



Sustainability Report

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

2022

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Letter to stakeholders

Dear stakeholders,

we hereby present the 2022 Consolidated Non-Financial Statement of Biesse through which we disclose the results achieved in the environmental, social and governance (ESG) area. 2022 was a year characterised by the war in Ukraine, the ongoing consequences of the pandemic, problems with the supply of energy and raw materials and extreme weather events. These events had social and economic repercussions that increased inequalities and highlighted the fragility of the global economic system, which compromised efforts to achieve the goals set out in the United Nations 2030 Agenda. Inevitably, this context has affected our operations, not only internally but also in our relations with the community and other stakeholders. It is thanks to these relationships, and the awareness of a constantly changing environment, that we have been able to meet the challenges that have arisen: protecting jobs, motivating and training our teams, supporting the community and all those who directly or indirectly contribute to the success of our business. For two years now, the company has been going through a major transformation. The project involves the rationalisation of the corporate structure and an internal and international reorganisation that simplifies processes to make the group leaner, more efficient, and able to adapt quickly to the volatile and uncertain environment in which it operates. The overseas offices are also involved to strengthen the international network through more efficient structures. The new visual identity expresses this radical change and is necessary to align the positioning of the company and the brands. This new identity makes the company's new values and characteristics very clear; lasting success is only possible if a clear and shared purpose is pursued, one that embraces the company's hallmarks and makes them stand out in the marketplace. Biesse's success is therefore also the result of its ability to recognise and assess its environmental and social impacts, to establish new partnerships, to involve employees and to build trusting relationships with customers and suppliers. This business model calls for a new concept of leadership. Leadership that responsibly and diligently faces a change in which sustainability becomes an integral part of the way business is done. This new organisation has been made possible thanks to the people in the company who are constantly working to implement the change. They have been offered training courses covering a range of topics. This year, particular attention was paid to sustainability issues and involved employees both in Italy and abroad to raise awareness of the journey being undertaken. We continue to work to support our community through a process of mutual growth and development. This process allows us to promote various projects to support the education of young students and through initiatives to support the most disadvantaged communities in which we operate. The rationalisation process has also allowed us to improve our environmental performance, obtaining certification of the Environmental Management System according to the ISO 14001 standard for the Italian companies of the group. As in previous years, we have also invested in improving the energy efficiency of our plants and in the rational use of energy through monitoring systems. Our assets and skills will be key to enabling us to seize new opportunities for growth and, together with all our stakeholders, to meet the challenges of tomorrow. The results we present to you are the product of that intense effort, which we hope you will recognise as tangible proof of the change we are undergoing.

Roberto Selci
Managing Director



Methodological note

This document constitutes the 2022 Consolidated Non-Financial Statement ("NFS" or "Statement"), pursuant to Legislative Decree 254/2016 (implementing Directive 2014/95/EU), of the companies pertaining to the group consisting of Biesse S.p.A. and its fully consolidated subsidiaries ("group") and which addresses issues deemed to be significant and as required by Article 3 of the Decree.

The NFS has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards 2021 update published by the Global Reporting Initiative (GRI), according to the "in accordance" option and in line with the corporate procedure for preparing the NFS. The content addressed by the NFS has been selected based on the results of a materiality analysis, as updated in 2022, that has enabled us to identify topics that are material to the company and its stakeholders.

The materiality matrix resulting from the analysis conducted was approved on 28 November 2022 by the Control and Risks Committee, which is responsible for overseeing sustainability topics, and has been presented in the section of this document headed "Stakeholders and materiality analysis". It should be noted that, on account of the business sector, there have been no significant emissions of pollutants into the atmosphere other than greenhouse gas emissions.

The scope of the financial, social and environmental figures and other information is the same as that of Biesse 2022 consolidated financial statements and, therefore, also includes its fully consolidated subsidiaries. Any changes in the scope have been appropriately indicated in the document.

Compared to the consolidated financial statements for the year ended 31 December 2021, the scope of consolidation changed following the merger into the parent company Biesse S.p.A. (with effect from 1 January 2022) of the subsidiary Bre.Ma. Brenna Macchine S.r.l., (in which it previously held a 98% stake), and the purchase of an additional interest in Montesor S.r.l. (thereby increasing its controlling interest from 60% to 100%) in February 2022. It should also be noted that the acquisition of the remaining 40% stake in Movetro S.r.l. was finalised in May 2022.

This transaction did not actually alter the scope of consolidation since the company was already fully consolidated because the exercise the put/call option on the remaining minority interest was considered possible. Finally, it should be noted that on 1 November 2022, Forvet Research and Development S.r.l. was merged into its parent company, Forvet S.p.A. Macchine e Costruzioni Speciali.

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

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

An analysis of the activities that could potentially be considered aligned under the Taxonomy ("aligned activities") was carried out in accordance with the disclosure requirements of the European Taxonomy Regulation (Article 10 of the Delegated Act to Regulation 852/20 published on 6 July 2021 and approved by the EU Parliament on 8 December 2021). The Non-Financial Statement is published annually. If any further information is required, please use the following email address: sustainability@biesse.com. This document is also available on the Biesse website www.biessegroup.com. This Statement was submitted for review and assessment by the Control and Risks Committee on 08 March 2023 and was approved by the Board of Directors of Biesse S.p.A. on 14 March 2023.

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

Sustainability risks

The group's *Enterprise Risk Management* ("ERM Model"), in the more comprehensive context of the Internal Control and Risk Management System, is inspired by the international standards "Enterprise Risk Management - Integrated with Strategy and Performance" and the UNI 31000:2018 Standard².

During the risk assessment phase of the ERM process, possible integration aspects relating to environmental, social and governance-related risks ("ESG") were considered based on the guidance provided in the "Enterprise Risk Management - Applying enterprise risk management to environmental, social and governance-related risks" guide³.

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

The Risk Management function supports the Managing Director in establishing the Risk Management strategy, which is linked to the risk appetite associated with pursuing medium- to long-term business objectives, establishing a common company model for identifying, evaluating and managing risks and the related methodology.

Environment

Ensuring a sustainable and continuously expanding business means managing natural resources responsibly and encouraging the efficient use of electricity and natural gas. This year Biesse eliminated cobalt from the entire product range of the Diamut division, not only to reduce the impact on the environment but also to limit potentially harmful effects on health and safety. To guarantee that the environment in which the company operates is managed correctly, Biesse S.p.A. has also obtained UNI ISO 14001:2015⁴ certification for its environmental management system. Certification allows the company to keep abreast of regulatory changes and to meet the needs of stakeholders who require increasingly better environmental performance. It is also a tool for managing environmental risk and forms the basis for building future ESG objectives. As in previous years, in 2022, the contract for the purchase of GO (Guarantee of Origin) certified electricity from renewable sources was renewed for all Italian companies, except for the recently acquired Forvet S.p.A., with the aim of significantly reducing indirect Scope 2 *market-based* CO₂ emissions. Also, as part of its ongoing efforts to improve energy efficiency, a dual medium-voltage power supply system is being installed on the Pesaro campus to reduce production downtime caused by power grid failures and to improve the self-consumption of energy produced by the solar panels already installed at the campus.

Personnel-related issues

This year, Biesse focused on "strategic" employee training. The main topics covered by the training were sustainability and the reorganisation of processes. Regarding sustainability, training snippets were provided to all departments in Italy and abroad to disseminate and raise staff awareness of these topics. In terms of company processes, training sessions were organised to standardise the methods of operating required by the change process that is underway.

- ¹ As updated in 2017 by the Committee of Sponsoring Organisation (CoSO) of the Treadway Organisation. It represents a standard framework and guide for companies planning to adopt risk management processes that can guide strategies by measuring performance and pursuing long-term value creation, while considering possible disruptions and risks that may result from adverse scenarios. Under the CoSO Framework, risk management processes are not a separate activity, but an integral part of setting and deploying a business strategy. Based on this assumption, the CoSO ERM Framework places the risk management process at the centre of the value chain between the organisation's mission, vision and core values and its performance.
- ² The "Risk Management - Principles and guidelines" Standard provides general principles and guidelines for organisations to efficiently, effectively and systematically implement a risk management system. In particular, this standard sets out the responsibilities for ensuring the adequacy, effectiveness and efficiency of the Risk Management process, and includes the essential elements for its implementation and continued improvement over time, and emphasises that risk management must be adapted to the specific needs and organisation of each company.
- ³ Guide prepared by the CoSO in partnership with the World Business Council for Sustainable Development (WBCSD).
- ⁴ The site in via Toscana 81 in Pesaro, is not covered by the certification.

Human rights, supply chain

Biesse plans to further expand the analysis of business risks to also include those related to human rights along the value chain, in line with industry best practice and the relevant international framework. In this regard, Biesse has launched a project to progressively integrate social and environmental aspects into the risk analysis of its suppliers to map its supply chain.

Fight against active and passive corruption

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

1. Biesse Identity

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1969 Founded in Italy in 1969

STAR listed on the STAR segment of the Italian Stock Exchange

'80 Biesse opened its first international office

December 31, 2022

4 manufacturing sites

30 Showroom

4,200 employees and other workers around the world.

1. Biesse Identity

Company overview

Biesse is an international company that produces integrated lines and machines for processing wood, glass, stone, plastic, composite materials and materials of the future. Founded in Italy in 1969 and listed on the STAR segment of the Italian Stock Exchange, Biesse supports the growth of its customers' businesses operating in the furniture, housing & construction, automotive and aerospace sectors. Biesse's international growth began at the end of the 1980s when it opened its first international office, which continues to be a cornerstone of the company to this day. The international offices are key to operating in markets regarded as strategic, while fully respecting and leveraging local characteristics and cultures.

At 31 December 2022, the company operates 4 manufacturing sites and 30 showrooms reaching over 160 countries and exports over 80% of its production. At 31 December 2022, Biesse had approximately 4,200 employees and other workers around the world.

Vision

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

Mission

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

Values

International natives

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

Insightful curiosity

A constant desire for discovery, which turns into intuition.

Genuine "maestria"/mastery

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

Widespread transparency

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

Heartfelt commitment

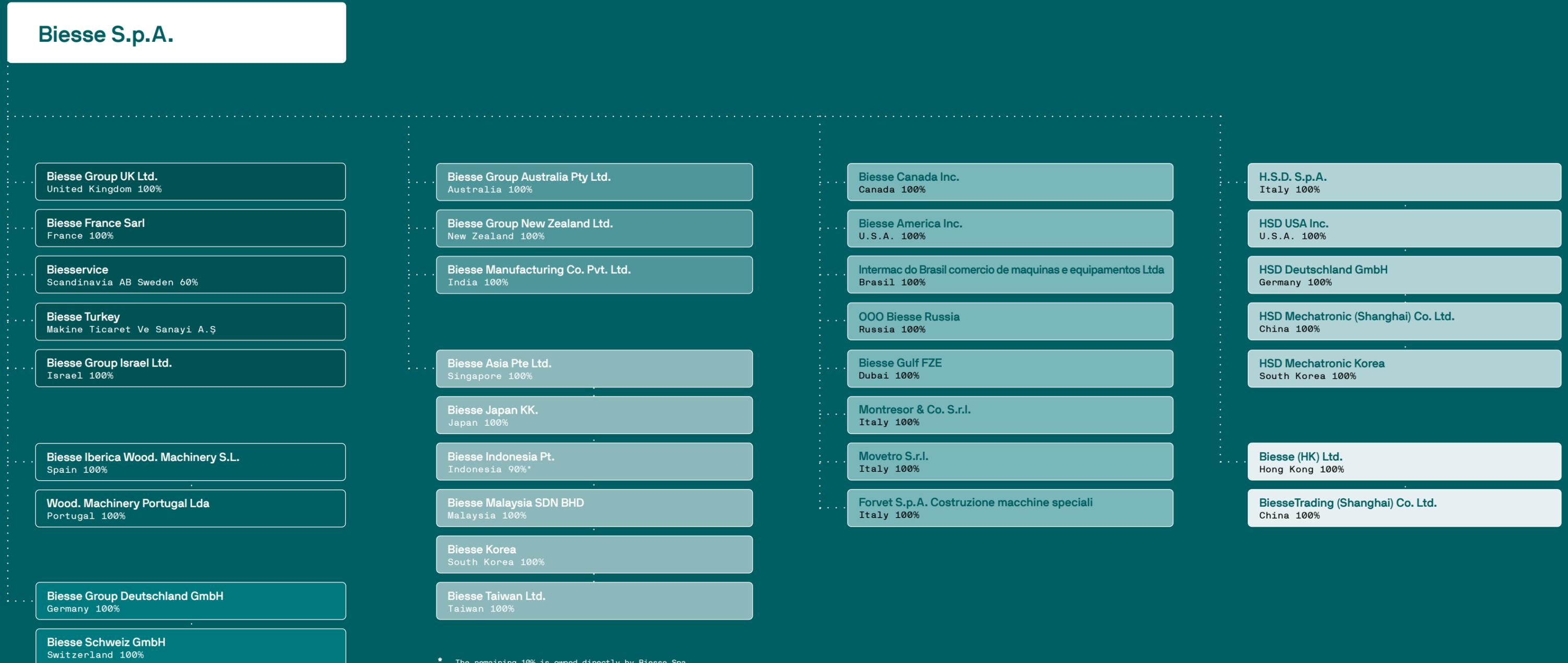
The adherence to a common project, lived and strengthened on a daily basis.

Respectful sight

The care for environment, society, people.

Company Structure

Figure 1.
Group structure at 31.12.2022⁵



⁵ The various colours represent the subgroups in the chain of control.

Brand Architecture

Figure 2.
Biesse's new Brand architecture

Master brand



Material brands



Independent brands

DIAMUT

HSD
MECHATRONICS

The Material Brands

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

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

The colours therefore express the unique aspects of the sectors and reinforce the notion of multiple materials, a distinctive feature of Biesse compared to its competitors. The shades chosen directly recall the material they are inspired by: light brown for wood, light blue for glass, Verona red for stone, and purple for plastic, which was chosen to identify a material not found in nature.

HSD Mechatronics

HSD, the group's mechatronics company, designs, produces and markets electrospindles, dual-axis milling heads and technologically advanced components for the machining of metal, alloys, composite materials, wood, glass and stone. The company operates out of an 8,000 m² facility designed around the principles of "Just in Time" (JIT) production. Its headquarters is in Italy and with five branches in the most important world markets.

Diamut

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

Our history

Biesse was founded in 1969 as a company dedicated to the design, manufacture and distribution of wood processing machinery. In a few years, the company became an integral part and engine of the Italian furniture industry and expanded throughout the country. With the opening of the first foreign subsidiary, a strong internationalisation process was launched that helped to establish the brand around the world. The company's history is a journey made of ambitious choices, collaborations and investment in research that have made it possible to manufacture state-of-the-art machinery.

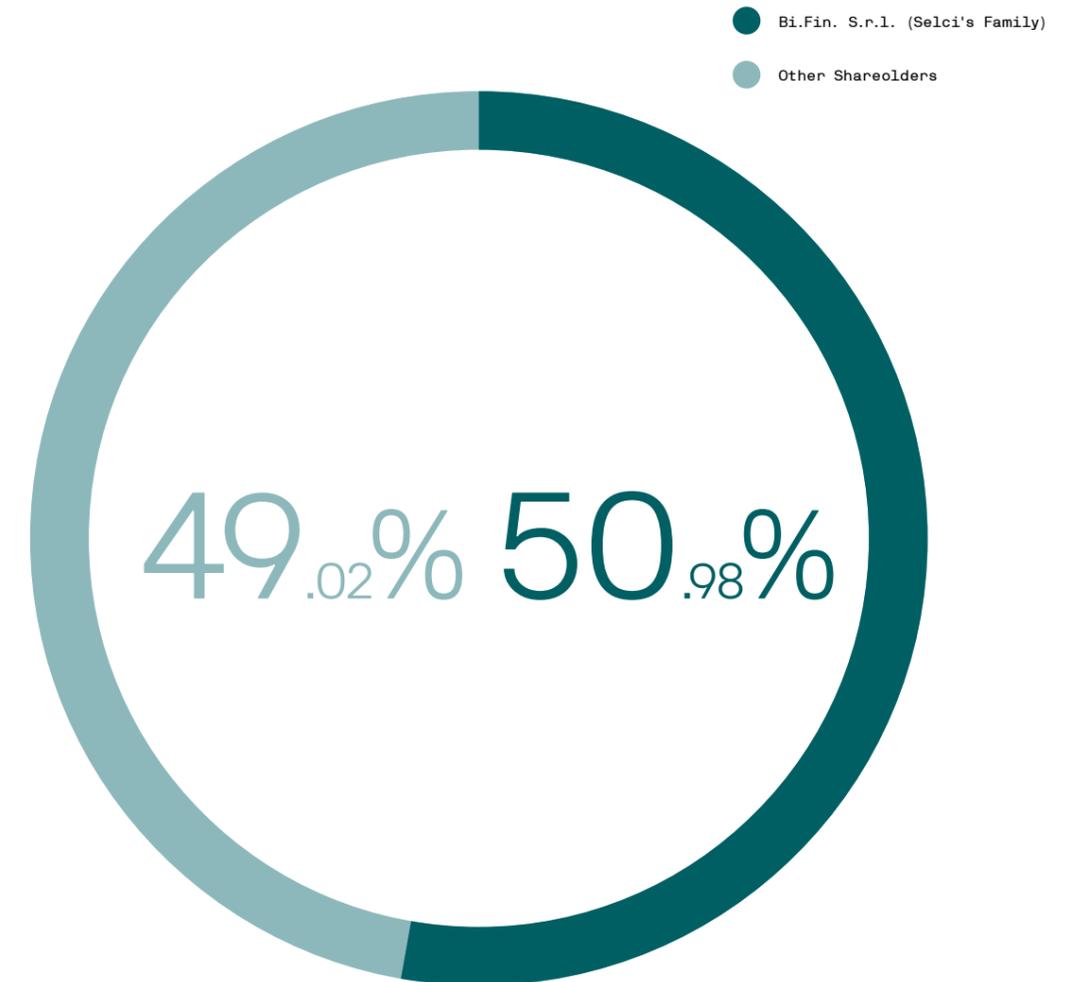
- 1969 Biesse was founded in Pesaro, Italy, to design, manufacture and distribute wood processing machinery
- 1983 Biesse launches Rover on to the market, a numerical control wood processing centre.
- 1987 the business unit focused on the design, manufacture and distribution of glass and stone processing machines was established.
- 1989 with the opening of the first branch abroad in the United States, the internationalisation process begins.
- 1991 the HSD business unit was established to design, manufacture and distribute electromechanical components.
- 2001 Biesse S.p.A. is listed on the STAR segment of the Italian Stock Exchange.
- 2008 opening of the first overseas manufacturing plant in India.
- 2017 Biesse develops its own IoT (Internet of Things) platform, making its technology 4.0 ready.
- 2018 Biesse prepares its first Sustainability Report.
- 2020 start of the corporate reorganisation process, which involves the transition from an organisation based on business units to one based on processes.
- 2021 Forvet S.p.A. Costruzione Macchine Speciali, a manufacturer of special automated machines for machining glass, becomes part of the company; creation of the Corporate Social Responsibility department confirming the group's commitment to social responsibility issues.
- 2022 Launch of Biesse's new visual identity (one brand approach).

Shareholders

Figure 3. Shareholders of Biesse S.p.A.

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

Set out below is a breakdown of shareholders at **31 December 2022**:



Corporate governance

Biesse S.p.A.'s corporate governance system complies with the principles set out in Borsa Italiana's Corporate Governance Code and with international best practice.

On 14 March 2023, the Board of Directors approved the report on corporate governance and ownership structure pursuant to Article 123-bis of the Consolidated Finance Act, relating to financial year 2022. This report has been published on the Company's website www.biessegroup.com in the "Corporate Governance" subsection of the "Investor Relations" section and to which explicit reference is made as required by law. Within the report on corporate governance and ownership structure (Chapter 4 par. 4.2 and 4.3) all information relating to the appointment, selection and criteria for selecting members of the Board of Directors can be found.

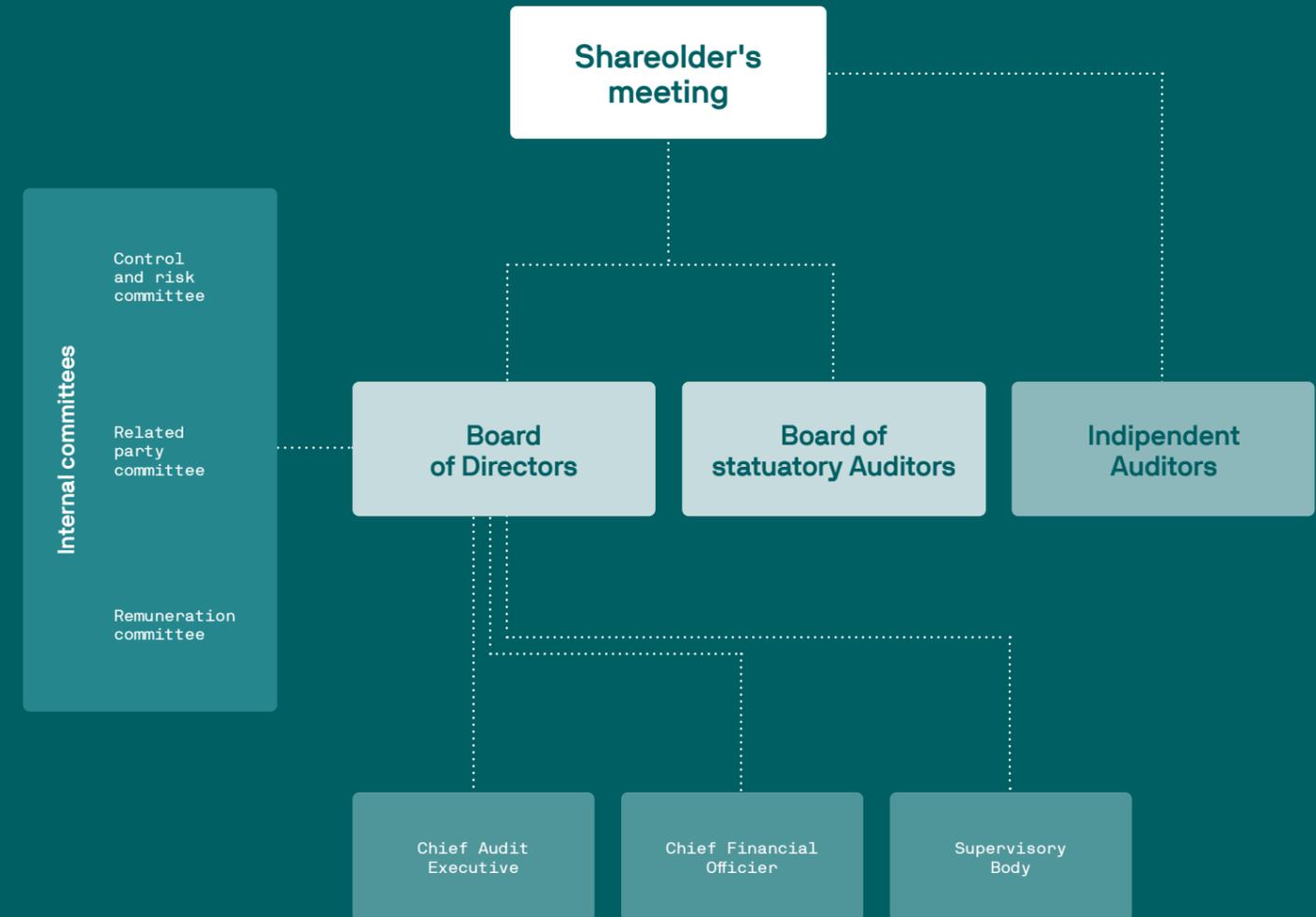
Biesse S.p.A. has adopted a traditional administration and control model, which requires general meetings of shareholders to be held and the appointment of a Board of Directors, a Board of Statutory Auditors, and independent auditors. The corporate bodies are appointed by the shareholders at the general meeting and have a three-year mandate.

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

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

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

Figure 4.
Biesse S.p.A.'s Administration and Control Model



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

The composition of the Board of Directors of Biesse S.p.A.⁶ at 31 December 2022 is as follows:

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

Under the current structure of the Board of Directors, the Chairman may not also be a senior manager of the organisation. The governing body is made up of executive and non-executive directors, all of whom possess adequate levels of professional expertise and skills for the tasks entrusted to them, including on sustainable development issues. For this reason, no initiatives were carried out this year to increase the Board's awareness of sustainable development issues. In the ESG area, the Board of Directors is tasked with approving the Sustainability Policy and the Non-Financial Statement and communicating it to stakeholders. As regards the non-executive directors serving on the Board of Directors of Biesse S.p.A., indicated below is the number of directorships or statutory auditor appointments in other companies listed on Italian and foreign regulated markets, in finance-sector companies, banks and insurance companies or in companies of significant size:

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

The composition of the Board of Directors of Biesse S.p.A at 31 December 2022 in terms of gender and age group is as follows:

- **57% men and 43% women**
- **14% in the 30-50 age group and 86% in the over 50 age group**

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

- A **Remuneration Committee**, consisting of two independent directors, the main task of which is to assist the Board of Directors in establishing the general remuneration policy for managing directors, executive directors, other directors assigned specific duties and key managers and to monitor the application of decisions taken by the Board of Directors.
- A **Control and Risks Committee**, consisting of two independent directors, which supports the Board of Directors in carrying out its duties relating to the Internal Control and Risk Management System, as well as those relating to the approval of periodic financial reports. The Control and Risks Committee has also been assigned the task of supervising sustainability issues involving the management of the company's impact on the environment and people, related to the conduct of business activities and the dynamics of interaction with all stakeholders. Also, Biesse's material issues are subject to annual review and approval by the Control and Risk Committee (CRC) of Biesse S.p.A.
- A **Related Party Transactions Committee**, consisting of two independent directors, which supports the Board of Directors in the assessment, review, and approval of related party transactions.
- **Appointments Committee**: The company has considered assigning the duties of the Appointments Committee to the Board of Directors.

The composition of the Board of Statutory Auditors at 31 December 2022 is as follows:

- **Paolo De Mitri**
Chairman
- **Giovanni Ciurlo**
Acting auditor
- **Enrica Perusia**
Acting auditor
- **Maurizio Gennari**
Alternate auditor
- **Silvia Muzi**
Alternate auditor

The composition of the Supervisory Body at 31 December 2022 is as follows:

- **Giuseppe Carnesecchi**
Chairman (external member)
- **Domenico Ciccopiedi**
Head of Internal Audit
- **Elena Grassetti**
Head of Legal and Corporate Affairs

Head of Internal Audit:

- **Domenico Ciccopiedi**

Financial reporting manager:

- **Pierre Giorgio Sallier de La Tour**
CFO di gruppo

Independent auditors:

- **Deloitte & Touche S.p.A.**

⁶ Directors' curricula vitae are available on the website www.biessegroup.com in the "Corporate Governance" subsection of the "Investor Relations" section".

Business ethics and integrity

All business activities are conducted in line with the group's Code of Conduct, to ensure full compliance with regulations in force at the local, national, and international level. The Code of Conduct is the official document that sets out the values, commitments, responsibilities and conduct to be observed by the group companies when conducting business and in their relations with stakeholders, including respect for human rights.

Moreover, it governs the body of rights, duties and responsibilities that Biesse expressly assumes in dealings with parties with which it interacts in the conduct of its business activities. The Code of Conduct, together with other documents relating to business ethics and integrity, mentioned below, are available on the group's website in the "Corporate Governance" subsection of the "Investor Relations" section.

In order to promote and strengthen its anti-corruption efforts and to raise awareness and disseminate a culture based on ethical principles, Biesse has adopted an Anti-bribery Code of Conduct, which sets out the rules of conduct that all employees and other workers must observe in the conduct of business to ensure compliance with anti-corruption regulations in force. The Code of Conduct, which has been distributed to all group companies, has made it mandatory to apply the relevant principles and rules of conduct for the reasonable prevention of active and passive and direct or indirect corruption offences involving Italian or foreign private or public persons. Specifically, the document sets out the rules of conduct to be observed in connection with various activities, such as:

- **Dealings with the public administration**
- **Facilitation Payment**
- **Loans to political parties**
- **Donations**
- **Sponsorships**
- **Gifts, presents, hospitality and entertainment**
- **Dealings with third parties**

The commitment in the fight against corruption is expressed not only in the Code of Conduct, but also in the Organisational, Management and Control Model (OMCM) pursuant to Legislative Decree 231/01 to which the companies of the group have adhered. The OMCM includes specific procedures that set out the rules of conduct to safeguard against the risk of public sector corruption associated with public funding, health and safety at work, and taxation. Furthermore, as a safeguard against the risk of private bribery, these companies are subject to periodic audit cycles. In the last year, no cases of active or passive corruption have been confirmed within the company.

Moreover, every year the company carries out checks to ensure that conflicts of interest with respect to directors do not exist, including the checks envisaged by the procedure governing related party transactions as required by the Regulations adopted by Consob (Italian Companies and Exchange Commission). No conflicts of interest requiring reporting to stakeholders emerged in 2022. In 2022, no cases arose of non-compliance or pecuniary sanctions imposed on Biesse concerning the following areas:

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

Biesse recorded one non-compliance issue in 2022 concerning the impact on the health and safety of its products and services. Specifically, this related to an injury that occurred in previous years, at an external company while operating a Biesse machine, and which became known in 2022. Following an inspection by the Azienda Sanitaria Universitaria Friuli Centrale (Central Friuli University Health Authority) proving that the machinery in question did not comply with the essential safety requirements, in early 2023 it was determined that the non-compliance no longer existed and therefore payment of the fine for the incident was requested.

Remuneration policy

The Remuneration Policy, prepared according to the recommendations of the Corporate Governance Code to which Biesse complies, contributes to the sustainable success of the company and considers the need to attract, retain and motivate people with the skills and professional expertise necessary for the role they hold. It involves several corporate bodies, engaged in different ways in its preparation, approval and implementation: the General meetings of shareholders, the Board of Directors, the Remuneration Committee, the Human Resources Department and the Board of Statutory Auditors. These bodies are also involved in any revisions to the Remuneration Policy. The Remuneration Policy report is prepared according to Article 123-ter of the Consolidated Finance Act and was approved by the Board of Directors on 14 March 2022. The report describes the different components of remuneration (fixed, medium-term and long-term variable, benefits and severance pay), the process for monitoring the correct application of the Remuneration Policy, the periodic assessment of the adequacy and overall consistency of the policy in terms of the remuneration of directors and top management. The best practices of listed companies were

considered when drafting the policy. However, for now, stakeholders were not involved in this phase. The Remuneration Committee, composed exclusively of independent directors, supports the Board of Directors in developing short- and long-term plans and supervising the Policy, periodically assessing its adequacy, overall consistency and application. The Policy is submitted to the General Meeting of Shareholders, which expresses its opinion on it with a binding vote. At present, the policy does not include an incentive for top management relating to sustainability performance. In 2022, Biesse analysed and reported the total annual pay ratio as required by the latest version of the standard. The aim is to promote transparency and accountability in employee compensation and to encourage the review and improvement of the organisation's Remuneration Policy. When calculating the ratio between the total annual remuneration of the highest-paid employee and the median total annual remuneration of all employees, the following were respectively considered: the total annual remuneration of all employees (which includes base salary, bonuses, premiums, incentive plan compensation), the remuneration of the highest-paid employee (including base salary, the MBO target value and the amount accrued under the Long-term Incentive Plan - LTI for the 2022 reporting year), and the median annual remuneration of all employees, excluding the annual remuneration of the highest-paid employee. This ratio is now 31.34. A comparison with 2021 data is not possible this year, though additional analyses will be possible from the next reporting period.

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

Biesse S.p.A. and⁷ its main Italian subsidiaries, have adopted an Organisational, Management and Control Model ("OMCM" or "231 Model") in order to prevent, as far as possible, the commission of offences under Legislative Decree 231/2001, such as environmental offences, corporate offences, offences arising from a breach of health and safety at work regulations and corruption offences. Biesse also has a Code of Conduct, a document aimed at promoting "business ethics". The code consists of a set of internal rules whose ultimate purpose is to encourage a culture of corporate ethics and transparency.

⁷ HSD e Forvet SpA

The Code of Conduct is an integral part of the 231 Model. In 2021, the OMCM was updated to incorporate the latest changes to Legislative Decree 231/2001, which mainly relate to the introduction of tax offences. Biesse S.p.A.'s OMCM is publicly available on the company's website in the "Corporate Governance" subsection of the "Investor Relations" section, whereas the OMCMs of the other companies have been made available to employees via the corporate intranet. In order to actively promote business ethics and integrity, the persons most involved and senior management receive periodic training on issues pertinent to Legislative Decree 231/2001. Specifically, in order to reach the largest number of people possible with training courses on the foregoing topic, in 2022, training initiatives were held involving approximately 2,700 employees and other external workers. When reports of irregularities are received, the Supervisory Board of Biesse S.p.A., after assessing the relevance of the information received from the various group companies, notifies its own Board of Directors and as a result, the highest governing body in the annual report. No matters were reported to the Supervisory Body in 2022 via the reporting channels available to all interested parties for the communication of unlawful conduct pursuant to Legislative Decree 231/2001 and the OMCMs. These channels are designed to ensure the protection of the identity of informants in accordance with Law No. 179 of 2017 (Whistleblowing law).

Antitrust

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

Biesse firmly believes in competition in the various business sectors in which it operates, and its aim is to compete in a legitimate, loyal, and ethical manner in full compliance with competition protection rules. The rules set out in the document are designed to contribute to proper competitive market dynamics to strengthen competition and the economic efficiency of a free market. During 2022, no cases were reported of pending or concluded legal actions regarding anti-competitive behaviour or violations of antitrust and monopoly legislation.

Tab 1.
Report by country

Transparency and approach to taxation

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

Biesse's approach to taxation also focuses on taking advantage of the opportunities available to it under the law to drive innovation and the pursuit of continuous excellence, through, for example, the processes linked to the Patent Box tax incentives and the incentives provided for under the Industry 4.0 programme.

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

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

Other important controls to mitigate risk factors in the tax area are, in addition to the responsible supervisory body, the channels made available by Biesse to encourage the reporting of any illegal or suspicious tax-related conduct, as well as the communication of any concerns related to taxation. These include the reporting channels made available for communicating relevant unlawful conduct pursuant to Legislative Decree 231/2001 (Whistleblowing). Moreover, shareholders and investors can refer to Investor Relations as a permanent point of reference for any discussion and communication, including on tax matters. Finally,

the Consolidated Financial Statements of Biesse are regularly audited by an independent auditor and provide transparent disclosure concerning the fiscal management of Biesse⁸.

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

2022

Tax jurisdiction	Primary activities of the organization	Corporate income taxes paid on a cash basis	Corporate income taxes determined on an accruals basis
Australia	Trading	33,545	1,000,977
Austria	Trading		
Brasil	Trading	3,165	-
Canada	Trading	715,521	502,753
China	Trading	13,119	137,197
Korea	Trading	559	48,051
United Arab Emirates	Trading	-	-
France	Trading	1,182,715	967,920
Germania	Trading	867,447	607,293
Hong Kong	Trading	-	-
India	Production and Trading	1,714,004	1,879,674
Republic of Indonesia	Trading	66,850	30,380
Israel	Trading	-	-
Italy	Production and Trading	10,953,577	7,281,407
Japan	Trading	465	-
Malaysia	Trading	62,955	38,897
New Zealand	Trading	4,785	161,785
Portugal	Trading	13,177	13,177
Russia	Trading	65,775	130,446
Republic of Singapore	Trading	1,235	84,441
Spain	Trading	58,208	149,247
Sweden	Trading	24,293	31,651
Switzerland	Trading	36,066	34,520
Taiwan	Trading	45,017	-
Turckey	Trading	16,487	43,872
UK	Trading	243,519	478,250
USA	Trading	2,425,297	2,534,008
Total		-18,278,194	14,039,894

2021

Tax jurisdiction	Primary activities of the organization	Corporate income taxes paid on a cash basis	Corporate income taxes determined on an accruals basis
Australia	Trading	22	-
Austria	Trading	750	750
Brasil	Trading	323	-
Canada	Trading	34,029	345,939
China	Trading	8,153	4,970
Korea	Trading	7,704	30,287
United Arab Emirates	Trading	-	-
France	Trading	204,647	789,224
Germany	Trading	420,366	394,799
Hong Kong	Trading	-	-
India	Production and Trading	3,418,259	1,745,829
Republic of Indonesia	Trading	23,011	35,675
Israel	Trading	-	-
Italy	Production and Trading	679,999	236,108
Japan	Trading	-	-
Malaysia	Trading	97,295	38,434
New Zealand	Trading	12,174	62,798
Portugal	Trading	28,266	28,266
Russia	Trading	204,016	174,300
Republic of Singapore	Trading	6,204	17,241
Spain	Trading	-	58,208
Sweden	Trading	20,040	17,542
Switzerland	Trading	36,828	37,071
Taiwan	Trading	17,642	29,752
Turckey	Trading	30,631	1,135
UK	Trading	445,760	397,428
USA	Trading	1,316,634	1,349,393
Total		-5,523,389	-5,792,877

Cyber security

Biesse considers the protection of the assets and information that make up the company's information resources to be of fundamental importance. Biesse has embarked on a process of continuous development and growth through the careful management of cyber security topics aimed at preserving the availability, integrity, and confidentiality of data, as well as the continuity of the services provided and protection against fraud. These topics are included within the "ICT End User Global Policy", issued in 2019, and which constitutes a reference for all group employees for properly using the ICT tools made available by the Company. The above policy places a significant focus on the "secure" management of company data and assets and on the importance of the conduct of each employee to ensure that their complete availability, integrity, and confidentiality are preserved.

To increase awareness of this in all employees, starting in 2021, "Information Security Awareness" was launched, an internal communications campaign through which targeted thematic information is periodically provided through company devices to raise awareness among company personnel about data and information security risks and protection from cyber attacks. To give continuity and momentum to our awareness and training initiatives, in 2022, we have invested in a "Phishing Simulation" platform, through which we can continuously assess and keep the level of attention high among the entire corporate population regarding attempts at phishing and e-mail fraud. Within the company organisational structure, the IT Department periodically conducts reviews and breach and attack simulations to identify any vulnerabilities or gaps that need to be addressed to mitigate and minimise the related risks. Moreover, in collaboration with Internal Audit, a risk assessment and remediation process for IT and cyber security issues is carried out annually. The ICT Security Manager is responsible for managing cyber security projects and matters throughout the group. Among the primary risks identified and managed by the group are the risk of mishandling of data and tools, the risk of phishing and fraud, and the risk of malware. These risks are managed through specific platforms and technological infrastructures for protecting data, digital identities and infrastructures, as well as by continuously providing information and training to employees. A Security Information and Event Management (SIEM) system is in place to monitor the infrastructure and all suspicious events. The SIEM system can collect and correlate all security events generated by devices connected to the company network. This tool forms the basis of security monitoring activities that are conducted 24 hours a day, 365 days a year, with the support of a dedicated SOC (Security Operation Centre) structure.

With a view towards continuous improvement, a strategic improvement plan was prepared which forms the basis of the cyber security initiatives for the next three-year period. This plan is centred on "Security by Design and by Default", a key concept for guiding the company through the digitalisation process. Biesse complies with the existing regulatory framework governing the processing of personal data, including the General Data Protection Regulation "GDPR" (EU Regulation No. 2016/679). This Regulation, based on the principle of accountability, makes each personal data controller responsible for implementing regulatory, organisational, and technological steps to appropriately comply with the regulatory principles of the GDPR using a risk-based approach. In 2022, there were no complaints or substantiated incidents of privacy breaches or data loss regarding customers or employees.

Risk management

Effective risk management and the Enterprise Risk Management (ERM) process contribute to the sustainable success of the company, maximising its value while complying with applicable regulations. It also allows the organisation to know and mitigate the possible impacts of changes in the environment in which it operates. Biesse has therefore established an Enterprise Risk Management Policy and a procedure for assessing and quantifying business risks. The model is inspired by the international standards "Enterprise Risk Management - Integrated with Strategy and Performance"⁹ and the UNI 31000:2018 Standard¹⁰. Also, during risk assessment phase of the ERM process, the integration of environmental, social and governance-related risks (ESG) were considered based on the guidance provided in "Enterprise Risk Management - Applying enterprise risk management to environmental, social and governance-related risks"¹¹. This new model applies to Biesse S.p.A. and to all group companies. The new policy is aimed at the corporate bodies, employees and collaborators who operate within the company and who are involved in various ways in the ERM process.

Governance and organisational structure for risk management

The **Board of Directors** (BoD) of Biesse S.p.A., with the support of the Control and Risks Committee (CRC), sets the guidelines for the Internal Control and Risk Management System that are consistent with company strategies and evaluates, at least once a year, the adequacy of the system in relation to the characteristics of the business and the risk profile assumed, as well as its effectiveness.

The **Managing Director** of Biesse S.p.A. is responsible for identifying the main business risks, considering the characteristics of the activities carried out by the company and its subsidiaries, and periodically submits them to the BoD for review;

The **Control and Risks Committee** (CRC) of Biesse S.p.A., when assisting the Board of Directors, reviews the information periodically submitted that is relevant to the Internal Control and Risk Management System. It also expresses opinions on specific aspects of the identification of the main corporate risks and supports the assessments and decisions of the Board of Directors relating to the management of risks arising from adverse events the latter has become aware of.

The **Risk Management function** is tasked with coordinating the ERM process and systematically supporting, acting as a methodological watchdog, the Managing Director, in implementing the guidelines set by the Board of Directors, and corporate management (risk owners) in identifying risks, assessing them and drawing up the relevant treatment plans.

Risk management process

The risk management model (ERM model) envisages an integrated and systemic view of activities to achieve improvements in terms of efficiency, effectiveness and cost-effectiveness. The process can be broken down into the following phases:

Defining the context: analysis of the internal and external context in which the company operates and its development over time. This analysis is carried out in collaboration with the main Departments/Functions of the Biesse organisation.

Identifying risks: identification, description and assessment of risks. The Risk Management function, together with the Risk Owners, analyses the risk components of activities and processes. The identified risks are classified using a specific categorisation model, Biesse Risk Model, which serves as a constant point of reference for integrated risk management, control and reporting for the Risk Management function and the Board of Directors. Biesse's Risk Model does not have a category of risks classified as ESG, but each risk has been assessed according to its impact on social, environmental and governance sustainability issues (ESG-related).

Assessment of existing risks and controls: for each identified risk, the Risk Owner, with the support of the Risk Management function, makes an assessment based on probability, impact, interconnectivity and speed. The latter two items make it possible to provide a dynamic view of the risk that helps to identify its causes, effects and how quickly they appear, thus also making it easier to optimise mitigation actions. Interconnectivity refers to the analysis that identifies, characterises, and quantifies the relationships between risks. Speed means the speed of occurrence or the time it takes for a risk event to manifest itself.

Risk management: Biesse Board of Directors is responsible for setting an acceptable level of risk in relation to the factors that have emerged and been analysed. After assessing the residual risk, the steps to be taken are determined, implementing the measures most suitable for minimising risks and maximising opportunities.

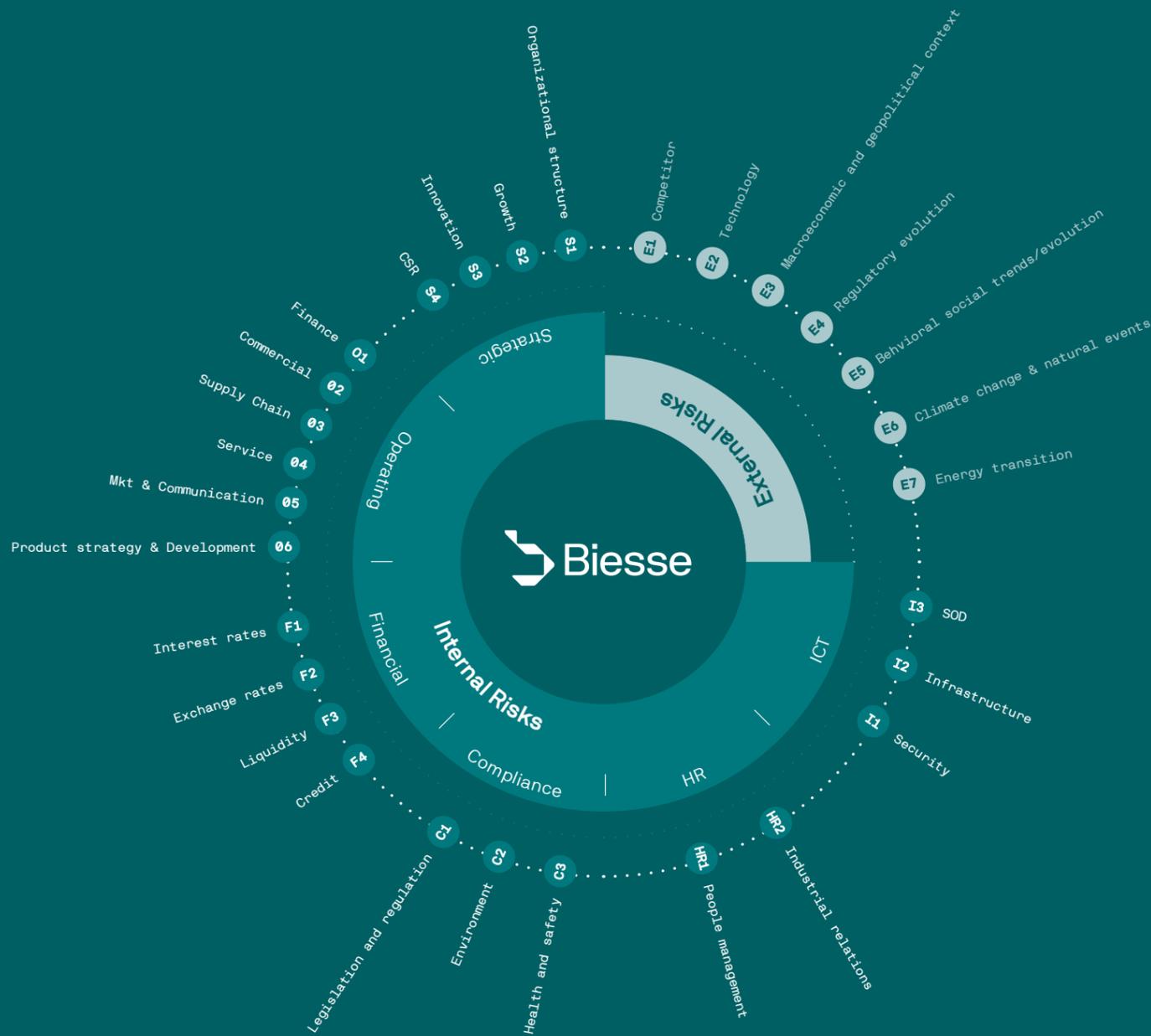
As a result of the strategy adopted by the company, management (Risk Owners with the support of any other company entities identified by it), with the support of the Risk Management function, prepares an action plan agreed with the Managing Director and submitted to the CRC and the BoD. To provide an up-to-date representation of the risks being monitored, and the related

⁹ As updated in 2017 by the Committee of Sponsoring Organisation (CoSO) of the Treadway Organisation. It represents a standard framework and guide for companies planning to adopt risk management processes that can guide strategies by measuring performance and pursuing long-term value creation, while considering possible disruptions and risks that may result from adverse scenarios. Under the CoSO Framework, risk management processes are not a separate activity, but an integral part of setting and deploying a business strategy. Based on this assumption, the CoSO ERM Framework places the risk management process at the centre of the value chain between the organisation's mission, vision and core values and its performance.

¹⁰ The "Risk Management - Principles and guidelines" Standard provides general principles and guidelines for organisations to efficiently, effectively and systematically implement a risk management system. In particular, this standard sets out the responsibilities for ensuring the adequacy, effectiveness and efficiency of the Risk Management process, and includes the essential elements for its implementation and continued improvement over time, and emphasises that risk management must be adapted to the specific needs and organisation of each company.

¹¹ Guide prepared by the COSO in partnership with the World Business Council for Sustainable Development (WBCSD)

Figure 5.
Biesse's Risk Model



treatment plans, periodic reports are submitted to the Group's BoD and CRC and, where necessary, to the Control Bodies/Supervisory Body to support the company's strategic decisions. Finally, the Board of Directors approves the action plan containing the measures adopted by the company to mitigate the risk.

Monitoring and reporting: The monitoring and reporting phase is meant to ensure the detection and analysis of changes in the main risks that have emerged.

Risk model

The Risk Model developed by Biesse provides a common definition of the company's risks. It also provides an overview of the main business risks and supports the analysis of the main risks to better understand them. The model proposes a classification of risks based on two main macro-areas:

- **External risks (including climate change/natural events and energy transition risks)**
- **Internal risks.**

These are in turn subdivided into:

- **Strategic,**
- **Operating ,**
- **HR,**
- **Financial,**
- **Compliance**
- **ICT**

The Internal Risk categories are themselves subdivided into additional sub-categories that allow for a more detailed analysis. The Risk Management function is responsible for ensuring that the Risk Model is periodically updated.

Based on the analyses performed in 2022, it was possible to classify the group's main risks according to the company's Risk Model, namely internal risks and external risks.

Tab 2.
Biesse's Top Risks

Classification of top risks according to Risk Model			Description of the risk	ESG related
Internal	Strategic	Organizational structure	Change management	Yes
Internal	Operative	Product strategy and development	Development of product portfolio	Yes
External	Macroeconomic and geopolitical context		Recession	
External	Macroeconomic and geopolitical context		Persistence of inflation	
External	HR	People management	Talent attraction and retention	Yes
External	Macroeconomic and geopolitical context		Shortage/delays in supplies	
Internal	Operative	Supply Chain	No backup on strategic single source	
Internal	Operative	Service	Transformation of the current customer care model	
External	Technological		Technological evolution related to sector competitiveness	Yes
Internal	Strategic	CSR	ESG transformation	Yes

For the main risks highlighted above, potential ESG-related risks were also identified, which are those risks to which some of the material topics that emerged from the 2022 materiality analysis were related.

Climate risks

The growing worldwide focus on the consequences of climate change, and the potential, real and actual economic, social and environmental impacts, now requires companies to also assess the effects that climate risks might have on their business and which they will have to confront in the medium-term. The analysis conducted this year also identified ESG-related risks associated with climate change. These are the risks that the company has to manage, but which can also lead to an opportunity in the transition to a low-emission economy.

The analysis of climate change-related risks is assessed in the same way as other business risks in terms of probability of occurrence per impact. Specifically, these risks are attributable to physical risks, originating from the physical effects of climate change (acute and chronic), and transition risks, originating from the transition to a low-emission economy. The guidelines proposed by the Task Force on Climate-related Financial Disclosures (TCFD) were followed in the classification. The risks that emerged from the ERM process and related to climate change are described below.

Type of risk	Climate risks (according to TCFD classification)	Description of the risk
Transition risks	Policy and Legal	ESG Transformation Failure/delayed interception of "ESG transformation" opportunities in corporate strategy.
	Policy and Legal	Failure to comply with environmental legislation
	Technology	Energy transition Failure to intercept the evolutions/transition policies towards a more sustainable economy.
	Market	Energy crisis
Physical risks	Policy and Legal	Evolution of the Corporate Governance regulations Failure/non-timely interception of regulatory developments on Corporate Governance.
	Acute and chronic physical risk	Extreme weather events or gradual changes in climate Extreme climatic events or climate changes linked to the territories where the Group operates.

Tab 3.
Climate risks identified in Biesse

The risk analysis conducted allowed Biesse to:

- make key internal stakeholders aware of potential risks and opportunities related to climate change;
- integrate climate change risks into the overall ERM framework;
- identify the main risks and opportunities related to climate change and assess their possible impacts on the business.

This year's ERM analysis did not identify any relevant or material climate change risks that have a direct impact on business performance in the short-term or medium-term.

Approach to sustainability

Since 2015, under the leadership of the United Nations General Assembly, the 2030 Agenda¹² for Sustainable Development has been the blueprint for governments and the private sector to focus their efforts to protect the environment, reduce inequality and eradicate extreme poverty. The cornerstone of the Agenda are the 17 Sustainable Development Goals (SDGs). As illustrated in the following pages, the material topics identified by the company have been aligned with the related SDGs to better set the company's actions in the global context of Sustainable Development.

Figure 6. The 17 Sustainable Development Goals (SDGs)



¹² United Nations General Assembly, A/RES/70/1 – Transforming our world: the 2030 Agenda for Sustainable Development (2015).

Biesse's approach

The Asvis 2022 report paints a troubling picture regarding the achievement of the Sustainable Development Goals. This situation is due to multiple crises such as the persistence of Covid-19, the energy crisis, the conflict in Ukraine and extreme weather events. These aspects have repercussions in the areas of health, peace, security, education and the environment.

The pandemic has partly obscured the problem of climate change, the potentially irreversible damage of which affects billions of people around the world. To avoid the worst effects of climate change, as stipulated in the Paris Agreement, greenhouse gas emissions need to peak before 2025 and then decline to zero in 2050.

In the aftermath of the COP 27¹³ global climate conference in Egypt in November, however, concerns were raised that not enough is being done to meet targets. Emission levels continue to rise, putting climate targets at risk. The possibility of limiting global warming to 1.5°C seems to be fading, with emissions rebounding to 4% in 2021 after falling by 5% in 2020.

Today, we cannot overlook the geopolitical situation in different parts of the world where armed conflicts and human rights violations are unfolding on a large scale. These conflicts obviously raise numerous obstacles to achieving the 2030 Agenda goals and undermine the stability and credibility of politics and institutions by increasing inequality and instability around the world. Added to this are the ongoing global logistical disruptions resulting from the Covid-19 pandemic, which continue to impact businesses and consumers as the flow of consumer goods to key markets such as North America and Europe, South-East Asia and India is restricted by the ongoing closures of major global ports and airports, mainly in China, South Korea and the United States.

As far as Italy is concerned, 2022 certainly started with some good news. In fact, the amendment of two articles of the Constitution was approved to make room for the protection of the environment and biodiversity, including in the interest of future generations. The additions and amendments made to Article 9 put the spotlight on protection and call on all citizens to come together. Regarding the SDGs, according to the Asvis report¹⁴, Italy has improved its standards in only two areas: goal 7, clean and accessible energy, and number 8, decent work and economic growth. For the other goals (fight against poverty and hunger, health and well-being, education, gender equality, clean water and water sustainability, innovation and infrastructure, reduction of inequalities, life on earth, peace, justice and soundness of institutions), the reports confirm that the country has not yet overcome the effects of the pandemic and the goals achieved are still below what was planned for 2019. In the area of occupational health and safety, according to

INAIL¹⁵ data referring to 2022, there were 697,773 reported accidents in Italy, an increase of 25.7% compared to 2021. At a national level, the data show, in particular, an increase compared to 2021 both in the number of cases occurring at work (+28.0%) and in commuting accidents, i.e. those occurring on the journey between home and work (+11.9%).

The next five years will be crucial in overcoming the three major challenges to which the country is already committed: implementing the National Recovery and Resilience Plan (NRRP), achieving the right ecological transition, including a 55% reduction in greenhouse gas emissions by 2030, and achieving the Goals and Targets of the 2030 Agenda.

Given the context, meeting future challenges is more complex today than in the past. Companies must be able to move faster given the complexity and volatility of the world in which we operate. The challenges facing many companies this year seem to have different interests than the commitments made in the 2030 Agenda. In reality, the goals of sustainability, economic competitiveness and national security coincide like never before. It is up to individual companies to find ways to adapt, mitigate and combine these concepts to meet global challenges with a win-win strategy.

Sustainability is an integral part of the company's business and guides every decision to ensure the company's long-term growth and success.

By establishing the Corporate Social Responsibility (CSR) function in 2021, wanted by the company, it emphasised the need to run a responsible business, developing and coordinating sustainability policies not only through compliance with laws and regulations, but also with regard to managing the company's impacts on business, the environment and people. The CSR function is therefore tasked with identifying the possible impacts generated by the organisation and then involving specific corporate functions to manage and mitigate the identified impacts. This is achieved through targeted meetings with management to raise their awareness of sustainable development issues and to involve them in managing the associated impacts. Senior management's commitment to this area is reaffirmed within the Sustainability Policy and is made operational through meetings with senior management and the Risk Control Committee to oversee and approve the policies, sustainable development objectives and issues raised during the materiality analysis. Every six months in 2022, a CSR committee was organised in which management and the Managing Director oversee the activities necessary to implement the projects, set priorities and responsibilities, and ensure that all the functions involved contribute positively to the achievement of the established objectives. The Sustainability Policy sets out the key principles on which the approach to sustainability is based, and the 2021-2023 Strategic Plan, adopted by the Board on 30 July 2021, includes a specific programme for developing sustainability (currently reported through the Sustainability Report). The company also periodically meets with the internal committees to which it reports on ESG-related activities. Consistent with the ongoing change process, Biesse has rethought its approach to sustainable development issues by integrating the new values, the new corporate mission and by using the 2030 Agenda as a guide for developing current and future projects. Consciously contributing to sustainable development means integrating the sustainability process into the various company activities to prevent potential adverse impacts and contribute positively to the achievement of business objectives.

¹³ <https://unfccc.int/decisions>

¹⁴ 2022 Asvis Report

¹⁵ Accidents at work, INAIL figures, provisional results for 2022

Economic sustainability

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

- The following positive impacts are identified:
- Biesse promotes R&D initiatives for industrial development

Social Sustainability

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

- The following positive impacts are identified:
- Attraction and loyalty policies
 - Initiatives to increase well-being of employees
 - Social and cultural initiatives in the territory where Biesse operates

Environmental sustainability

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

- The following positive impacts are identified:
- Biesse promotes policies to reduce its environmental impact and to manage resources responsibly.

Stakeholders and materiality analysis

Figure 7. Biesse's main stakeholders

Biesse is committed to fostering a transparent and collaborative relationship with all its stakeholders. Despite the limitations caused by the pandemic, in 2022, the company continued its efforts to organise and reorganise its initiatives to ensure that its stakeholder engagement activities were conducted in a manner that encourages listening and involvement, fostering ongoing dialogue, increasing mutual trust and improving its decision-making processes. Our main stakeholders include employees, customers, the surrounding area and local communities, universities and suppliers with whom we collaborate.

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

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



Over the course of 2022, the company sought to further strengthen the engagement process with several specific stakeholders such as shareholders and investors, customers, the financial community, employees, trade union representatives, suppliers and business partners, the media and trade journals, local communities and NGOs, public administrations, government and supervisory bodies, universities and research centres, which are most influenced by the company's choices,

and at the same time, directly affect its business. This was a conscious decision made as part of the transformation process that Biesse is pursuing and in which ESG issues are playing an increasingly important role.

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

Tab 4.
Company commitments and
Stakeholder engagement actions

Stakeholder	Summary of commitments and activities	Engagement actions	Stakeholder expectations
Shareholders and investors	Clear, accurate and timely dialogue with its shareholders and investors and guarantees fair and transparent access to information relating to the stock market performance. Sharing of ongoing projects on ESG issues.	<ul style="list-style-type: none"> General meetings of shareholders Channels of dialogue used by the group's Investor Relations Officer Company visits 	<ul style="list-style-type: none"> Increase in share value Transparency in relation to Corporate Governance, long-term objectives and business performance (ESG related issues)
Customers	Dialogue with customers to assist them in the selection and customisation of products and to offer reliable machinery and ad hoc engineering solutions for the creation of complete systems Survey in relation to material topics.	<ul style="list-style-type: none"> Direct customer assistance channels (Biesse Service and Biesse Parts)) Plants and showrooms visits Invitations to events 	<ul style="list-style-type: none"> Reliability, safety and technological innovation of products Continuous assistance and advice Information on the correct use and regular maintenance of the machinery
Financial community	The company ensures the timely and precise measurement of economic performance and guarantees accurate and transparent reporting, in line with regulations in force, thus helping to establish a relationship of trust with the financial community. In order to maximise the dialogue with the financial community, the group participates at events and conferences, as well as round tables and road shows to transmit information relating to the company's performance and to understand relevant market trends	<ul style="list-style-type: none"> Participation at events, conventions and conferences Round tables 	<ul style="list-style-type: none"> Ability to meet its own financial commitments Compliance with legislation in force and principles of transparency, clarity, correctness and accountability Absence of conflicts of interest Constant dialogue based on transparency
Employees	Channels of communication to promote reporting by employees of alleged violations of the Codes and Regulations adopted by Biesse. Survey on material topics Weekly communications for updates on company activities Sharing of ESG activities through internal communication channels	<ul style="list-style-type: none"> Channels for the collection of reports of violations of group regulations Annual survey 	<ul style="list-style-type: none"> Safe and fair workplaces Occupational stability and corporate welfare Opportunities for personal and professional growth paths Fair remuneration policies and meritocratic systems
Suppliers and Trade partners	Daily communication with suppliers, in order to understand their needs and to encourage continuous improvement of the commercial relationship therewith. Roundtable on material topics.	<ul style="list-style-type: none"> Specific meetings Round tables 	<ul style="list-style-type: none"> Compliance with contractual conditions Continuity of supply Fair and non-discriminatory treatment Possibility to develop strategic partnerships that improve their business

Stakeholder	Summary of commitments and activities	Engagement actions	Stakeholder expectations
Sector-specific media and magazines	Biesse constantly collaborates with sector-specific media and magazines, through interviews, presentations and dedicated events. The company is committed to helping to promote information campaigns relating to technological innovations, new machinery and new developments in the sector or any actions undertaken in the interests of the community and the environment. This is to ensure greater transparency and greater involvement of the main stakeholders within the world of Biesse.	<ul style="list-style-type: none"> Interviews Corporate presentations Corporate events and trade fairs Press conferences or workshops 	<ul style="list-style-type: none"> Timely and accurate presentation of the group's performance Presentation of initiatives undertaken of a social and cultural nature Presentation of technological innovations developed
PA, government entities and control bodies	Biesse guarantees the utmost integrity and correctness in relationships with the public administration, government entities and control bodies, based on principles, roles and responsibilities identified in accordance with legislation in force, with the objective of maintaining a constructive collaborative relationship that serves the interests of the community	<ul style="list-style-type: none"> Institutional round tables Formal communications 	<ul style="list-style-type: none"> Compliance with current legislation Fight against active and passive corruption Prevention of offences as per Legislative Decree 231/2001 Seriousness and transparency in addressing the needs of PA
Trade unions	Dialogue with the trade unions, aimed at the complete protection of workers' rights in the context of activities carried out in the name of or on behalf of the group. Involvement on the ESG topics.	<ul style="list-style-type: none"> Periodic meetings Round tables 	<ul style="list-style-type: none"> Preparation of measures to safeguard the health and safety of employees Compliance with contractual conditions Respect for and safeguard of human rights
Locality, local communities and NGOs	Working tables with the public administration to evaluate any common projects. Initiatives in support of the social and cultural development of the area where the group operates Roundtable with local NGOs to promote social inclusion initiatives	<ul style="list-style-type: none"> Initiatives to engage with local communities Dialogue with non-profit organisations for the payment of donations, contributions and sponsorships for sport and culture 	<ul style="list-style-type: none"> Business practices that protect the locality Promotion of local development Participation by the group in and support for cultural development and social inclusion projects Support to the Territory in case of Emergency
Universities and research centres	Development of common interest projects to promote the development of new technologies and/or business practices. Collaboration with research centers to promote and ensure the entry of new specialized figures into the company.	<ul style="list-style-type: none"> Workgroups and workshops with students Corporate presentations Career days at partner universities Partnerships with key universities and schools in Italy and abroad 	<ul style="list-style-type: none"> Involvement of students in work experience and internships Promotion of youth employment Collaboration with universities and research centres in order to develop and disseminate engineering skills and techniques

This year, the process of identifying material topics was revised to comply with the new GRI 3: Material Topics 2021 standard and to take into account the changes Biesse is currently undergoing. The potential or existing adverse impacts generated by Biesse on the environment, society and business, including possible human rights violations, were identified and analysed by considering the entire perimeter within which Biesse operates as well as considering the impact on the entire supply chain. At the same time, positive impacts were considered for their contribution to sustainable development. These impacts were then grouped together and associated with defined material topics to limit the scope of action and reporting. The materiality analysis also considers both the areas specified in Legislative Decree 254/2016 and the typical aspects of the sector in which Biesse operates (Industrial sector: machinery and equipment), to the extent necessary to ensure an understanding of the Company's activities, its performance, its results and the impact it produces.

The process of identifying material topics was then carried out by considering material those topics for which the Company generates significant impacts, actual or potential, on society and the surrounding environment in the short-term, medium or long-term, as required by the latest update of the GRI Standards 2021. Also, considering the stakeholder engagement carried out in 2022, it was deemed helpful to also present the matrix as reported in previous years. This, in fact, makes it possible to identify and assess the priority issues for the Company (X axis) and for its main stakeholders (Y axis), thus providing a matrix of the group's priorities.

The process for assessing the materiality of impact was conducted by the sustainability function, with the involvement of top management and the support of some external stakeholders. All the main countries in which the group operates were also considered, and some information already in our possession was used, such as internal audits on health and safety, environmental compliance, the analyses carried out by the "Quality" function on the effectiveness of processes and audits of the control system. Along with this information, the findings of a new corporate risk analysis (Enterprise Risk Management) were added, which involved all top management as well as targeted meetings with specific functions.

At the same time, accredited external sources were consulted to obtain an overview of the changing environment and industry standards (World Economic Forum Risk Report 2022, TCFD, WBCSD, Global Economic Outlook).

During the process, once the main impacts were identified, these were ranked based on their importance. Negative and positive impacts were ranked according to a scale that considers probability and severity. This assessment was carried out in

conjunction with the new enterprise risk management process developed during 2022, which allowed us to quantify the organisation's impacts on business, society and the environment and associate a risk/opportunity to each of them. During this initial phase, the analysis of impacts was carried out by involving management through one-to-one interviews. Some issues were then further investigated through specific meetings to provide a quantitative assessment of the impact. Finally, external consultants were involved in the assessment and identification process to have an independent view of the impacts generated by the company's activities.

To facilitate the analysis process and provide an organic assessment of the impacts identified, these impacts were grouped into topics and arranged according to a value assigned to them based on probability and magnitude. The probability scale was defined as the possibility of the event occurring with respect to historical data or future forecasts. Impact, on the other hand, considered several drivers, including business impact or environmental and social impact. After setting the analysis criteria, a significance threshold was set to give relevance to the aspects related to business issues deemed relevant to Biesse and its stakeholders. The material topics identified and the relevant SDGs are reported below.

Type of impact	Material topics	SDgs
Business	Change Management	
Business Environment	Innovation of products and processes	 
Business Social	Employee experience	 
Business	Customer Experience	
Business	Management of the organization, processes and technologies in relation to the context	
Social Environment Business	Responsible management of supply chain	  
Social	Relation with local communities in the countries where we operate and with stakeholders	
Social Business	Human Capital Development	 
Business	Business ethics and integrity	
Environment	Reduction of emissions	
Social	Diversity & Inclusion	 
Environment	Responsible management of water, materials and waste.	
Business Social	Health and safety	

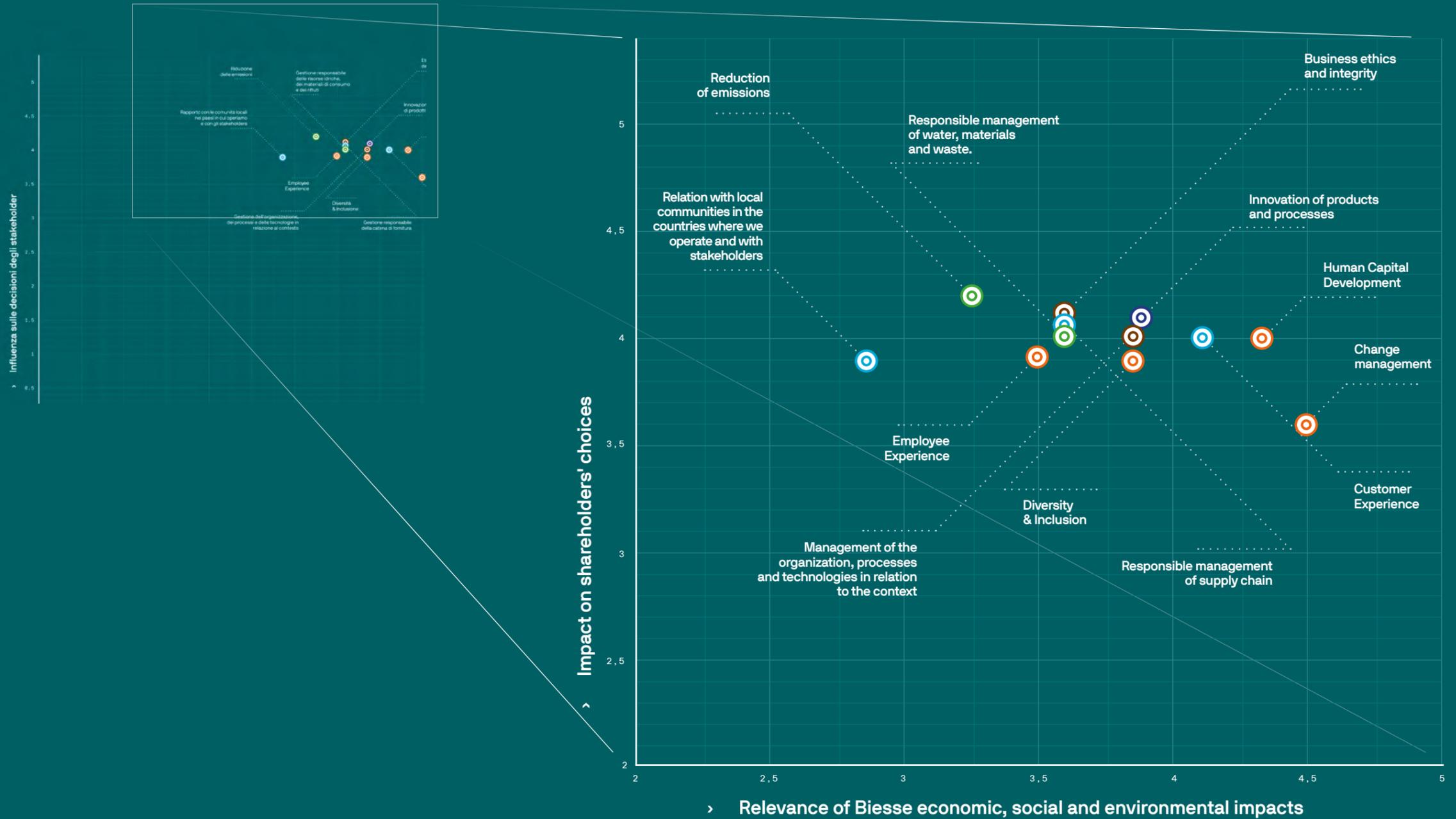
Materiality Matrix 2022

Figure 8. Biesse's materiality matrix

By monitoring stakeholder expectations, this year it was possible to understand how material topics evolved in relation also to the changes Biesse is facing, highlighting their interconnections with the 17 Sustainable Development Goals of the 2030 Agenda. As in previous years, this year we decided to also present the materiality matrix to provide a complete view of stakeholders' perceptions of the company as well as illustrating the contribution the company makes to sustainable development issues. The approach adopted to identify material topics and the Group's development have resulted in a somewhat different representation of material topics compared to the 2021 report, providing a more accurate picture.

The analysis involved about 2000 stakeholders (most of whom are employees, followed by customers and suppliers) using specific online questionnaires. In addition to the survey, nine workshops were also held (both in-person and online) on material topics involving different functions and different countries in which Biesse operates. Eight sessions on sustainability issues were also held, covering an introduction to social responsibility topics, and the activities carried out in this regard within Biesse. Material topics arising from the analyses carried out on company impacts were presented and explained. This method made it possible to engage directly with the stakeholders themselves, allowing them to highlight their needs and express their points of view. The workshops made it possible to increase the participation and involvement of the stakeholders involved.

Material topics were classified based on the relevance of the company's economic, social and environmental impacts and their influence on stakeholder decisions.



The material topics that are presented in the report were identified based on the results of the impact analysis and the materiality matrix. The resulting material topics were submitted for review and approval by the Managing Director and the Control and Risk Committee (CRC) of Biesse S.p.A. on 28 November 2022.

To make it easier to interpret and understand how the topics change over time, the following table contains the material topics identified for 2022 (in order of priority), their definition and their correlation with the material topics from the previous year.

Material topic 2022	Definition 2022	Material topic 2021
Change Management	The approach to prepare, support and help organizations in making organizational change in relation to strategic objectives and the context in which it operates.	Economic performance
Innovation of products and processes	Analysis of global trends to develop the ability to adapt to the technological, economic and social conditions of the future. Ability to innovate product, technology and process in order to anticipate the market directing research and development.	Reliability, safety and constant innovation of products and services
Employee experience	Employee experience is the way in which employees internalize and interpret the interactions they have with their organization, as well as the context that underlies those interactions. Employee experience is affected by several elements: the relationship with colleagues, managers, individual responsibilities, workspaces, flexibility, work-life balance and the presence of technological tools or benefit.	Corporate Welfare
Customer Experience	Process by which customer experiences can be collected, analyzed and shared within a company to outline a strategy corresponding to expectations.	Customer relationship and customer satisfaction Responsible Marketing
Management of the organization, processes and technologies in relation to the context	The company's ability to adapt and update its processes and technologies according to the geopolitical and environmental context as a variable for the corporate strategy.	Context of reference and risk management
Responsible management of supply chain	Responsible management of suppliers by promoting the integration of sustainability criteria in the selection and qualification processes. Promotion of human rights, ethical principles and risk management along the supply chain.	Sustainable management of the supply chain Human rights

Relation with local communities in the countries where we operate and with stakeholders	Promotion of development opportunities for the territories where the group operates, contributing to the creation of job opportunities and related activities. Promotion of social, environmental and cultural initiatives for the territory.	Relationships with local communities
Human Capital Development	Promotion of employees' personal and professional development through continuing education and career training in order to help them to develop new skills, stay up-to-date on current trends and advance their career.	Management and development of human resources
Business ethics and integrity	Carrying out activities with loyalty and fairness in compliance with national and international legislation, regulations and company rules (Code of Conduct, Code of Ethics, Legislative Decree 231).	Business ethics and integrity Anti corruption Cyber security
Reduction of emissions	Mapping, monitoring, prevention and reduction of greenhouse gas emissions (GHG) deriving from company products and processes.	Atmospheric emissions and climate change Energy consumption
Diversity & Inclusion	Development of social inclusion and non-discrimination policies. By diversity we mean: age, gender identity, sexual orientation, ability, ethnicity, race and nationality. Diversity also includes learning styles, religion, skills, family status and any other individual characteristics.	Diversity and social inclusion
Responsible management of water, materials and waste.	Reduction of water consumption, and waste generation in the production processes through their monitoring. Promotion of low environmental impact materials in the products and in the production processes.	Responsible management of materials, waste and water resources

Although health and safety is not listed in the table, it is an activity that is continuously monitored by the company, discussed and documented in the report.

2. Economic Sustainability

54	Economic performance
56	Economic value generated and distributed
58	Product and process innovation
62	Customer Support
65	Responsible management of the supply chain

more than €797 mln of economic value distributed by the group in 2022

€822.4 mln of total revenue in 2022

95% of purchases from local suppliers as far as manufacturing plants in Italy and India are concerned.

certification UNI ISO 9001:2015 for Biesse S.p.A. and its 5 manufacturing sites, Biesse Manufacturing Co Pvt Ltd with 2 manufacturing sites and HSD S.p.A.

2. Economic Sustainability

Significant uncertainties related to the changing international geopolitical environment, with the consequent impact on energy supplies, rising material costs and divergent policies against the spread of Covid-19, which particularly affected the Chinese market characterised 2022. At the end of 2022, the company's portfolio stood at € 384,659 thousand, up slightly from December 2021.

This performance was made possible thanks to the the company's extensive distribution network, which allowed it to mitigate the uncertainties in certain geographical areas. Against this backdrop, Biesse revenue for the year ended 31 December 2022 amounted to € 822,425 thousand, an increase of 10.8% over 2021. The increase related to the following geographical areas: Western Europe (12.9%), Asia-Oceania (4.5%), North America (28.5%). Eastern Europe and the Rest of the World recorded a decrease of (-5.6%) and (-7.1%) respectively.

Western Europe continued to be the company's most important market with turnover of € 431,136 thousand, representing 52.4% of the total. The breakdown of revenues by operating segment shows that Machine Systems and Mechatronics increased by 10.7% and 10.0%, respectively, compared to 2021.

The increase in volumes described above is reflected in the operating profitability for the period, as indicated by EBITDA, which came in at € 90,559 thousand before non-recurring costs, an increase of 13.7%. Also of note is the improvement in operating profit before non-recurring items (EBIT adjusted) (Euro 47,574 thousand in 2022 compared to Euro 34,064 thousand in 2021) which increased by Euro 13,510 thousand with the margin on revenue increasing to 5.8% from 4.6%.

It should be noted that Biesse result for the year was positively impacted by "non-recurring events" of Euro 3,175 thousand, consisting solely of the Covid-19 grant received by the US subsidiary Biesse America Inc.

In terms of the statement of financial position, net operating working capital increased by Euro 16,283 thousand with respect to December 2021. Trade Receivables, amounting to Euro 112,513 thousand, decreased by Euro 13,449 thousand (-10.6%), as a result of the reduction in average collection days, which is also due to the Italian tax relief policy for Industry 4.0. Inventories, amounting to Euro 215,588 thousand, increased by Euro 36,171 thousand (20.2%), which is attributable to the strategy for minimising the impact of the persistent critical supply chain issues encountered in 2022.

Trade Payables (amounting to Euro 181,996 thousand), whose trend is linked to the production cycle, decreased by Euro 4,664 thousand, while Contract Liabilities (amounting to Euro 138,197 thousand), which are linked to order intake, increased by Euro 11,104 thousand compared to 31 December 2021 (+8.7%). The company reports net cash at 31 December 2022 of approximately Euro 116,646 million, a decrease of Euro 7,957 thousand compared to the December 2021 figure (-6.3%). The change is mainly influenced by the distribution of dividends in the first half of 2022 and net working capital dynamics, despite the solid operating results achieved during the year.

Economic value generated and distributed

Figure 9.
Economic value distributed by the group in 2022

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

lenders, the community and the public administration. Economic value generated by the group in 2022 amounted to over Euro 857 million, whereas that distributed amounted to over Euro 797 million.

	2022	2021
Economic value generated by the group	857,105,796.4 €	780,245,506.7 €
Economic value distributed by the group	797,274,380 €	712,675,519 €
of which: reclassified operating costs	527,903,937 €	464,152,819 €
of which: employee remuneration	243,238,474 €	229,365,619 €
of which: public administration remuneration	14,453,810 €	13,854,053 €
of which: lenders' remuneration	2,013,523 €	2,595,191 €
of which: shareholders' remuneration	9,042,855.96 €	2,141,702 ¹⁶ €
of which: community remuneration	621,780 €	566,136 €
Economic value retained by the group	59,831,417 €	67,569,987 €

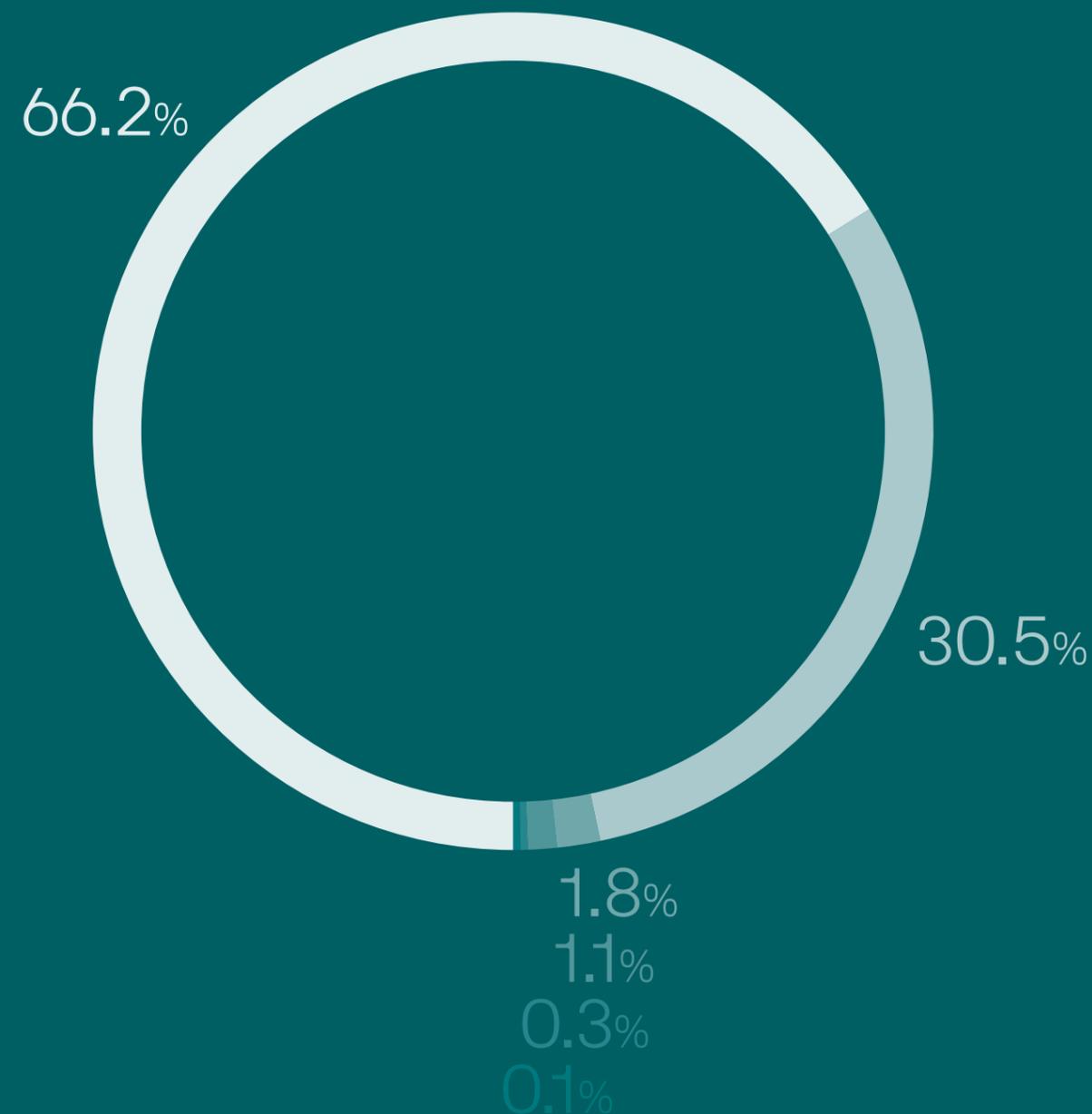
Tab 7.
Determination of economic value generated, distributed and retained by Biesse

The portion of economic value attributable to Reclassified operating costs amounts to Euro 527,903 thousand and mainly includes costs incurred for the purchase of raw materials, ancillary materials, consumables and goods, cost of services, lease and rental costs, directors' and statutory auditors' remuneration and other operating costs. The portion of economic value distributed to employees and other workers amounts to Euro 243,238 thousand and accounts for approximately 30.4% of the total economic value distributed. This portion includes costs incurred for wages and salaries, awards and bonuses, social contributions, charges to pension plan provisions and other employee related costs. A portion of economic value was distributed to the public administration in the year amounting to Euro 14,453 thousand. An amount was distributed to lenders of

Euro 2,013 thousand resulting from finance costs. The amount distributed to shareholders amounted to Euro 9,042 thousand. An amount of Euro 621 thousand was distributed to the community under the form of donations, sponsorships contributions and membership fees. This figure constitutes a further direct and indirect impact on the development of the locality for the benefit of local communities. To conclude, the amount of Euro 59,831 thousand constitutes the economic value retained by Biesse, consisting mainly of profit for the year allocated to reserves, depreciation and amortisation, charges to provisions and impairment.

¹⁶ This amount was adjusted for 2021 based on the dividend actually paid. The total amount disbursed for dividends was Euro 17,099,218.03, of which, Euro 14,957,515.55 was paid from the extraordinary reserve and not from the profit for the year.

- 66.2% › Reclassified operating costs
- 30.5 › Employee remuneration
- 1.8% › Public administration remuneration
- 1.1% › Shareholders' remuneration
- 0.3% › Lenders' remuneration
- 0.1% › Community remuneration



Product and process innovation

In 2021, the Innovation department was established to speed up the development of innovative technologies, processes and solutions not only by using our in-house expertise but also by forming productive partnerships to encourage the exchange and proliferation of ideas and solutions from outside the company.

Managing innovation implies the ability to understand and respond to a continuously changing environment, to pursue new opportunities, to leverage the knowledge and creativity of people within the organisation and also in collaboration with external stakeholders. An organisation's ability to innovate is recognised as a key driver for sustained growth, increased and more widespread prosperity and social development.

To monitor the effectiveness of the innovation activities undertaken, a dedicated procedure was drafted based on the new UNI EN ISO 56002:2021 standard, which regulates the management of the innovation strategy. In this regard, the best way to generate, nurture and develop innovation initiatives has been identified, creating a fertile ground for understanding the needs and proposals coming from both inside and outside the organisation. In fact, the procedure ensures that these initiatives follow the best possible path, so that they do not die out within the innovation function.

The ultimate goal of the initiatives is therefore to give substance to innovation, creating value for the organisation, be it in the form of shared knowledge, improved methods and processes or the creation of new products. In this way, all corporate functions can be involved in all phases of the innovation process, in a true corporate innovation scheme, which is not only technological but whose development enhances the Biesse's reputation and competitiveness, improving the future economic, environmental and social sustainability of its choices.

Open-I, Biesse's Open Innovation department, was set up within the Innovation function with high-level innovation objectives to further enhance the company's innovation ecosystem by seeking insights from within the organisation and seeking solutions externally, by cultivating relationships with:

- **National universities** such as the *Polytechnical University of Marche* (Intelligence 5.0 project to develop predictive analysis algorithms designed to develop machines and technologies for Industry 4.0), *La Sapienza University* (Electrospindle 4.0 project, to develop a prototype production process based on the Zero Defect principle), *Bocconi University* (wood-furniture chain sustainability project).

- **International universities** such as the *Swedish University of Agricultural Sciences* for the *EcoReFibre* project, which aims to set up a circular economy process to recycle scrap wood into fibre panels and new construction products.
- **Research centres** such as *CATAS*, Centre for Technical Assistance for Companies in the Wooden furniture industry, for testing finished products and materials and running workshops on innovation and sustainability.
- **Consortia and associations** *MUSP* (Machine Tools and Production Systems Consortium, under the project cluster of the mechatronics division), the Intelligent Factory Cluster, *EFFRA* (European Factory of the Future Research Association), *ACIMALL* (Association of Italian manufacturers of machinery and accessories for wood processing), *AMAPLAST* (Association of Italian plastics and rubber processing machinery and moulds manufacturers), *Confindustria Marmomacchine* (Association of manufacturers of ornamental marble, granite and stone and of machinery, tools and equipment for their processing), *GIMAV* (Italian association of suppliers of machinery and accessories for glass processing), *UCIMU* (Association of Italian manufacturers of machine tools, robots, automation and ancillary products), *VDMA* (German association for mechanical engineering in Europe).
- **Start-Ups** including U-Sense.it for measuring the quality of the processing finish and consequently reducing waste.

Product innovation

Biesse has always been focused on implementing innovative solutions that are not only capable of constantly improving operating performance and the reliability of the machinery, but that also reduce the physical and mental strain of the user, to ensure well-being and safety in the workplace, to limit environmental impacts and to provide customers with greater production and energy efficiency. Particular attention has been given to simplicity of use, ergonomics, noise reduction and to reduce energy consumption. The high degree of integration of mechanics, electronics and software render the company's products "intelligent" and "collaborative" and integrated, as well as capable of guaranteeing autonomous functionality without the constant presence of an operator. The transformation process the group has been going through has led to changes in its offering, which is mainly focused on the development of:

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

To achieve these objectives, the product development process, which comprises the idea generation (product), technical design (product development) and realisation (prototype) phases, is managed by two specialist macro-clusters focused respectively on machines and systems.

The elimination of divisions and the introduction of a transversal approach based on processes have also made it possible to allocate resources more efficiently by establishing a design team focused exclusively on product development projects and a team dedicated to the continuous improvement of existing solutions.

The Research and Development function, which is centralised in Biesse S.p.A., can currently count on the experience of dedicated professionals, mechanical design engineers and software developers, who maintain contact with other professionals inside and outside the company. To remain competitive in the market and to promote new products and services that meet customers' needs, in 2022, 142¹⁷ people were

involved in research and development activities, for a total of approximately 57,642 working hours. The process of researching and developing innovative products has been enhanced by increasing the involvement of the group's customers through:

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

Customers, therefore, take a leading role in the research, testing and implementation processes of new technologies. Biesse's ability to innovate and leverage its know-how for strategic success can be measured by factors such as the number of patents deposited. The group currently holds approximately 300 patents, which have contributed to the development of technological solutions present in the processing machinery market.

In this regard, the SOPHIA platform is based on the connection of machinery to Microsoft's Azure cloud, making it possible to collect real-time data and information on technologies being used to optimise the performance and productivity of the machinery and systems. In fact, the data collected makes it possible to analyse the functionality of the systems, to identify any malfunctions and to assist customers with preventive maintenance to prevent breakdowns, thus minimising any interruption to the manufacturing process.

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

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

¹⁷ This figure relates to the following legal entities: BIESSE S.p.A., HSD S.p.A., Movetro S.r.l and Montresor S.r.l.

With the Electros spindle 4.0 project, HSD becomes the first Italian medium-sized company to be the Lighthouse Plant of the Intelligent Factory Cluster, following the likes of companies such as Ansaldo Energia, ABB, Hitachi Rail and Tenova-Ori Martin. This was made official in December 2020 when the Minister for Economic Development signed the decree authorising the special Agreement for Innovation, which envisages investments towards the realisation of the innovative Zero Defects Manufacturing project. Financial contributions from the Italian Ministry of Economic Development (MISE) and the Regions of Marche, Lazio and Umbria will be made to support the Electros spindle 4.0 project for the design of interconnected electrospindles. For HSD, the objective is to establish a digitalised, interconnected, intelligent, resilient supply chain focused on quality and time-to-market.

Re-engineering and digitalisation of the product development process

In 2022, the company re-engineered the product development process to make it more effective and controlled, integrating data, processes, and digital business systems into a workflow controlled by decision-making committees. The product development process makes it possible to manage information, from concept to design and through to production and after-sales support, in a streamlined manner. It also makes it possible to manage projects in a manner consistent with the strategy, providing the tools to identify and manage priorities, resulting in a roadmap shared with other business functions. This process forms the basis for improving the quality of products brought to market.

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

Biesse's commitment to all aspects of sustainability - economic, environmental, and social - has been recognised in the "Sustainability Leaders" survey organised by the Italian financial newspaper Il Sole 24 Ore and conducted by Statista, which places Biesse among the top 150 companies in Italy. Biesse is also featured in the first Italian ESG Report produced by V-Finance (IR Top Consulting), which analysed the Non-Financial Statements (NFS) of all the Italian companies listed on the Italian Stock Exchange (376) in their respective markets (MTA, FTSE Mib and AIM). The analysis was carried out according to the industry standards of SASB's Materiality Map® across 5 areas: environment, social capital, human capital, business model & innovation, leadership & governance. Biesse was at the top in the "Human capital" and "Business model & innovation" categories.

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

Biesse is once again recognised among Italy's Best Employers by Statista and Corriere della Sera, placing fifth in Italy in the "mechanical and plant engineering" sector with a score of 7.71 points. The ranking compiled by Statista, a German company that collects and processes economic and financial data, in collaboration with Il Corriere della Sera, analysed the attractiveness of over 3,000 companies to identify the best companies to work for in Italy, and was based on a survey involving 22,500 workers.

Biesse featured among Deloitte's "Best Managed Companies"

Biesse is among the winners of the fourth edition of the "Best Managed Companies" Award, the award established by Deloitte Private in an initiative supported by ALTIS Università Cattolica, ELITE (the Borsa Italiana programme that supports the development and growth of high potential companies) and Confindustria. The winning companies stood out for their strategy, skills and innovation, commitment and corporate culture, governance and performance, global reach, and sustainability.

Customer Support

Customer productivity, performance and satisfaction form the basis of a strategic approach that starts with the sustainable management of the supply chain and continues throughout all stages of the lifespan of the product, by means of advanced industrial consulting, support and maintenance services. With over 500 Field Service Engineers and over 120 Hotliners in various markets, the group guarantees connection, installation and commissioning of the new machines it sells and provides remote support, advanced diagnostics, maintenance, training and procurement of spare parts for machinery and components on-site and online.

In 2022, our technicians were involved in 68,000 on-site interventions and over 370,000 spare parts shipments were made to meet the needs of our customers.

To improve the impact, Biesse has on the customer by improving service, the group has added dedicated local personnel and developed new digital channels. In 2022, Dealer Care was launched, a contract and portal that provides timely monitoring of service requests, thus facilitating interaction between Biesse and its dealers.

In the belief that providing training and opportunities for professional growth are essential for improving service quality, the localisation of skills, diagnostic knowledge and the development of top-quality technical and managerial personnel, a training centre was established to support the company's entire Service network. Biesse training centre aims to enhance technical skills and optimise product performance. Classrooms, machines used exclusively for training and workshops for hands-on learning are available to customers, dealers and Biesse personnel. A catalogue of online and in-person courses is published periodically and made available to the Biesse's partners, enabling them to discover the world of software, become master programmers and learn about product updates. In 2022, more than 193 classroom and remote training sessions were delivered to 873 participants, along with 3,849 e-learning training sessions through internally developed courses. Training has never stopped; instead, the way it is used by customers, dealers and technicians in the market has changed, further enhancing its value and importance.

The Sophia digital platform has made it possible to guarantee continuity and quality in customer support even after the pandemic. The Sophia IoT and Sophia Parts portals allow customers to navigate in a personalised area where they can access all the information regarding the performance of their machines and their purchases. Through the portal, customers can order spare parts, create a spare parts shopping cart while

checking the price list, stock availability, and the status of the order in real-time. The Sophia platform is available 24 hours a day, 7 days a week. The platform and its apps are multilingual, everyday tools that are perfectly integrated with the most widely used operating systems.

Quality Management System

With the objective of offering high quality standards to its customers, in 1996, Biesse S.p.A. adopted a Quality Management System certified to the ISO 9001:2015 international standard. As of 31 December 2022, the certification applies to Biesse S.p.A., HSD S.p.A. and the Indian company Biesse Manufacturing Co. Pvt. Ltd. The main company processes and activities are formalised in a document system managed by the Innovation, Corporate Social Responsibility & Quality Management department. To guarantee the standardisation of the processes, most of the Quality System documents are available (in Italian and English) and may be accessed by all group companies via the corporate intranet. To support the transformation project, the Quality team worked closely with each department to define, structure and standardise business processes. This support process led to the construction of a map of the company's high-level processes, both operational and in terms of developing the business. This made it possible to identify the relationships to facilitate the exchange of data and information and ensure that company objectives are achieved more efficiently and effectively. The Quality Department is responsible for overseeing and ensuring the functioning of an approach based on process management, with the ultimate aim of facilitating the sharing of information, removing organisational barriers, and working to ensure that cross-functional processes and activities are clearly defined and controlled, and that roles and responsibilities are clearly identified. To enable a standardised and shared approach to processes, the company has, in fact, adopted an IT platform to monitor and control business processes by managing internal process and supply non-compliance.

Product reliability

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

The commitment to experimental development and the pursuit of new machinery and technologies is always considered a priority. For Biesse, reliability is linked to the strengthening of the entire production process. The development process for a new product is standardised and formalised via specific procedures and operational instructions, which detail all the stages. Customer centrality and satisfaction form the basis of a strategic approach implemented through the organisation of and control over the supply chain. The Quality Department analyses reports related to the replacement of components under warranty and the technical interventions made by the technicians of the Service function.

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

Some of the most important actions taken in 2022 to improve process efficiency, reduce costs related to low-quality products and promote continuous improvement include:

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

Before being delivered to the customer, all machinery must pass testing required by regulations in force, as well as specific tests depending on the product type. In 2022, 200,000 checks were carried out on products being shipped. Product Quality is achieved by accurately measuring the key values and characteristics of the assembled components. For this reason, all the mechanical and electrical instruments used are subjected to rigorous quality controls, and the approximately 8,000 measuring instruments are periodically checked and calibrated by accredited laboratories. In 2022, 180,000 lots from design providers were checked. The company also has 12 three-dimensional measuring machines to check strategic components, plus various laser trackers and interferometers that are used during testing that have resulted in an increase in measurement accuracy, a reduction in testing times and the possibility to increase the variables measured.

Technology at the service of customers and their safety

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

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

Figure 10.
Course of action for well-being and the safe use of machinery



Responsible management of the supply chain

Of the many components of the company's technological solutions, quality of supply is an essential element for the development of reliable products.

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

In a market that is increasingly mindful of and focused on creating value for the customer, the most innovative and dynamic organisations must focus their core strength on continuous improvement.

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

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

- Clear communication of the standards that Biesse requires through the setting of the General Conditions of Supply, sharing of the Supplier Quality Manual and Quality Standards.
- Assessing the ability of suppliers to meet the technical specifications and compliance with the requirements set out in the Supplier Manual. The latter not only requires suppliers to maintain high quality standards but also to comply with health and safety regulations to protect workers and to abide by applicable environmental regulations. In addition, the manual makes explicit reference to Biesse Code of Conduct which calls for the respect for human rights in terms of forced, compulsory or child labour and is committed to not establishing relationships with suppliers that directly or indirectly exploit and use child labour. Biesse constantly strives to ensure safe, fair and non-discriminatory workplaces, in compliance with the relevant national and international regulatory framework and inspired by the Universal Declaration of Human Rights proclaimed by the United Nations and by the fundamental International Labour Organization (ILO) conventions.
- Support for the development and preservation of skills within the organisation to remain competitive in the market. In fact, the company promotes programmes to support its regional partners in terms of organisation and skills. For example,

the Supplier Quality function assists selected suppliers in improving the performance and quality of the products they supply.

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

This approach makes it possible to establish relationships with quality suppliers and to develop an increasingly more effective and sustainable process, which leads to the creation of efficient and lasting partnerships.

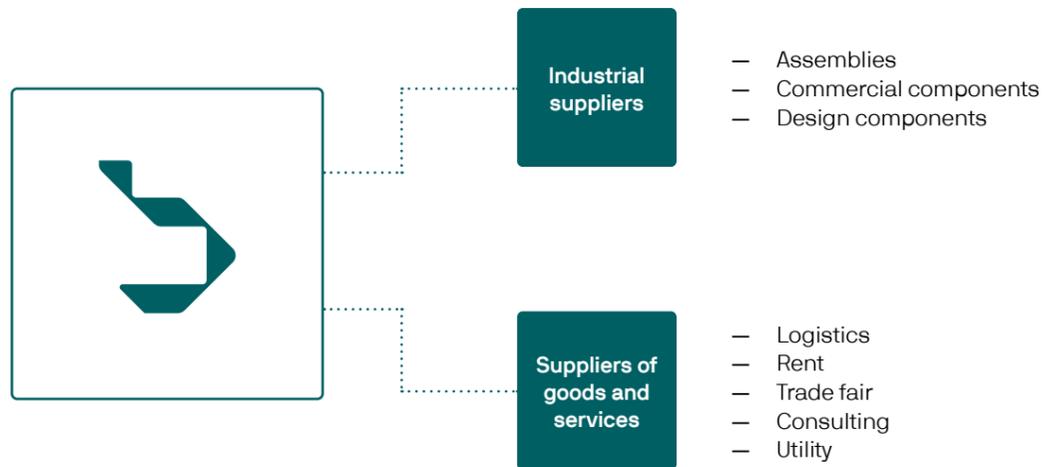
As the Covid-19 emergency continued and the war in Ukraine worsened in 2022, along with the complex implications on supplies and energy resources, the company has always maintained close ties with its suppliers, seeking to find common solutions to face challenging times together, while ensuring that commitments made and objectives agreed upon were achievable and sustainable. The close relationship Biesse has with its suppliers has enabled it to overcome the procurement difficulties encountered over the past year in the best way possible, guaranteeing adequate levels of service and quality.

Figure 11.
The main categories of Biesse's suppliers

Features of the supply chain

Biesse's supply chain consists of two main categories of suppliers: industrial suppliers of manufactured products and suppliers of goods and services.

The main industrial suppliers used by the company in the last year number around 966¹⁸ and accounted for approximately Euro 342 million of purchases in 2022 (compared to Euro 312 million in 2021). Biesse develops trusting relationships with its suppliers which are based on collaboration and the quality of professional services.



¹⁸ To provide more representative figures relating to the industrial supply chain, the number of "main suppliers" and the amount of purchases from manufacturing suppliers were calculated based on the consolidation of the information relating to the supply chain of Biesse S.p.A. and HSD S.p.A., Movetro S.r.l., Montresor S.r.l., Forvet S.p.A, and Biesse Manufacturing Co. Pvt. Ltd.

Figure 12.
% value of purchases from manufacturing suppliers, by category

- 39% › Design components
- 35% › Commercial components
- 24% › Assemblies
- 2% › Other

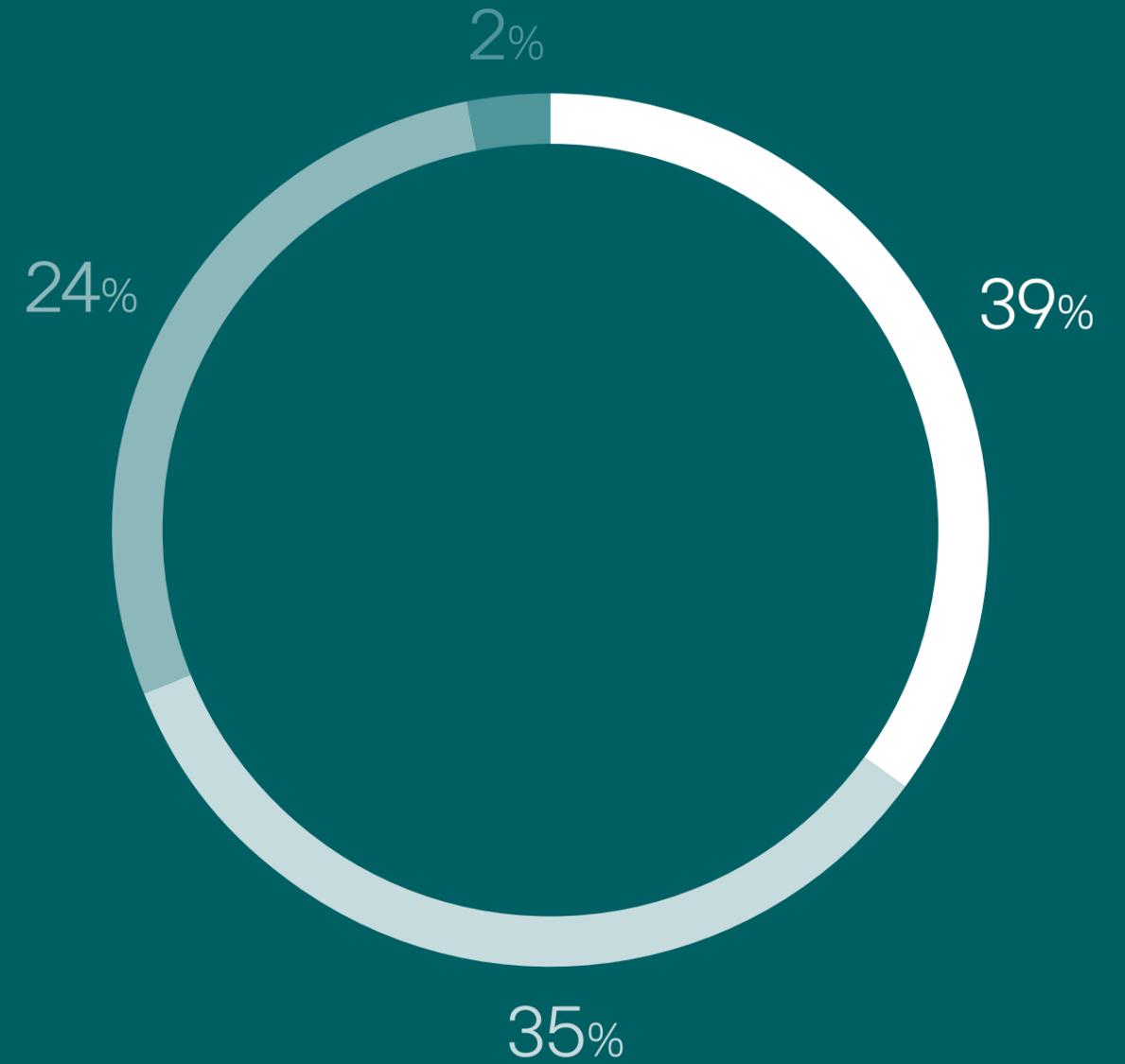


Figure 13.
% of purchases from local manufacturing suppliers by the group's main production hubs²⁰

- 95% › Local suppliers purchases
- 5% › Suppliers purchases

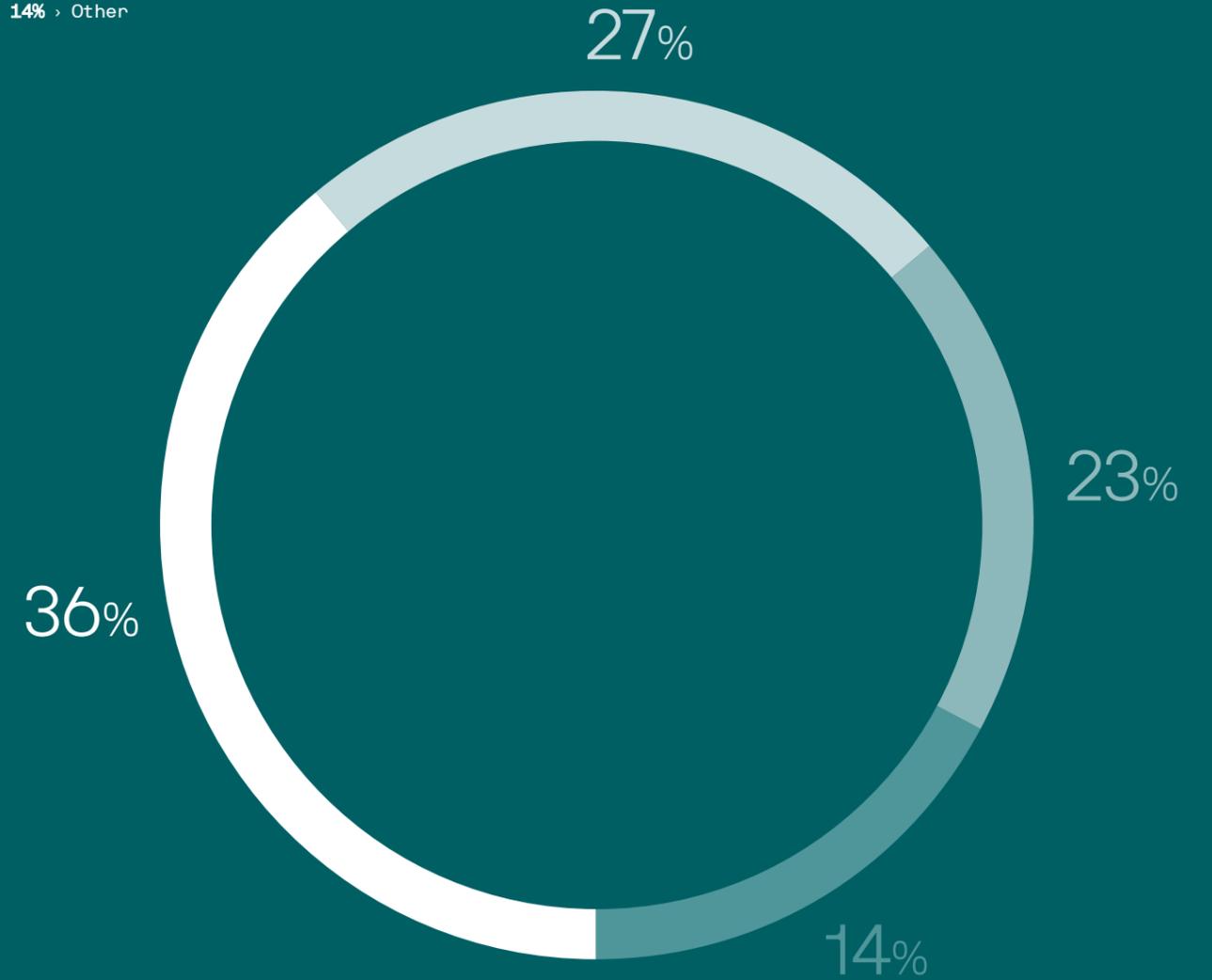


As regards the geographical breakdown of the purchase value, approximately 95% relates to local suppliers. Biesse's decision to source most of its supplies¹⁹ locally is not only because of logistical advantages and technical skills but is also because of the desire to contribute to the support and social development of the local area and surrounding communities directly and indirectly.

¹⁹ Local suppliers are Italian and Indian suppliers, with specific reference to the group's production hubs. This figure relates to the significant locations of operations: Italy and India.

Figure 14.
Purchases from non-manufacturing suppliers of Biesse Italy²¹, by category

- 36% › Logistic – Transportation
- 27% › Consulting – Assistance
- 23% › Utility – Events
- 14% › Other



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

Non-manufacturing purchases in 2022 by Biesse S.p.A. alone amounted to approximately Euro 52 million (compared to Euro 38 million in 2021). 80% of this amount was generated by approximately 101 suppliers, 21 of which are foreign.

²⁰ Due to the specific characteristics of the various types of assemblies purchased by the group, note that part of the amount of purchases from local suppliers for this product category is distributed to multiple sub-suppliers located in different geographical areas.

²¹ The following items are not included in non-manufacturing purchases: HSD S.p.A., branches, investments, commissions, business trips.

3.

Social Sustainability

74	Its people
81	Human Capital development
84	Change Management
85	Employee experience
89	Diversity and Inclusion
90	Relationships with local communities in the countries we have operations and with stakeholders

96% of employees

have permanent contracts.

More than 1,500 persons

have worked in Biesse for over 10 years.

Over 10,000 hours of training

dedicated to safety at work provided to employees.

Workplace safety management system of Biesse S.p.A. certified to

UNI ISO 45001:2018

standard

Support for social, cultural, artistic and sports initiatives

in the community.

Supplementary company agreement covering Smart Working (Italy)

Biesse Manufacturing India undertook several educational projects

aimed at children and adolescents.

3. Social Sustainability

The ability to develop employee attraction and retention policies that help improve the employee's experience with the company is key to promoting innovation and developing new products. People are an essential asset for Biesse and its success.

On 31 December 2022, Biesse had 3,667 employees, consisting of 3,172 men and 494 women, compared to 3,828 employees on 31 December 2021.

The company's workforce decreased slightly following the levelling out of production volumes after a period of market growth that was not in line with the actual trend in the economy,

and also because of the improvement in business processes, which made it possible to not replace personnel who left the company through natural turnover.

In 2022, 96% of employees have permanent contracts, providing proof that corporate policy creates stable relationships with our workers.

At 31 December 2022

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

At 31 December 2021

Region	Type of contract	M	W	Not disclosed	Total
AMERICAS	Temporary	0	1	0	1
	Permanent	185	40	0	225
Total Americas		185	41	0	226
ASIA-PACIFIC	Temporary	154	14	0	168
	Permanent	570	63	0	633
Total ASIA-PACIFIC		724	77	0	801
EMEA excluded Italy	Temporary	2	4	0	6
	Permanent	371	79	0	450
ITALY	Temporary	12	6	0	18
	Permanent	2,050	277	0	2,327
Total EMEA		2,435	366	0	2,801
Total		3,344	484	0	3,828

Tab 8. Number of Biesse employees by type of contract (permanent/temporary), gender and geographical area.

At 31 December 2022

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

At 31 December 2021

Region	Type of contract	M	W	Not disclosed	Total
AMERICAS	Full time	185	35	0	220
	Part time	0	6	0	6
Total Americas		185	41	0	226
ASIA-PACIFIC	Full time	724	77	0	801
	Part time	0	0	0	0
Total ASIA-PACIFIC		724	77	0	801
EMEA excluded Italy	Full time	369	71	0	440
	Part time	4	12	0	16
ITALY	Full time	2,051	236	0	2,287
	Part time	11	47	0	58
Total EMEA		2,435	366	0	2,801
Total		3,344	484	0	3,828

Tab 9. Number of Biesse employees by type of contract (full-time/part-time), gender and geographical area.

New hires

2022

Region	Type of contract	<30 years old	30-50 years old	>50 years old	Not disclosed	Total	Turnover (based on total workforce)
AMERICAS	Women	2	4	2	3	11	0.3%
	Man	5	7	5	6	23	0.6%
	Total	7	11	7	9	34	0.9%
	Turnover (based on total workforce)	0.2%	0.3%	0.2%	0.2%	0.9%	
ASIA-PACIFIC	Women	5	12	0	0	17	0.5%
	Man	61	33	3	0	97	2.6%
	Total	66	45	3	0	114	3.1%
	Turnover (based on total workforce)	1.8%	1.2%	0.1%	0.0%	3.1%	
EMEA excluded Italy	Women	5	15	3	0	23	0.6%
	Man	9	29	6	0	44	1.2%
	Total	14	44	9	0	67	1.8%
	Turnover (based on total workforce)	0.4%	1.2%	0.2%	0.0%	1.8%	
ITALY	Women	9	17	3	0	29	1%
	Man	40	38	9	0	87	2%
	Total	49	55	12	0	116	3%
	Turnover (based on total workforce)	1.3%	1.5%	0.3%	0.0%	3.2%	

New hires

2021

Region	Type of contract	<30 years old	30-50 years old	>50 years old	Not disclosed	Total	Turnover (based on total workforce)
AMERICAS	Women	3	0	1	0	4	0.1%
	Man	7	18	16	0	41	1.1%
	Total	10	18	17	0	45	1.2%
	Turnover (based on total workforce)	0.3%	0.5%	0.4%	0.0%	1.2%	
ASIA-PACIFIC	Women	17	9	1	0	27	0.7%
	Man	283	36	6	0	325	8.9%
	Total	300	45	7	0	352	9.6%
	Turnover (based on total workforce)	7.8%	1.2%	0.2%	0.0%	9.2%	
EMEA excluded Italy	Women	4	9	5	0	18	0.5%
	Man	20	45	11	0	76	2.1%
	Total	24	54	16	0	94	2.6%
	Turnover (based on total workforce)	0.6%	1.4%	0.4%	0.0%	2.5%	
ITALY	Women	3	6	3	0	12	0%
	Man	39	80	33	0	152	4%
	Total	42	86	36	0	164	4%
	Turnover (based on total workforce)	1.1%	2.2%	0.9%	0.0%	4.3%	

Tab 10. Number of new hires and new hire turnover rate, by gender, age group and geographical area

Leavers

2022

Region	Type of contract	<30 years old	30-50 years old	>50 years old	Not disclosed	Total	Turnover (based on total workforce)
AMERICAS	Women	-3	-1	-2	-3	-9	-0.2%
	Man	-2	-12	-7	-6	-27	-0.7%
	Total	-5	-13	-9	-9	-36	-1.0%
	Turnover (based on total workforce)	-0.1%	-0.4%	-0.2%	-0.2%	-1.0%	
ASIA-PACIFIC	Women	-5	-14	0	0	-19	-0.5%
	Man	-124	-48	-3	-1	-176	-4.8%
	Total	-129	-62	-3	-1	-195	-5.3%
	Turnover (based on total workforce)	-3.5%	-1.7%	-0.1%	0.0%	-5.3%	
EMEA excluded Italy	Women	-2	-14	-2	0	-18	-0.5%
	Man	-8	-26	-14	0	-48	-1.3%
	Total	-10	-40	-16	0	-66	-1.8%
	Turnover (based on total workforce)	-0.3%	-1.1%	-0.4%	0.0%	-1.8%	
ITALY	Women	-4	-17	-5	0	-26	-1%
	Man	-28	-91	-50	0	-169	-5%
	Total	-32	-108	-55	0	-195	-5%
	Turnover (based on total workforce)	-0.9%	-2.9%	-1.5%	0.0%	-5.3%	

Leavers

2021

Region	Type of contract	<30 years old	30-50 years old	>50 years old	Not disclosed	Total	Turnover (based on total workforce)
AMERICAS	Women	-2	-1	-2	0	-5	-0.1%
	Man	-9	-13	-9	0	-31	-0.8%
	Total	-11	-14	-11	0	-36	-0.9%
	Turnover (based on total workforce)	-0.3%	-0.4%	-0.3%	0.0%	-0.9%	
ASIA-PACIFIC	Women	-14	-12	0	0	-26	-0.7%
	Man	-218	-38	-9	0	-265	-6.9%
	Total	-232	-50	-9	0	-291	-7.6%
	Turnover (based on total workforce)	-6.1%	-1.3%	-0.2%	0.0%	-7.6%	
EMEA excluded Italy	Women	0	-10	-3	0	-13	-0.3%
	Man	-13	-29	-11	0	-53	-1.4%
	Total	-13	-39	-14	0	-66	-1.7%
	Turnover (based on total workforce)	-0.3%	-1.0%	-0.4%	0.0%	-1.7%	
ITALY	Women	-1	-8	-9	0	-18	0%
	Man	-39	-128	-76	0	-243	-6%
	Total	-40	-136	-85	0	-261	-7%
	Turnover (based on total workforce)	-1.0%	-3.6%	-2.2%	0.0%	-6.8%	

Tab 11. Number of leavers and leaver turnover rate, by gender, age group and geographical area

Human Capital development

In addition to the 3,667 employees at 31 December 2022, there were 504 other workers, in varying capacities, most of whom were temporary male staff, who contribute to the creation of Biesse machinery and technological innovations.

Region	Type of collaboration	M	W	Not disclosed	Total
ASIA-PACIFIC	Temporary worker	257	3	0	260
	Trainee/intern	1	0	0	1
Totale ASIA-PACIFIC		258	3	0	261
EMEA excluded Italy	Trainee/intern	3	1	0	4
	Temporary worker	236	1	0	237
ITALIA	worker 236 1 0 237	2	0	0	2
	Total EMEA	241	2	0	243
Total		499	5	0	504

Tab 12.
Number and type of other workers

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

For graduating STEM students, internships have been organised for preparing their theses and completing their university studies. At the same time, to find and nurture young talent starting from their university years, the company is often asked to carry out certain activities, such as lectures in the classroom, seminars and Career Days at major Italian universities. The selection of

young talent takes place via assessment sessions, in which candidates are subjected to self-presentations, group tests and individual interviews. New recruits receive on-the-job training by working alongside senior colleagues and taking part in specific training sessions.

In 2022, to encourage the acquisition of new skills and new ideas and to accelerate the company's development process, the entire Talent Acquisition process focused on the attraction and selection of strategic individuals who could drive innovation and promote change. Through a specific process, coordinated by specialised individuals, tests were structured to assess the appropriateness and leadership qualities of the interviewees.

Training and continuous improvement

Training of employees ensures continuous innovation, reliability and quality of the products and services that the company offers its customers. Employee training and development has a major impact on the company as it ensures that new technical and managerial skills are always being created. It is structured to provide a varied and inclusive offering designed to involve professional members of staff at all levels. In fact, it is Biesse's belief that growth can be solid and long lasting only through investment in the development of its employees' skills. This year, Biesse carried out a process of classifying and rationalising its training delivery platforms, which were classified according to the topics covered:

- Training on Machines and Machine Systems and Software
- Training on Software platforms
- Company processes
- Specialist professional training

In 2022, the catalogue of e-learning courses was significantly expanded with more than 50 new courses focused on knowledge of Biesse machinery and technologies. The significant increase in e-learning is intended to standardise and share the company's knowledge base, creating an agile and efficient process for training personnel at all locations around the world. E-learning courses are delivered in two versions, Italian and English, to reach the vast majority of users. Training is now an integral part of the product development process, and is therefore designed in parallel with the development of new products. This ensures that employees' skills are always aligned with the company's offering and that no gaps are created between what is offered on the market and what can be managed from a technical perspective. Biesse Training Weeks, an annual event devoted to developing the skills of the sales team, were delivered through e-learning sessions and, for the first time, also involved dealers and business partners external to the company, to align the sales team in all markets and deliver consistent messaging across all regions.

Complementing the sales team training were 34 online Q&A sessions, allowing all e-learning participants the opportunity to receive the necessary clarifications and insights.

It also became apparent during the year that the number of notices and newsletters on available courses, as well as the sending of e-mail reminders for those who had not yet completed their assigned courses, needed to be increased.

This activity yielded immediate results in terms of training

enrolment, increasing the perception of the central role of training in the company's strategy.

During the year, in fact, Biesse provided over 55,000 hours of classroom training to its employees and other workers. In parallel with training on company technologies, Biesse organised over 50 instructor-led e-learning sessions on the key company processes (called mega processes) that were redefined over the last two years. These sessions represent one of the drivers of the company's transformation and the way of working over the coming years. The main strength of this training programme, which lasted four months and focused on certain business processes, was primarily the involvement of the process owners who co-created and led the training sessions in order to promote this new way of working to their colleagues.

The new processes emphasised the need to follow standard working methods common to all stakeholders. In this regard, training sessions on Lean Manufacturing, FMEA (Failure Mode and Effects Analysis) and DMS (Daily Management Systems) were organised during 2022, involving more than 300 people from a cross-section of business functions.

Among the training provided in 2022, particular emphasis was placed on sustainability training. This is in fact a key element in creating awareness among employees so they can acquire knowledge on environmental, social and economic issues. This makes employees feel involved and empowered in implementing sustainable strategies and reducing environmental impact. Training must also be continuously updated to reflect new trends and regulatory changes related to sustainability. This year, this was achieved by providing about 250 hours of training to employees at the headquarters and abroad.

In addition to the above, in 2022, various on-site and remote involvement, information and training sessions were held on Legislative Decree 231/2001, reporting channels available for the communication of unlawful conduct pursuant to Legislative Decree 231/2001 (Whistleblowing law), the Code of Conduct, anti-bribery and human rights that involved over 2,700 employees. To comply with Regulation (EU) 2016/679 (GDPR), courses were organised to raise employees' awareness of privacy issues. To raise awareness and empower employees regarding data protection and protecting the company's reputation, training has continued on cyber security.

To design and deliver standardised and tailor-made training courses and increasing the efficiency of the human resources, a dedicated process, called the *Training Lab*, was established in HSD.

Additional figures relating to training is provided below.

Labour category	31 December 2022			31 December 2021		
	Hours Men	Hours Women	Total	Hours Men	Hours Women	Total
Health and safety training						
White Collar	3,575	743	4,318	3,172	626	3,798
Blue Collar	6,072	17	6,089	5,683	86	5,769
Total hours Health and safety trainings	9,647	760	10,407	8,855	712	9,567
Professional and management training						
White Collar	27,155	1,120	28,275	23,948	513	24,461
Blue Collar	16,772	14	16,786	17,501	30	17,531
Total hours employees	53,574	1,894	55,468	50,303	1,255	51,558
Total hours other workers	241	17	258	3,358	57	3,415
Training on the job ²³	34,658	0	34,658	48,216	-	48,216

Tab.13
Hours of training provide²² (broken down by labour category and gender)

Labour category	2022			2021		
	Average hours Men	Average hours Women	Total average hours	Average hours Men	Average hours Women	Total average hours
Men	16.1	3.9	13.7	14.0	2.4	11.8
Blue Collar	18.0	1.6	17.8	16.4	6.4	16.3
Average hours: Employees	16.9	3.8	15.1	15.0	2.6	13.5
Average hours: other workers	0.5	1.9	0.5	6.6	3.6	6.5

Tab.14
Average hours of training provided (broken down by labour category and gender)²⁴

²² Thanks to a process of improved data collection, it was possible to reclassify the training hours provided in 2021. These are therefore on-the-job training hours carried out alongside specialised technicians in the maintenance and start-up of new machines.

²³ On-the-job training hours carried

²⁴ Thanks to a process of improved data collection, it was possible to reclassify the training hours provided in 2021. The average number of training hours provided was therefore recalculated.

Labour category	2022			2021		
	Hours Men	Hours Women	Total	Hours Men	Hours Women	Total
White Collar	1,201	321	1,522	1,218	421	1,639
Blue Collar	1,237	45	1,282	1,303	25	1,328
Other employees	0	0	0	172	13	185
Totale	2,438	366	2,804	2,693	459	3,152

Tab.15
Number of employees that received training or communications on the Code of Conduct and human rights

Change Management

With the changes and uncertainty taking place in the global economic landscape, the need has arisen for a leaner and more standardised organisational working model to have the ability to quickly and competitively adapt to different situations. For this reason, starting in 2020, Biesse embarked on a project to reorganise its internal and international structure. The company has rationalised and optimised resources, making it better able to respond to customers with increasingly innovative technological solutions. Redundancies were eliminated, creating new synergies in technical support, training, and service. The company has moved beyond organisational divisions, introducing a cross-functional approach to processes that facilitate the implementation of development projects. The new organisational model was made possible by involving the entire management team, redefining internal processes and bringing in new and specialised employees. The company has evolved to address the various sectors it collaborates with in a straight-forward manner.

Everyone in Biesse has been called upon to contribute to the corporate transformation process that has been undertaken. In fact, to foster a proactive environment and actively contribute to the new vision, specific workshops have been organised for new hires, who have been asked to evaluate the initiatives, promote new ones and become real ambassadors of change.

The company is undergoing a veritable transformation, investing in young people ready to accept the challenge and embracing diversity, which is essential for building new strategies, by bringing in people from the various countries that interact with the headquarters and promoting the new way of working.

To understand how and how much each person has contributed to the company's transformation, in 2022, an "Organisation and People Evaluation" process was also organised for all the relevant headquarter managers of each function. This process included structured "Calibration" sessions to listen and collect feedback and to obtain agreement and approval of the evaluations. This prevented the evaluations from being left to the interpretation of the individual manager, while simultaneously raising awareness and a sense of responsibility for the process. The 2022 evaluation process did not focus on business performance or specific skills, but on how much each individual contributed to and drove change.

Employee experience

Industrial relations

Over the years, Biesse has put in place an effective industrial relations system based on sharing with workers' representatives the management of organisational and economic issues related to the variability in demand, efficiency and productivity, the management of internal or external issues, the work environment, safety, and the introduction of company welfare tools for improving working conditions and work-life balance. The trade unions participate at different levels, ranging from periodic or specific briefings, to consultations and participatory activities, to agreements that need to be finalised to plan work activities or to deal with specific issues.

The main issues faced in 2022 can be summarised as follows:

- Renewal of the supplementary company agreement.
- Smart working rules.
- Signing of a new collective "proximity" agreement for managing temporary workers to maintain a certain amount of flexibility in the medium-term while simultaneously agreeing to turn various fixed-term contracts into permanent contracts.
- Centralisation of Materia Line production at the Pesaro plant.
- Need to increase production to absorb the order backlog that had emerged during the pandemic and to address the surge in orders in the first six months of the year, only to manage a gradual slow down in orders in the second half of the year.
- Managing the integration of Forvet S.p.A. into the parent company, Biesse S.p.A.

The post Covid-19 emergency, apart from anticipating the need to re-think the organisation, highlighted the need to build a sense of belonging and commitment to one's work, to build an organisation that is capable of responding in terms of productivity, efficiency, quality and flexibility, to meet the expectations placed on the company as it becomes increasingly international.

In order to guarantee employees fair, safe, accessible and sustainable workplaces and working conditions, it is essential to maintain an effective industrial relations system. Over the years, Biesse has established a fruitful dialogue with the trade unions, in order to find the best solutions to reconcile people's needs with those of the business, guaranteeing every employee a transparent employment relationship and the full protection of his/her rights, regardless of the form of the contract that is characterised by the countries in which he/she works.

Industrial relations between the business and employees' representatives involve periodic meetings, during which a review is conducted of the trend in the company's results and financial position, as well as of specific issues, such as occupational

health and safety (analysis of injuries, near misses, processes for improving working conditions and issues specifically related to the pandemic), professional training and skills development. In addition to their customary role of sitting at negotiating tables, trade union representatives are often directly involved in organisational improvement processes. As far as the Italian group companies are concerned, it should be noted that 100% of employees are covered by collective labour agreements.

Corporate welfare

Since Biesse is attentive to the well-being and quality of life of its employees, it has committed to planning actions to improve the employee satisfaction and the corporate climate, by focusing on numerous initiatives concerning corporate welfare.

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

As part of the corporate welfare plan, all Italian employees are offered the chance to choose from a series of tax-exempt services related to health, well-being, education, recreation, sport and travel. In addition to the payment of annual amounts due for 2022, the corporate welfare plan, which is targeted at all blue-collar workers, office workers and middle managers employed in Italy, provides for, in accordance with the collective labour agreement for metalworkers, the possibility for each employee to convert his/her corporate performance bonus each year to flexible benefits. In view of the possibility and the individual choice to convert all or part of the bonus to corporate welfare benefits, the value of the flexible benefits made available on the corporate platform will be increased by the company to the extent of 13% of the amount of the accrued bonus.

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

Taking advantage of the special measures introduced by the Italian government in response to the energy crisis, which increased the value of the fringe benefit to €3,000, it was possible to use the economic value to purchase petrol vouchers.

In addition, in December 2022, the company made a €400.00 one-off Corporate Welfare payment to purchase:

- shopping, petrol or other types of vouchers;

- request the reimbursement of household water, electricity and natural gas utilities;
 - educational, recreational, social and healthcare services;
- In addition to the foregoing, Biesse offers a canteen service to employees in the main production plants in Italy and abroad, a transport service for workers in Pesaro and Bangalore. In 2022, as far as Italy-based employees are concerned, the corporate partnership scheme was revised and extended, with the objective of obtaining beneficial terms for local and nationwide recreational activities.

In addition, specific working schedules for similar categories of workers working at the operations and flexible start and finish times for employees are planned.

Benefits and remuneration

Biesse's Remuneration Policy is based on incentive schemes designed to recognise the commitment and merits of employees, while, at the same time encouraging a sense of belonging, attracting excellent resources from outside the company and aligning employees' interests with the objectives of sustainable value creation for shareholders over a medium to long-term time frame. To guarantee fairness and transparency, Biesse has designed a remuneration system for executive directors and key managers in line with the size and organisational characteristics of the group and with the market in which it operates. This remuneration envisages an annual fixed component and a variable component linked to the achievement of specific earnings based, and non-earnings based, performance objectives. The variable component of remuneration is paid upon the achievement of predetermined earnings and/or individual targets, through two incentive schemes, one of which is short-term (MBO) that envisages the award of an annual bonus based on the achievement of quantitative and qualitative objectives, while the other is medium- to long-term (LTI) and envisages the payment of a three-year bonus subject to the achievement of earnings and financial targets. As far as benefits are concerned, Biesse has committed and continues to commit itself to guaranteeing its employees transparency and clarity. Disbursement mechanisms may vary, not dependent on different contractual forms (full-time, part-time, permanent or temporary), but on different geographical areas, because relevant regulations may include or exclude certain services.

Occupational health and safety

The health and safety of employees are fundamental conditions that merit special attention via prevention and improvements in technological development, ensuring adequate training and continuous monitoring. All business activities are carried out in line with the occupational health and safety regulations in force, as well as with the requirements of the Code of Conduct and the Safety Policy. The group guarantees the highest safety standards for operators through organisational and management measures and through technical and other appropriate measures adapted to new technologies. The company also makes personal protective equipment available and guarantees adequate education, information and training for all employees. Regarding the group's Italian companies, the safety management system covers the activities of all the necessary functions, in line with the regulations in force. At each production unit, persons internal or external to the group have been appointed to the position of health and safety manager and to act as health and safety officers, in accordance with the law. To guarantee adequate employee representation within the safety management system, employees are asked to elect their employee safety representatives. Employees undergo medical examinations for fitness to work as required by applicable regulations. The Company then established a specific organisation focused on workplace safety which includes a series of functions delegated by the Employer, with the relative coordination pursuant to Article 16 of Legislative Decree 81/2008, and also by designated officers, to oversee and supervise all areas of the company.

Employees are subject to medical surveillance as required by applicable regulations. To generate a positive impact on the people working in the company, since 2021, Biesse S.p.A and its Italian plants, were also certified for their Occupational Health and Safety Management System in accordance with the international UNI ISO 45001:2018 standard, in addition to the certification previously obtained by HSD S.p.A. To maintain certification, periodic internal audits and audits by external entities are carried out to verify the continued compliance of the management system and the achievement of the continuous improvement objectives. As evidence of the sensitivity of Biesse employees to workplace safety, it worth noting the continuous monitoring of various indicators, useful for establishing preventive and corrective actions resulting from the assessment of the risk of injuries. In particular, in 2022, 51 near misses and 3 dangerous situations were reported and documented. The analysis of the causes of these reported non-conformities led to actions to improve the existing prevention system. The system for logging health and safety non-conformities is

managed by a specific information system used by the company not least to encourage those authorised to file these reports and to raise awareness of prevention among all personnel. In 2022, 77 workplace injuries were recorded (compared to 63 in 2021), including one identified as a high-consequence work-related injury²⁵ involving an employee of Biesse S.p.A. which occurred while the employee was working. No fatal injuries were reported. Despite the increase in the number of accidents in 2022, the analyses of the non-conformities have not identified any specific factors to which the increase in the number of accidents can be attributed. Training and prevention were ensured with the usual

care and professionalism, but some unfortunate factors could be considered causes of this increase such as the increase in production following the pandemic and the introduction of new organisational and logistical situations. In the end, there was an increase in minor injuries caused by improper use of tools, or bone and joint pain caused by incorrect movements. Further information concerning key figures relating to health and safety are indicated below.

Injuries employees			2022	2021
Geographical area	Number of cases	Total	Total	Total
Italy	Total Injuries	50	33	0
	- of which high-consequence injuries	1	0	0
	- of which: fatalities	0	0	0
Abroad	Total Injuries	27	30	1
	- of which high-consequence injuries	0	0	0
	- of which: fatalities	0	0	0
Total	Total Injuries	77	63	1
	- of which high-consequence injuries	1	0	0
	- of which: fatalities	0	0	0

Injuries other workers			2022	2021
Geographical area	Number of cases	Total	Total	Total
Italy	Total Injuries	9	7	0
	- of which high-consequence injuries	0	0	0
	- of which: fatalities	0	0	0
Abroad	Total Injuries	0	2	0
	- of which high-consequence injuries	0	0	0
	- of which: fatalities	0	0	0
Totale	Total Injuries	9	9	0
	- of which high-consequence injuries	0	0	0
	- of which: fatalities	0	0	0

Tab.16
Number of injuries recorded

²⁵ Work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months (GRI Standards definition). This injury did in fact exceed 6 months.

Diversity and Inclusion

Injury rates for employees		2022	2021
Geographical area	Injury rate	Total	Total
Italy	Injury rate	13.23	8.54
	rate of high-consequence injuries	0.26	0
	rate of fatalities	0	0
	Worked hours	3,779,169	3,864,767
Abroad	Injury rate	9.90	10.10
	rate of high-consequence injuries	0	0.34
	rate of fatalities	0	0
	Worked hours	2,726,167	2,970,718
Total	Injury rate	11.84	9.22
	rate of high-consequence injuries	0.15	0.15
	rate of fatalities	0	0
	Worked hours	6,505,336	6,835,485

Injury rates for other employees		2022	2021
Area geografica	Tipologia di infortunio	Totale	Totale
Italy	Injury rate	20.38	na ²⁶
	rate of high-consequence injuries	0	na
	rate of fatalities	0	na
	Worked hours	441,645	na
Abroad	Injury rate	0	na
	rate of high-consequence injuries	0	na
	rate of fatalities	0	na
	Worked hours	452,724	na
Total	Injury rate	10.06	na
	rate of high-consequence injuries	0	na
	rate of fatalities	0	na
	Worked hours	894,369	na

Tab.17
Injury rates

²⁶ Il calcolo degli indici infortunistici per i collaboratori esterni è stato implementato a partire dal 2022.

Biesse's increased global presence has multiple implications for the business. One of these is the creation of a healthy and inclusive work environment that respects the diversity of each individual. Biesse acknowledges the centrality of human resources in the belief that the key factor of success of every enterprise consists of the professional contribution made by its employees in a climate of loyalty and mutual trust. Each day, the company strives to create a workplace where each individual may express his or her abilities and leadership and seek opportunities to learn and grow. Starting from the early phases of personnel selection and recruitment, the company performs assessments solely based on a matching of expected profiles to required profiles and on transparent and verifiable considerations of merit,

in accordance with established procedures. The management of employment relationships is oriented towards guaranteeing equal opportunities and facilitating the professional development of employees. Biesse is committed not to make any direct or indirect discrimination in the personnel selection and evaluation process, based on trade union, political, religious, racial, language or gender related reasons. In 2022, there was also much focus on disability inclusion. An attraction & recruitment processes was put in place which offered different opportunities to join the company that focused exclusively on skills and development potential for the positions to be filled.

Labour category	At 31 December 2022				At 31 December 2021			
	Men	Women	Not disclosed	Total	Men	Women	Not disclosed	Total
White Collar	51.95%	12.93%	0.03%	64.90%	50.50%	12.20%	0.00%	62.70%
Blue Collar	34.55%	0.55%	0.00%	35.10%	36.90%	0.50%	0.00%	37.30%
Total (%)	86.50%	13.47%	0.03%	100%	87.40%	12.60%	0.00%	100%

Tab.18
Percentage of employees by labour category and gender

Labour category	At 31 December 2022				Total
	<30 years old	30-50 years old	>50 years old	Not disclosed	
White Collar	5.13%	39.54%	19.01%	1.23%	64.90%
Blue Collar	6.71%	19.85%	8.51%	0.03%	35.10%
Totale(%)	11.84%	59.39%	27.52%	1.25%	100%

Labour category	At 31 December 2021				Total
	<30 years old	30-50 years old	>50 years old	Not disclosed	
White Collar	5.30%	39.00%	18.40%	0%	62.70%
Blue Collar	9.40%	20.10%	7.80%	0%	37.30%
Total (%)	14.70%	59.10%	26.20%	0%	100%

Tab.19
Percentage of employees by labour category and age group

Relationships with local communities in the countries we have operations and with stakeholders

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

With a belief in the value of continuous training, it fosters a participatory dialogue with national and international institutions, universities, training schools and research centres and develops, with their contribution, projects of common interest to facilitate the entry of young people into the world of work. In the year just ended, Biesse has supported numerous social, cultural, scientific and sports initiatives, having made contributions and donations of approximately Euro 621 thousand and by having collaborated with various national and international non-profit institutions and entities.

The company's main initiatives are aimed at educating young children and teenagers to ensure they have the skills and safe and healthy environments where they can study and gain experience. Several projects were launched in 2022, both in Italy and in the countries where we do business.

Synergy between school and business

In 2022, Biesse Manufacturing India undertook several local projects, directly or indirectly contributing to the education of children and adolescents. It has supported the Bless Foundation - Hostel for Blind and disabled orphans to cover the cost of educating 43 orphans staying at the centre. It supported the renovation of three rural area schools to ensure students have a healthy and comfortable place to learn. It also launched a project to set up a computer lab and provide the equipment for a chemistry lab in Makali for 75 students. And lastly, it contributed to the construction of a drinking water plant in the village of Nagarur, providing water to about 250 homes.

Biesse Iberica continues its collaboration with Escuela de la Madera del SAE institute in Lucena to provide specialised training of workers in woodworking technology. Biesse Iberica will in fact provide the institute with its design software, thus guaranteeing the students acquire the skills in demand in the labour market. A project with a vocational institute to train craftsmen was also launched this year.

› Sustainable engineering

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

› Innovation platform – Furniture technologies

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

› Partnership with Artlegno and the E-Team Squadra Corse of the University of Pisa

The partnership with the company "Artlegno" and the E-Team Squadra Corse of the University of Pisa - School of Engineering has led to the launch of an innovative project that combines woodworking technologies with those of advanced materials. This project made it possible to build racing cars, one of which is driverless thanks to the Rover and Matera CL 5-axis processing centres.

› Biesse contributes to the education of future craftsmen

In 2022, Biesse continued its partnership with the Professional Institute "Industry and Craftsmanship for Made in Italy", Wood-Furnishings Sector, Bramante-Genga of Pesaro to train and support the craftsmen of the future. The project, which focuses on sharing technologies, human resources and skills, has led to the continuation of the Woodworker and Design Draftsman Course (IeFP), with Biesse taking an active part in a series of lessons on specific topics.

› SITUM: the company's collaboration with the Polytechnical University of Marche and the University of Perugia

In 2022, Biesse, together with other local businesses, will become a laboratory for SITUM, the Regional Innovation School

of Umbria Marche project sponsored by the Polytechnical University of Marche and the University of Perugia. SITUM was created with the objective of revitalising the employment market by creating synergy between the academic and business worlds and offering new opportunities to local youth. SITUM establishes a bridge between the demand for skills and people in the business world and socio-economic stakeholders and the educational programmes of the universities.

Regional support initiatives

With the goal of strengthening relations with local communities and fully understanding their needs, Biesse actively involves countries in activities to listen to and support the socio-cultural development of their regions. Examples of the initiatives supported by the company include:

› Biesse UK supports the local community

Biesse UK organised two volunteer days to clean up local green areas involving people from the office.

› Biesse and Eataly together in supporting the World Food Program

Biesse, through the Christmas gift delivered to its Italian employees, has supported, together with Eataly, the UN World Food Program School Feeding Project. For every Eataly package delivered, the WFP provides a school meal to children in the poorest countries of the world, guaranteeing them access to education, health and proper nutrition.

› Support for "Progetti del Cuore" initiative

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

› Support to "I Bambini delle Fate" association

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

› Biesse France supports the breast cancer awareness campaign

Biesse France supports the association for the fight against breast cancer and in October (Pink October) an awareness campaign was organised for internal and external stakeholders and through teamwork activities.

› Fight against waste in collaboration with Banco Alimentare and Caritas

Thanks to an active contribution by Banco Alimentare and Caritas, unconsumed food in the company canteen on the Pesaro campus is recovered under a project inspired by circular economy models, thus fighting waste and making good use of food that would otherwise have been discarded. **Banco Alimentare** recovers hot meals, bread, desserts, fruit and vegetables from the company canteen three times a week and, thanks to its volunteers, it redistributes them locally the same day, thus offering tangible, constant support to the needy. Thanks to a constant relationship with the company, **Caritas** also collects, on a daily basis, excess food from the canteen, with which it provides support to "Casa Tabanelli", an emergency reception centre in Pesaro, thus guaranteeing a meal every day to the centre's guests. In 2022, approximately **10,000 complete meals** were recovered.

4.

Environmental Sustainability

96

Approach to environmental management

98

Emissions reduction

102

Responsible management of water resources, consumables and waste

100% of electricity purchased from renewable sources

with guarantees of origin for the group's Italian companies.²⁷

5,093 ton CO₂ avoided through the purchase of electricity from renewable sources

with guarantees of origin for the group's Italian companies (Scope 2 market-based).

787 ton CO₂

avoided by using photovoltaic panels

16,500 m² of photovoltaic panels installed

93% of waste products are non-hazardous

Environmental management system of HSD S.p.A. and Biesse S.p.A. certified to the

UNI ISO 14001:2015

standard

The use of cobalt-free powders

in Diamut.

Various energy efficiency improvement schemes implemented and planned as part of the environmental management system.

4. Environmental sustainability

²⁷ Escludes Forvet S.p.A.

Approach to environmental management

The context in which Biesse operates, as highlighted by the latest WWF report²⁸, reveals the alarming state of our planet's health and calls for transformational action to protect the planet from the consequences of biodiversity loss and the effects of climate change.

Biesse is committed to making a positive contribution to this transformation. As previously mentioned, the certification of the environmental management system has allowed it to review its operating processes to improve efficiency and reduce consumption. The objective is to find the best solutions to minimise the company's environmental impact in terms of emissions and the use of natural resources, while also generating value for its stakeholders. Today, the main areas of improvement are focused on:

Natural resource savings

Re-engineering certain Biesse products to reduce their environmental impact through energy savings, optimising raw materials and components and regenerating certain components.

Reduction of the impact of production processes

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

Compliance with relevant legislation

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

²⁸ Living planet report 2022

Emissions reduction

Energy consumption

In 2022, Biesse S.p.A.²⁹ developed, implemented and obtained certification of its Environmental Management System to ISO 14001:2015 standards. The certification is the start of the journey started a few years ago and demonstrates the company's commitment and responsibility in managing resources, optimising certain processes and responding in a timely manner to environmental laws and regulations. Certification has also strengthened the company's commitment to promote new objectives in the future.

In terms of managing energy consumption, Biesse has taken a number of steps to reduce direct and indirect emissions and to optimise consumption while achieving financial savings. To this end, Biesse S.p.A. and HSD S.p.A. have voluntarily appointed an Energy Manager, who is a qualified energy management expert. In compliance with Legislative Decree 102/2014 (that transposes EU Directive 27/2012 on energy efficiency, modified by EU Directive 2018/2002), Biesse S.p.A. and HSD S.p.A., which are defined as "Large Enterprises", undergo energy audits every four years on their main manufacturing plants.

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

Electricity used by Biesse is mainly for the supply of power for production cycles in manufacturing plants and, to a lesser extent, for offices and services. Total electricity consumed in 2022 corresponds to approximately 63,266 GJ, a decrease of approximately 3% compared to the 2021 figure. The difference is attributable to the energy efficiency measures carried out in 2022. As a sign of the company's commitment to reduce its carbon footprint, following on from last year, all Italian companies of the group³⁰ have purchased electricity from GO (Guarantee of Origin) certified renewable sources, with the aim of significantly reducing indirect Scope 2 market-based CO2 emissions. In 2022, approximately **72%**³¹ of the total electricity consumed by Biesse came from renewable sources.

Pesaro Campus has photovoltaic systems with a total area covered by solar panels of about 16,500 m² and a total installed capacity of 1,265 kWp. In 2022, it was possible to increase the amount of self-consumption by joining two electrical loads on campus. Work has also begun on the construction of the medium-voltage ring-type electrical network, which will be completed in 2023. This work will make it possible to further increase the rate of self-consumption on campus and avoid the risks of production downtimes. The future expansion of the photovoltaic systems will also allow Biesse to further reduce its dependence on the grid for its energy purchases and lower the impact on costs. In 2022, about 1,626 MWh of clean energy was generated, providing around 14% of Biesse S.p.A.'s electricity requirements.

Biesse develops initiatives aimed at a more efficient use of energy resources and a reduction of its environmental impact. In this regard, the following initiatives were implemented in 2022:

- installation of a system for remotely controlling temperatures and power on/off times.
- gradual replacement of existing lights with LED lights.
- replacement of the existing air-conditioning systems with heat pump systems.

In a broader context, the company continues to implement structured continuous energy carrier monitoring systems (electricity, thermal, natural gas, and compressed air). Other energy consumption consists of the use of petrol, diesel, and natural gas, as shown in the following table:

Nature of consumption	2022	2021
	Consumption in GJ	Consumption in GJ
Electric energy purchased	57,950	60,653
— Of which from renewable sources with GO	40,121	42,901
— Of which from national energy mix	17,829	17,752
Electricity self-produced and consumed from renewable energy sources	5,316	4,304
Electric energy sold	885	938
Total consumption of electric energy	63,266	64,958

Tab.20
Electricity consumption (GJ) by the group

Energy source	2022	2021
	Consumption in GJ	Consumption in GJ
Petrol for haulage	12,737	6,055
Diesel for heating	3,384	4,291
Diesel for haulage	56,486	38,350
Natural gas (for heating)	44,377	58,197
LPG	2,719	564
Electricity consumed (plant operation, offices and cooling)	63,266	64,958
of which purchased from renewable sources (with GO and from solar panels)	45,437	47,206
Total energy consumption	182,969	172,415

Tab.21
Classification of energy consumption within the group

²⁹ The site in via Toscana 81 in Pesaro, is not covered by the certification.

³⁰ All Italian companies except Forvet S.p.A. have purchased GOs for 2022.

³¹ Includes electricity purchased from GO certified renewable sources and self-generated electricity from the photovoltaic system.

Emissions of CO₂

Greenhouse gas emissions from energy use in our business (scopes 1 and 2) are being tracked to determine our climate footprint.



In 2022, the company carried out a series of works on the campus to reduce natural gas consumption by replacing air-conditioning systems with more efficient heat pump systems.

Regarding direct emissions (Scope 1), Biesse produced approximately 6,000 tonnes of CO_{2e}.

Regarding indirect emissions (Scope 2), the emissions of CO₂ produced in 2022 amounted to approximately 2,761 tonnes (market-based), in line with the previous year. In 2022, 5,093 tonnes of CO₂ (Scope 2 - market-based method) were avoided through the purchase of electricity from renewable sources with guarantees of origin for the group's Italian companies. Furthermore, electricity produced by photovoltaic plants in 2022 made it possible to reduce CO₂ atmospheric emissions by approximately 787 additional tonnes³².

SCOPE 1	2022	2021
Nature of emissions	Emissions (ton CO ₂ e)	Emissions (ton CO ₂ e)
Total direct emissions (Scope 1)	6,013	6,197
— Due to natural gas	2,250	2,947
— Due to diesel	3,038	2,829
— Due to diesel for haulage	2,793	2,523
— Due to petrol for haulage	563	387
— Due to LPG	162	34

Tab.22
Classification of Biesse's Scope 1 emissions

SCOPE 2	2022	2021
Nature of emissions	Emissions (ton CO ₂ e)	Emissions (ton CO ₂ e)
Total indirect emissions (Scope 2) (location based)	6,204.99	6,427
Total indirect emissions (Scope 2) (market based)	2,761.46	2,716

Tab.23
Classification of Biesse's Scope 2 emissions

³² To determine the tonnes of CO₂ not emitted into the atmosphere, use was made of conversion coefficients indicated by AIB's European Residual Mixes 2022. The figure comprises CO₂ avoided as a result of self-produced energy by the plants owned by Biesse and the unowned plant used by Montresor & Co. S.r.l.

Responsible management of water resources, consumables and waste

Waste management

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

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

Waste produced	2022	2021
Hazardous (T)		
Waste not intended for disposal of which:		
Other recovery operations*	108	147
Recycling	14	-
Waste intended for disposal of which:		
Incineration with energy recovery	-	-
Incineration without energy recovery	12	36
Landfill	-	3
Other disposal methods	105	21
Total hazardous waste	239	207
Not Hazardous (T)		
Waste not intended for disposal of which:		
Other recovery operations *	2,628	1,671
Recycling	423	400
Waste intended for disposal of which:		
Incineration with energy recovery	12	-
Incineration without energy recovery	-	-
Landfill	-	4
Other disposal methods	57	38
Total not hazardous waste	3,120	2,113
Total (T)		
Of which intended for disposal	186	102
Of which not intended for disposal	3,173	2,218

Tab.24
Classification of waste by type and by disposal method³³

³³ The waste produced by Biesse's foreign non-manufacturing subsidiaries have been estimated based on prior year average waste figures for the most representative subsidiaries and on employee numbers. By adopting this methodology, approximately 13% of total waste produced is based on estimates.

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

In 2022, Biesse produced over 3,268 tonnes of waste, around 41% more than 2021, approximately 96% of which was non-hazardous.

The increase in the percentage of waste that will be recycled is attributable to several factors. The first is related to the total re-layout during the year, which affected the overall waste production and the increase in production of about 13.6%. The second was the introduction of the environmental management system, which allowed for a review of waste management throughout the company. In fact, Biesse is in the process of increasingly careful classification of waste in each plant in line with the company's procedures that outline the standards to be followed for proper waste management. Lastly, Forvet S.p.A. was included in the reporting scope.

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

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

Materials management

Diamut's commitment to research and innovation has led to the development of a new "cobalt-free" binder used on all products in the range. This is a new generation of binder designed specifically for this type of application and tested during development in extremely competitive markets. This binder uses metallic powders that have a low environmental impact and do not pose a health risk. The use of cobalt-free powders provides customers with the benefit of lower disposal costs of the waste generated when processing the material.

Taxonomy

Management of water resources

Biesse plans to develop strategies to improve the management of water resources, even though it does not need vast quantities of water for its production cycles, as a matter of respect for this precious resource for the well-being of the community. The use of water resources is linked to a large extent to normal consumption for sanitary use. As far as production is concerned, water is mainly used for trials and testing of glass and stone processing machinery with water jet cutting systems. Biesse S.p.A. uses a closed circuit purification system for the water used in the production process so that it can be reused in the process itself and reducing the amount of water withdrawn for the process to a minimum.

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

The amount of water withdrawn in 2022 was 70.45 ML compared to approximately 60.91 ML in 2021. This difference is due to including Forvet in the reporting scope, the increase in production during the year, and the installation of an additional pump to withdraw water at the Indian facility.

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

Unit of measurement ML	2022		2021	
	Total	Of which water-stressed areas	Total	Of which water-stressed areas
Well	51.28	24.20	45.87	24.64
Water from aqueduct	19.17	13.21	15.04	9.94
Total	70.45	37.41	60.91	34.58

Tab. 25
Classification of water withdrawn by Biesse by source³⁴

³⁴ Amounts relating to water withdrawals by Biesse's foreign non-manufacturing subsidiaries have been estimated based on prior year water withdrawal figures for the most representative subsidiaries and on employee numbers. By adopting this methodology, approximately 10% of total water withdrawals is based on estimates. The World Resource Institute's online 'Aqueduct' tool was used to assess the level of water stress. Regarding water withdrawals, based on available information, all water withdrawn is estimated to be fresh water ($\leq 1,000$ mg/l total dissolved solids) and as regards third-party water resources in water-stressed areas, about 95% is groundwater and the remaining 5% surface water.

Based on Article 8 of EU Regulation 2020/852 ("Taxonomy Regulation"), starting with publications subsequent to 1 January 2022, non-financial companies are required to disclose several parameters in their non-financial or consolidated non-financial statements: the proportion of turnover from products or services associated with environmentally sustainable economic activities, the proportion of capital expenditure (Capex) and the proportion of operating expenditure (Opex) relating to assets or processes associated with environmentally sustainable economic activities.

In particular, an economic activity is considered environmentally sustainable if it contributes substantially to achieving one or more environmental objectives defined in the Taxonomy, such as climate change mitigation or adaptation, the sustainable use and protection of water and marine resources, or the transition to a circular economy and pollution prevention and reduction, through to the protection and restoration of biodiversity and ecosystems. To be considered sustainable, an economic activity must not cause significant harm to any of the environmental objectives, it must be carried out in compliance with minimum safeguards, and it must comply with the required technical criteria.

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

- EU Delegated Regulation 2021/2139 of 4 June 2021 established the technical criteria under which an economic activity qualifies as contributing substantially to climate change mitigation and climate change adaptation objectives;
- the EU Delegated Regulation 2021/2178 of 6 July 2021, supplementing Article 8 of the Taxonomy Regulation, specified the contents, methodology and presentation methods of the information to be reported. In particular, pursuant to Article 10 of the Taxonomy Regulation, in the publications issued between 1 January and 31 December 2022, companies subject to the obligation to publish a Consolidated Non-Financial Statement (NFS) must disclose the proportion of their total turnover, capital expenditure (CapEx) and operating expenditure (OpEx) that qualifies as "eligible" or "aligned" from an environmental perspective. This assessment concerns only those economic activities that are eligible and aligned with the climate change mitigation and climate change adaptation objectives, the only ones with respect to which technical screening criteria have been defined as specified above.

To comply with the above disclosure requirements, Biesse has analysed the economic activities carried out by the group to identify those qualifying as "eligible" with respect to the objectives described above, and has prepared the disclosures required by the relevant regulations, taking into account the interpretative clarifications provided by the European Commission in the form of "Q&A" in December 2021, February 2022 and December 2022.

Following the outcome of these analyses, it emerged that none of the group's economic activities are currently eligible, and therefore all the group's turnover, capital expenditure and operating expenditure for the 2022 financial year are to be considered not eligible and therefore not aligned. Please refer to the Annexes for the details of the tables.

In particular, regarding the "eligible" or "aligned" portion of turnover, which consist of the proportion of net turnover from services or products, including intangible ones, which originate from taxonomy-aligned economic activities divided by total net turnover, in 2022, Biesse was deemed not to carry out any activity considered applicable to the taxonomy. This conclusion is the result of comparing the activities of the Biesse, based on the NACE codes and the specific activities carried out by group companies, with the list of activities included in the Regulation and the most recent published interpretations. Furthermore, as of today, the group's activities can only marginally be included among sustainable investments as defined in the Regulation.

Based on the requirements of the Regulation, the calculation of the aligned percentages was carried out on the 2022 reporting year and involved all fully consolidated group companies.

In this regard, it should be noted that, in conducting the abovementioned analysis and drafting of the disclosures relating to the Taxonomy, Biesse has adopted a generally prudent approach based on its own understanding and interpretation, based on current knowledge and on the applicable regulatory requirements.

More analysis will be carried out in the coming months, given the ongoing changes to the Regulation, its practical interpretation and application, as well as the strategic decisions taken by the group. The disclosure described in this chapter of the NFS will be updated considering the forthcoming publication of the relevant technical regulations for the additional environmental objectives set out in Article 9 of the Taxonomy Regulation, as well as other changes in its interpretation, which could lead to substantial changes in the assessments and calculation of KPIs for the next reporting year.

	2022	2021
	Aligned quote	Not aligned quote
Revenue	0%	100%
Capex	0%	100%
Opex	0%	100%

Tab. 26
Taxonomy

GRI: Content index

Statement of use

Il Gruppo Biesse has reported in accordance with the GRI Standards for the period 1/01/2022 - 31/12/2022

GRI 1 used

GRI 1 – Foundation - 2021

Applicable GRI Sector Standard(s)

N/A

Standard GRI	Disclosure	Location	Omission		GRI sector standard ref. no.
			Pag	Requirement(S) Reason omitted	
GENERAL DISCLOSURES					
GRI 2 General Disclosures 2021	2-1 Organizational details	6,7,15			
	2-2 Entities included in the organization's sustainability reporting	6			
	2-3 Reporting period, frequency and contact point	6			
	2-4 Restatements of information	78, 82			
	2-5 External assurance	112-115			
	2-6 Activities, value chain and other business relationships	65-70			
	2-7 Employees	75-80			
	2-8 Workers who are not employees	80			
	2-9 Governance structure and composition	20-23			
	2-10 Nomination and selection of the highest governance body	20			
	2-11 Chair of the highest governance body	13			
	2-12 Role of the highest governance body in overseeing the management of impacts	21			
	2-13 Delegation of responsibility for managing impacts	39,40,46,47			
	2-14 Role of the highest governance body in sustainability reporting	46			
	2-15 Conflicts of interest	23,24			
	2-16 Communication of critical concerns	24,25			
	2-17 Collective knowledge of the highest governance body	21,22,39,40			
	2-18 Evaluation of the performance of the highest governance body	24,25			
	2-19 Remuneration policies	23,24,25			
	2-20 Process to determine remuneration	24,25			
	2-21 Annual total compensation ratio	25	2-21 b	Lack of previous data	
	2-22 Statement on sustainable development strategy	5,6,39-41			

2-23 Policy commitments	24,25
2-24 Embedding policy commitments	39
2-25 Processes to remediate negative impacts	30-35
2-26 Mechanisms for seeking advice and raising concerns	26,27
2-27 Compliance with laws and regulations	24,25
2-28 Membership associations	58
2-29 Approach to stakeholder engagement	41-45
2-30 Collective bargaining agreements	85,86

MATERIAL TOPICS		
GRI 3 Material Topics 2021	3-1 Process to determine material topics	44-47
	3-2 List of material topics	45-47
BUSINESS ETHICS AND INTEGRITY		
GRI 3 Material Topics 2021	3-3 Management of material topics	24,25
	206 206: Anticompetitive behavior (2016)	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
207 Tax (2019)	207-1 Approach to tax	26,27
	207-2 Tax governance, control, and risk	26,27
	207-3 Stakeholder engagement and management of concerns related to tax	26,27
205 Anti-corruption (2016)	205-3 Confirmed incidents of corruption and actions taken	24,25
418 Privacy dei clienti (2016)	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	28
MANAGEMENT OF THE ORGANIZATION, PROCESSES AND TECHNOLOGIES IN RELATION TO THE CONTEXT		
GRI 3 Material Topics 2021	3-3 Management of material topics	28
ECONOMIC SUSTAINABILITY		
INNOVATION OF PRODUCTS AND PROCESSES		
GRI 3 Material Topics 2021	3-3 Management of material topics	58-60
416 Customer health and safety (2016)	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	25
CUSTOMER EXPERIENCE (CUSTOMER SUPPORT)		
GRI 3 Material Topics 2021	3-3 Management of material topics	62-64
417 Marketing and Labeling (2016)	417-3 - Incidents of non-compliance concerning marketing communications	It should be noted that, during 2022, no cases of non-compliance with regulations and voluntary codes on marketing communications were detected.

RESPONSIBLE MANAGEMENT OF SUPPLY CHAIN		
GRI 3 Material Topics 2021	3-3 Management of material topics	65-70
204 Procurement Practices (2016)	204-1 Proportion of spending on local suppliers	68
SOCIAL SUSTAINABILITY		
HUMAN CAPITAL DEVELOPMENT		
GRI 3 Material Topics 2021	3-3 Management of material topics	72-75
401 Employment (2016)	401-1 New employee hires and employee turnover	78,79
404 Training and Education	404-1 Average hours of training per year per employee	82,83
EMPLOYEE EXPERIENCE		
GRI 3 Material Topics 2021	3-3 Management of material topics	85,86
401 Employment (2016)	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	86,87
402 Labor/Management Relations (2016)	402-1 Minimum notice periods regarding operational changes	-
		Minimum notice periods are defined within national collective labour contracts, if any, and by laws in force in the countries in which the Group operates.
SALUTE E SICUREZZA		
GRI 3 Material Topics 2021	3-3 Management of material topics	86
	403-1 Occupational health and safety management system	86-88
	403-2 Hazard identification, risk assessment, and incident investigation	86-88
	403-3 Occupational health services	86-88
403 Occupational health and safety (2018)	403-4 Worker participation, consultation, and communication on occupational health and safety	86-88
	403-5 Worker training on occupational health and safety	86-88
	403-6 Promotion of worker health	86-88
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	86-88
	403-9 Work-related injuries	86-88
CHANGE MANAGEMENT		
GRI 3 Material Topics 2021	3-3 Management of material topics	84
201 Economic Performance (2016)	201-1 Direct economic value generated and distributed	52-57
203 Significant indirect economic impacts (2016)	203- 2: Significant indirect economic impacts	52-57, 65, 66, 90, 91

DIVERSITY & INCLUSION		
GRI 3 Material Topics 2021	3-3 Management of material topics	89
405 Diversity and Equal Opportunity (2016)	405-1 Diversity of governance bodies and employees	23,89
RELATION WITH LOCAL COMMUNITIES IN THE COUNTRIES WHERE WE OPERATE AND WITH STAKEHOLDERS		
GRI 3 Material Topics 2021	3-3 Management of material topics	90,91
413 Local communities (2016)	413-2 Operations with significant actual and potential negative impacts on local communities	-
		No operations were recorded with significant actual and potential negative impacts on local communities
ENVIRONMENTAL SUSTAINABILITY		
REDUCTION OF EMISSIONS		
GRI 3 Material Topics 2021	3-3 Management of material topics	96,97
305 Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	100
	305-2 Energy indirect (Scope 2) GHG emissions	101
302 Energy (2016)	302-1 Energy consumption within the organisation	98,99
RESPONSIBLE MANAGEMENT OF WATER, WASTE AND MATERIALS		
GRI 3 Material Topics 2021	3-3 Management of material topics	102-104
	303-1 Interactions with water as a shared resource	104
303 Water and Effluents (2018)	303-2 Management of water discharge-related impacts	104
	303-3 Water withdrawal	104
	306-1 Waste generation and significant waste-related impacts	102,103
306 Effluents and Waste (2020)	306-2 Management of significant waste-related impacts	102,103
	306-3 Waste generated	102,103
	306-4 Waste diverted from disposal	102,103
	306-5 Waste directed to disposal	102,103

Report of the Independent Auditors

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

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Biesse S.p.A. and its subsidiaries (hereinafter "Biesse Group") as of December 31, 2022 prepared on the basis of art. 4 of the Decree and approved by the Board of Directors on March 14, 2023 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "Taxonomy".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative ("GRI Standards"), which they have identified as reporting framework.

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

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

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

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

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

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

Specifically we carried out the following procedures:

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

4. understanding of the following matters:

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

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

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

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

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

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

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Biesse Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS of the Biesse Group does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "Taxonomy".

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Montanari
Partner

Bologna, Italy
March 27, 2023

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

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