

Sustainability Report 2021



For information on the sustainability of OSAI A.S. S.p.A. and the contents of the Report write to: sostenibilit @osai-as.it
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CHAPTER 4

GOVERNANCE, ETHICS AND INTEGRITY

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BORSA

1° giorno di
quotazione

1° giorno
di quotazione

London
Stock Exchange Group

1°

giorno di
quotazione



Borsa Italiana



Osai
automation systems

BORSA



4.0 GOVERNANCE, ETHICS AND INTEGRITY

OSAI's Governance system is geared toward maximizing value, controlling risks, maintaining and developing relationships of trust with its stakeholders as well as protecting and safeguarding the environment and territory for sustainable and supportive development.

Ethics and integrity, beyond mere compliance with the law, are an ongoing commitment of the Company and characterize the behavior of the entire organization.

Following the listing on the AIM segment, now Euronext Growth Milan (EGM), and the adoption of the new corporate and governance structure required for listed companies, the Company was inspired by the principles of the Corporate Governance Code approved by Borsa Italiana and integrated in its definition of internal governance some aspects reported in the Corporate Governance Code issued by Borsa Italiana.

This has made it possible, for example, to ensure an adequately sized and balanced governing body with more independent directors than required for companies listed on AIM (now EGM) and respecting gender diversity (2/5 and not just 1/3), as well as ensuring cross-cutting skills and experience important for the development of the Company and more restrictive criteria for assessing the independence of board members.

Left:
Osai's first day at Piazza Affari
3rd November 2020

Environmental

Social

Governance

4.1 CORPORATE GOVERNANCE

OSAI's Corporate Governance is articulated according to the so-called "traditional" model and provides:

- Shareholders' Meeting;
- Board of Directors;
- Board of Auditors;
- Supervisory Board;
- Statutory auditing company.

The Board of Directors is appointed by the Shareholders' Meeting on the basis of lists submitted by shareholders who collectively represent at least 5 percent of the ordinary share capital.

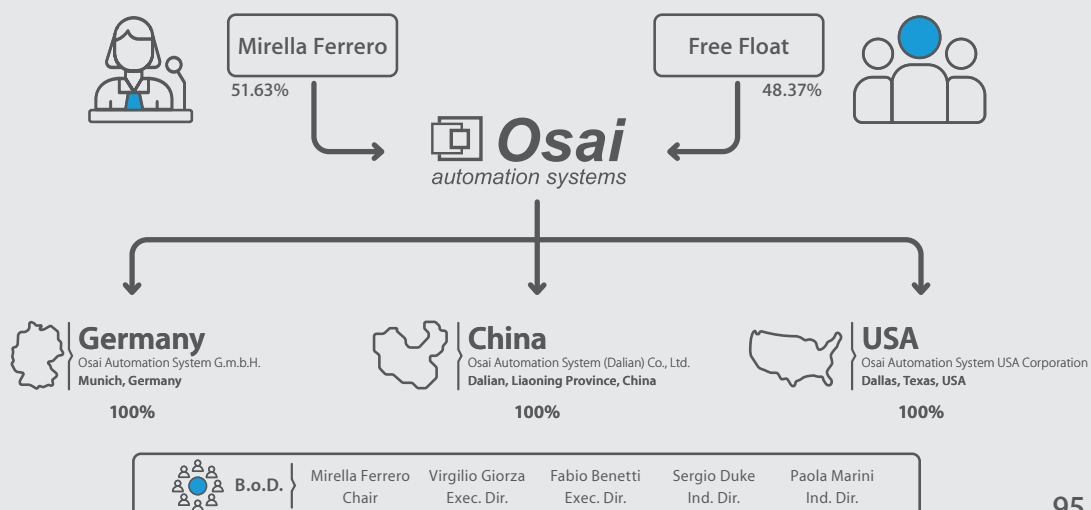
The actions of OSAI S.A. S.p.A. are traded on EGM, a multilateral trading system organized and managed by Borsa Italiana and dedicated to small and medium-sized companies with high growth potential.

Responsibility for corporate management is therefore vested in the Board of Directors while supervisory functions are assigned, for their respective areas of responsibility, to the Board of Statutory Auditors and the Supervisory Board. Statutory audit and accounting control are delegated to the Auditing Company, appointed by the Board of Directors.

The structure of OSAI S.A. S.p.A. and the shareholder base is represented as follows as of 12/31/2021:

- The subscribed and paid-up share capital is 1,598,640.90 euros divided into 15,986,409 ordinary shares with no indication of par value.
- The **Company's major shareholder is Mirella Ferrero** who holds 8,254,000 shares as of the date of publication of this document, representing 51.63% of the share capital while the "free float," shares held by the market, is 48.37%.

The market share has been represented since the IPO by domestic and international institutional investors who have invested in the Company in order to support and enhance its long-term growth by ensuring Osai's stability and security. The Shareholders' Meeting meets to deliberate periodically on matters defined by the Company's Articles of Association and in accordance with applicable laws. The main tasks of the Assembly are the appointment of the Board of Directors, the Board of Statutory Auditors, and the approval of the Annual Report.





COMPLIANCE

GOVERNING AND CONTROLLING BODIES

BOARD OF DIRECTORS

The Board of Directors was appointed by the Shareholders' Meeting on October 7, 2020, and will remain in office until the approval of the Financial Statements as of December 31, 2022.

As the governing body, the Board of Directors is responsible for ensuring the Company's growth with respect to Sustainability in the medium and long term in accordance with the input received from its stakeholders. The task of this body is to ensure, through an appropriate system of internal controls and risk management, the proper management of the company in transparency to the market and its investors. All duties and responsibilities within the Board of Directors, or

delegated to other parties, have been duly resolved by the Shareholders' Meeting and are on the Company's records.

The current Board of Directors consists of **5 members, 2 of whom are independent**. The Company's website¹ lists, for each director, the role, nationality, date of appointment, and independence; the curriculum vitae of each member is also available. Twelve board meetings were held in 2021.

The OSAI Board of Directors has a balanced ratio of different genders, maturities and professional skills.

In the year 2021, in the face of intense board activity, corresponding to one meeting per

Position	Name	Executive	Non-executive and independent	% attendance at meetings
Chairperson	Mirella Ferrero	X		100%
Chief Executive Officer	Fabio Benetti	X		100%
Councilor with proxies	Virgilio Giorza	X		100%
Independent director	Paola Marini		X	100%
Independent director	Sergio Duke		X	100%

Board members by age and gender	Men	Women
Less than 30 years old	0	0
Between age 30 and 50	1 (20%)	0
Over age 50	2 (40%)	2 (40%)

Professional background	-
Entrepreneurship	1 (20%)
Management	2 (40%)
Self-employed	1 (20%)
University and Research	1 (20%)

month, there was a 100% attendance rate by all incumbent board members, reflecting the

professionalism and adequate availability shown in the performance of the office.

1) <https://osai-as.com/organi-societari-e-di-controllo>

COMMITTEES AND WORKING GROUPS

To date, the Board of Directors has established the Related Parties Committee (internal consulting committee), the Innovation & Development Committee, and the Internal Sustainability Working Group.

The Related Party Committee ("RPT Committee") is provided for in the Related Party Transactions Procedure ("RPT Procedure") and the Company's Articles of Association in compliance with the provisions of the EGM Issuers' Regulations. The RPT Committee is composed of the Independent Directors from time to time in office, whose task is to formulate opinions on the Company's interest in carrying out related-party transactions, as well as on the appropriateness and substantive fairness of the related conditions. During 2021, the Committee did not instruct any related party transactions.

The Innovation & Development Committee, mentioned earlier², has advisory, investigative and propositional functions to support the decisions of the Board of Directors about R&D activities. The Committee consists of five members: the Director Delegated to "Research & Development" by the Board of Directors; the heads of the strategic corporate functions of the Business Development, Operations, Innovation & Development Areas; and

the Chief Technology Officer of the Company. During 2021, the committee met five times.

Also established in 2021, by resolution of the Board of Directors, was the Internal Sustainability Working Group, chaired by the CEO, whose purpose is to coordinate the activities included in OSAI's Sustainability Plan³ and to monitor and support reporting activities for the purposes of the Sustainability Report. During 2021, the Internal Working Group was mainly concerned with updating the three-year Sustainability Plan, which was launched in 2021, in light of the achievements in Environmental Management and the changes that occurred in all other areas represented in the Group, namely Health and Safety, Human Resources, Governance, Public Relations & Communication, Procurement and Finance, as well as updating the contents of this publication.

BOARD OF AUDITORS

The Board of Auditors was appointed by the Shareholders' Meeting on October 7, 2020, and will remain in office until the date of the Shareholders' Meeting convened to approve the 2022 financial statements. The Board of Auditors consists of three Standing Auditors and two Alternate Auditors. All members of the Board of Auditors meet the requirements of integrity and professionalism required by Art. 2399 of the

Innovation & Development 2021 committee meetings

Date	Agendas
January 21, 2021	<ul style="list-style-type: none"> - Appointment VP and Secretary - Presentation Committee tasks - Review of project evaluation tool
January 29, 2021	<ul style="list-style-type: none"> - Revised assessment tool with the addition of changes defined by the committee - Project evaluation session
February 8, 2021	<ul style="list-style-type: none"> Verify status of project information collection Project evaluation review
May 20, 2021	<ul style="list-style-type: none"> - Ongoing changes for contingencies and project-specific needs - Defining method and procedure for dealing with further similar variations - Project evaluation review
5 October 2021	<ul style="list-style-type: none"> Project evaluation review

2) For more details see p.99

3) For more details see p.81

Italian Civil Code.

Position	Name	% attendance at board meetings
Chairperson	Ignazio Pellecchia	100%
Acting auditor	Alberto Pession	100%
Acting auditor	Luca Barbareschi	100%
Alternate Auditor	Alessandro Cislaghi	
Alternate Auditor	Gabriella Bastia	

The Board of Auditors is composed of:

SUPERVISORY BOARD

The Supervisory Board (SB), pursuant to Art. 6, paragraph 1, letter b) of Legislative Decree

no. 231/2001, was appointed by the Company's Board of Directors on March 12, 2021, and will hold office until the date of the Shareholders' Meeting convened to approve the Annual Report for the year ending December 31, 2022. As

Position	Name
SB Chairperson	Julius Tedeschi
Member	Andrea Cammarota
Member	Domenico Laterza

of today's date, the Supervisory Board consists of 3 external members as follows:

During 2021, the SB met in 3 sessions and carried out audits of internal procedures and audits of internal personnel responsible for managing information flows. There were no reports to the SB in the reporting period.





INSTRUMENTS OF GOVERNANCE AND CONTROL

ORGANISATION, MANAGEMENT AND CONTROL MODEL⁴

The Board of Directors of OSAI on March 26, 2021 adopted the "Organization, Management and Control Model of OSAI A.S. S.p.A." (hereinafter the "Model"), pursuant to Legislative Decree no. 231/2001, aimed at preventing the commission of crimes that may result in the Company's liability.

THE SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT

OSAI's system of internal control and risk management includes a set of rules and procedures, as well as organizational structures designed to identify, measure, manage and monitor the company's main risks. The Board of Directors, which is responsible for the system of internal control and risk management, sets the guidelines for the system of internal controls and subsequently verifies its adequacy, effectiveness and proper functioning in relation to the main business risks.

The implementation of the Board's guidelines and the maintenance of the internal control system are entrusted to the CEO in order to ensure the concrete operation and overall adequacy of the system. OSAI's Internal Control System also includes a series of Organizational Models, policies and procedures adopted by the Board of Directors as well as certifications obtained that direct the Company's activities towards the main business risks.

CYBER SECURITY

In 2021, OSAI wanted to take a closer look at the cybersecurity of its ICT infrastructure by commissioning a specialized consulting firm to conduct an assessment based on the UNI CEI EN ISO/IEC 27001:2017 reference scheme. This Standard is the reference for building, managing, reviewing and continuously improving an Information Security Management System (ISMS).

Thirty-five areas were analyzed according to an expectation of 75% coverage of individual aspects. Despite the fact that the construction of the IT infrastructure in use by the Company took place progressively over the years, and without the support of a regulatory track, there was a **74.3 percent of the areas examined within the domain correlated with 50 to 75 percent (or higher) implementation of ISO 27001.**

The audit also made it possible to define:

1. Possible risk scenarios;
2. Improvement plan;
3. Timely analysis of individual aspects, with outcomes, goals and notes for improvement.

The audit was planned and successfully completed with a view to future implementation of a comprehensive ISMS aligned with the applicable regulatory requirement (ISO 27001).

4) See chapter "Anticorruption" p. 103



PROCEDURE FOR DISCLOSURE OF INSIDE INFORMATION⁷

The Procedure has been adopted by the Company in application of the AIM Italia Issuers' Regulation (now EGM) and European legislation, first and foremost Regulation 596/2014/EU on market abuse as amended ("MAR Regulation"). The purpose of the Procedure is to ensure compliance with the relevant legal and regulatory provisions in force and to guarantee compliance with the utmost confidentiality and privacy of Inside Information and Material Information. The Procedure is aimed at ensuring greater transparency to the market and adequate preventive measures against market abuse and, in particular, against the abuse of Inside Information.

The Procedure establishes the criteria and process for the handling and disclosure of Inside Information as well as for determining whether conditions exist for delaying its disclosure.

RELATED PARTY PROCEDURE⁸

In accordance with the provisions of the Euronext Growth Milan Issuers' Regulations, the Related Party Transaction Procedure was prepared based on Consob Regulation no. 17221 of March 12, 2010.

The Bylaws and Procedure also contain all the provisions regarding the process and conditions necessary for the approval of related party transactions by the competent body, Shareholders' Meeting and Board of Directors.

INTERNAL DEALING PROCEDURE⁹

The Internal Dealing Procedure was implemented by OSAI, following the submission to Borsa Italiana S.p.A. of the Company's application for admission to trading on AIM Italia, in application of Article 31 of the AIM Italia (now Euronext Growth Milan) Issuers' Regulations, as well as in compliance with the MAR Regulations.

The Procedure prescribes a series of obligations and limits regarding the possibility for OSAI's staff and affiliates who regularly have access to insider information, by reason of their relationship with the Company (the so-called "Relevant Persons"), to carry out transactions in the shares and financial instruments issued by the Company, in order to avoid market abuse and cases of "insider dealing" by the persons themselves.

PROCEDURE FOR MANAGING THE INSIDER REGISTER¹⁰

The Procedure for the Management of the Insider Register was also adopted by the Company in application of the AIM Italia (now Euronext Growth Milan) Issuers' Regulations and the MAR Regulations.

Pursuant to the Procedure, the Company has established, the "Insider Register," prepared in electronic format to ensure the confidentiality of information, which includes the list of all those who may have access to Inside Information and with whom there is a professional relationship. The Insider Register shall be updated promptly and shall be transmitted without delay to the competent authority whenever the latter requests it.

7-8-9-10) For more details see the company's website <https://osai-as.com/documenti-societari>

4.2 ANTI-CORRUPTION

The Company has defined in its Code of Ethics and Code of Conduct the safeguards in place to prevent acts of corruption. These principals and values are conveyed to all employees and external personnel working with the Company both in hiring and in entering into supply or sales contracts.

The **Organization, Management and Control Model** under Legislative Decree no. 231/2001 mapped out the areas at risk of committing corruption offenses, and provided specific principles of behavior to which OSAI managers

and employees are bound in order to avoid the commission of crimes. The **Supervisory Board** plays an important role in anti-corruption activities by collecting that information and data that can enable it to identify potentially risky behavior particularly towards the Public Administration - not only Italian - but also towards private parties.

Since its establishment, the Supervisory Board has not detected any incidents of corruption within the Company.



ORGANIZATION, MANAGEMENT AND CONTROL MODEL

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The Model, in accordance with the provisions of Art. 6 Legislative Decree no. 231/2001, which provides that the Model may be adopted "on the basis of codes of conduct drawn up by the associations representing the entities, communicated to the Ministry of Justice, which, in consultation with the relevant ministries, may make [...] observations on the suitability of the models to prevent crimes," was adopted on the basis of the Confindustria Guidelines.

The implementation of the Model is a significant improvement of OSAI's system of internal control garrisons in line with best practices and **aims to further strengthen the internal control and risk management system.**

Through the adoption of the Model, the Company therefore intends to pursue the following goals:

- (a) Prohibit conduct that may constitute the types of crimes set forth in Legislative Decree no. 231/2001;
- (b) Involve, through the adoption of the Model and the Code of Ethics, all parties with an in-

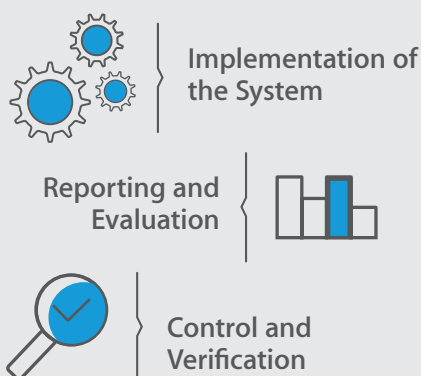
terest in the company (so-called stakeholders) such as employees, customers, suppliers, partners, collaborators, etc., so that in the performance of their duties they respect the ethical principles that inspire the Company;

- (c) Identifying and assigning responsibilities and powers to each organizational unit, keeping in mind compliance with the principle of separation of functions, according to which no individual can carry out an entire management or decision-making process in complete autonomy;
- (d) Implement a structured and organic system of procedures and activities to be put in place to prevent the commission of the offenses under the Decree.

As an integral part of the Model, pursuant to the provisions of Article 6, para.2-bis and 2-ter of Legislative Decree no. 231/2001, OSAI has implemented a system for reporting internal violations (**Whistleblowing System**), which provides multiple alternative channels for sending reports and handling them confidentially by the Supervisory Board. Reports may be made by any employee, collaborator, consultant, lender, as well as third party in business relations with the Company.

The Company has reiterated in the Model the principle of absolute confidentiality of reporting and reported persons. On the merits, it is reiterated that under Art. 10 of the Code of Ethics, no adverse consequence arises in the person who has made a report in good faith, and the confidentiality of the identity of whistleblowers is ensured, without prejudice to legal obligations.

In the face of the changes made by Legislative Decree no. 184/2021, Legislative Decree no. 195/2021 and Legislative Decree no. 238/2021 on offenses presumed offenses, interviews will be conducted to update the Model, to be submitted to the Board of Directors by the first half of 2022.



CODE OF ETHICS

A relevant part of the internal control system is the Company's Code of Ethics, which outlines the principles and guidelines aimed at inspiring the activities and guiding the behavior of employees and all those with whom the Company relates, in the belief that acting ethically and responsibly is the basis of OSAI's way of being.

The updated version of the Code of Ethics was approved by the Board of Directors on March 26, 2021 and has become, by explicit declaration of the corporate body, an integral part of the Management Model.

Through its activities, the Board of Directors promotes compliance with the Code of Ethics, the foundation for governing the Company in accordance with the Company's founding values.

All Boards of Directors of OSAI Subsidiaries are required to formally accept the Code of Ethics and make it an integral part of the way they conduct business.

OSAI's Code of Ethics is particularly thorough and provides for principles of behavior within the

business community, particularly in the following areas:

- Attention to people and valuing equal opportunities; appropriate and positive work environment; safe working environment; selection and induction of resources into the company; work organization, tasks and schedules; training and professional and human growth of resources.
- Confidentiality of personal data.
- Environmental protection, sustainable development and solidarity.
- Relationship with shareholders.
- Relationship with subsidiaries.
- Compliance with laws, protection of competition, and relations with authorities.
- Relationships with public administration, customers, suppliers, nonprofits.
- Community relations and support.

There are also specific provisions for governing the implementation of the principles of the Code of Ethics.



Si comunica che l'Autorità per l'Attribuzione del Rating di legalità, in data 18 marzo 2021, ha attribuito a OSAI AUTOMATION SYSTEM S.p.A. (C.F. 0123456789012) un punteggio di **★★★**.

L'impresa sarà inserita nell'elenco previsto dall'art. 7, comma 1, del Regolamento, il Rating di legalità ha durata di due anni dal rilascio ed è rinnovabile.

Si rammenta, infine, che ai sensi dell'art. 7, comma 1, del Regolamento, la violazione di tali obblighi comporta l'applicazione dell'art. 7, commi 2 e 3, del Regolamento.

Si rammenta all'Autorità gli eventi che incidono sul possesso dei requisiti obbligatori e le variazioni dei dati riportati nei propri certificati camerali rilevanti.

Distinti saluti.

IL SEGRETARIO

4.3 MANAGEMENT SYSTEMS AND CERTIFICATIONS

Every day OSAI's staff works to ensure compliance with established quality and environmental standards with one goal in mind: to meet the expectations and needs of its customers and to preserve the environment by operating in a sustainable manner.

To ensure and maintain this goal, the Company has a Quality Management System (QMS) that complies with and is certified against the UNI ISO 9001 normative reference, and an Environmental Management System (EMS) that complies with and is certified against the requirements of UNI ISO 14001.

QUALITY MANAGEMENT SYSTEM

For OSAI, Quality is the ability to fully meet the needs of its customers, ensuring an adequate response to the needs expressed and implied, in terms of service and excellence of the product supplied, while complying with regulations on safety in the workplace, protection of people and the natural environment.

The Quality Management System model adopted is the one proposed by the international standards **UNI EN ISO 9001:2015** as it best meets these needs of the Company.

The choice of the model is also dictated by the possibility of being subjected to systematic control by an entity outside the organization, independent and therefore able to certify to its stakeholders compliance with the quality policy adopted, objectives and commitments made by the Company.

ENVIRONMENTAL MANAGEMENT SYSTEM

OSAI's commitment to the preservation of the natural environment translates:

- in the timely management of environmental risks associated with the direct and indirect impacts it creates;

- in periodic investments to gradually increase the use of renewable energy in the company's energy mix, especially by devoting resources to energy infrastructure and low-impact technologies, and implementing internal policies aimed at energy and natural resource conservation;
- in the high perception of the intrinsic value of the waste produced, which is evident in the care with which it establishes rules and good practices to always encourage reuse, and when this is not possible, the initiation of recycling according to verified delivery channels;
- in the design and implementation of machines for concrete models of circular economy and sustainable production.

In this framework, the Environmental Management System modeled according to the scheme of the **UNI EN ISO 14001:2015** standard is functional for the continuous improvement of environmental performance and is an essential aid in ensuring compliance with the obligations imposed by applicable environmental legislation, and other requirements voluntarily subscribed to by the Organization.

OCCUPATIONAL HEALTH AND SAFETY

OSAI's long-standing focus on Occupational Health and Safety is reflected in its commitment to implement a Management System that complies with the **UN EN ISO 45001:2018 standard**, allowing it to minimize risks and strive for continuous improvement.

In order to guarantee in every aspect of business processes the health and safety of its staff, but also of all those who access the company, OSAI, through the adoption of an Occupational Health and Safety Management Model, aims to:

- Commit to operate in accordance with laws,

regulations and directives (national and EU), including all requirements signed by the company with relevant parties;

- Promote programs, goals and targets that improve the health and safety of workers by providing adequate human and infrastructural resources;
- Limit accidents and maintain the absence of occupational disease reports, but, above all, make all workers aware of their role in ensuring their own and other people's safety;
- Provide information, education and training to personnel who frequent OSAI's workplaces in order to make them strive toward the same goals as the Company.

The Company's ongoing efforts aimed at training and involving staff on issues related to occupational health and safety have sensitized

everyone to actively contribute through reporting accidents that have not caused even minor injuries (near misses) or situations that may cause them, so that preventive action can be taken by adopting appropriate measures to constantly ensure an adequate level of safety.

Improvement ideas and proposals are favored within OSAI in order to ensure wider and more frequent involvement of all staff: through the experience and contribution of each individual, the Company can strive for continuous improvement.

OSAI's goal, therefore, is to submit its Occupational Health and Safety Management System to the scrutiny of an entity external and independent to the organization in order to achieve its certification.

