unit to better understand the results of introduced corrective actions and identify new ones: indeed, every two years, we analyze the results emerged and this time-gap allows to collect evidences and compare the results of the measures adopted to implement the suggestions provided by customers in the previous surveys.

In 2021 we conducted the **Original Equipment Manufacturer (OEM) customer survey** for the D&P business unit and the information collected involved a sample of 345 OEM customers. We monitor the Net Promoter Score (NPS) – an index that measures to which extent and why our clients would recommend Bonfiglioli to peers. Based on the data collected, in 2021 India, China and United States achieved a good performance improvement over 2019. Regarding the several sectors, the most satisfied customers belong to Construction.



NEW SOLUTIONS TO BUILD A SUSTAINABLE FUTURE

Building a sustainable future for us means not only reducing the impacts of our internal processes but also working to make our products and solutions more sustainable. We provide added value to our customers and continually adapt to changing market conditions, economic scenarios and environmental regulations: in recent years we have developed new products with a special focus on energy efficiency, recovery and reduced consumption and emissions. Moreover, with a market share of more than 30% in wind turbine pitch and yaw drives, we are a world leader in this field.

We offer our clients remote support and ongoing monitoring. Based on the data collected, we can remotely access the machines and provide continuous condition monitoring, troubleshooting services and performance analysis. In addition, our customers can rely on the information gathered through IoT technologies to define consumption parameters, set sustainability goals and make informed decisions on environmental issues. As a result, in recent years we have released many innovative new products that ensure a reduced environmental impact of our products; a selection of the latest innovations is reported below.

DRIVING ENERGY EFFICIENCY AND EMISSION REDUCTIONS WITH THE POWER DRIVE SYSTEM

We recently released the new range of Bonfiglioli synchronous reluctance motors that are in the high efficiency class (IE4) in the same size as conventional induction motors in the IE2 class. The new motors have also been combined with the Active Cube frequency inverters with a dedicated sensor-less vector control, to develop a more efficient **Power Drive System**. Compared with conventional motor-frequency inverter solutions, Bonfiglioli Power Drive System **minimizes overall energy consumption at different operation points**, resulting in lower power consumption and emissions reduction. For example, the installation of this solution on a pumping station (10 pumps, 1.5 kW each) yielded brilliant results, **saving our customers an estimated 17,000 kWh over the previous year**, resulting in significant **cost savings** and **reduced emissions**. Overall, this solution is ideal for a wide range of industrial applications and it can be fully integrated into Industry 4.0 plants, thanks to the advanced digital connectivity of the drive and Bonfiglioli IoT platforms in combination with this Power Drive System.



**HIGH EFFICIENCY MEANS
REDUCING ENERGY
CONSUMPTION AND GHG
EMISSIONS PRODUCTION**

THE INNOVATION THAT REGENERATES ENERGY



**AEC: REGENERATING
ENERGY TO DRIVE A MORE
SUSTAINABLE FUTURE**

Decades of experience in industrial automation and renewable energy applications enabled us to offer an effective braking energy recovery solution such as the new **Active Regenerative System inverters (AEC)**. In many electrically controlled industrial applications, the inertia of moving mechanisms can drive electric motors that act as brakes. They convert kinetic energy into electrical energy. In a regenerative process, this energy is returned to the grid, contributing to the reduction of consumption and emissions.

The installation of AEC with our monitoring systems enabled one of our customers to quantify the amount of energy recovered: **pilot installations recorded energy recovery of between 10% and 50%.**

PRODUCTS THAT ENABLE RENEWABLE ENERGY PRODUCTION

For more than 30 years, the Group has been providing integrated solutions dedicated to the wind power industry. The result is a complete package specifically for the wind sector that enables seamless control of energy generation, from effective rotor blade positioning with the pitch drive units to reliable nacelle orientation with yaw drives.

Our wind turbines solutions support innovative ways to produce clean energy and help our customers contribute to a more sustainable world.

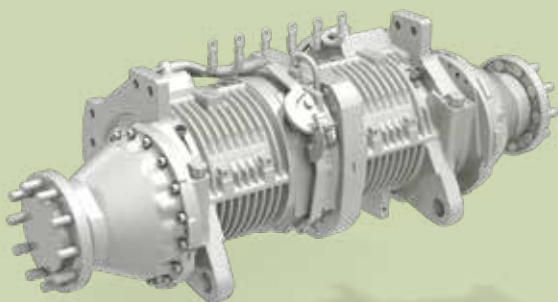
Pitch drives with permanent magnet electric motors are completely custom designed and offer a flexible solution to wind turbine manufacturers.

Our Yaw drive systems, which include mechanical gearboxes, asynchronous induction or permanent magnet motors and integrated inverters, provide a wide range of output torques and gearbox sizes, to offer a flexible solution for wind turbine manufacturers. Recent innovations, such as integrated torque sensors and the torque limiter, show that Bonfiglioli is always thinking out of the box and continuously searching for the most cost-effective solution.



**ONE OUT OF THREE WIND
TURBINES GLOBALLY USE A
BONFIGLIOLI GEARBOX**

GEARMOTORS FOR SUSTAINABLE MOBILITY



THE FUTURE OF
MOBILITY: ELECTRIC
VEHICLES

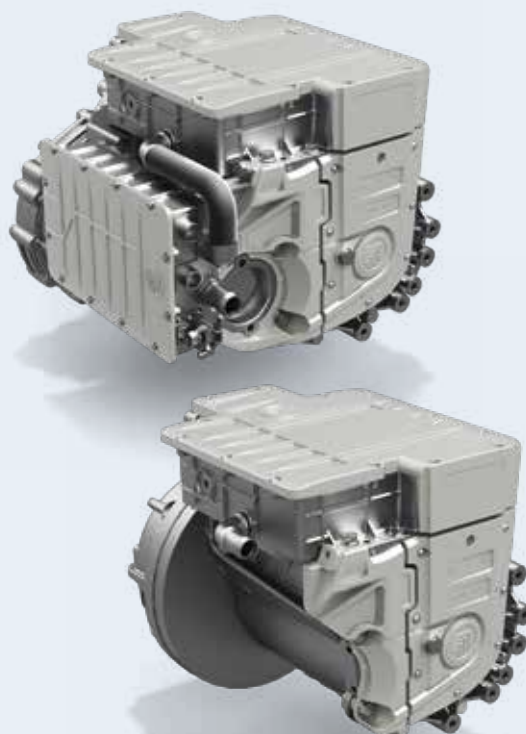
Having made sustainability one of the Group's goals, **we have developed a range of drive units specifically designed for hybrid and electric applications that enable significant reductions in direct emissions.** Over the years, to follow the market trend that increasingly favors electric traction over the conventional internal combustion engine, we have focused our R&D efforts to develop our offerings. For example, in the area of material handling, we have completed the development and validation of a full range of integrated drive units including electric motors and planetary gearboxes for the application of electric counterbalanced and warehouse forklift trucks: our compact solutions are available with multiple options in terms of motor power and include dynamic service and parking brakes. Moreover, we use advanced simulation software for gear design optimization to minimize noise and maximize efficiency.

INTEGRATED ELECTRIC POWERTRAIN UNITS

With the aim of **better supporting customers and companies in the transition to electric power and to expand and differentiate our current product offering**, two new lines of integrated electric powertrains have been introduced within Bonfiglioli Ennowing S.p.A.: EDS. The two lines were developed to adapt to the different transmission architectures of mechanically driven vehicles and for hydrostatic transmission applications, respectively.

Within the EDS-D e EDS-X family we find EDS-D powertrains, applicable to front- and rear-wheel drive vehicles and EDS-X, which can be positioned transversely to the front or rear axle of the vehicle, or in the center of the vehicle and then connected to the rear axle of the vehicle via a cardan shaft.

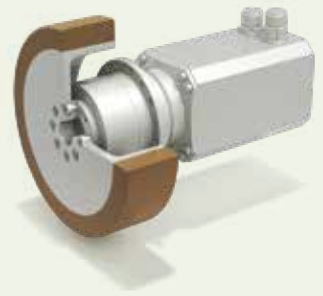
The specific solution to upgrade hydrostatic applications is the EDS-H, consisting of a high power density, liquid cooled electric motor with integrated inverter and, in some versions, a gearbox, ready for direct connection with hydraulic pumps.



WHEEL DRIVE UNITS FOR AUTONOMOUS GUIDED VEHICLES

Specially developed to **offer great performance in terms of power density, precision and load capacity, while allowing easy installation and assembly**, BlueRoll is a new platform for automated guided vehicles (AGVs) and autonomous mobile robots (AMRs).

Our AGV and AMR solutions comprises a high precision planetary gearbox customized with increased radial load capacity and a compact permanent magnet motor and are available in 3 versions, each with a progressively higher level of integration: Basic, Advanced and Compact. The wide choice of feedback systems and servo motor options makes BlueRoll highly configurable to meet the needs of specific applications.



SWING AND TRAVEL DRIVE FOR FULL-ELECTRIC MINI-EXCAVATORS

We believe that within a few years electromobility will become a real alternative, not only for individuals but also for companies and earth moving machines; in fact, all major manufacturers are focusing on alternative propulsion and are presenting prototypes in this area.

The use of electric drives provides higher performances, greater efficiency, reducing the Total Cost of Ownership and facilitating maintenance. These solutions make it possible to operate indoors with less noise and no direct pollutant emissions compared to traditional internal combustion machines. For this reason, Bonfiglioli is developing a range of slew and track drives for full-electric mini-excavators that are extremely compact to ensure direct replacement of hydraulic gearmotors. High performance, including high torque in a compact space, is one of the main advantages of our portfolio.

Current emission regulations applied to the automotive industry are likely to be extended to heavy-duty applications in the medium term. In fact, heavy-duty vehicle manufacturers are looking for efficiency improvements and solutions that can increase productivity and reduce the total cost of ownership for the end-user and are looking for solutions that can increase productivity and reduce the total cost of ownership for the end-user.



OUR ELECTRIC SOLUTION FOR EARTH MOVING MACHINES: REDUCED NOISE LEVELS AND ZERO DIRECT CO2 EMISSIONS



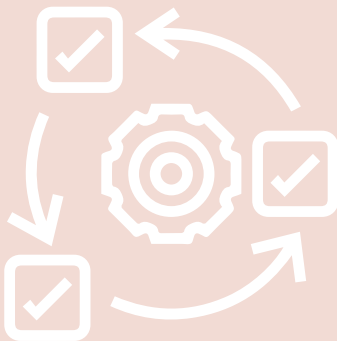
PROLONGING THE LIFE OF OUR PRODUCTS WITH A CIRCULAR APPROACH

When developing new products and innovations, we focus on **ensuring backward compatibility** to sustain our customers' investments and reduce the life cycle impacts of our products. Replacing only what is necessary to upgrade specific functionalities while retaining basic ones, significantly extends useful life and provides additional environmental benefits such as minimizing waste generation and natural resources (e.g. energy, raw materials, etc.) that are used in new products development.

EMBRACING THE DIGITAL TRANSFORMATION

In 2018 the top management participated at the Bonfiglioli Digital Journey, a travel across the world to understand the potential of advanced technologies and robotics in manufacturing plants, and that was the starting point of our digital transformation. Since then, **digitalization has been integrated into our corporate strategy** as a key asset, and, gradually, we are implementing it through several initiatives achieved by applying classical project management processes and the agile methodology. Our **Information Technology and Digital function** oversees the implementation of the digital transformation of processes of the entire Group, combining the management of traditional IT systems with the new activities carried out by the Digital area.

Agile project management in the industry is still a growing trend. In 2021 we completed new agile projects successfully, gathering sponsorship at the highest level. During the year, we managed to launch and coordinate the **5th wave of Agile Projects**, which comprehended the **Customer Portal** and the **Dynamic prototyping**. To face the unexpected pandemic and overcome the difficulties of organizing in-person meetings, in 2021 we took advantage of our communication platform creating Agile virtual rooms, digital areas and virtual dashboards, to which all team members had easily access. This allowed us to **carry on the 2021 agile projects remotely**.



The **agile methodology** is used mainly for development of software solutions and consists in defining minimum viable product (MVP) objectives to be achieved in a tight time frame (three months with an effort of 2 days per week, for a total of 24 days of effective work) with a dedicated full-time working group in pre-arranged time intervals and with the coordination of a special project leader called a scrum master. Since 2020 Bonfiglioli completed 4 Agile waves successfully, involving 75 people covering all the roles required by the Scrum Agile framework. In 2021, 31 employees were involved in the 5th Agile Wave, increasing the total number of people taking part in Agile projects to 106. The resources came from 18 different functions, belonging to all our business units.

Concerning the project carried on in 2020, the Agile Recruiting & Onboarding process was completed in just 20 working days. In March 2021, the implementation project started, which consolidated and enriched the Agile MVP, until the solution was finally released globally a few months later. In addition, the implementation team discovered new applications and areas that could be potentially enhanced, improving and extending the activities of the entire project. In addition, the Budget Re-Designed project concluded in 2020, has been successfully implemented and was used to consolidate and finalize the 2022 Budget for the entire Group, on a global scale.



Developed during 2021, the **Customer portal** is an online platform that introduces a unique channel to receive customers' requests and orders and track their progress. The project raises from the idea of creating a single access point for customers to the digital services available to better meet the different needs of our customers and end users. To shape the platform, three real customer, representing each one of our customers' category (Original Equipment Manufacturer - OEM, distributors and end-users), were involved as beta-tester to implement their requests and receive feedbacks on the functionalities of the portal.

By aggregating all existing services, it has been possible to provide a unique direct channel with a higher quality level and easier to be used, increasing the overall support perceived by customers. Indeed, the portal gathers all Bonfiglioli customer services: such as, order management and tracking, access to all product's documentation and knowledge base, and live support tools for after sales questions and assistance. The portal allows to also access the e-commerce and the tool "Mosaico 3.0". Once the Agile project was completed, we started its implementation to consolidate and refine the Agile MVP, enabling it to be transformed into a releasable version. As a result, in 2022, the first version the would be accessible to a panel of few customers.



Ended in December 2021, the **Dynamic Prototyping** aims at reviewing the prototyping process with the objective of making it more efficient. The project came from the desire to harmonize the prototype concept between the business units D&P and M&W, by introducing a clear and shared definition for prototype and the identification of the conditions in which it has to be realized. The project provided the opportunity to define a classification, consisting of five categories of prototypes. The main expected benefits are a shorter transition from prototype to pre-series/series by defining a more linear and faster process, monitoring of the sharing of information between all the functions involved and a greater accuracy in clarify the actual costs of projects with a focus on their sustainability through a leaner process. A dedicated MVP was developed with Microsoft PowerApps to enter requests for new prototypes and monitor their progress process. Moreover, the MVP was integrated with the internal Teamcenter and SAP systems to retrieve available information on the product development process and to check the status of the production and purchased materials orders.

The implementation of the Dynamic Prototyping is still ongoing. The project was carried out fully remotely and, for the first time, Bonfiglioli managed to involve an employee of a foreign plant.

THE BENEFITS OF AGILE PILOT PROJECTS



GREATER
EFFICIENCY

PROACTIVE
COLLABORATION
BETWEEN TEAM
MEMBERS

CREATIVITY AND
INNOVATION

CONTINUOUS
ALIGNMENT WITH
STAKEHOLDERS

SPREAD OF
SKILLS AND
COMPETENCES

EXTENSION
OF PERSONAL
WORKING NETWORK

A BETTER
INSIGHT OF
CORPORATE
CONTEXT

DIGITAL@BONFIGLIOLI

In 2019, Bonfiglioli won a tender promoted by the **Italian Ministry of Economic Development** organized for encouraging companies in enhancing and accelerating the development and the implementation of advanced digital technologies into business processes.

On this occasion, the Group launched the project Digital@Bonfiglioli, which is one of the several initiatives planned and realized concerning our digital transformation path towards a **global Digital Factory**. The project is aimed to develop Bonfiglioli's own digital technologies, with the intent to propose original and innovative solutions. The project is implemented and tested in two plants, Evo and the facility in Forlì, the goal is to extend these technologies to other plants in the Group, upon completion of the funded project. In 2021, the mid-term review of results achieved was successfully passed, and the development of activities of the four streams of the project continued:



In 2021, it could be possible to collect more than **5 Terabytes** of data relating to the performance of various machining assets. The big data collected represent the concrete basis for developing and testing machine learning algorithms aimed at predicting and preventing anomalies.

PREDICTIVE MAINTENANCE (PM) IN MANUFACTURING

The goal is to improve the technical availability of the machinery, through the timely identification of anomalies. The architecture of the IIoT system has been defined, many assets of the main Italian production plants have been connected to the system and the predictive models for detecting anomalies are being tested.



PRODUCT SELECTOR & 3D CONFIGURATOR

Development of a tool to support our customers in the product selection online. Improvement of the User Experience and User Interface (UX / UI) of the Product Selector, based both on the skills of industry experts and on the needs expressed by internal users and Bonfiglioli customers.



HOW WE USE DATA TO PREDICT AND PREVENT ANOMALIES



**MACHINES WORK
AND PRODUCE DATA**



**DATA ARE COLLECTED
AND STORED**



**ML MODELS ARE TESTED TO PREDICT
AND PREVENT ANOMALIES AND
PREVENT ANOMALIES**



**ALGORITHMS AND MACHINE
LEARNING (ML) MODELS ARE
DEVELOPED**

ELECTRONIC WORK INSTRUCTIONS

Introduction of new technologies that display assembly instructions, in real time via Augmented reality (AR). The architecture of the solution to develop 3D Electronic work instructions (EWI) was defined. The solution was designed to be integrated with a specific CAD module that allows you to migrate assemblies from the PLM to the 3D experience visualization engine.



WAREHOUSE MANAGEMENT SYSTEM

Optimization of warehouse processes with the adoption of new technologies. All the technologies foreseen were tested in EVO plant, to support the incoming and outgoing goods processes, assisted picking of components and serving assembly lines through integration with warehouse management.



E-COMMERCE: A NEW CUSTOMER EXPERIENCE

In December 2020 we made a new milestone in our innovation story: the **Bonfiglioli e-commerce**, that went-live in the U.S.. Bonfiglioli launched the project in the U.S. because, firstly, it is one of the most relevant markets and, secondly, its online market has been long-established for Business-to-Consumer (B2C) and is also ready to welcome online Business-to-Business (B2B) purchases. In September 2021, **we expanded the e-commerce experience to the Italian market**. Given the strength and capillarity of the distribution network in Italy, we leveraged a selection of our best distributors to speed up the fulfillment phase. This collaboration in fact guarantees a **delivery withing 2 working days**.

The online shop combines the complexity of our products and the several possibilities of configurations, on a **user-friendly platform**. The consumer has the possibility to browse the entire portfolio of standardized Bonfiglioli solutions, from single gearmotors to accessories, and can independently conduct the purchase, saving time and without any intermediary.

The product choice is accessible even without technical knowledge thanks to several searching methods: from typing the digital code related to a part to uploading nameplate photo, from selecting technical data to the scope of application. However, in case of needs, a live chat is always available and the 3D CAD file of each product can be downloaded to simulate its installation.

The customer can track every phase of the delivery and directly access our online configurator, after having completed the transaction.

The great interest and warm adoption displayed by the markets encouraged us that we are on the right path. We are already working on improving even more the overall customer experience in the platform.



WHY SHOP AT BONFIGLIOLI E-COMMERCE?



FAST SHIPPING



ELECTRONIC
PAYMENTS



LIVE
SUPPORT

mosaico



Mosaico 3.0 is a tool accessible through the Bonfiglioli website. It was developed in 2000 and has been continuously updated over the years. The 3.0 Version of our online configurator is designed to support customers in setting up Bonfiglioli products according to their needs.

A RESPONSIBLE SUPPLY CHAIN

The excellence of Bonfiglioli's products relies not only on our commitment to innovation and continuous improvement, but also on the strong network of worldwide partnerships that provides essential goods and services for our activities. In order to seek solid and responsible collaborations, the Strategic Purchasing team manages the main commodity strategies, being responsible both for selecting the most suitable suppliers and scouting for new ones, and for periodically testing, through audits, the quality of suppliers. 2021 has been a year full of challenges for the purchasing team, who has been able to handle them in the best way possible through constant monitoring of trends to better manage rising overall costs due to raw material scarcity and logistics-related issues.

In 2021, the process of centralizing the purchasing process is a consolidated reality. It was launched in 2018 with the aim of standardizing and simplifying internal processes, as well as aligning purchasing decisions with the business strategy. Thanks to this approach, the whole Group can boost synergies and benefit from economies of scale. In 2021 we carried on the procurement marketing and independent scouting role, that - alongside the purchasing team - actively analyzes the market to identify potential suppliers and discover new trends. Purchases can be categorized in two main groups: "indirect" purchases are all procurement procedures concerning suppliers and services that are not directly involved in the development of products (for instance, office suppliers or facilities and outsourced services) while, on the contrary, "direct" ones are all the purchases which directly contribute to the creation of the final products, such as materials and goods for production. **The main part of indirect purchases is centralized** while, given the relevance of direct purchases, **the BUs and the procurement team collaborate in selecting the appropriate suppliers, based on specific needs.**

The digital transformation started by the company meant, for the Purchasing department, the transfer of all the procedures and documents to an online platform, through the support of the IT team. The ultimate intention of this process is the establishment of **a single global portal** through which the Group would be able to manage the entire supply chain, by mapping, monitoring, and handling both clients and suppliers. In 2021, we focused our efforts to align

IN CONTINUITY WITH
2020, IN **2021** THE
PURCHASING TEAM
CONTINUED ITS
SCOUTING ACTIVITIES
FOR NEW SUPPLIERS
AND MONITORING
TRENDS TO BETTER
MANAGE ISSUES
RELATED TO RAW
MATERIAL AND
LOGISTICS.

and strengthen internal procedures and practices across all plants to prepare all of them for the implementation of the new system. Indeed, the global platform will collect relevant data and available disclosures regarding suppliers (such as legal documents, supplier's certifications, or information on orders), ensuring several improvements: a better management of global suppliers, a direct way to communicate with all of them and an overall enhancement of commercial relationships and time saving.

Moreover, the Legal & Corporate Department together with the Purchasing Department is gradually reviewing all the terms of purchase and all the legal documents in order to harmonize the procurement processes in all the countries in which Bonfiglioli operates. Being **among the addressed of the Group Code of Ethics**, suppliers are required to adhere to its principles: **new agreements formally include the reference to the Code** and each commercial partner is expected to accept it. Currently, the updated version of General Conditions of Purchase is received by all Suppliers of the main production plants (Italian, German, Indian, Slovakian, Chinese and Vietnamese) along with the orders. For all the other Countries in which we operate, the process is still ongoing.

*“The Group reserves the right to check that the Suppliers with whom its works operate in **compliance with the law and this Code of Ethics**; for this purpose, it includes a specific clause in its supply contracts to confirm that they have read this Code of Ethics and undertake to comply with the principles contained therein.*

***The Group forbids** the Addressees from establishing business relations with suppliers who **employ children below the legal age in Italian law** and the laws of the place in which the work is performed.*”

Code of Ethics, Bonfiglioli Group

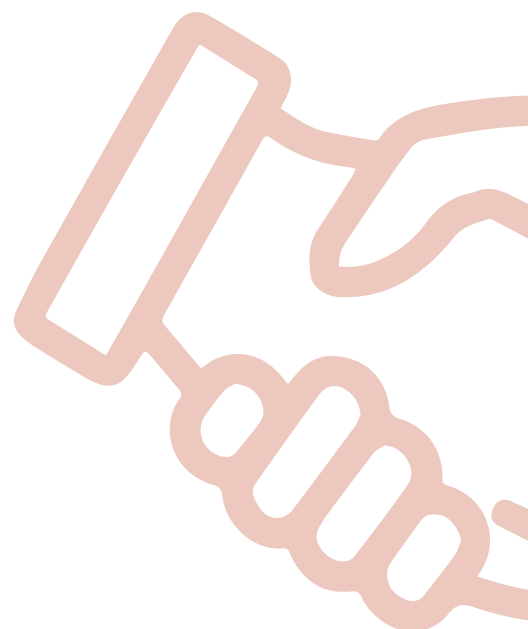
In line with our strive for excellence, we enforce our suppliers to the highest quality standard and for this reason we weekly update our Vendor Rating system, an evaluation method that assesses suppliers' performance through several indicators.

In 2021 we introduced a new evaluation system focused on time delivery and quality that detects potential corrective actions to be suggested and communicated in a monthly report sent to suppliers. During the year we finalized the worldwide implementation of the KPIs related to quality parameters. By introducing a **Vendor Rating system**, we aim to improve our preside over suppliers with higher risks by engaging them to improve their scores. Thanks to the analysis of these new KPIs, we have supported suppliers in improving their performances, achieving better results in the PPM (Products discarded per Million purchased Pieces) across the year. 2022 goal is, instead, to work on time delivery of logistics KPIs, in order to make them more self-explanatory.

Moreover, we continued to monitor the financial rating of suppliers to ensure the continuity of supply of materials, as well as their reliance on Bonfiglioli to map and reduce potential risks related to vendors that are heavily dependent on our Group's business.

To become a Bonfiglioli supplier it is mandatory to comply with international standards, as well as provide several certifications, including the EU regulation **REACH** (Registration, Evaluation, Authorization and Restriction of Chemicals) and the EU Directive **RoHS** (Restriction of Hazardous Substances). Furthermore, since 2019, in line with EU regulation, our suppliers must submit a declaration confirming the **origin of goods purchased** (i.e. where they have been produced or manufactured) and enclosed within the required documentation. This allows us to easily identify materials and products that come from Countries with special trade agreements, considered and labeled as "preferential origin". For this scope, an internal platform constantly traces and updates information on duties and regulatory frameworks globally, granting a continuous supervision over the compliance of the Group with national laws and regulations. Concerning our export activities, in 2021 we obtained certifications on transportation and customs management, becoming an *Authorized Exporter*¹. Moreover, during 2021, we planned to map the social criteria of suppliers starting next year in order to monitor our collaborators by taking an in-depth look at social aspects.

¹ The "Authorized Exporter" status is a facility, provided by Community customs legislation, which guarantees advantages in import and export with some third countries on the basis of agreements made between the EU and aforementioned countries.



DECLARATION OF MINERALS CONFLICT – FREE

The term “Conflict minerals” refers to 3TG minerals (tantalum, tin, tungsten and gold) that are the extracts from the minerals cassiterite, columbite-tantalite and wolframite and which are mined in countries where conditions of armed conflict and human rights abuses are reported to be occurring. To underline its commitment toward a responsible and fair supply chain, since 2018, Bonfiglioli Group has signed a Declaration Letter in which affirms that:

- *Products and components supplied by the company don't contain Raw Materials, such as tin, tungsten, tantalum or gold, that comes from Democratic Republic of Congo (DRC) or Adjoining Countries;*
- *Bonfiglioli will inform and support its suppliers to conduct a **Reasonable Country of Origin Inquiry** (RCOI) to determine possible origin of Raw Materials from Black-List Countries;*
- *Parts of the products manufactured by Bonfiglioli have been purchased from its own suppliers that declare not to use Raw Materials coming from Black-List Countries;*
- *The company will keep all the customers constantly informed about the results of the activities related to the reasonable country of origin inquiry (RCOI).*

Since 2020 the Purchasing Department has been in charge also of auditing suppliers' quality, a strategic lever for Bonfiglioli in order to further develop relationships with suppliers and to enhance internal organization. The **Audit Quality team** supervises the evaluation process of direct suppliers who have been collaborating with the Group for at least two years. During the audit, the team assesses the supplier against several criteria and all of them contribute to the final score; where an improvement opportunity is identified, Bonfiglioli suggests corrective actions to improve performance and achieve a higher score.

HOW WE SUPPORTED OUR ITALIAN SUPPLIERS IN 2021



As we acknowledge that part of our Group's success is certainly due to our essential partnerships, we encouraged the entire network, where needed, to benefit from **reverse factoring, preferential rates of interest or delayed payments**. By the end of December 2021, some of our Italian suppliers chose one of these supports, offered by the Group. The intent was not only to enhance our business relations, but also to be considered a trustworthy partner, with whom collaborate towards digital transformation and a more sustainable production.

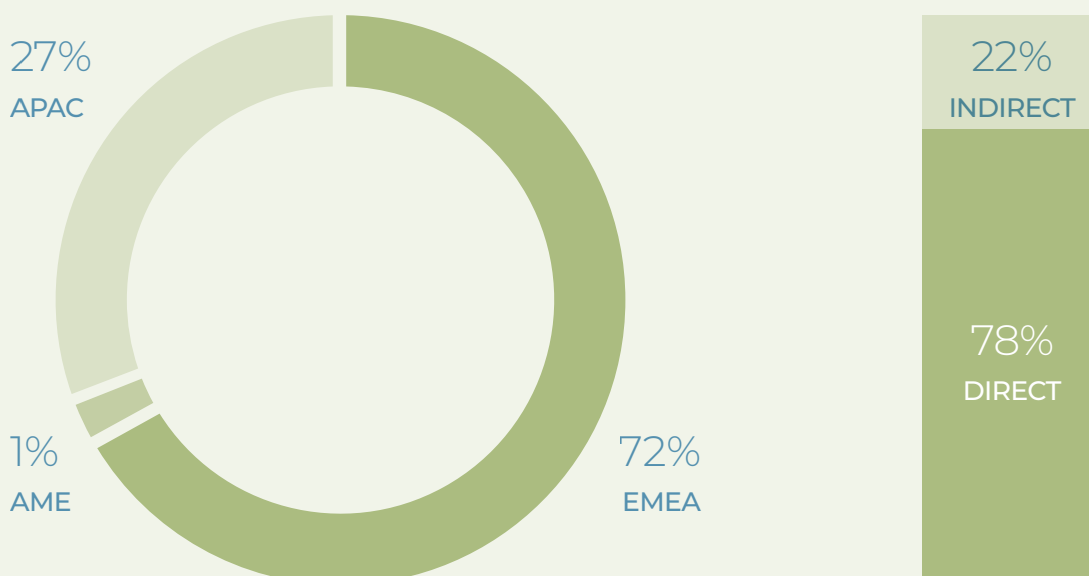
PARTNERSHIP OF VALUE



In 2021 we renewed our membership with APQP4Wind, a non-profit organization founded by the world's leading wind turbine manufacturers and suppliers. Being a member of APQP4Wind offers our customers an additional assurance of the high quality of our wind energy solution, given that it represents the quality assurance methodology used in the entire global wind industry supply chain from design to customer.

The overall Group's expenditure in 2021 was about 668 million euros for goods and services, recording an increase compared to the previous year (+6,5%), in line with the data emerged worldwide on the effects of Raw Material and Logistic Costs increase. The amount considered entails both indirect and direct purchases, which includes raw materials and semi-finished products. Most of our suppliers are located across Europe, Middle East & Africa (EMEA), followed by Asia-Pacific (APAC) and American (AME) regions.

SUPPLIERS BY GEOGRAPHICAL DISTRIBUTION AND TYPE IN 2021 (% OF SPENDING)



In every country we operate in, our purpose is to bring about a positive impact, boosting the local economy and the development of the resident community. In the following chart, it is shown the percentage of products purchased locally (data consider only direct expenditures, generated by production plants).

PROPORTION OF SPENDING AMOUNT ON LOCAL SUPPLIERS - 2021*

WORLDWIDE AVERAGE 70%

CHINA 92%

ITALY 84%

INDIA 74%

VIETNAM 55%

GERMANY 52%

USA 27%

SLOVAKIA 6%

* Purchases made from suppliers in the same country of the plant were considered local; the data includes only spending on direct suppliers.

PRODUCTION DESIGNED TO PROTECT THE ENVIRONMENT

Our daily work is inspired by the vision of our Group's Founder, Clementino Bonfiglioli, and focused on building a better world. For us, the environment is a fundamental priority: we constantly strive to **reduce our environmental impacts** by implementing improvement actions during the design, development and manufacturing of our products.

*The Bonfiglioli Group undertakes to **promote actions to guarantee sustainable development and environmental protection**, undertaking to support innovative product and service improvements offering environmental and social benefits. The Addressees of this Code of Ethics are bound to develop in-depth knowledge on the issues of sustainable global development and conservation of biodiversity, and to take initiatives to protect the environment in their everyday lives; they shall cooperate in the implementation of actions and projects promoting environmental protection*

Code of Ethics, Bonfiglioli Group

In order to reinforce our commitment to environmental protection, we want to ensure that our vision for sustainable development is well communicated to all our companies worldwide. By **signing the new integrated Quality, Health & Safety, Environment and Energy (Q&HSEE) Policy**, we pledge to manage our business activities in accordance with the principles of sustainable development. Indeed, the Group commitment to social, environmental and energy sustainability is focused on the entire lifecycle of products, from their design and the purchase of raw materials to their end-of-life management. Moreover, Bonfiglioli aims to build sustainable workplaces to reduce its environmental impacts and to involve all the actors along its value chain in its sustainable path.

Thanks to the implementation of several initiatives, all of our Italian companies and three sites in Asia – Chennai (India), Shanghai (China) and Binh Duong Province (Vietnam) – achieved the ISO 14001 environmental management system certification. This certification confirms the implementation of an **Environmental Management System (EMS)** in compliance with standards set by the International Organization for Standardization. The EMS encourages companies to adopt best practices and processes in order to minimize environmental impacts of business-related activities, progressively reducing energy consumption and waste production, and simultaneously promoting pollution prevention and compliance with laws and regulations.

As a result of several energy efficiency initiatives, in 2021 we reached an important milestone in our Forlì (Italy) plant, obtaining the **certification ISO 50001 - Energy Management System**. This certification represents the international standard that indicates the requirements for implementing, maintaining and improving an Energy Management System, facilitating the integration of energy efficiency into all business activities. Among the improvements targets defined within the scope of the Energy Management System, we identified the optimization of compressed air systems performance, implementation of a remote-control system for centralized energy consumption, and improvement of employee awareness of energy efficiency issues. Considering this relevant achievement, we are working to extend the certification to other sites.

In order to minimize our direct impacts related to production, we are gradually renovating industrial sites worldwide, introducing low-energy consumption equipment and making our sites increasingly self-sufficient in satisfying their energy demand, by installing photovoltaic panels that produce clean energy. We believe that modernizing our facilities represent a key opportunity to introduce technologies able to increase efficiency and ensure high quality and safety standards (for further information, please refer to the box **BONFIGLIOLI NEW SITES: AN INNOVATIVE WORK CONCEPT FOR THE FUTURE**).

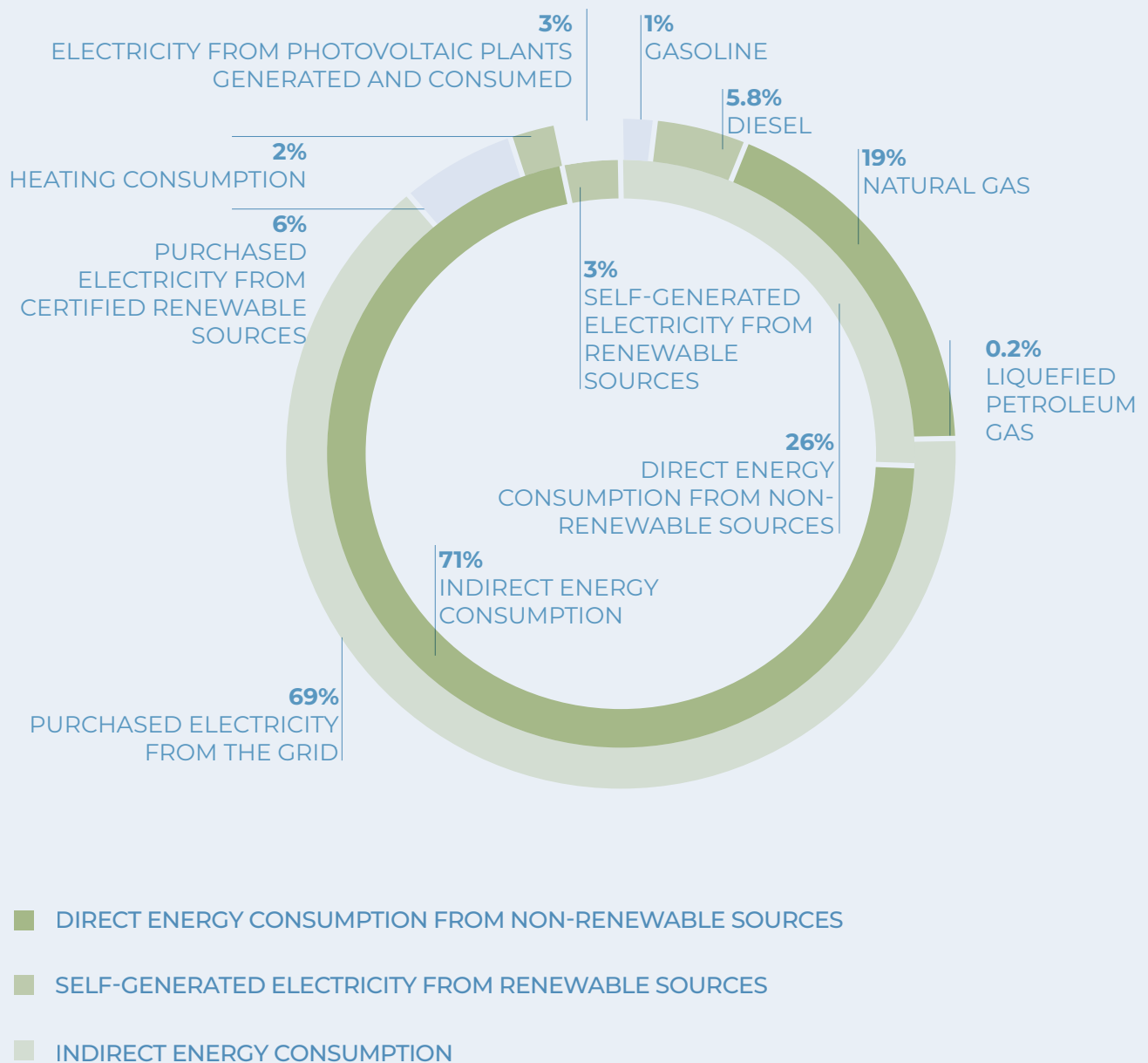
In 2021 our overall consumption of energy was equal to 293,465 GJ, slightly increased than the previous year (+15%), mainly due to resumption of production activities following the overcoming of the acute phase of the Covid-19 pandemic.

IN 2021,
FORLÌ PLANT
OBTAINED
THE ISO
CERTIFICATION
50001 – ENERGY
MANAGEMENT
SYSTEM

STRENGTHENING DATA COLLECTION

In order to strengthen our data collection and to reinforce our structured internal process, we introduced a monthly data collection on HSE data that involves our companies worldwide. By introducing an online platform, we periodically gathering environmental information, such as electricity, water consumption, as well as waste production. This allows Bonfiglioli to better monitor and consolidate 2021 data as well as to further identify opportunities for improvement.

2021 ENERGY CONSUMPTION [GJ]



The most relevant energy sources we use are electricity (71%), natural gas (19%) and diesel (5%). Generally used for heating, natural gas decreased by 2% in 2021, principally due to less severe outdoor weather conditions and decreased production in some of our sites, including the one that was decommissioned. In addition, thanks to improved estimation methodology and update corporate car fleet composition, diesel consumption in 2021 dropped by 15% compared to 2020.

The overall increase in production during 2021 and a general recovery of activities, including business travels, following the overcoming of the acute phase of the Covid-19 pandemic, also impacted the consumption of gasoline and LPG compared to 2020, that increased by 210%¹ and 5% respectively. These increases are also due to the change in the company car fleet, which has been shifted towards gasoline and hybrid-gasoline. In addition, gasoline and LPG are used inside some production sites for forklifts and, in some cases, emergency generators. Overall, data linked to direct energy consumption from non-renewable sources show a linear trend compared to 2020.

1,370,052 kWh PRODUCED BY THE PHOTOVOLTAIC PANELS OF EVO



Also in 2021, we renewed our commitment to reducing our environmental impact, using **energy from renewable sources**: 4,768,842 kWh of the total amount of purchased electricity was produced by renewable sources, as attested by Guarantees of Origin (GOs).

In 2021 **the PV systems in EVO continued producing renewable energy, equal to 1,370,052 kWh**, contributing for almost the 52% of the total energy self-generated by the Group. As a result, **the electricity produced from renewable sources increased from 6,689 GJ in 2020 to 10,052 GJ in 2021**, the 94% of which was consumed inside the building while the remaining 6% was sold to the national electricity grid.

ENERGY CONSUMPTION [GJ]			
	2019	2020	2021
Direct energy consumption from non-renewable sources	87,974	75,129	75,325
gasoline	2,491	1,689	5,244
diesel	21,766	16,064	13,668
natural gas	62,998	56,765	55,772
LPG	719	610	641
Indirect energy consumption	188,036	174,104	208,700
electricity purchased from the grid	181,025	168,877	201,535
of which from certified renewable sources	8,876	8,557	17,168
heating consumption	7,011	5,227	7,165
Self-generated and consumed electricity from renewable sources	779	6,214	9,440
Electricity from photovoltaic plants generated and sold to the grid	93	476	611
Total energy consumption	276,789	255,447	293,465

Aware of our environmental impact, we aim to reduce GHG emissions related to our activities not only by adopting innovative solutions for energy efficiency, but also by adequately designing products for our customers.

¹ The growth of gasoline consumption could be affected by the different sources of the 2021 calculation compared to 2020. For example, some plants' data has been calculated from the annual car fleet expenditure and converted to liters/year.

TYPES OF EMISSIONS

SCOPE 1 OR DIRECT GHG EMISSIONS

The Scope 1 category entails all the emissions that come from sources directly owned or controlled by the company, for instance, emissions from combustion of natural gas for heating and fuels for company vehicles.

SCOPE 2 OR INDIRECT GHG EMISSIONS

The Scope 2 category includes emissions related to the generation of purchased electricity and heating consumed by the company; they can be calculated through two different approaches, explained as follows:

- Market-Based: it takes into account the RECS (Renewable Energy Certificate System), which certifies the electricity purchased by the company from zero-emissions renewable sources. If the organization does not completely cover its electricity needs with RECS certificates, the remaining purchased quantity is associated to an emission factor that considers the national electricity production from thermoelectric plants.
- Location-Based: emissions from purchased electricity and heating consumed are calculated based on the average emission factor associated with the national energy production mix.

CALCULATING THE FIRST BONFIGLIOLI GROUP'S FIRST GHG EMISSIONS INVENTORY

As a proof of our commitment toward sustainability, we strive to reduce both our direct and indirect emissions. As a result, Bonfiglioli has started the calculation of its **first Group's GHG Emissions Inventory** on 2021 data. The inventory will include emissions directly generated by the company (Scope 1) and indirect emissions (Scope 2), already calculated in the present Report and emissions not included in the previous categories but related to Bonfiglioli's value chain (Scope 3). The creation of a robust GHG emissions inventory, in line with major international standards, lays the foundation for proper identification of areas in which to implement future actions in order to reduce emissions.

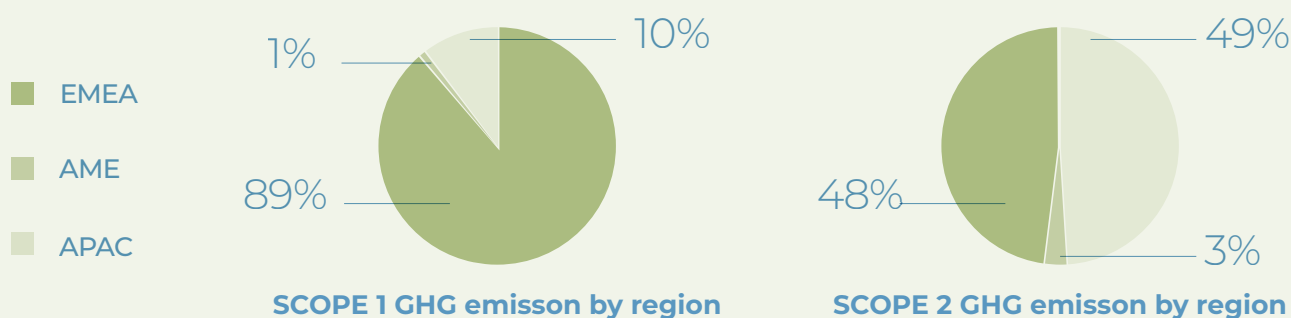
In 2021, direct GHG emissions (Scope 1) from direct energy consumption represented around 15% of our total GHG emissions¹, with a decrease of -9% with respect to previous year, mainly due to the consumption reduction of non-renewable sources. Indirect energy emissions (Scope 2) accounted for about 85% of total GHG emissions, with an increase of 18% compared to 2020, due to the higher share of energy purchased from the grid.

¹ Considering the Location-Based method for the calculation of Scope 2 GHG emissions.

EMISSIONS [TON CO ₂ EQ]			
	2019	2020	2021
Direct (Scope 1) emissions	5,624	4,960	4,495
Indirect (Scope 2) emissions			
Market-Based	23,038	21,589	25,267
Location-Based	26,670	24,219	28,625

Considering that the majority of our production buildings is located in EMEA and APAC regions, the greater share of emissions is connected to sites located in these areas, in line with past reporting years, accounting for 99% of Scope 1 and 97% of Scope 2 emissions in 2021. Particularly, indirect emissions related to European countries recorded an increase due to a growth in the production capacity of the sites, moving from a share of 84% of the overall Scope 1 emissions in 2020 to 89% in 2021.

2021 GHG EMISSIONS PER REGION



Our production process does not produce the release into the atmosphere of significant amounts of other air pollutants such as **nitrogen oxides (NOx)**, **particulate matter (SOx)**, **produced volatile organic compounds (VOC)** and **other pollutants**.

Our commitment to environmental protection also extends to minimize **waste production and disposal in our sites** by raising awareness on correct waste management among our employees and business partners. Certain of the strong cooperation of all Bonfiglioli's people, we are committed to minimize waste generation across the entire manufacturing processes through the introduction of dedicated activities that encourage recycling and reuse as alternative disposal methods. In 2021, we disposed a total of 13,169 tons of waste, with an increase of 16.6% compared to 2020 and in line with 2019 values, because of the recovery of production activities. The majority of the waste disposed in 2021 was non-hazardous (81.1%) and the amount of waste sent to landfill decreased by 9.5% compared to 2020.

WASTE BY TYPE AND DISPOSAL METHOD [TONS]			
	2019	2020	2021
Total waste by type	12,497	11,289	13,169
Hazardous waste	3,076 (24.6%)	2,471 (21.9%)	2,491 (18.9%)
Non-hazardous waste	9,422 (75.4%)	8,818 (78.1%)	10,678 (81.1%)
Total waste by disposal method	12,497	11,289	13,169
Reused or recycled	2,363 (18.8%)	2,551 (22.6%)	3,654 (27.7%)
Incinerated (including energy recovery)	7,895 (63.2%)	7,486 (66.3%)	8,034 (61.0%)
Sent to landfill	1,095 (8.8%)	864 (7.7%)	782 (5.9%)
Other	1,044 (9.2%)	388 (3.4%)	699 (5.3%)

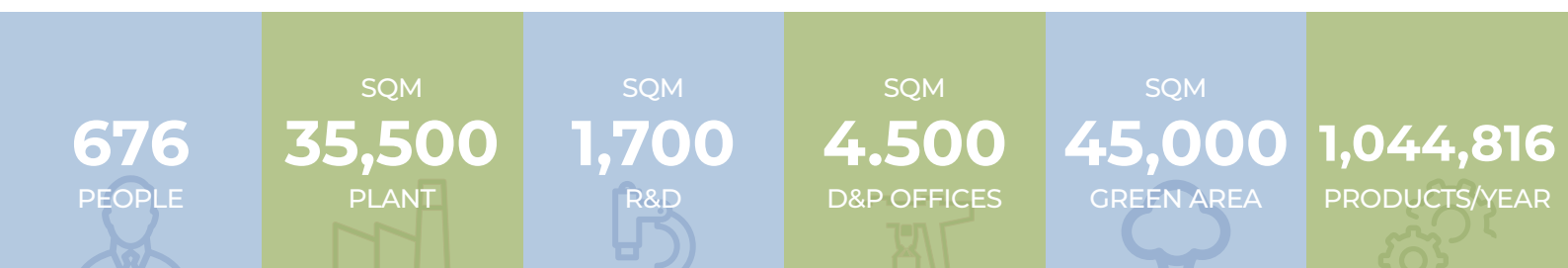
BONFIGLIOLI PLANTS: INNOVATIVE WORKPLACE FOR OUR PEOPLE

The commitment in creating a sustainable business represents one of our priorities, starting from the renovation and modernization of our sites. Using the most recent and innovative **energy-efficiency** solutions, our objective consists in combining modern standards on health and safety while reducing the overall environmental impacts, based on a new concept of workplace.

EVO, THE NEW CONCEPT OF OFFICES

EVO – abbreviation of EVOLUTION – represents our main manufacturing plant in Italy. Inaugurated in April 2019 and commissioned in the following months, the entire industrial unit is surrounded by 45,000 sqm of green areas, including a production building of 35,500 sqm, 1,700 sqm dedicated to R&D, 4,500 sqm for D&P offices and the corporate restaurant of 1,500 sqm.

Since its construction, EVO allowed the introduction of the **Industry 4.0** concept in Bonfiglioli, integrating innovative technologies in the manufacturing process, such as integrated robotics and IoT solutions, advanced logistics mechanisms, based on robots and autonomous vehicles, Radio-frequency identification (RFID) labels, and recreational green space for the employees.



All new buildings are **Nearly Zero Energy Building (NZEB)**, in fact EVO covers the entire energy demand required for the building services (ventilation, cooling, lightning). The idea developed in the design phase is that the new buildings will be very compact, with excellent building component characteristics (walls, windows, roof with low transmittance value) and very efficient utilities powered by a photovoltaic system. We use electricity (instead of gas) powered by the photovoltaic system for heating and cooling.

The photovoltaic system is also connected to the pre-existing plant (B3). On days when the new plant uses less electricity than the total amount of electricity produced by the photovoltaic system, the leftover electricity is used by B3.





Inaugurated in 2020, the office areas apply an open-space concept and modern glass walls to increase the feeling of absence of barriers, improving the employees' perception of collaboration and integration. In addition, considering aesthetics, the whole offices are accurately identified by using different colors, enabling the recognition of different workspaces in EVO. Areas for traditional work (open spaces, single offices, meeting rooms) are designed with muted colors while break areas as such as smart areas (phone booths, unformal meeting areas) have colorful furnishings.

EVO & THE NEW HEADQUARTERS - WORK IN PROGRESS

Designed during the previous year, in 2021 we started the construction of our new headquarters, structured to incorporate sustainability principles at all levels: indeed, the entire project includes Nearly Zero Energy Buildings thanks to the presence of innovative technologies and energy savings initiatives.

Rising in the EVO's perimeter, the building will have the shape of a diamond, including floors dedicated to offices and meeting rooms. This shape was implemented to reduce south-facing facades and maximise the ones facing north. The north-facing facades, in fact, are the privileged ones for the work desks because they are exposed to better daylight.

The building will feature a particular combination of materials used for the construction, represented by an external steel structure (that guarantee flexibility) integrated with terraces that workers can use for an outdoor break.

In 2021, geothermal wells were set up in order to be able to use the temperature of the water in the ground through a collection system, reducing the overall energy demand.





START OF WORK ON NEW BUILDING IN SPAIN

In 2021, Bonfiglioli started the construction of **the new home of Tecnotrans Bonfiglioli S.A.**, the Group subsidiary in Spain that has presided over the local market since 1968. The plant will be operational by the end of August 2022 in Castellbisbal, a municipality close to Barcellona.

The project will be structured considering an area of 14,000 sqm, where 6,900 will be dedicated to offices and logistics services. One of the main purposes behind the development of this new establishment is the promotion of collaboration and communication among employees, realized through open space sharing and multi-connected areas.

In addition, a 200 kWp photovoltaic system will be installed as part of the Group's environmental sustainability and energy efficiency standards, while another target will be optimizing the material flow, incorporating innovative storage and intralogistics systems.



SQM
14,000
PLANT

SQM
6,900
OFFICES &
LOGISTICS

kWp
200
PHOTOVOLTAIC
SYSTEM





APPENDIX

EMPLOYEES BY EMPLOYMENT CONTRACT

	2019	2020	2021
Employees with permanent contract	3,437	3,428	3,597
women	466	456	481
men	2,971	2,972	3,116
Employees with temporary contract	344	376	475
women	77	78	84
men	267	298	391
Total number of employees	3,781	3,804	4,072
Total number of women	543	534	565
Total number of men	3,238	3,270	3,507

	2019	2020	2021
Employees with permanent contract by region	3,437	3,428	3,597
Europe, Middle East & Africa	2,381	2,392	2,537
America	199	188	214
Asia-Pacific	857	848	846
Employees with temporary contract by region	344	376	475
Europe, Middle East & Africa	72	75	80
America	3	3	4
Asia-Pacific	269	298	391
Total number of employees by region	3,781	3,804	4,072
Europe, Middle East & Africa	2,453	2,467	2,617
America	202	191	218
Asia-Pacific	1,126	1,146	1,237

DIVERSITY OF EMPLOYEES BY CATEGORY, GENDER, AND AGE

	2019			2020			2021		
	Woman	Men	Total	Women	Men	Total	Women	Men	Total
Total number of employees	543	3,238	3,781	534	3,270	3,804	565	3,507	4,072
managers and above	21	156	177	21	164	185	19	155	174
white collars	386	1,444	1,830	386	1,447	1,833	412	1,536	1,948
blue collars	136	1,638	1,774	127	1,659	1,786	134	1,816	1,950

	2019				2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Total number of employees	643	2,302	836	3,781	564	2,360	880	3,804	589	2,505	978	4,072
managers and above	-	110	67	177	-	113	72	185	-	97	77	174
white collars	314	1,161	355	1,830	278	1,184	371	1,833	287	1,248	413	1,948
blue collars	329	1,031	414	1,774	286	1,063	437	1,786	302	1,160	488	1,950

PERCENTAGE OF DIVERSITY OF EMPLOYEES BY CATEGORY, GENDER, AND AGE

	2019			2020			2021		
	Woman	Men	Total	Women	Men	Total	Women	Men	Total
Total number of employees	14.4%	85.6%	100%	14.0%	86.0%	100%	13.9%	86.1%	100%
managers and above	11.9%	88.1%	100%	11.4%	88.6%	100%	10.9%	89.1%	100%
white collars	21.1%	78.9%	100%	21.1%	78.9%	100%	21.1%	78.9%	100%
blue collars	7.7%	92.3%	100%	7.1%	92.9%	100%	6.9%	93.1%	100%

	2019				2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Total number of employees	17.0%	60.9%	22.1%	100%	14.8%	62.0%	23.1%	100%	14.5%	61.5%	24.0%	100%
managers and above	0.0%	62.1%	37.9%	100%	0.0%	61.1%	38.9%	100%	0.0%	55.7%	44.3%	100%
white collars	17.2%	63.4%	19.4%	100%	15.2%	64.6%	20.2%	100%	14.7%	64.1%	21.2%	100%
blue collars	18.5%	58.1%	23.3%	100%	16.0%	59.5%	24.5%	100%	15.5%	59.5%	25.0%	100%

NEW EMPLOYEE HIRES BY AGE, GENDER AND GEOGRAPHICAL AREA

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of new employee hires	92	467	559	58	336	394	84	554	638
<30 years old	42	227	269	18	154	172	31	283	314
30-50 years old	45	217	262	34	160	194	44	236	280
>50 years old	5	23	28	6	22	28	9	35	44

	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
Total number of new employee hires	559		394		638	
Europe, Middle East & Africa	256		138		293	
America	85		77		79	
Asia-Pacific	218		179		266	

RATE OF NEW EMPLOYEE HIRES BY AGE, GENDER AND GEOGRAPHICAL AREA

	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
New employee hires rate	16.9%	14.4%	10.9%	10.3%	14.9%	15.8%
<30 years old	7.7%	7.0%	3.4%	4.7%	5.5%	8.1%
31-50 years old	8.3%	6.7%	6.4%	4.9%	7.8%	6.7%
>50 years old	0.9%	0.7%	1.1%	0.7%	1.6%	1.0%

	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
New employee hires rate	14.8%		10.4%		15.7%	
Europe, Middle East & Africa	10.4%		5.6%		11.2%	
America	42.1%		40.3%		36.2%	
Asia-Pacific	19.4%		15.6%		21.5%	

EMPLOYEE TURNOVER BY AGE, GENDER AND GEOGRAPHICAL AREA

	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Total number of employee turnover	66	424	490	68	303	371	65	427	492
<30 years old	16	129	145	20	100	120	18	150	168
30-50 years old	38	215	253	35	144	179	39	212	251
>50 years old	12	80	92	13	59	72	8	65	73

	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
Total number of employee turnover	490		371		492	
Europe, Middle East, India & Africa	256		125		222	
America	65		88		52	
Asia-Pacific	169		158		218	

RATE OF EMPLOYEE TURNOVER BY AGE, GENDER AND GEOGRAPHICAL AREA

	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
Employee turnover rate	12.2%	13.1%	12.7%	9.3%	11.5%	12.2%
<30 years old	2.9%	4.0%	3.7%	3.1%	3.2%	4.3%
31-50 years old	7.0%	6.6%	6.6%	4.4%	6.9%	6.0%
>50 years old	2.2%	2.5%	2.4%	1.8%	1.4%	1.9%

	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
Employee turnover rate	13.0%		9.8%		12.1%	
Europe, Middle East, India & Africa	10.4%		5.1%		8.5%	
America	32.2%		46.1%		23.9%	
Asia-Pacific	15.0%		13.8%		17.6%	

HOURS OF TRAINING OFFERED BY GENDER AND CATEGORY

	2019	2020	2021
Total hours of training	70,143	41,884	43,242
women	16,802	13,123	7,449
men	53,341	28,761	35,793

	2019	2020	2021
Total hours of training	70,143	41,884	43,242
managers and above	7,261	2,220	2,320
white collars	27,320	17,818	25,728
blue collars	35,562	21,846	15,194

	2019	2020	2021
Average hours of training	19	11	11
women	31	25	13
men	16	9	10

	2019	2020	2021
Average hours of training	19	11	11
managers and above	41	12	13
white collars	15	10	13
blue collars	20	12	8



METHODOLOGY

This document represents Bonfiglioli Group's third Sustainability Report and it has been realized with the purpose of sharing the company's commitment to sustainable development, as well as its efforts to promote a business model that respects the social, environmental and economic reality in which the company operates.

THE CONTENTS OF THE REPORT AND THE METHODOLOGY APPLIED

This Report refers to financial year 2021 (from 1st January to 31st December) and is published annually. As for previous years, the document is written in compliance with the GRI Sustainability Reporting Standards (hereinafter GRI Standards), Core option. The scope of the Sustainability Report 2021 includes the parent company (Bonfiglioli S.p.A., previously Bonfiglioli Riduttori S.p.A.) and its subsidiaries, consolidated on a line-by-line basis, also identified in the text as "Bonfiglioli", "The Group" or "Bonfiglioli Group". This Report, in accordance with the principles of the GRI Standards, covers the material topics that arose from the materiality analysis as described in the following sections.



OUR STAKEHOLDERS

The drafting process of the Sustainability Report started with the definition of the main stakeholders of the Group as, for us, this document represents a demonstration of responsibility to all our stakeholders.

In order to detect the most relevant stakeholders, we conducted an examination involving the corporate top management that allowed us to define the **11 most relevant categories**, including both stakeholders that can influence the company and the one that can be influenced by Bonfiglioli.



Bonfiglioli uses different channels to reach and communicate with its stakeholder categories, as summarized in the following table:

STAKEHOLDER CATEGORY	FREQUENCY	MAIN COMMUNICATION CHANNELS
Employees	Ongoing	Training activities; Performance management; Company portal
Suppliers	Periodic	Suppliers' qualification and audit; one-to-one meetings; e-mail/ phone calls
Customers	Periodic	Trade Exhibitions; meetings and visits; audit and evaluation by clients
Trade associations	Periodic	Meeting and events; Newsletter
Local communities	Periodic	Conversation and participation in local associations
Investors	Periodic	One-to-one meetings with investors
Shareholders	Periodic	Shareholders' meetings
Partners & Distributors	Periodic	Distributors' audit and qualification; one-to-one meetings; e-mail/phone calls
University and research center	Periodic	Open days; Collaboration in research projects and education
Competitors	-	Indirect communication channels
Trade Unions	Periodic	Roundtables, meetings and events



MATERIALITY ANALYSIS

Each year we conduct a materiality analysis in order to define the contents of the Report, which allows us to identify the material topics that have a strong influence on stakeholders evaluations and decisions, as well as high relevance in terms of economic, social and environmental impacts of the organization. The process involves two stages:

1. Identification of the potentially relevant topics: for the 2021 reporting period, the Group analyzed a series of sources to determine 19 themes that could potentially be relevant. The sources investigated were:

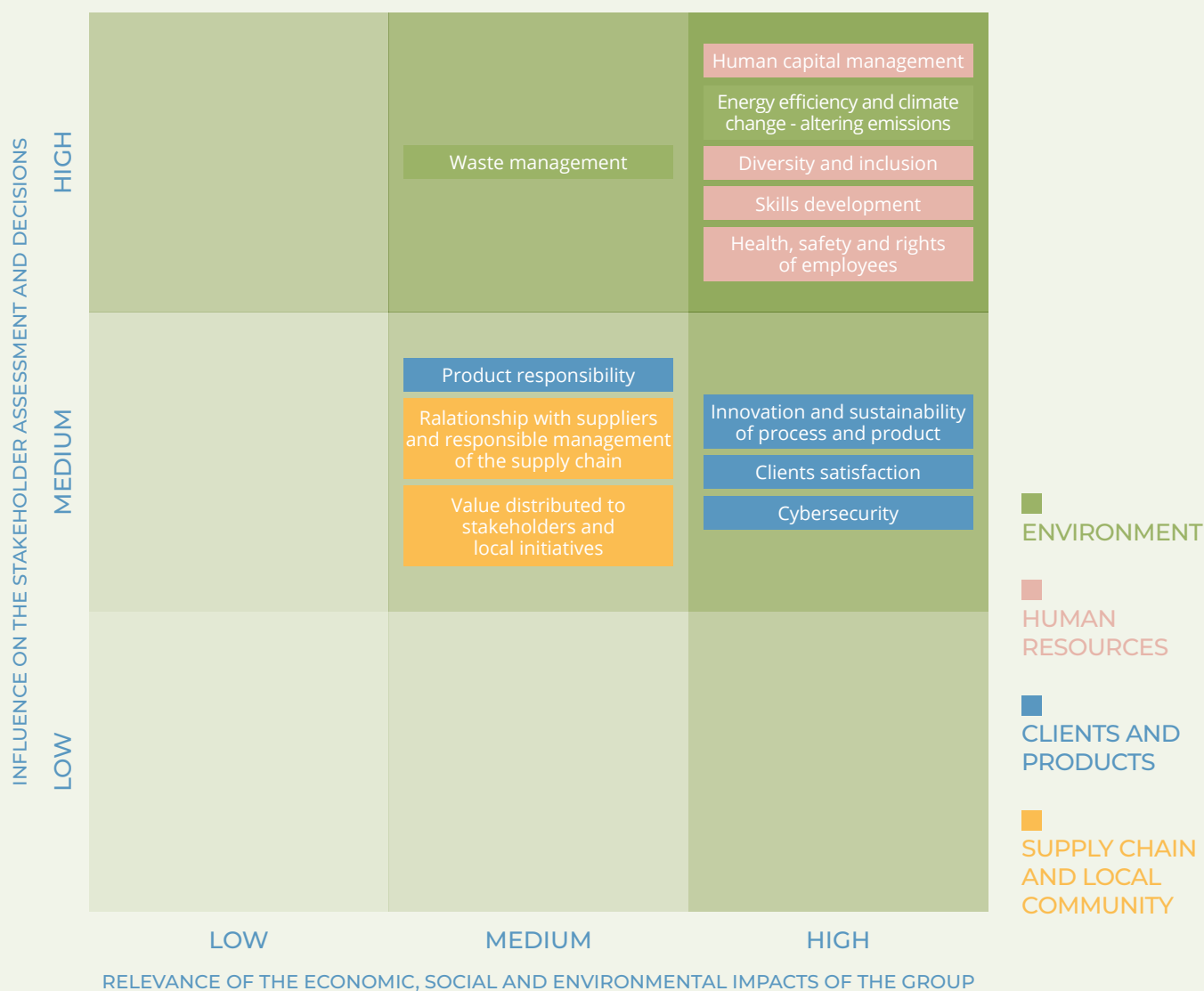
- sustainability trends at global level, based on the most important guidelines for sustainability reporting and ESG ratings;
- sector trends which included the sustainability aspects that emerged as relevant for the Bonfiglioli sector of reference;
- benchmarking analysis on sustainability reporting best practices, developed by players operating in comparable sectors to Bonfiglioli;
- media analysis on sustainability topics covered in the news regarding Bonfiglioli.

2. Prioritization of the relevant topics: the relevance of each sustainability aspect for the main stakeholders was assessed based on the results of the analysis previously described and then validated by the top management during the materiality analysis workshop, together with the relevance for the economic, social and environmental impacts of the Group.

From the analysis conducted, the 2020 materiality matrix has been reviewed: particularly, the topics “Product and process innovation” and “Energy efficiency and climate change” have been renamed into “Innovation and sustainability of process and product” and “Energy efficiency and climate-altering emissions” respectively. In addition, the attention to the procurement of raw materials has grown over the and, at the moment, it is subject to an increased monitoring.

As a result, the updated materiality matrix of Bonfiglioli is reported below:

MATERIALITY MATRIX



Day-to day activities at Bonfiglioli are conducted in accordance with the ethical principles stated in its Code of Ethics, ensuring fair and equal behavior in respect to all our stakeholders. For this reason, the topic “Business ethics” has not been included in the Materiality Matrix, as it is considered imperative in our daily business activities and therefore always assessed as relevant a priori. For us, “Business ethics” also comprehends the field of “Human Rights” and “Anti-corruption”, identified as relevant areas by the Bonfiglioli in the paragraph 1.6 OUR COMMITMENT FOR A RESPONSIBLE BUSINESS; particularly, these topics are regulated and managed by the Group through the adoption of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001 and the Code of Ethics.

CORRELATION TABLE AND SCOPE OF MATERIAL TOPICS

SCOPE	MATERIAL TOPIC	GRI TOPIC-SPECIFIC DISCLOSURES	IMPACT BOUNDARY		BOUNDARY LIMITATIONS
			INTERNAL	EXTERNAL	
Supply chain and local community	Value distributed to stakeholders and local initiatives	GRI 201: Economic performance	Bonfiglioli Group		
	Relationship with suppliers and responsible management of the supply chain	GRI 204: Procurement practice	Bonfiglioli Group		
Environment	Energy efficiency and climate-altering emissions	GRI 302: Energy	Bonfiglioli Group		
		GRI 305: Emissions	Bonfiglioli Group		
	Waste management	GRI 306: Waste	Bonfiglioli Group		
Human resources	Human capital management	GRI 401: Employment	Bonfiglioli Group		
	Health, safety and rights of employees	GRI 402: Labor/ Management relations	Bonfiglioli Group		
		GRI 403: Occupational health and safety	Bonfiglioli Group	External workers; Suppliers	Reporting partially extended to suppliers
	Skills development	GRI 404: Training and education	Bonfiglioli Group		
	Diversity and inclusion	GRI 405: Diversity and equal opportunities	Bonfiglioli Group		
		GRI 406: Non-discrimination	Bonfiglioli Group		
Customers and product	Product responsibility	GRI 416: Customers health and safety	Bonfiglioli Group		
	Clients satisfaction	GRI 103: Management approach	Bonfiglioli Group		
	Innovation and sustainability of process and product	GRI 103: Management approach	Bonfiglioli Group		
	Cybersecurity	GRI 103: Management approach	Bonfiglioli Group Suppliers, Clients, Employees		

QUALITY ASSURANCE PRINCIPLES FOR THE SUSTAINABILITY REPORT

The present Report was prepared in accordance with the GRI's reporting principles for defining report quality (accuracy, reliability, clarity, comparability, balance, timeliness) with the purpose of providing a balanced picture of the Group activities and impacts. Data presented in the document were collected and elaborated with the assistance of a consulting company and validated by the top management.

CALCULATION CRITERIA

The methodology used to calculate the quantitative indicators reported in our Sustainability Report is reported below.

The energy consumption of Bonfiglioli Group (electrical energy, natural gas, diesel, petrol) was calculated in Gigajoules (GJ). The conversion factors used to standardize energy consumption comes from the table **"UK Government GHG Conversion Factors for Company Reporting - fuel properties"** published by **"Department for Environment, Food, and Rural Affairs" (DEFRA) published in 2019, 2020 and 2021**.

Data concerning electricity from renewable sources include self-produced energy from renewable sources and energy purchased from certified renewable sources according to the applicable regulations.

For the calculation of direct GHG emissions (Scope 1), which are calculated in CO₂ equivalent, we used the following sources for emission factors:

- Fuels (petrol, diesel, natural gas, LPG, refrigerant gas): the most recent version of the **"UK Government GHG Conversion Factors for Company Reporting"** publishing by "DEFRA" for 2019, 2020 and 2021;
- In case of data not available, estimation were performed. Particularly, where necessary, the estimations have been conducted taking into considerations the percentage variation of worked hours within the plant or the overall Group's reduction on the same energy source.

For the calculation of indirect GHG emissions (Scope 2) the following sources were used for the emissions factors:

- Location-based calculation method: factor proposed by the publication "International comparison" published by **"TERNA" for the years 2018, 2019 and 2020**;
- Market-based calculation method: factors used came from **"Association of Issuing Bodies - European Residual Mixes 2019, 2020 and 2021**;
- Emissions of Scope 2 are calculated in tons of CO₂. However, considering the negligible amount of methane (CH₄), nitrous oxide (N₂O) and ozone (O₃) on the overall Scope 2 emissions, the value is expressed in Carbon Dioxide equivalent (CO₂eq), in line with Scope 1 emissions.

As regard the employee and health and safety indexes:

- The rate of work-related injuries is the relationship between total number of accidents and the total number of hours worked, multiplied by 1,000,000;
- The rate of high-consequence work-related injuries is the relationship between the total number of high-consequence work-related injuries and total worked hours by all employees during the year multiplied by 1,000,000;
- The calculation of rate of employee hires is obtained by dividing the number of employees hired by the total number of employees, multiplied by 100.



GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAG. NUMBERS/NOTES	OMISSIONS
GRI 102: GENERAL DISCLOSURE (2016)				
Organizational Profile (2016)	102-1	Name of the organization	Cover	
	102-2	Activities, brands, products, and services	20, 22-27	
	102-3	Location of headquarters	28-29	
	102-4	Location of operation	28-29	
	102-5	Ownership and legal form	30-31	
	102-6	Market served	22-27	
	102-7	Scale of the organization	39, 43, 77, 117-118	
	102-8	Information on employees and other workers	42, 53	
	102-9	Supply Chain	100, 105	
	102-10	Significant changes to the organization and its supply chain	100, 105	
	102-11	Precautionary Principle or approach	81-83	
	102-12	External initiatives	10, 11, 63-67	
	102-13	Membership of associations	13	
Strategy (2016)	102-14	Statement from senior decision-maker	7	
Ehtics and integrity (2016)	102-16	Values, principles, standards, and norms of behavior	16-17, 32,33	
Governance (2016)	102-18	Governance structure	30-31	
Stakeholder engagement (2016)	102-40	List of stakeholder groups	124,125	
	102-41	Collective bargaining agreements	44-45	
	102-42	Identifying and selecting stakeholders	124	
	102-43	Approach to stakeholder engagement	125	
	102-44	Key topics and concerns raised	126, 127	
Reporting Practice (2016)	102-45	Entities included in the consolidated financial statement	28,29	
	102-46	Defining report content and topic Boundaries	123	
	102-47	List of material topic	126,127	
	102-48	Restatements of information	With respect to last year's figures, the 2020 diversity data have been updated, as well as 2019 and 2020 data on energy consumption and their related Scope 1 emissions.	
	102-49	Changes in reporting	123-127	
	102-50	Reporting period	123,127	
	102-51	Date of most recent report	January 2022	
	102-52	Reporting cycle	123	
	102-53	Contact point for questions regarding the report	123	
	102-54	Claims of reporting in accordance with the GRI Standards	123-128	
	102-55	GRI content index	131-134	
	102-56	External assurance	The Report has not been subject to external assurance.	

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAG. NUMBERS/NOTES	OMISSIONS
TOPIC SPECIFIC STANDARDS: ECONOMIC PERFORMANCE (GRI 200)				
	ECONOMIC PERFORMANCE			
GRI 103: Management Approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	39	
	103-3	Evaluation of the management approach	39	
GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	39	
	PROCUREMENT PRACTICES			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	100-105	
	103-3	Evaluation of the management approach	100-105	
GRI 204: Procurement Practices (2016)	204-1	Procurement spending on local supplier	104-105	
	ANTI-CORRUPTION			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	34	
	103-3	Evaluation of the management approach	34	
GRI 205: Anti-corruption (2016)	205-3	Confirmed incidents of corruption and action taken	34	
TOPIC SPECIFIC STANDARDS: ENVIRONMENTAL PERFORMANCE (GRI 300)				
	ENERGY			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126,127	
	103-2	Management approach	106-111,129	
	103-3	Evaluation of the management approach	106-111,129	
GRI 302: Energy (2016)	302-1	Energy consumption within the organization	109, 129	
	EMISSIONS			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126,127	
	103-2	Management approach	110-111	
	103-3	Evaluation of the management approach	110-111	
GRI 305: Emissions (2016)	305-1	Direct (Scope 1) GHG emissions	111, 129	
	305-2	Energy indirect (Scope 2) GHG emissions	111, 129	
	EFFLUENTS AND WASTE			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	111	
	103-3	Evaluation of the management approach	111	
GRI 306: Waste (2020)	306-1	Waste generation and significant waste-related impacts	111	
	306-2	Management of significant waste-related impacts	111	
	306-3	Waste generated	111	
	306-4	Waste diverted from disposal	111	
	306-5	Waste directed to disposal	111	

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAG. NUMBERS/NOTES	OMISSIONS
TOPIC SPECIFIC STANDARDS: SOCIAL PERFORMANCE (GRI 400)				
	EMPLOYMENT			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	42-53	
	103-3	Evaluation of the management approach	42-53	
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	50-51, 119-120	
	LABOR/MANAGEMENT RELATIONS			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	50-51	
	103-3	Evaluation of the management approach	50-51	
GRI 402: Labor/Management relations (2016)	402-1	Minimum notice periods regarding operational changes		The Group did not define minimum notice period for operational changes, however, it undertakes to promptly communicate any changes in compliance with local legislation.
	OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	60-67	
	103-3	Evaluation of the management approach	60-67	
GRI 403: Occupational Health and Safety (2018)	403-1	Occupational health and safety management system	60-67	
	403-2	Hazard identification, risk assessment, and incident investigation	60-67	
	403-3	Occupational health services	60-67	
	403-4	Worker participation, consultation, and communication on occupational health and safety	60-67	
	403-5	Worker training on occupational health and safety	60-67	
	403-6	Promotion of worker health	60-67	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	60-67	
	403-9	Work-related injuries	60-67	
	TRAINING AND EDUCATION			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	54-59	
	103-3	Evaluation of the management approach	54-59	
GRI 404: Training and education (2016)	404-1	Average hours of training per year per employee	54-59	

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAG. NUMBERS/NOTES	OMISSIONS
	DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	42-53	
	103-3	Evaluation of the management approach	42-53	
GRI 405: Diversity and equal opportunity (2016)	405-1	Diversity of governance bodies and employees	30, 43-44, 117-118	
	NON-DISCRIMINATION			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	42-53	
	103-3	Evaluation of the management approach	42-53	
GRI 406: Non-discrimination (2016)	406-1	Incidents of discrimination and corrective actions taken	44	
	CUSTOMER HEALTH AND SAFETY			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	70-93	
	103-3	Evaluation of the management approach	70-93	
GRI 416: Customer health and safety (2016)	416-1	Assessment of the health and safety impacts of product and service categories	87	
MATERIAL TOPICS THAT ARE SPECIFIC FOR BONFIGLIOLI GROUP AND NOT COVERED BY GRI STANDARDS				
	INNOVATION AND SUSTAINABILITY OF PROCESS AND PRODUCT			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	39	
	103-3	Evaluation of the management approach	39	
	CYBERSECURITY			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	39	
	103-3	Evaluation of the management approach	39	
	CLIENTS SATISFACTION			
GRI 103: Management approach (2016)	103-1	Explanation of the material topic and its Boundary	126-127	
	103-2	Management approach	89	
	103-3	Evaluation of the management approach	89	





A stylized, painterly illustration of pink flowers and green leaves. The flowers are in various stages of bloom, with soft pink petals and yellow centers. The leaves are a vibrant green, some with yellow highlights. The background is a light, airy blue with soft, wispy patterns. The overall style is gentle and naturalistic.

SUSTAINABILITY REPORT 2021



We have a relentless commitment to excellence, innovation & sustainability. Our team creates, distributes and services world-class power transmission & drive solutions to keep the world in motion.

HEADQUARTERS

Bonfiglioli S.p.A

Registered office: Via Cav. Clementino Bonfiglioli, 1
40012 Calderara di Reno - Bologna (Italy)
Tel. +39 051 6473111

Head office: Via Isonzo, 65/67/69
40033 Casalecchio di Reno - Bologna (Italy)

