

Sustainability Report 2022





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LETTER TO STAKEHOLDERS



2022 was a year of great change and innovation for OSAI, but it was also a year of great change globally.

Changes conditioned first by the pandemic, then by the war, and then by the major transitions we are experiencing, one of which is the ecological one.

Ecological transition leading to unexpected changes, changes that heavily impact and influence some relevant sectors in many production chains of which we are also part.

We cannot refrain from assessing what can and may be the potential risks to which the Group may be exposed and which may adversely affect OSAI's business continuity and future.

Every year, we scrupulously and methodically assess the risks to the Group and work to successfully remedy them, but for one risk, the most serious one, the first recognised worldwide, we often feel so powerless as to devalue our perception of it: the effects of 'climate change'. They represent

a risk not only for the future of our Group but also for that of us all and of future generations.

Europe has already mapped out the path and set a target for 2050 that we must all look to, and which we must all meet: decarbonisation.

For those who will not be ready, for those companies who will not have adapted, for those who will not have been able to deal with sustainability as an opportunity, there will be no future.

The realisation that we are facing a moment in history that is both important and difficult, a choice that requires great responsibility from all of us.

The knowledge that it is up to us to CHOOSE THE FUTURE we want to leave to the next generations and to commit ourselves to building it from today.

The OSAI Group believes that the time has come to take a stand, to make the right choice, to raise

LETTER TO STAKEHOLDERS

the level of responsibility that has always distinguished us, in the attention we pay to our people, to the territory and to the environment, towards a higher and more challenging objective aimed at guaranteeing and securing a certain future for the OSAI Group, for our people and for our territory, through an unavoidable sustainable development and a progressive reduction of our carbon footprint.

This is why we consider it essential to invest and work on a **strategic decarbonisation plan** for the OSAI Group.

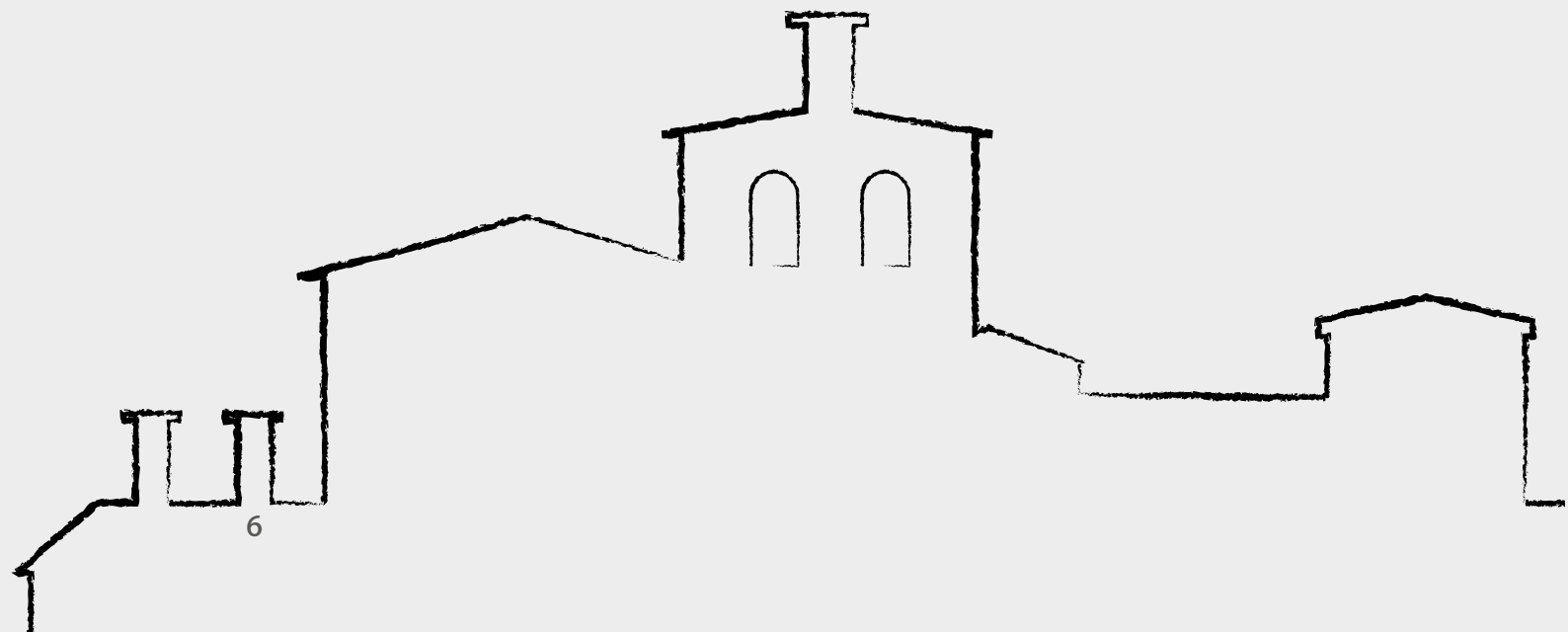
This is the challenge that the OSAI Group takes up, this is the responsibility and the commitment that the ownership and management take on, towards the market, investors, our planet, our children and future generations.

A long, difficult path, full of obstacles and many prejudices, but one that we are convinced will lead us to be the first listed Group in the world, in the industrial automation sector, **carbon neutral**, to offer the market and its customers **sustainable automation**.

This is why we will continue to invest more and more in sustainability, through new skills, new tools that are essential to change and improve our processes and products in terms of impact reduction.

If it is true that we are and see ourselves as innovators, if it is true that taking on challenges is part of our DNA, if it is true that we know how to draw opportunities from the risks and difficulties we encounter, from today we have an extra motivation, an extra incentive to believe with determination in what we do.

The Chairperson - **Mirella Ferrero**
The Chief Executive Officer - **Fabio Benetti**



CHAPTER 1

WHO WE ARE AND WHAT WE DO

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AFTER SALES	





1. WHO WE ARE AND WHAT WE DO













OSAI A.S. S.p.A. is a company which operates internationally in the **design and manufacture of systems for the automation of industrial processes**, in particular in the assembly and testing of high-tech components for the semiconductor, automotive, medical and electronic manufacturing industries.










In over **30 years of activity**, we have developed a rich **portfolio of technology** and experience that has enabled us to establish ourselves in the market as a benchmark for the development of technologies capable of solving complex production problems.

The target markets in which we operate are affected by favourable long-term macro trends in digitisation, technological innovation, and the green and circular economy.



Left:
Top view of the historic Paper Mill in Parella (TO), now the headquarters of the Company

AREA	RESULTS	SDG
ECONOMICS AND GOVERNANCE	+11% - €31.65 mil. - Revenues 2022* Average annual revenue growth CAGR 2007-2022	
ECONOMICS AND GOVERNANCE	+13% Average annual employee growth CAGR 2011--2022	
ECONOMICS AND GOVERNANCE	Ethics Organization, Management and Control Model and Code of Ethics	
ECONOMICS AND GOVERNANCE	Ethics Legality rating ★ ★ ★ Maximum value	
ECONOMICS AND GOVERNANCE	Environment Management UNI EN ISO 14001:2015 standard certification system	
ECONOMICS AND GOVERNANCE	Quality Management UNI EN ISO 9001:2015 standard certification system	
ECONOMICS AND GOVERNANCE	Occupational Safety Management UNI EN ISO 45001:2018 standard certification system	
ECONOMICS AND GOVERNANCE	No cases of non-compliance to laws and regulations (2022)	
ECONOMICS AND GOVERNANCE	Research and development 9.2%* of revenues invested in R&D (2022) Innovation & Development Committee to promote research activity in the company and support strategic decisions of the Board of Directors	
ENVIRONMENT	100% electricity from renewable sources (from 2019)	
ENVIRONMENT	32% total energy from renewable sources (2022)	
ENVIRONMENT	+ 0.2% self-generated electricity from renewable sources (compared to 2021)	

AREA	RESULTS	SDG
ENVIRONMENT	Zero CO₂ emissions for electricity use (scope 2, market based)	
ENVIRONMENT	<0.6 kg waste produced per €1,000 production value	
ENVIRONMENT	99.8% of waste sent for recycling (2022)	
SOCIAL	212 employees +7.6% over 2021	
SOCIAL	97% employees hired on a permanent basis	
SOCIAL	Continuing Education 23 average hours/year per employee (2022)	
SOCIAL	Zero occupational diseases (2020-2021-2022)	
SOCIAL	Work-life balance agile work; flexitime; hour bank	
SOCIAL	Corporate welfare plan Applied to 11 areas** and expanded by supplementary health/social security insurance and subsidized loans	
SOCIAL	Social and environmental criteria in the selection and evaluation of suppliers	
SOCIAL	Customer satisfaction analysis extended to all customers	
SOCIAL	Sustainability for the territory 4 projects in favour of socio-economic development of the community Indipendente-mente - independent living for young people with disabilities; Mixed Ability Sports - removal of barriers to participation in sport for people with disabilities; Orto 4.0 - valorisation of Villa Girelli with didactic-productive horticulture; Spazio Blu - day centre for the autistic world	

* Consolidated data of the Group OSAI A.S.

**According to the PMI Welfare Index for SMEs, Osai, through its welfare policies, covers 11 of the 12 categories under the most comprehensive corporate welfare model.

 **Osai**
automation systems

innovation & sustainability





WHO WE ARE AND WHAT WE DO

1.1 OUR HISTORY

1991

Founded by Carlo Ferrero, OSAI A.S. was established as a one-man company from the collaboration of a group of technicians with many years of experience in the electronic and mechanical sectors, offering the industrial market automatic production systems with a specific focus on micro-processing, assembly and testing of small to medium-sized products with high technological content.

1994

The signing of a partnership agreement with one of the world leaders in the field of Laser sources, creates a turning point in the Group's history. The combination of Laser technology with industrial process automation immediately enables rapid production development, with increased investment in innovation and **the creation of new standard solutions aimed at industrial Laser markets.**

2001

The 'Neo' platform is born, a project aimed at the electronics industry, consisting of customisable systems that provide various solutions to improve the efficiency of processes such as assembly, marking and separation of electronic multiplates (PCBs).

2009

Our German branch is inaugurated - **OSAI A.S. GmbH** - based in Munich.

Left:
Electronics Division Production Area

2009

The German branch is founded - **OSAI A.S. GmbH** - based in Munich



2013

The first **Neo Handler** system for handling and testing components for the growing semiconductor industry is introduced to the market

Chinese branch is opened - **OSAI A.S. (Dalian) Co - China** - based in Dalian



2015

Founder **Carlo Ferrero's** passing, sister Mirella takes over the leadership of the Company

The group takes part in the **ADIR** (Circular Economy) project that is part of the HORIZON 2020 call and coordinated by the prestigious Fraunhofer Institute



2019

On **November 14, 2019**, the Group received the **2019 OPEN INNOVATIVE SME** award.



2020

3 November 2020 start of trading of OSAI A.S. S.p.A ordinary shares and Warrants on AIM Italy of **Borsa Italiana**



2022

We set up **Osai Green Tech Società Benefit S.r.l.**, a new company whose mission is to bring industrial automation to the world of recycling.

The presentation press conference is held during the **25th edition of Ecomondo**.



2013

We market our solutions for handling (Test Handler) and testing components (MEMS - Micro-Electro-Mechanical Systems) aimed at the semiconductor industry. In the same year, the Chinese branch is opened - **OSAI A.S. (Dalian) Co - China** - based in Dalian to provide our customers with a greater presence for after-sales services in the Far East.

2014

We change the corporate form and OSAI becomes a Joint Stock Company (S.p.A.), setting the stage for the listing path.

2015

Upon the untimely death of our founder, his sister **Mirella Ferrero took over the management of the Group**. In the same year, the Group opened a **new showroom in Zhuhai** (China) and a branch office in Dallas in the United States: **OSAI A.S. USA Corporation**.

2016

In March, we obtained **registration in the special register of innovative SMEs**. We also obtained a B1.2 (Investment Grade) public rating from Cerved Rating Agency S.p.A. and in December we listed our first minibond on the ExtraMOT.

2017

Another important public acknowledgement confirms our financial solidity and reliability: the Italian Competition and Market Authority (AGCM) acknowledges for us the **Legality Rating ★ ++**, thus certifying compliance with high standards of legality. The score was updated in 2021 with the maximum value of **★★★**. Also in 2017, we listed our second and third minibonds on the ExtraMOT.

2018

Our **patent Testing Method and Unit for Mi-**

cro-Electro-Mechanical Systems (MEMS), relating to a technology conceived and developed by Carlo Ferrero and CTO Marco Guolo, is registered by the US patent office.

2019

We forge strategic business partnerships in the Far East and North America to expand our presence in these markets; we also register a new patent on the electromagnetic induction process for soldering components, aimed at the world of power semiconductors. During the same year, we received the **OPEN INNOVATIVE SME award**, a prestigious recognition dedicated to innovative SMEs, conceived and organized by Bernoni Grant Thornton in collaboration with CNEL (National Council for Economy and Labour).

2020

Borsa Italiana accepts our application for admission to trading of its ordinary shares and Market Warrants on AIM Italia, a multilateral trading system dedicated to small and medium-sized companies with high growth potential. **Our shares close the opening session registering a performance of 25.3% over the Offer price.**

2021

We publish our **first Sustainability Report**, covering the year 2020, and deliver to the market the first fully automated system dedicated to a critical step in the production of silicon carbide crystals, a key material for energy management in electric mobility.

2022

We set up **Osai Green Tech Società Benefit S.r.l.**, a new company whose mission is to bring industrial automation to the world of recycling.

Right:
Opening day of stock market trading for Osai A.S. S.p.A., 2020
Presentation of Osai GreenTech at Ecomondo, 2022





Certificato

Il Sole 24 Ore e Statista
riconoscono

Osai

AWARDS AND ACKNOWLEDGEMENTS

In the course of 2022, we won several awards and recognitions that gratify us and are an incentive for us to constantly improve our business vision.

Campioni dell'Export: the ranking, promoted and realised by Statista and Il Sole 24 Ore, was created to describe the innovation, determination, sustainability and resilience of Italian companies. We were included in the **46th place in the ranking of the 200 domestic companies with the highest level of exports of Italian products (84.16%).**

Legality & Profit Award: this award is promoted by the publisher Economy Group and NSA, Italy's leading licensed credit mediation company, under the patronage of the Senate of the Republic. **We were included among the 100 business excellences that obtained the Legality Rating and had the best balance sheets for profitability and solidity in 2020.**

Leaders in sustainability: the ranking, promoted and realised by Statista and Il Sole 24 Ore, has placed us **among the 200 Italian companies that have most distinguished themselves on sustainability issues.**

Ecovadis: one of the world's most trusted ratings of corporate sustainability, intelligence and collaborative tools for improving the performance of global supply chains. In 2022, we were recognised as **silver level.**

Women Value Company: award established by the Marisa Bellisario Foundation in collaboration with Intesa Sanpaolo for SMEs that invest in gender equality and corporate welfare. For the second year in a row, we ranked among the top 100 companies, **receiving recognition for the enhancement of female talent and gender equality in corporate strategies.**





1.2 OUR VALUES

"Let us behave in the interest of the Company as if it were our own interest because OSAI belongs to everyone who works there. We work every day with respect for who we are and what we do with passion and dedication, never neglecting details, quality and the pleasure of what is beautiful as well as functional."

"Let us remember that knowledge, experience and skills are personal and corporate assets, and that greater goals are achieved when working together with others in a constructive and collaborative way."

"[...] Quality, passion, dedication and ambition to achieve increasingly challenging goals are our way of doing 'business'"

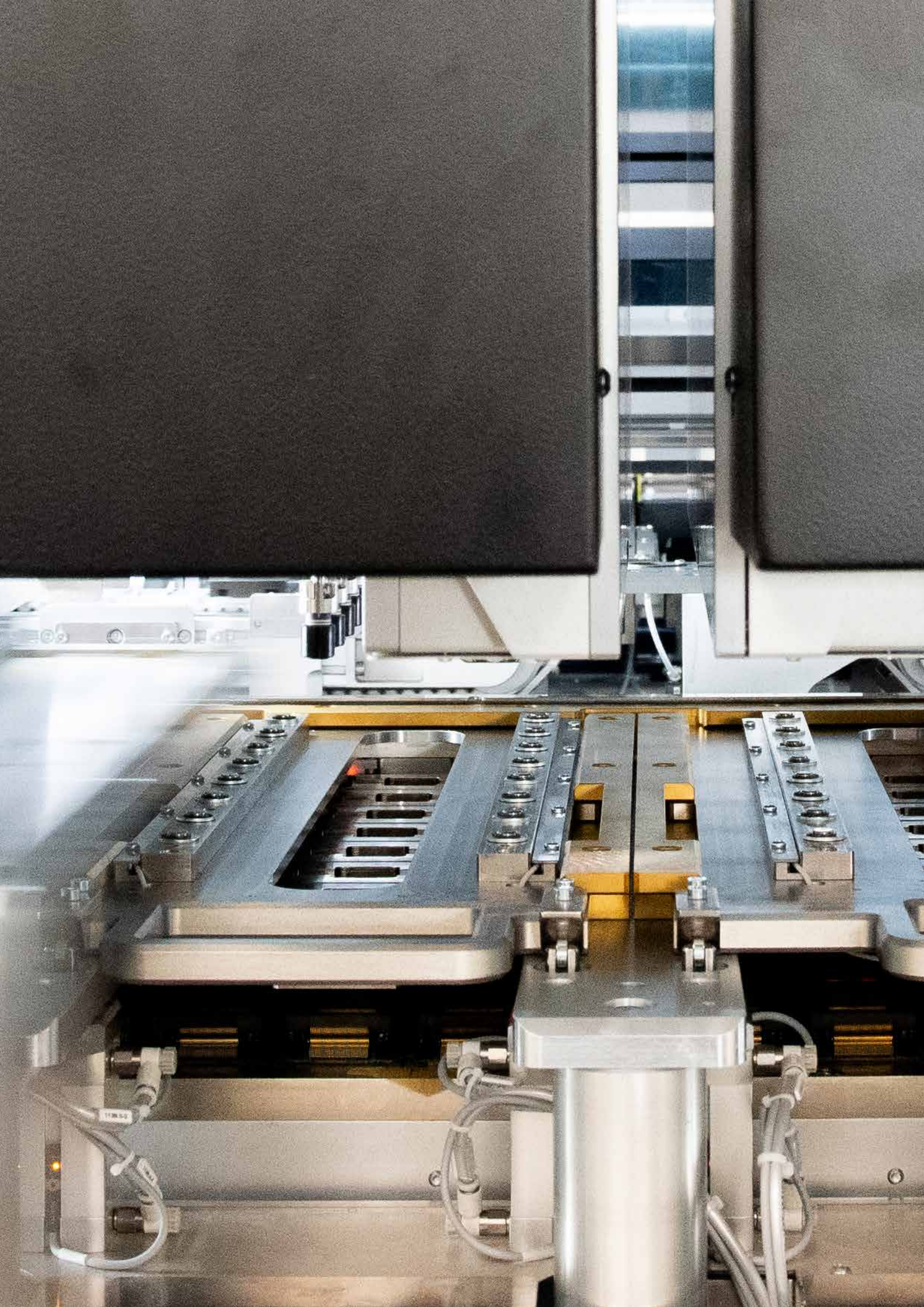
(taken from the CODE OF ETHICS of OSAI A.S. S.p.A.)

We believe in the importance of communication to people and among people, and in direct and transparent discussion, as innovative ideas and solutions can arise from different positions. We are committed to maintaining a climate of mutual trust because it is on how we do business that our reputation and that of all those who work with us depends.

We always encourage our resources to have a forward-looking vision as today's choices directly influence business continuity.



Left:
Osai employee photo, 2019



VISION AND MISSION

We believe in a business model that is always able to enhance the creativity and excellence of people that can combine both tradition and modernity, inspired by the centuries-old tradition of Italian ingenuity, able to interpret difficulties as challenges, and translate ideas into innovative and sustainable technology.

Our mission is to consolidate our position as leaders in the world market of custom-made solutions for the automation of industrial processes, making available to Customers the entire portfolio of technology and experience enriched in more than 30 years of activity.

Our solutions are aimed at the semiconductor, automotive and general electronic component manufacturing industries.

Each system is customized or created ad hoc according to the customers' needs, and is equipped with the latest technologies, such as Laser systems and artificial intelligence systems.

Left:

Solution detail Osai Burn-in loader/unloader



PRINCIPLES

Some of the principles underlying our way of doing business are summarised below. More details can be found in later chapters of this report.

CENTRALITY OF THE PERSON

We are committed to valuing the person so that he or she can have the right serenity to express themselves to the fullest.

This is why **we devote so much energy to preserving a human and family dimension, attentive to the needs of the individual to generate a sense of belonging and responsibility in our people.**

Through work, we want to give everyone the opportunity to realise their personal and professional dreams and thus contribute to building the individual's future.

To make this philosophy a reality in daily life, **we are committed to protecting the mental and physical well-being of its people by valuing quality of life and the right balance between work and private life demands.** We have implemented specific corporate welfare plans to ensure an adequate, safe and positive work environment with programs that foster both professional and human growth.

INNOVATION AND DEVELOPMENT

Innovation is a strategic and indispensable aspect of our future; ideas and their management are crucial to the long-term success of the company.

This is why we carry out intensive internal awareness and promotion activities to encourage, also through incentive mechanisms and targeted communication campaigns, the proliferation, collection and management of proposals on projects related to strategic themes, and **research and innovation, product or process improvement and development.**

CUSTOMER FOCUS

Relations with customers are marked by the full satisfaction of their needs and the maintenance of the highest quality standards, with the aim of creating a **solid and lasting relationship inspired by the values of fairness, honesty, integrity, professionalism, transparency, legality and impartiality.**

Support in the design phase, innovation in the proposed solutions, and attention to detail and design are the promises with which we present ourselves to our customers as a **solution provider.**

Not only that: wherever possible, we aspire to exceed customer expectations in order to be perceived not only as a supplier but also as a partner for new business. For this reason we are committed to maintaining an open and proactive attitude through **continuous support and listening to requests and reports.**

PRODUCT SAFETY

For us, product safety is not just a regulatory requirement, but rather it represents a **fundamental value of our way of doing business.**

In order to guarantee the desired safety levels, we dedicate specifically trained, qualified and experienced in-house personnel, as well as the necessary economic resources.

Every product that leaves our factories is CE certified according to the Machinery Directive

or according to the regulations in force in the destination countries with special attention to requirements for electrical systems (UL/CSA), and undergoes a careful process of specific risk assessment.

ENVIRONMENTAL PROTECTION

We want to relate to the Community in which we operate **by demonstrating the highest level of responsibility towards the health and safety of local communities, respecting the environment, paying attention to energy resources and preserving natural resources.**

This is why we favour the use of renewable energy, invest in improving the efficiency of our plants and in research into environmentally friendly technologies.

SUSTAINABLE AND SUPPORTIVE DEVELOPMENT

We are committed to identifying and monitoring the impact, real and potential, of our products, processes and activities on the social fabric and the local community in particular, presenting ourselves as one of the entities that brings wealth and value to the area.

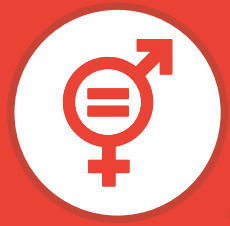
We believe that promoting sustainable development and a socially-conscious business idea guarantees both greater global competitiveness and the long-term stability of its business.



HEALTH AND
WELLNESS



QUALITY
EDUCATION



GENDER
EQUALITY



CLEAN AND
ACCESSIBLE ENERGY



DECENT WORK
AND ECONOMIC GROWTH



ENTERPRISES, INNOVATION
AND INFRASTRUCTURES



REDUCTION OF
INEQUALITIES



CONSUMPTION AND
RESPONSIBLE PRODUCTION

OSAI A.S. MARKET SHARE



1.3 OUR ACTIVITY

WORLD PRESENCE



Our headquarters is in Italy and can count on three subsidiaries in China, the U.S. and Germany, as well as an extensive global network of distributors and several manufacturing and commercial partnerships with leading Italian and international operators that enable widespread coverage of the main geographical areas of interest.

The company's headquarters are located in Parella, in the province of Turin, where most of the production and coordination of all commercial activity takes place. Production activities

will also take place, from 2022, in the Collettero Giacosa plant, less than 2 km from the main site. We are able to support its customers worldwide even in the phases following the delivery and installation of its products, quickly providing on-site or remote technical assistance through after-sales services, ensuring maintenance of the installed fleet or upgrades on the Systems.



Cina

Osai Automation System (Dalian) Co., Ltd.
Dalian, Provincia di Liaoning, Cina



Germania

Osai Automation System G.m.b.H.
Monaco, Germania



USA

Osai Automation System USA Corporation
Dallas, Texas, USA



Italia

Osai Green Tech Società Benefit S.r.l.
Torino, Italia

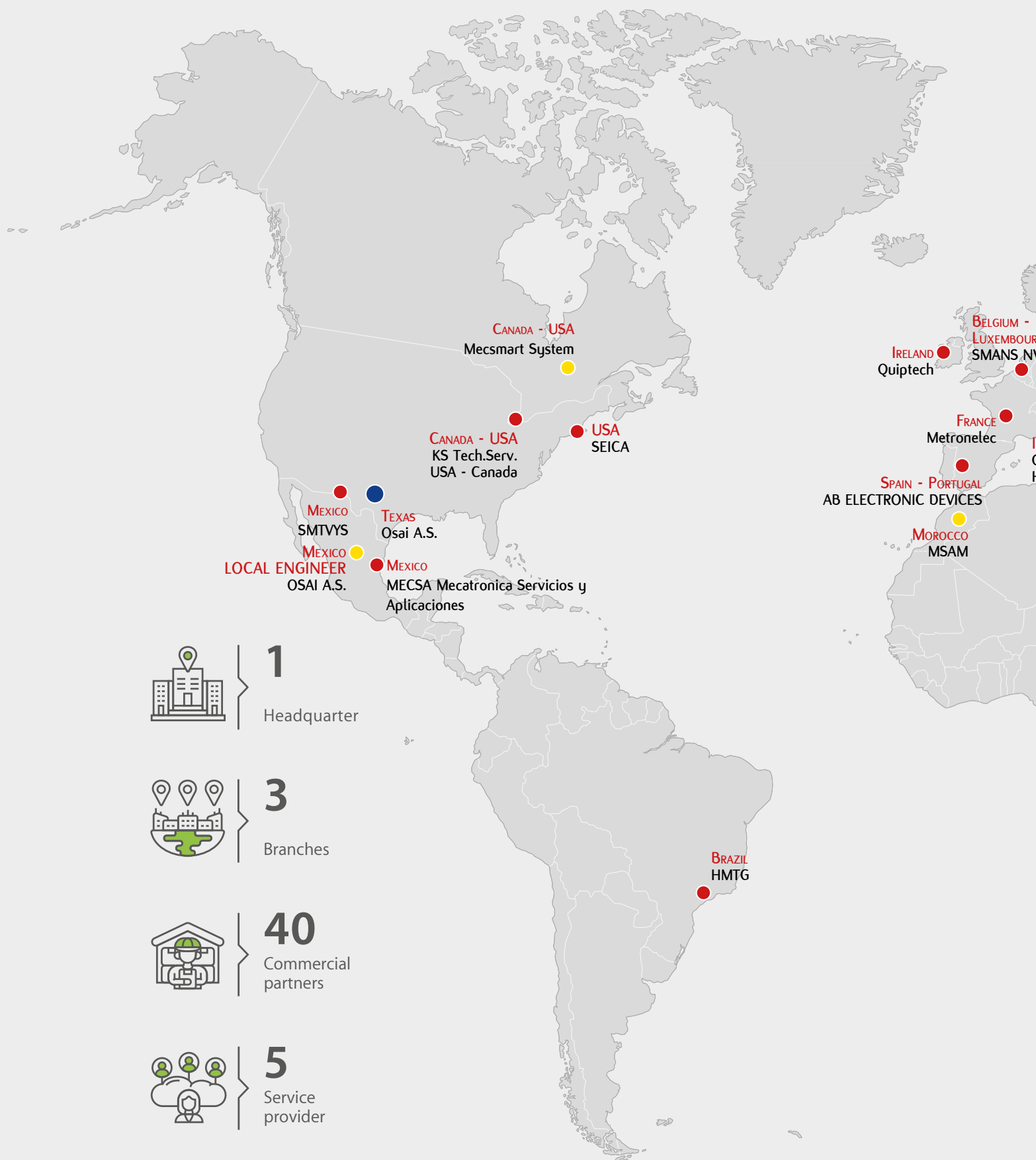


HEADQUARTER

Osai Automation System S.p.A.
A) Parella (TO), Italia
B) Collettero Giacosa (TO), Italia

REGISTERED OFFICE

Osai Automation System S.p.A.
Torino (TO), Italia





The following table shows the associations of which we are members.



CONFINDUSTRIA CANAVESE

It is the main organisation representing Canavese companies. It promotes the development and progress of the territory, encouraging the exercise of economic activity by local companies and acting as the spokesperson for the needs and proposals of the industrial sector vis-à-vis all the components of society. Our **Chairperson, Mirella Ferrero**, is **vice President in office** from 2022 to 2024.



CISAMBIENTE

Association established in 2016 to protect and enhance the value of companies that have always been involved in the urban and special waste management sectors, with the aim of making the principles of the circular economy and their inclusion in the social and production context a reality. **Marco Guolo, Chief Technology Officer & Sales Manager** in OSAI, is **director** of the Association.



CIAC

The Consorzio Interaziendale Canavesano per la Formazione Professionale (CIAC) is a consortium company whose mission is to "form value" for children in compulsory education, employed and unemployed young adults, businesses, the labour market and the territory, contributing to the constant innovation and retraining of skills not in conflict with social utility or in a way that

does not harm freedom, security or human dignity. The Consortium designs and delivers training and employment services that, starting from the clear identification of requirements, realize the expectations and meet the needs of users: public and private principals, learners, families, businesses. Our **active support for the initiatives** of the association is formalised in our **corporate participation, with a capital of 25 shares**.



ASSONIME

Association for Italian Joint Stock Companies since 1910, it has been studying and dealing with problems affecting the interests and development of the Italian economy, specifically: direct and indirect taxation, company law, capital market and listed companies, business activity and competition.

Right:

Presidential team Confindustria Canavese, 2022

Marco Guolo appointed to the General Council of Confindustria Cisambiente, 2022





iRAYPLE
Industrial Camera

2080W0001
1/2" CCD (1/3" CCD)
1/2" 1.8/2.0/2.8/4.0/5.6/8.0/11
1/2" 1.8/2.0/2.8/4.0/5.6/8.0/11
1/2" 1.8/2.0/2.8/4.0/5.6/8.0/11
MADE IN CHINA

CE FC

Zhejiang Huihui Technology Co., Ltd.

50mm 1:2.0 1"

BUSINESS MODEL

We are recognised on the market as a **solution provider** capable of designing and manufacturing product lines for customers operating primarily in high technology content manufacturing sectors.

The activities of **co-development** with the customer enables the design and manufacture of advanced components that in terms of performance result in consistent competitive advantages in cost, reliability and flexibility of manufacture.









We oversee the entire value chain and outsource certain low-value-added processes in order to increase **operational flexibility**. This guarantees that we:



- focus on the development stages of technologies and their applications;
- provide support to our customers along all stages of the production process: from customisation of the order to after-sales support and services.

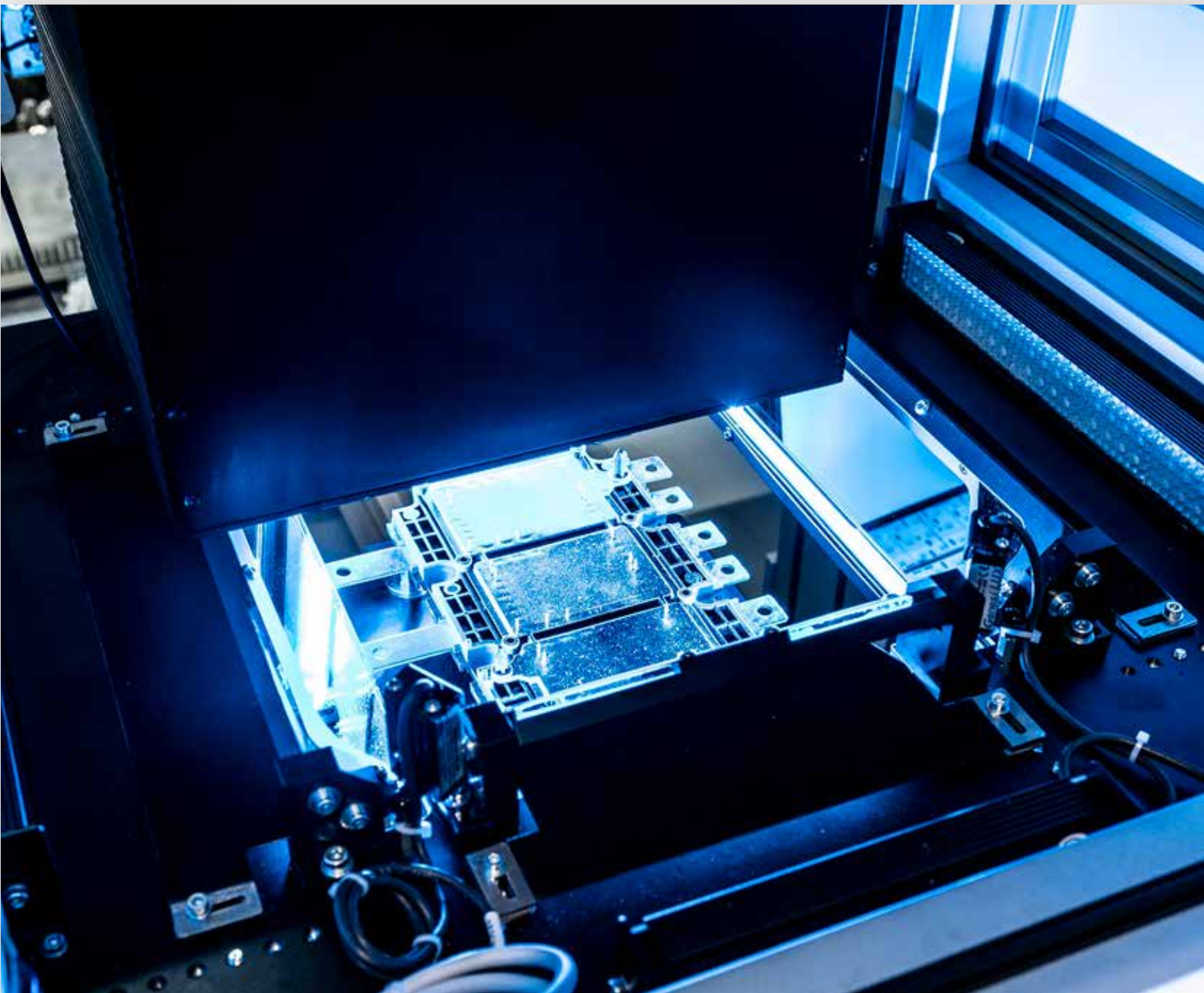
Left:
Optical inspection system

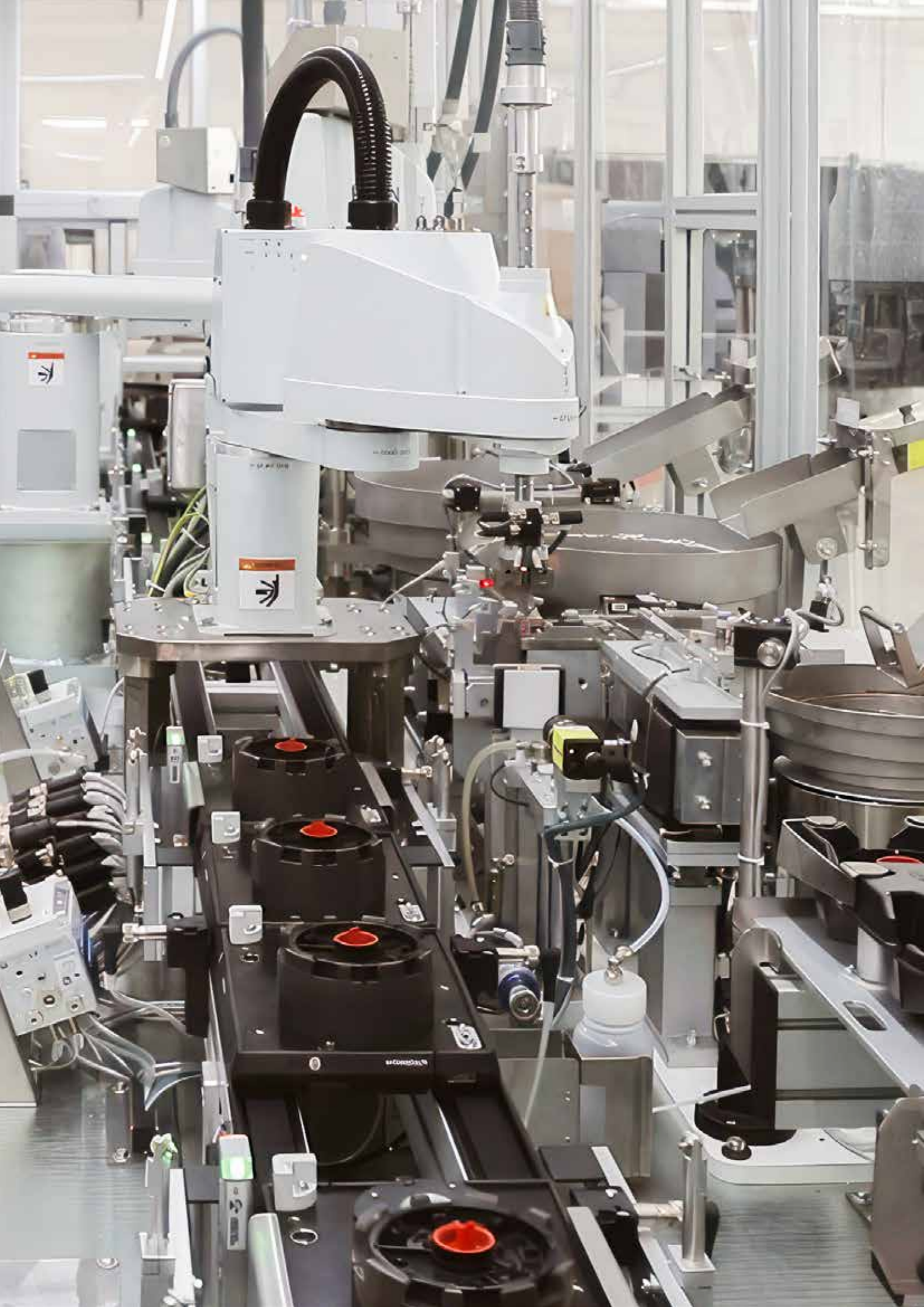
TECHNOLOGY AND SKILLS

The following are the operational functions performed by automation systems within the production cycle.

TECHNOLOGICAL SKILLS		DESCRIPTION
(Micro) Mounting / (Micro) Assembly		Techniques that allow for assembling and testing components and systems of varying sizes, including small ones
LASER MARKING		Techniques used to permanently mark a component in order to ensure traceability in the following production process steps
Laser Cutting		Set of techniques for precisely cutting different types of materials (metal, plastic, etc.)
Router / Laser depaneling		Set of techniques that allow for mechanical or Laser separation of even flexible printed circuit board (PCB) panels
Soldering / Welding selective Laser		Soldering technique used to join different components on a single integrated circuit
Laser trimming		Removal, using Laser technology, of residual materials on integrated circuits/electronic boards and calibration
Movement and (micro) handling / Handling		Ability to handle small and medium-sized components and systems on production lines quickly and highly accurately, even with automatic vertical feeding systems
Stimulation and testing (also burn-in)		Techniques by which different stimuli (signal, power, temperature, pressure etc.) are transferred to condition a given sensor, mainly for the purpose of determining its reactions in a testing environment, including developing complex lines for testing "power modules"

TECHNOLOGICAL SKILLS	DESCRIPTION
Software 	<p>Software interface design in the individual machine or complete line</p>
Machine Vision Systems (O.I.S.) - Osai Inspection System) 	<p>Custom-made development of optical-mechanical assemblies and vision software recipes for the purpose of integrating on OSAl Systems of component verification stations for the electronics, automotive and medical sectors. This is possible through the use of optics, cameras and illuminators specifically chosen and configured to give adequate and stable emphasis to the details of the particular items to be processed. An additional plus is Osai's proprietary software, which ensures that full intervention is possible both in case of reliability problems and new implementations in case of product change.</p>







AUTOMATION & ROBOTICS

PRODUCT DIVISION

The division has been active since our inception and currently designs solutions that are used particularly in the **advanced automotive sector**.

The focus is on **light automation**, that is, on the automation of small and medium-sized components and systems where we have achieved a **high level of specialisation**. The products produced by this division include, in particular, manual or automatic workbenches and units, tables combining different operations, complete semi-automatic lines, flexible modules and vertical warehouses.

STANDARD AND CUSTOM PRODUCTS



Workbenches
and
units



Complete assembly lines



Rotating
tables

TARGET CUSTOMERS

Manufacturers of high-tech components for the
mobility industry

MAJOR MARKETS



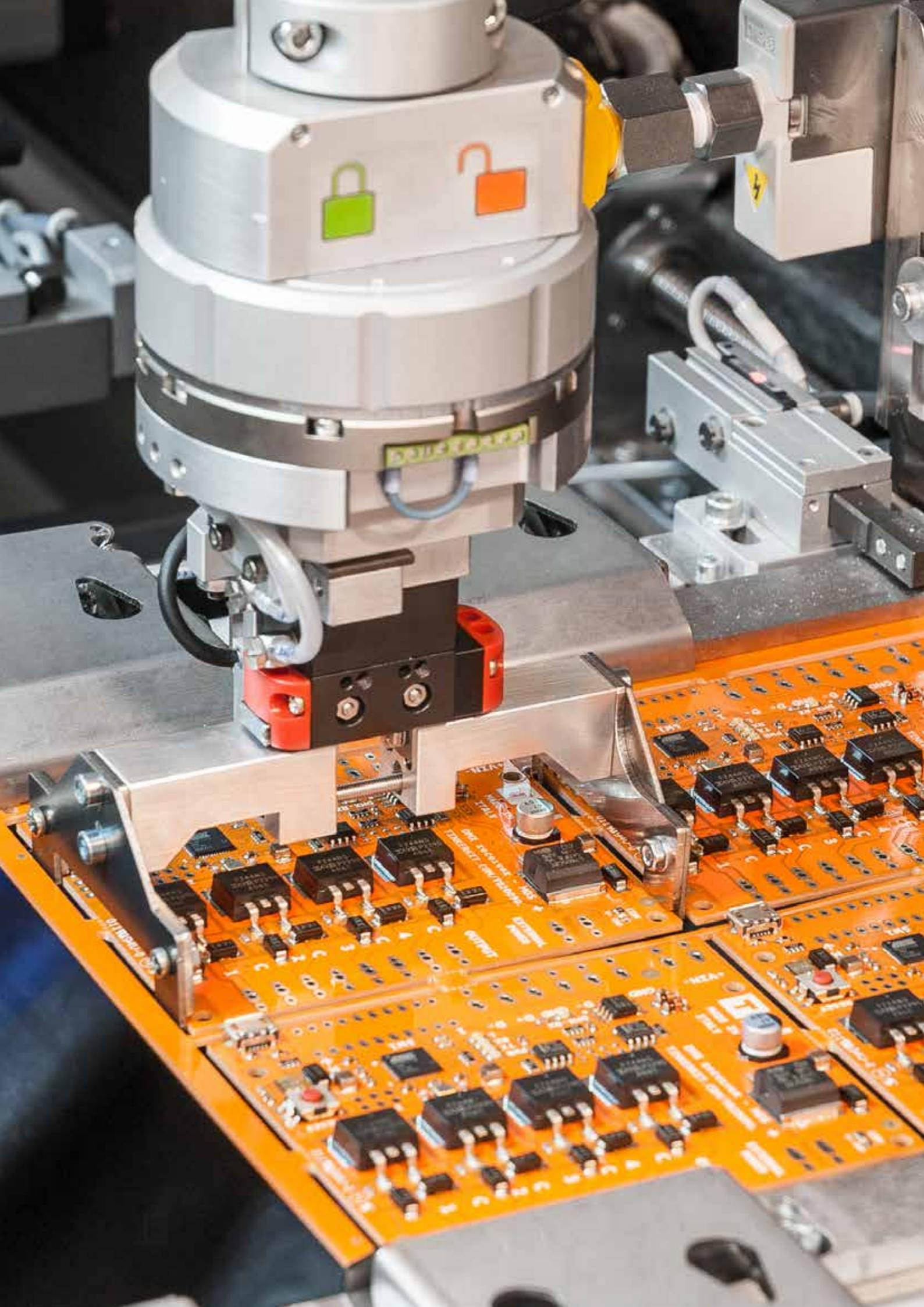
Automotive



Mobility
Green



Medical





WHO WE ARE AND WHAT WE DO

ELECTRONIC PRODUCT DIVISION

The division was established in the early 2000s and is dedicated to the **neo platform**, the **first assembly solution for the electronics industry**. Neo provides a wide range of systems to improve the efficiency of certain processes such as marking, assembly and separation of electronic boards. The machines are primarily aimed at manufacturers of electronic boards and integrated circuits (stand-alone or integrated on proprietary solutions). The products produced by this division include, in particular, Laser marking machines, complete assembly systems, machines for mechanical and PCB (printed circuit board) panel separation, and Laser separation of PCB panels including flexible PCB panels.

STANDARD AND CUSTOM PRODUCTS



Marking
- PCB Laser



Assembly



Laser
Depaneling



Router
Depaneling

TARGET CUSTOMERS

Manufacturers of electronic boards
and integrated circuits

MAJOR MARKETS



Automotive



Medical



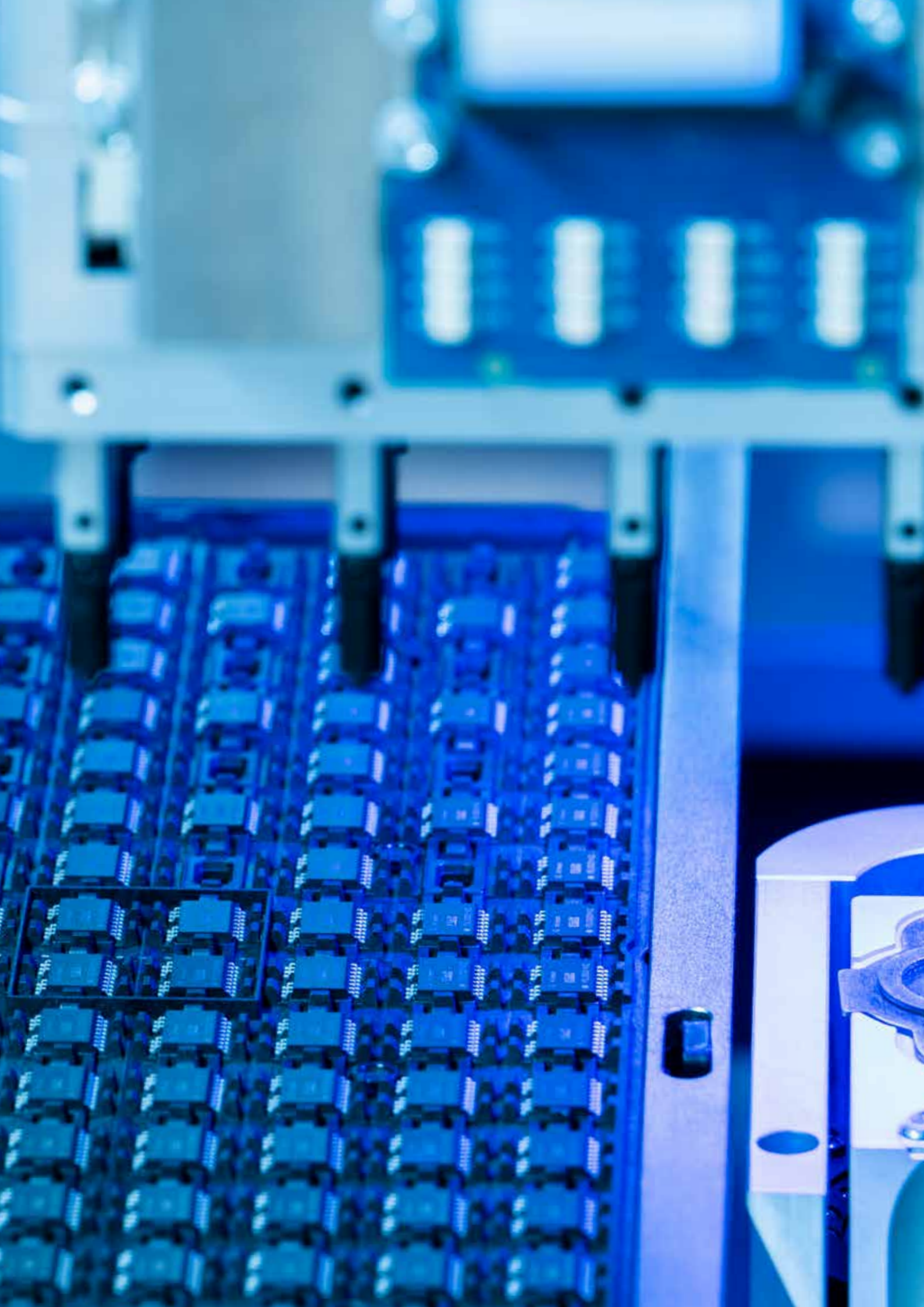
Telecommunications



Home
consuming



Energy
Green



SEMICONDUCTOR PRODUCT DIVISION

In 2011 we developed **new solutions dedicated to the semiconductor sector**, which is rapidly expanding thanks to the technological progress fostered by large multinationals that manifest the need to find partners in the market that can respond to their needs with flexibility and speed.

In 2013, we delivered the first machine of the test handler family, solutions that move and test MEMS sensors through one or more stimuli, defined according to the specific application for which the sensors are intended. The solutions implemented are mainly aimed at semiconductor and sensor manufacturers.

The division has also developed complex power module test lines, consisting of the integration of standard or customised systems.

The products produced by this division include, in particular, machines for testing and calibration

of MEMS sensors and power devices; machines for final testing and acceptance of power modules; burn-in-test automation systems with loading, unloading, pre-testing and visual inspection functions; systems for automatic assembly of power modules, including Laser marking; and compact conditioning chambers.

STANDARD AND CUSTOM PRODUCTS



MEMS Test Handler



Burn-In



Test handler for power modules



Power devices packaging

TARGET CUSTOMERS

Semiconductor Manufacturers

MAJOR MARKETS



Automotive



Green Mobility



Telecommunications



IoT





WHO WE ARE AND WHAT WE DO

LASER MICRO-MACHINING PRODUCT DIVISION

The division was established in the late 1990s to **provide industrial laser and micro-mechanics applications**, originally to the automotive sector and then to a variety of fields, in particular the medical sector.

The solutions were developed from experience gained in industrial laser applications especially in **cutting**, welding, drilling, and marking of small metal or plastic components that require extreme precision for processing the final product.

Products in this division include, in particular, **laser marking and cutting machines**, as well as for **welding of different types of components**.

STANDARD AND CUSTOM PRODUCTS



TARGET CUSTOMERS

Manufacturers of micromachining, with a need for a high level of precision, even for small components

MAJOR MARKETS





AFTER SALES

Our AfterSales Division supports customers in the post-installation phase of Osai Systems with regard to troubleshooting reported faults, carrying out preventive maintenance and training line operators.

Compared to other companies, Osai benefits from the experience gained in the development, construction and commissioning of the products it sells; therefore it is **able to intervene more quickly and effectively**.

The technical assistance service at the customer's premises or remotely is guaranteed by the Service technicians working in the Aftersales department, by the specialised personnel belonging to the mechanical, electrical and software assembly departments operating at the headquarters, or by the intervention of the global network of service providers summarised in the table below.

Compared to the past, **the use of new technologies and digitization makes access to the division's services simple and immediate**.

The online service platform serves as a single, priority channel for all needs related to after-sales service and ensures a quick and efficient response to customer inquiries.

The **Osai Augmented Support Technology** is the set of technologies adopted and developed for an **effective remote support through augmented reality**, which is now possible through the use of:

- **Tablets, smartphones, and smart-glasses:** a new way of providing customer service and support through the use of devices that enable technical staff to operate autonomously;
- **Dedicated software and App:** our technicians are able to guide the operator on site, thanks to projections and visual cues transmitted directly to the devices;
- **Osai Augmented Support:** **field staff will have the ability to activate an audio/video streaming session and share their views with the operator remotely.**

REGION	COUNTRY	RESIDENT ENGINEERS*	SERVICE PARTNER**
APAC	China	4	-
	Taiwan	-	1
	Philippines	-	1
	Thailand	1	-
EMEA	Malta	-	1
	Morocco	-	1
	United States	-	1
	Mexico	1	-

* Technicians directly employed by OSAI A.S. S.p.A. and residents of the country indicated

** Companies located in the indicated country with which contracts have been signed for assistance on behalf of OSAI A.S. S.p.A.



CHAPTER 2

OUR SUSTAINABILITY REPORT

METHODOLOGICAL NOTE	2.1
MATERIALITY ANALYSIS	2.2
STAKEHOLDER ENGAGEMENT	2.3



Osc



2. OUR SUSTAINABILITY REPORT

Commitment to sustainability issues is an integral part of our way of doing business, and this year we once again confirm our decision to share our objectives and results with our stakeholders by voluntarily publishing our third sustainability report (the company is not subject to the provisions of Legislative Decree No. 254/2016). We strongly believe in this tool which, while increasing dialogue and transparency with our stakeholders, also helps us to grow as a Group in a process of continuous improvement of our ESG performance.



2.1 METHODOLOGICAL NOTE

This document is prepared in accordance with the 2021 edition of the GRI Sustainability Reporting Standards, the most recognised and widely used reference for sustainability reporting, developed by the Global Reporting Initiative.

The Sustainability Report, published on 31/05/2023, contains information and data on the company OSAI A.S. S.p.A. for the period 01/01/2022 - 31/12/2022, coinciding with the financial year of the financial budget, and is updated annually. Excluded from the reporting scope are the foreign companies (Osai Automation System GmbH, Osai Automation System Dalian Co., Osai Automation System USA Ltd), because they carry out exclusively commercial or after-sales activities, and Osai Green Tech Società Benefit S.r.l. because it was inactive in the reporting year. Foreign companies are included in the Statement of Cash Flows, while Osai Green Tech Società Benefit S.r.l. is also excluded from the scope of the Financial Statements. The organisation of the content responds to the need to narrate the sustainability issues most relevant to us according to the materiality analysis, as indicated by the GRI standards.

In preparing the financial statements, we have complied with the following principles:

- **Inclusiveness** of stakeholders, i.e. consideration of the interests and expectations of stakeholders relevant to our organisation;
- **Sustainability context** which implies a reading of the organisation's performance in terms of sustainability;
- **Materials**;
- **Completeness**.

The **quality of the report** is also guaranteed by compliance with the principles of Balance, Com-



parability, Accuracy, Clarity, Timeliness and Reliability.

The drafting of the document involved the active collaboration of several corporate functions that make up the Sustainability Working Group, which contributed to the collection of the necessary data and their correct contextualisation.

In the different sections of the Sustainability Report, information is reported on those disclosures for which estimates were used and those that were revised from previous reporting periods.

This Sustainability Report was approved on 25/05/2023 by the Board of Directors and was externally audited by BDO Italia S.p.A., a body independent of OSAI A.S., as stated in the auditors' report on page 183.

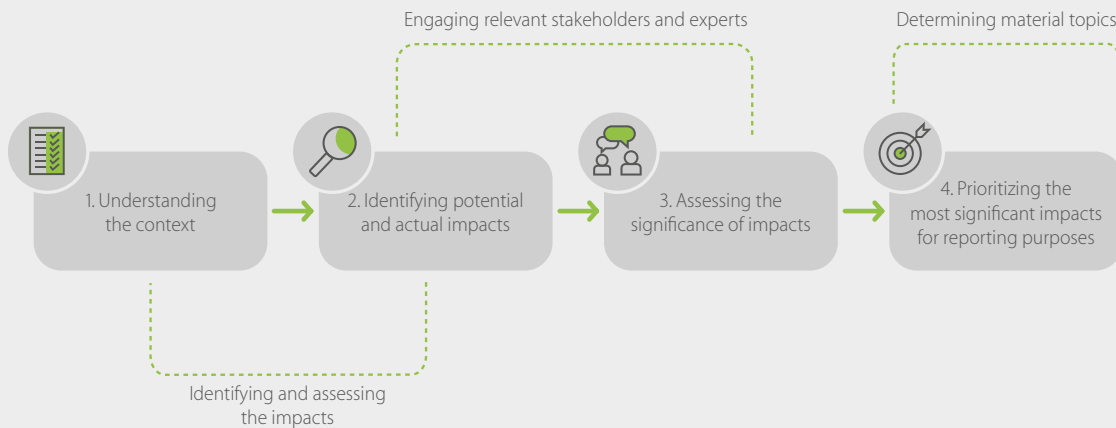


2.2 MATERIALITY ANALYSIS

Materiality analysis is the methodological heart of any sustainability report and the basis for selecting the topics that represent the most significant impacts of an organisation on the economy, the environment and people.

In January 2023, an update of the GRI standard was published, which introduces a focus on impacts; in this sustainability report, the materiality analysis therefore complies with the new guidelines.

In order to arrive at the identification of the material themes, the following was necessary:



1. Understanding the context

To understand the context in which we operate, we conducted a document and benchmark analysis, which considered the main competitors and the SASB Electrical & electronic equipment standard. Based on the analysis, the 14 themes identified as material in 2020 saw the following changes:

- Introduction of the theme Value Generation for Continued Growth;
- Merging of the topics Energy Efficiency and Electricity from Renewable Sources into the topic Responsible Use of Energy;
- Reformulation of the theme Customer Centricity into Customer Satisfaction and Product Quality.

2. Identifying impacts

For each of the 14 potentially material topics, the main impacts on the three dimensions of sustainability were identified: economic, social and environmental.

3. Assessing the significance of impacts

Two separate relevance questionnaires were administered to assess impacts.

- The first was addressed to 18 internal company contacts (board members and process owners). The respondent for each potentially material ESG issue was asked to assign on a 5-step Likert scale a relevance value, based on importance and likelihood of related impacts. The response rate on this questionnaire was 100%.

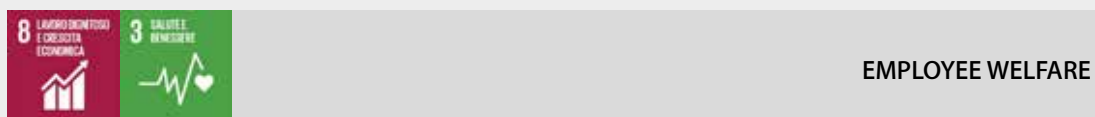
- The second questionnaire, with the same structure, was submitted to stakeholders inside and outside the company (40 employees, 16 suppliers, 6 shareholders/financial analysts and 1 representative of the community). In this case, the assessments of the stakeholder categories were weighed in line with what emerged from our Stakeholder Needs and Expectations Matrix, drawn up in March 2022. The response rate for this questionnaire was 67%.

4. Prioritising impacts

The processing of the first questionnaire was carried out by averaging the results of the individual completed questionnaires. On the basis of the scores obtained, we compiled a list of topics, and first assessed which of them exceeded the materiality threshold, set at 3 (a score corresponding to the 'average materiality' rating on the scale of 1 to 5 used). The analysis showed that all the themes identified are material. These were then sorted according to the level of significance for our company. The resulting materiality analysis was approved by the Sustainability Working Group and approved by the Board of Directors together with the approval of the entire Sustainability Report.

In the table below, we list the material topics with an indication of the relevant SDGs.

	R&D AND INNOVATION
RELATED IMPACTS	<ul style="list-style-type: none"> • Expanding OSAI's technology portfolio and competitiveness through a focus on research and development and innovation • Creation and consolidation of partnerships with the scientific community and with Italian and international entities for the development of research and development projects
   	TRAINING AND DEVELOPMENT
RELATED IMPACTS	<ul style="list-style-type: none"> • Increasing OSAI's competitiveness by having employees with adequate training to meet the growing needs of the market • Human and professional growth of OSAI employees • Contribution to the economic stability of OSAI employees through appropriate professional development
  	HEALTH AND SAFETY
RELATED IMPACTS	<ul style="list-style-type: none"> • Protecting the health and physical and psychological integrity of employees
 	VALUE GENERATION FOR CONTINUED GROWTH
RELATED IMPACTS	<ul style="list-style-type: none"> • Distribution of economic resources to co-workers, suppliers and the territory • Increasing OSAI's competitiveness and reputation in relation to its economic growth
 	CUSTOMER SATISFACTION AND PRODUCT QUALITY
RELATED IMPACTS	<ul style="list-style-type: none"> • Bringing products and processes to market according to the highest quality standards and meeting specific customer needs • Increased business costs due to the fulfilment of customer requirements that were not explicit and assessed in advance • Product quality conditioned by customers' stringent and non-negotiable demands



EMPLOYEE WELFARE

RELATED IMPACTS

- Increased ability to attract talent through focus on employee welfare
- Increased employee retention through a focus on well-being and work life balance
- Increased employee satisfaction due to the focus on their well-being and personal development



ETHICAL SUPPLY CHAIN MANAGEMENT

RELATED IMPACTS

- Contribution to the development of an environmentally sustainable supply chain
- Promotion and protection of human rights throughout the supply chain and in relations with suppliers
- Contribution to the transition to a circular economy model through responsible waste management by involving suppliers



WASTE MANAGEMENT

RELATED IMPACTS

- Risk of penalties for non-compliance with environmental legislation on waste management and disposal
- Contribution to the transition to a circular economy model through responsible waste management by OSAI
- Increased sense of belonging, pride and satisfaction of OSAI employees more concerned about proper waste management



RESPONSIBLE USE OF ENERGY

RELATED IMPACTS

- Contribution to the transition to a low-carbon economy through the responsible use of energy resources
- Reducing business costs from energy consumption
- Contribution to the reduction of environmental impact in the production phase in terms of energy consumption



PROTECTION OF DIVERSITY AND EQUAL OPPORTUNITIES

RELATED IMPACTS

- Employee satisfaction and increased sense of belonging in relation to equal opportunities and diversity policies
- Improving the Group's reputation in relation to equal opportunities and diversity policies

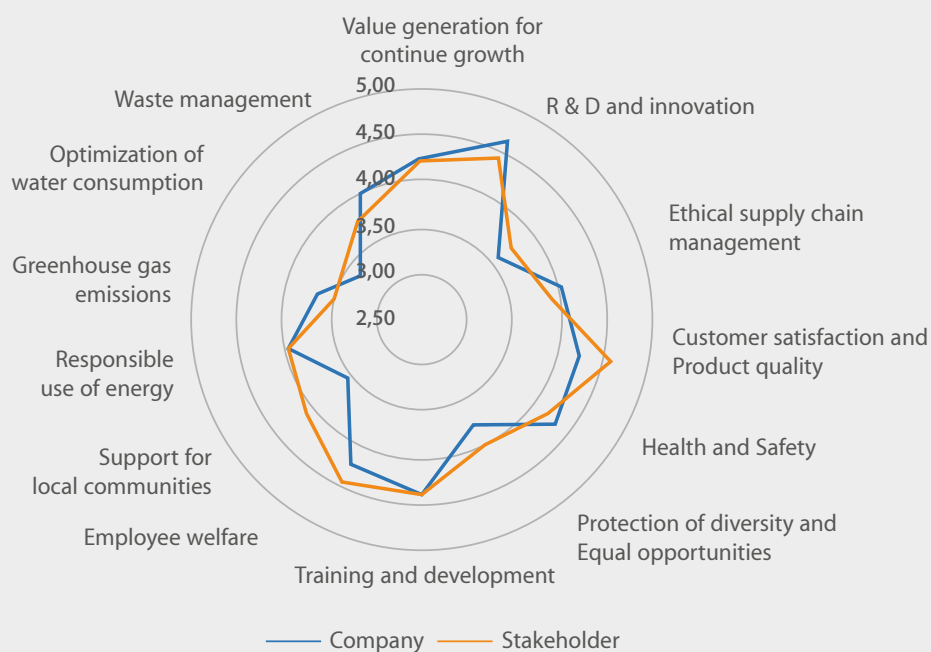
    	GREENHOUSE GAS EMISSIONS
RELATED IMPACTS	<ul style="list-style-type: none"> • Risk of penalties for non-compliance with environmental regulations for exceeding emission limits • Contribution to the global greenhouse gas emission reduction target • Increased sense of belonging, pride and satisfaction of OSAI's environmentally aware employees and reduction of greenhouse gas emissions
	ANTI-CORRUPTION
RELATED IMPACTS	<ul style="list-style-type: none"> • Risk of sanctions for non-compliance with anti-corruption legislation • Enhancing OSAI's reputation through ethical business conduct • Contribution to the development of a more equitable society through ethical business conduct
 	SUPPORT FOR LOCAL COMMUNITIES
RELATED IMPACTS	<ul style="list-style-type: none"> • Contribution to the economic and social development of the territory.
  	OPTIMIZATION OF WATER CONSUMPTION
RELATED IMPACTS	<ul style="list-style-type: none"> • Contribution to the reduction of environmental impact in the production phase in terms of water consumption • Reducing business costs from water consumption



Stakeholder input was assessed by considering both direct involvement through the questionnaire and indirect involvement through documentary analysis. Consistent with the approach presented in the new GRI standards, stakeholder engagement aims to support the company in identifying impacts and assessing their relevance. The analysis of the results gathered from stakeholder engagement activities was therefore assigned a guiding and steering value.

The results of our materiality analysis are summarised graphically in the **radar graph** below, which represents the relationship between the relevance attributed to issues by our company and the average relevance assigned by stakeholders.

The analysis revealed that all the proposed topics are material, having received ratings above the materiality threshold, set at 3.



The position of stakeholders is broadly in line with the corporate vision, with some issues related more directly to certain stakeholder categories (such as Support for local communities and Customer satisfaction and product quality, Employee welfare and Protection of diversity and equal opportunities) being emphasised more strongly.

The new theme Value Generation for Continuous Growth is one of the most relevant for our company, demonstrating a real need for integration of this aspect.

Compared to the previous analysis, there has been an increase in our organisation's focus on employee-related issues, in addition to Occupa-

tional Health and Safety. In particular, the relevance of Training and Development and Employee Welfare is growing.

The theme renamed Customer Satisfaction and Product Quality, consistent with the company's mission statement, gains more relevance than the previous analysis. Similarly, R&D and innovation, which to a large extent represents the company's core business, remains the most relevant topic for our company.

The topic Optimisation of water consumption, although material, was the least relevant.



2.3 **STAKEHOLDER ENGAGEMENT**

Although the definition of material issue has been revised to focus on that of impact, the engagement of relevant stakeholders continues to be part of the process of identifying and evaluating corporate priorities.

Listening to our stakeholders is aimed at gathering their views, demands and expectations, and allows us to get a picture of the context in which we operate and to elaborate shared, sustainable and effective development strategies.

Our stakeholder engagement has two phases:

2. Identification of relevant stakeholders

In the first step we select which stakeholders are most relevant, i.e. have interests that are or could be affected by the activities of our organisation.

Through management input, we identified 6 types of relevant stakeholders (Table 3). For a correct interpretation of the needs of stakeholders in relation to the company, each category was assigned a weight on the basis of the interference with company strategies that emerged from the compilation of the Stakeholder Needs and Expectations Matrix, carried out within the framework of the ISO 9001 and ISO 14001 Management Systems.

Left:

**Council Chamber "Carlo Ferrero," Parella (TO)
headquarters, 2022**



Table 2. Relevant Stakeholders for OSAI A.S

Stakeholder categories	Definition
Employees	Those working in the employ or on behalf of OSAI, including their representatives
Shareholders/financial analysts	Investors and consultants interested in OSAI's market positioning
Suppliers	Those who supply OSAI with raw materials, materials, services or technology
Customers	Users of OSAI products, including consumer associations
Lending institutions	Banks and credit institutions that can contribute to the financing of OSAI's activities
Collectivity	The social and territorial context in which OSAI is located and which may directly or indirectly influence its activities

2. Defining ways of engagement and implementation

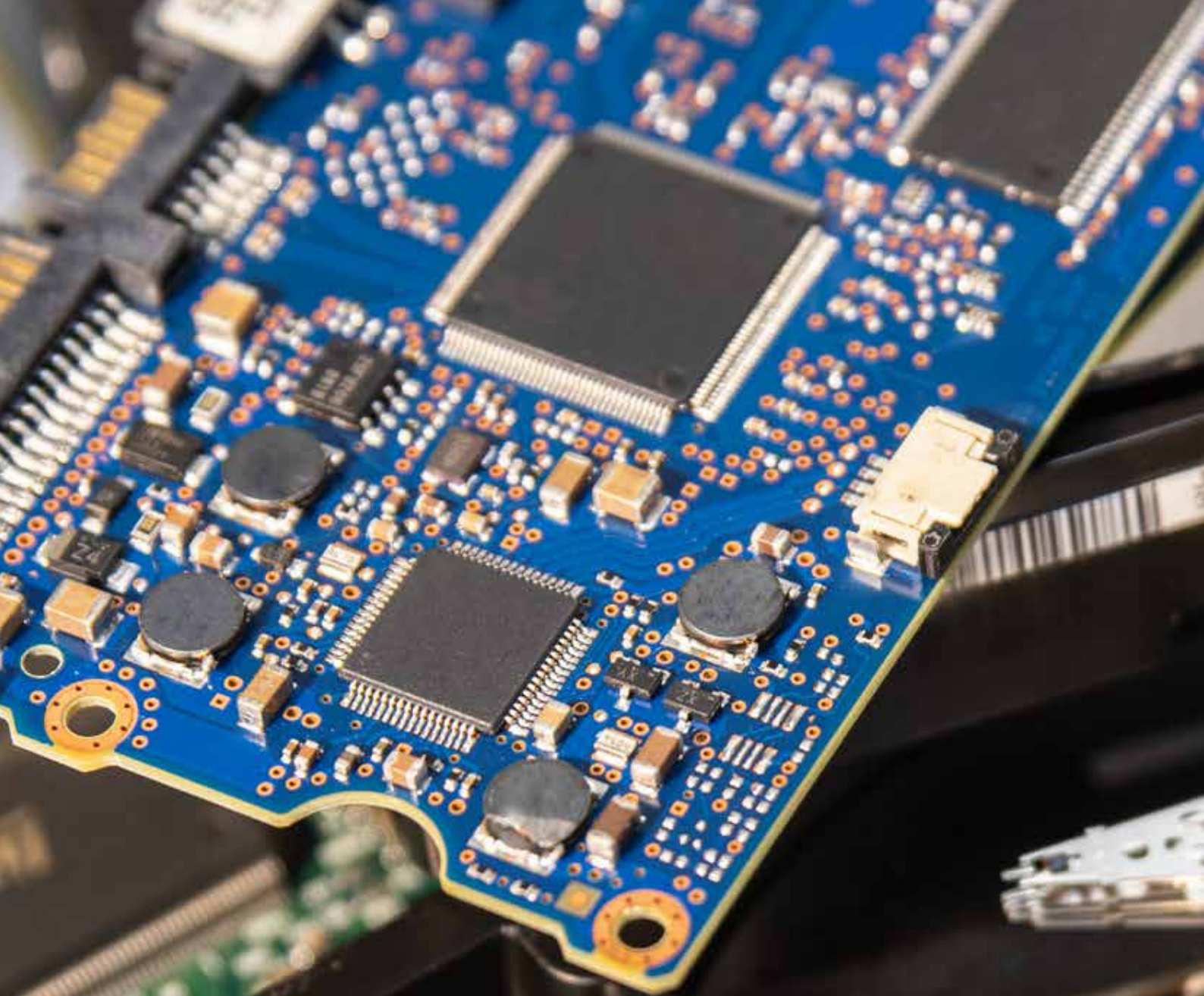
In the second phase of stakeholder engagement we define which engagement methods to adopt for the relevant stakeholder categories.

For the reporting year 2022, we involved our stakeholders through:

- **Indirect engagement**, with an analysis of documentary sources to reconstruct stakeholders' opinions and demands on our priority issues. This modality covered the categories Customers, Credit Institutions and Community.
- **Direct Engagement**, through the administration of a materiality questionnaire that investigated the relevance of our material issues in terms of related impacts. This concerned shareholders/financial analysts, employees, suppliers and the community.

The category Collectivity was analysed by both methods in order to more effectively gather contributions from different figures, such as representatives of local institutions (who were asked for a quick interview prior to the administration of the questionnaire) and associations in the area (for whom it was decided to proceed by means of documentary analysis).

Given the relevance of the Shareholders/Financial Analysts category for us, we conducted six interviews with representatives of this group, which had the dual purpose of presenting the materiality questionnaire and discussing the evolving role of ESG issues in the financial and investment sector.



CHAPTER 3

INNOVATION AT THE HEART OF OUR IDENTITY

AN APTITUDE FOR INNOVATION THAT BECOMES A SYSTEM 3.1

RESEARCH AND DEVELOPMENT. 3.2

FUNDED PROJECTS



3. INNOVATION AT THE HEART OF OUR IDENTITY

Continuous research and development is an aspect inherent to our very identity: without a constant striving for innovation, our products, characterised by a high technological content, could not be competitive.

We are aware that **innovation means creating value from something that did not exist before**, be it a product, a service, a business model or an organisation, generating positive effects not only economically, but also environmentally and socially.



Left:
NEW-RE project topic



3.1 INNOVATION THAT BECOMES A SYSTEM

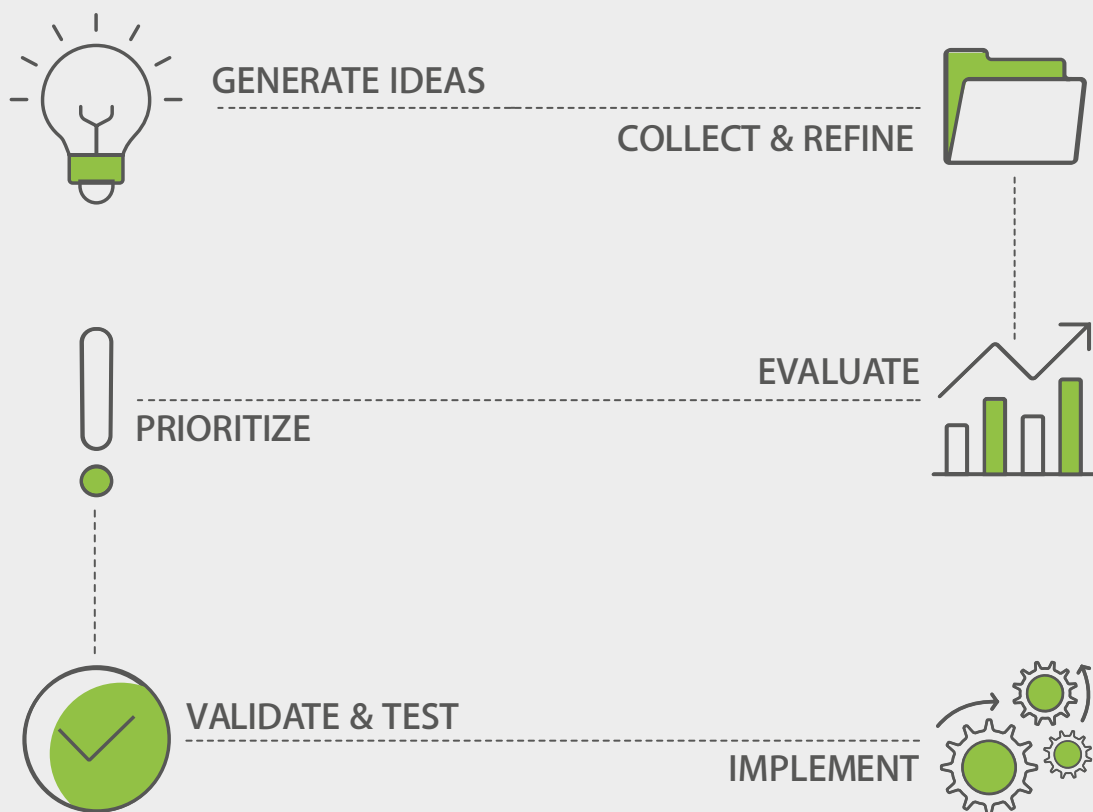
We decided to draw inspiration from the **ISO 56000**, which provides guidance for the establishment, implementation, maintenance and continuous improvement of a **management system** for innovation; we are convinced that such a tool can help us to capture the best ideas, refine ourselves and maintain a competitive advantage in the market.

We set up the **Innovation & Development Committee (CI&S)** precisely to promote research activity and to ensure transparency and traceability in projects in this field. The Committee proposes to the Board of Directors the initiatives it deems deserving and a priority to ensure development un-

der the banner of innovative technologies. In particular, the Committee is a promoter of collecting and **managing ideas**, so that they can become the object of investment and thus create new opportunities. Idea management is a systematic process that aims to make the most of the collection and development of meaningful insights.

The following image graphically depicts the flow of the process, the last two steps of which are the responsibility of the Board of Directors, which also defines the investments required for the introduction into the system.

Through specific actions and dedicated campaigns, the Committee encourages and gathers



proposals, both from internal actors and from the supply chain of which we are part, in different contexts, among which we find:

- development of alternative technologies and new functionalities on existing products;
- new products, processes or services;
- membership and participation in European/ funded projects;
- feasibility studies, market analysis, and research for new applications.

We have also identified four distinct areas on which to work to further extend the field of ac-

tion of our attitude toward innovation: strategy, processes, tools/methods and organizational culture.

The Committee has also defined an objective method for evaluating the ideas received and for attributing a score that quantifies their relevance, their relation to corporate strategies and their expected impact; it is on the basis of the score obtained that we select the proposals to be submitted to the Board of Directors, and then, in the event of approval, to follow them up operationally.



3.2 RESEARCH AND DEVELOPMENT

R&D activities are handled by a dedicated team of people who also collaborate with specialists from all over Europe.

The total investment in innovation and development for the financial year 2022 amounts to **Euro 2.92 million** (Euro 2.54 million in 2021) of which Euro 2.32 million was recorded under fixed assets. The innovation and development was financed with Euro 0.25 million was financed by contributions from the European Community for innovation projects, Euro 0.35 million from public grants to support research and development projects, and Euro 2.32 million from capitalisation.

The development projects implemented can be grouped into 7 clusters identifying different types of activities, markets of interest or end applications:

P0021-STH, Semiconductor Testing Handling

It includes all activities related to the semiconductor industry, particularly to conditioning and testing technologies for MEMS sensors or power modules.

P0023-SCA, Silicon Carbide Addition

This cluster includes the conception, design and implementation of a system for silicon carbide addition processes for power electronics and automotive.

P0025-EMF, E-mobility Factory

It embraces the activities related to the field of electric mobility, particularly with reference to implementation of systems for the production, testing, inspection, and validation of electric handling components or systems.

P0026-MED, Biomedical Automation

It concerns the development of innovative solutions such as state-of-the-art laser systems to be applied to medical products.

P0027-CEA, Circular Economy Automation

It includes activities related to the circular economy sector, including the recovery of precious metals from Waste Electrical and Electronic Equipment (WEEE). In this area, systems equipped with advanced vision stations, analysis and control techniques with artificial intelligence, and expert vision systems for selective recognition and segregation are developed.

P0028-HTA, High Tech Automation

It includes the activities related to the field of automation applied to high-tech sectors, for example based on artificial intelligence systems and human-robot collaboration.

P0029-CRA, Cross Activities

It includes several cross-cutting activities that have spin-offs, developments or potential for integration in two or more clusters.



FUNDED PROJECTS



Progetto: NEW-RE

Titolo: Neodymium and Rare Earth from Waste Recycling

MANUELA

Progetto: MANUELA

Titolo: Pilot Line for Metal Additive Manufacturing.

RISORSA

Progetto: RISORSA

Titolo: Sustainable recycling of rare earth magnets from WEEE



Progetto: APRIL

Titolo: Multi-function robotics for handling deformable materials in manufacturing processes



Progetto: VOJEXT

Titolo: Value of joint experimentation in digital technologies for manufacturing and construction.

We participate in several funded projects, thanks to which we have the opportunity to confront international realities and collaborate with professionals with cultures and paths different from our own. The projects of this type that will be active in 2022 are briefly described below.



Project NEW-RE Neodymium and Rare Earth from Waste Recycling (2022-2024)

Funding: KIC - EIT RawMaterials

The project addresses the challenge of recycling neodymium permanent magnets contained in hard disks and the possibility of recovering those contained in electric vehicle motors. As OSAI, we are involved in the creation of a prototype for the disassembly of hard disks with a fully automated or semi-automated approach.

The objective is the recycling of the elements called 'rare earths' by exploiting and improving an existing hydrometallurgical treatment plant.



Multi-function robotics for handling deformable materials in manufacturing processes (2020-2024)

Funding: European Union H2020. Research Innovation Action (RIA)

The project aims to develop a low-cost, multi-functional industrial robot system that supports semiautomatic tasks in manufacturing production lines of different sizes or types that use flexible or deformable materials. APRIL is based on computer vision techniques and on the development of modular interfaces; it will provide innovative sensors and augmented vision to support the detection of deviations, weight estimation, dynamic centre of mass or adjustment of gripping forces while handling deformable objects. Our contribution consists in the realisation of a demonstrator to integrate and validate the pro-



ject results in an industrial application.

RESOURCE - Sustainable recycling of rare earth magnets from WEEE (2022-2023)

Funding: Ministry of the Environment call for co-funding of research projects aimed at developing new technologies for the recovery, recycling and treatment of waste electrical and electronic equipment (WEEE)

The research activity aims to offer an innovative way to recycle rare earth magnets found in WEEE. Worldwide demand for these elements, including the neodymium contained in hard disks, is growing steadily in countless industries, including the automotive sector. At present, hard disk drive magnets cannot immediately be reused in different applications as it is not possible to recycle them by changing their geometry at an affordable cost. The primary goal of the project is to develop a less energy- and environmentally-impactful way to reuse rare earth magnets as secondary raw materials.

Our contribution is to study automated disassembly strategies and processes for the recovery of rare earth magnets from disused hard disks.

MANUELA

Pilot Line for Metal Additive Manufacturing (2018-2023)

Funding: European Union H2020. Demo Action
Metal Additive Manufacturing (AM) is a metal 3D printing technique that enables, through the implementation of a specific design, the production of high value-added components with advanced features that are difficult to achieve with conventional processes. At present, however, this technique involves a high number of critical steps and the key competencies related to these steps are not fully implemented at industry level.

MANUELA aims to define a pilot line plant, which covers the entire production sequence, from the

raw material, understood as metal powders, to the surface treatments related to the post-processing of manufactured goods. It was for the latter that we realised a prototype system with laser technology.



Value of joint experimentation in digital technologies for manufacturing and construction (2020-2023)

Funding: European Union H2020. Innovation Action (IA)

The project aims to create a favourable economic and technological environment to enable matchmaking and support manufacturers and industries (mainly SMEs, including small artisans) of autonomous cognitive systems for human-robot interaction. A special focus in the project is on "cobots", a term indicating collaborative robots, dynamizing technology applications for the European market.

To this end, VOJEXT will design, develop, validate, and demonstrate the usability of reliable, market-oriented, agile, multipurpose, and easily reused robotic systems. The developed solution is based on autonomous, mobile and skilful robotic solutions as the main component of an intelligent and scalable cognitive CPS¹ for industrial applications.

The aim is to provide a Value Of Joint EXperimentation (VOJEXT) of digital technologies in the manufacturing and construction industry. Our contribution consists in the realisation of a demonstrator to integrate and validate the project results in an industrial application.

Left:

Depanelized PCB handling system, 2021

1. Cyber Physical System

0.70	+0.58%	15/05
+0.37	+0.38%	15/05
+120.35	+0.88%	15/05
0.00	+1.19%	15/05
+313.08	+2.16%	09.15.01
-1.29	+0.59%	15/05
	0.00%	09.00.01
	+0.57%	15/05
	-0.01%	09
	-0.08%	

CHAPTER 4

CORPORATE GOVERNANCE AND RISK MANAGEMENT

GOVERNANCE STRUCTURE	4.1
RISKS AND OPPORTUNITIES	4.2
THE SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT	
ASPECTS, RISK MANAGEMENT AND OPPORTUNITIES	
ANTI-CORRUPTION AND COMPLIANCE WITH LEGISLATIVE DECREE	
231/2001	4.3
ORGANIZATION, MANAGEMENT AND CONTROL MODEL	
CODE OF ETHICS	
PROGRAMME FOR SUSTAINABILITY	4.4





4. CORPORATE GOVERNANCE AND RISK MANAGEMENT

Our 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 that characterizes the behaviour of the entire organization.

Following the listing on the AIM Italia segment, now Euronext Growth Milan (EGM), and the adoption of the new structure required for listed companies, we integrated certain aspects of the Corporate Governance Code approved by Borsa Italiana into our definition of governance.

This has made it possible not only to ensure an adequately sized and balanced governing body with more independent directors than required for companies listed on 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.

BORSA

1° giorno di
quotazione

1° giorno
di quotazione

London
Stock Exchange Group

1° giorno
di quotazione

BO

auto

BORSA

4.1 GOVERNANCE STRUCTURE

Our corporate governance provides for the following corporate bodies:

- Shareholders' Meeting;
- Board of Directors;
- Board of Statutory Auditors.

In addition, an auditing company is commissioned and a Supervisory Board is appointed pursuant to Legislative Decree no. 231/2001.

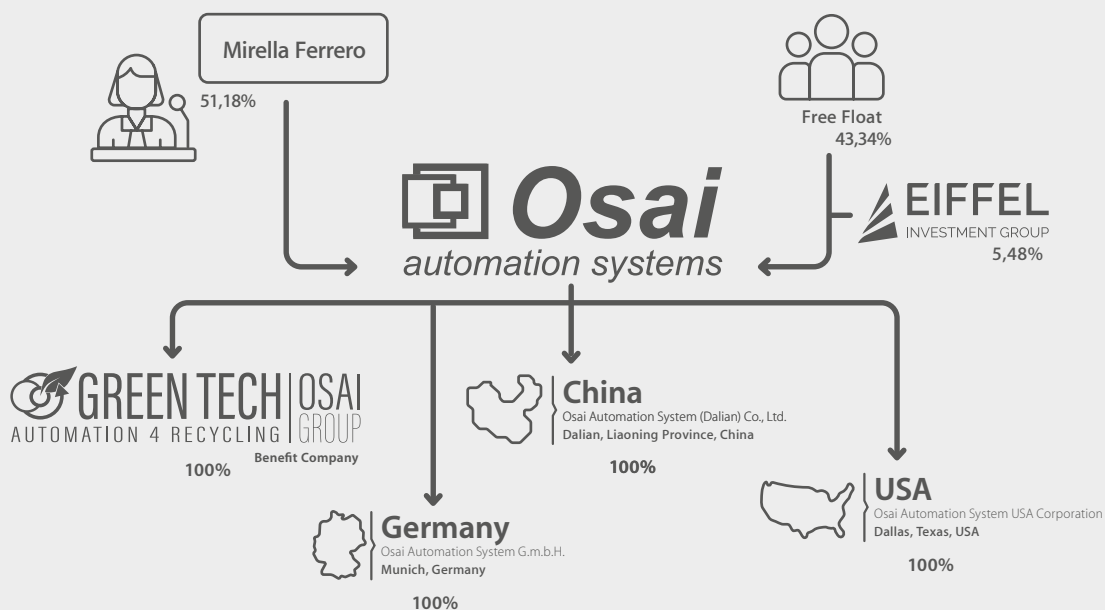
The Board of Directors is appointed by the **Shareholders' Meeting** on the basis of lists submitted by shareholders who collectively represent at least 5 percent of the ordinary share capital.

Shares 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.

As at 31/12/2022, the share capital of OSAI A.S. S.p.A. and its shareholders is as follows:

- The subscribed and paid-up share capital is €1,612,720.70 divided into 16,127,207 ordinary shares with no indication of par value.
- The major shareholder is Mirella Ferrero with 8,254,000 shares, or 51.18% of the share capital. The company also sees Eiffel Investment Group as a significant shareholder since it owns 883,400 shares, or 5.48% of the share capital. Finally, the 'free float', i.e. the shares held by the market, is 43.34%.

The market share is represented by domestic and international institutional investors who have invested in the Company in order to support and enhance its long-term growth by ensuring our 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 Shareholders meeting are the appointment of the Board of Directors, the Board of Statutory Auditors, and the approval of the group's financial statements and consolidated report.

Responsibility for the management of the company lies with the Board of Directors, currently in office since 2020, and composed of 5 members, 2 of whom are independent, and in office until the approval of the Financial Statements as at 31 December 2022.

The Chairman of the **Board of Directors**, Mirella Ferrero, is the legal representative of the Company and presides over the administration, control and finance function, supervising the administrative and accounting activities, the Company's relations with shareholders, banking institutions, state, ministerial and regional bodies, local authorities, public authorities, as well as other public and private entities.

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%)
Total	3	2

Each Director has the duty to declare to the Board of Directors and the Board of Statutory Auditors any conflicts of interest on items on the agenda prior to the discussion of the relevant items in order to make the conflict situation evident. The Related Parties Committee, on the other hand, is responsible for the prior examination of transactions and issuing compliance opinions in accordance with the Related Party Transaction Procedure.

Legal control functions are assigned to the **board of statutory auditors**, while the audit is entrusted to an **auditing company** appointed by the Board of Directors.

The Board of Directors has set up committees and working groups to support it in managing specific issues.

The **Related Parties Committee (CPC)** is an intra-board committee composed of the independent directors from time to time in office. It is responsible for formulating opinions on the Company's interest in carrying out transactions with related parties, as well as on the appropriateness and substantive fairness of the related conditions, in compliance with the dedicated procedure and the EGM Issuers' Regulation. During 2022, the Committee did not instruct any related party transactions.

CPC members by age and gender	Men	Women
Less than 30 years old	0	0
Between age 30 and 50	0	0
Over age 50	1 (50%)	1 (50%)
Total	1	1

The **Innovation & Development Committee** is an internal work group that 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"; the heads of the strategic corporate functions of the Business Development, Operations, Innovation & Development Areas; and the Chief Technology Officer.

Also, the **Internal Sustainability Work Group**, chaired by the CEO, whose purpose is to coordinate the activities included in our Sustainability Plan and to monitor and support reporting activities for the purposes of the Sustainability Report.

To date, there are no performance appraisal processes for the highest governing body, nor is there a general remuneration policy for the governing body and senior management.





Composition of the corporate bodies and internal board committees of OSAI A.S.

Name	Role	Executive	Non-executive	Skills	Other positions
Mirella Ferrero	Chairperson	X		Banking experience Competence in administrative and financial matters	Chairperson OSAI Green Tech SB S.r.l. Chairperson OSAI A.S. US Corp. Managing Director OSAI Automation System GmbH
Fabio Benetti	Chief Executive Officer	X		Experience in quality and human resources management Planning and risk management expertise	Managing Director OSAI Green Tech SB S.r.l.
Virgilio Giorza	Director with proxies	X		Technical and commercial experience Expertise in management control	-
Sergio Duke	Chairman Related Parties Committee		X	Experience in audit and review Financial and corporate governance expertise	Director, senior non-executive director and chairman audit committee Ferrari S.p.A. Director and member of the audit, risk management and corporate governance committees Tofas Auditor Fondazione Intesa San Paolo non-profit. Auditor Ferrovie dello Stato Italiane S.p.A.
Paola Marini	Member of the Related Parties Committee		X	Academic experience Technological expertise	Associate Professor Turin Polytechnic University



4.2 RISKS AND OPPORTUNITIES

SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT

As the governing body, the Board of Directors (BoD) 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 the BoD 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.

Our 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. This is the responsibility of the Board of Directors, which defines the guidelines of the system and subsequently verifies its adequacy, effectiveness and proper functioning in relation to the main corporate 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. The internal control system provides for a series of **organisational models, policies and procedures** adopted by the Board of Directors, but also **certifications** which, once obtained, direct our activities towards the main business risks.

The most relevant procedures and certifications include the following.

PROCEDURE FOR DISCLOSURE OF INSIDE INFORMATION¹

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. The aim is to ensure compliance with the relevant regulations and to guarantee the respect of the utmost confidentiality and privacy of inside information and relevant information, ensuring greater transparency towards the market and adequate preventive measures against abuse.

RELATED PARTY TRANSACTIONS PROCEDURE²

It contains 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 PROCEDURE³

It prescribes a series of obligations and limits regarding the possibility for employees who regularly have access to inside information, by reason of their relationship with the Company, to carry out transactions on our shares and financial instruments, in order to avoid market abuse and cases of insider dealing or insider trading.

PROCEDURE FOR MANAGING THE INSIDER REGISTER⁴

The Insider Register, prepared in electronic format to ensure the confidentiality of information, 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.

EN ISO 9001 CERTIFICATION

It represents the reference standard for an organisation that intends to plan, implement, monitor and improve both operational and support processes, designing and implementing the quality management system as a means to achieve objectives. The customer and his satisfaction are crucial aspects of ISO 9001: every activity, application and monitoring of activities/processes is in fact aimed at determining the maximum satisfaction of the end-user of the product.

EN ISO 14001 CERTIFICATION

It is the international reference standard for environmental management systems. It is a voluntary tool that enables a systematic approach to the treatment and monitoring of various aspects, including environmental protection, pollution prevention, and reduction of energy and resource consumption, while also improving the relationship and communication with the competent authorities.

EN ISO 45001 CERTIFICATION

It is the international technical standard that specifies the requirements for an occupational health and safety management system and provides guidance to enable organisations to ensure safe and healthy workplaces, preventing accidents and health problems. The Occupational Health and Safety Management System has been implemented at the Parella site and covers all activities and tasks of the company.

1, 2, 3, 4. For more details see the company's website <https://osai-as.com/en/documenti-societari/>

Risk Management AND OPPORTUNITIES

We have always considered the mapping of risks related to business processes a priority, even in the period prior to the entry into force of the UNI EN ISO 9001:2015 standard, which expressly required organizations with a Quality Management System to determine risks and opportunities applicable to their context.

We annually define an improvement action plan following a rigorous multidisciplinary analysis of the identified risks, built on the basis of the UNI EN ISO 31000:2018 guidelines, and which constitutes a key annex of the Management Review document validated by the CEO.

As a result of obtaining UNI EN ISO 14001:2015 Certification in 2019, the analysis was expanded to include environmental aspects, thus defining, in the same way as created for the Quality Management System, impacts, related risks and mitigation actions. Quality and environmental management systems are subject to annual surveillance and the issuing of three-year certificates. Parallel to external inspection visits, there are periodic field audit activities conducted by our staff and external consultants that allow for updating the risk picture thus preventing penalties or losses due to critical issues that were not revealed in time and handled appropriately.



<div> <div>8</div> <div> LAVORO INNOVATIVO E CRESCITA ECONOMICA </div> </div> <div>R&D AND INNOVATION</div>	
DESCRIPTION OF THE RISK	<p>The solutions' provider profile recognized by the market and the co-development of solutions require a constant ability to effectively manage the innovation process and experiment with new technologies to expand its technology portfolio to be made available to customers. The risk of having an inadequate technology portfolio, distant from needs, due to poor management of investment in research, development and innovation is an element that needs to be managed to ensure continuity and growth.</p>
RISK MANAGEMENT AND OPPORTUNITIES	<p>The establishment of the Innovation & Development Committee by the Board of Directors helped to effectively manage risk by evaluating and proposing to the executive body the projects deemed as priorities in different areas of action: new products, alternative technologies, processes, new functions.</p>

<div> <div>8</div> <div> LAVORO INNOVATIVO E CRESCITA ECONOMICA </div> </div> <div>OCCUPATIONAL HEALTH AND SAFETY</div>	
DESCRIPTION OF THE RISK	<p>We believe that safe working conditions and the protection of the health of all workers cannot be ignored. So risk management plays a central role in the definition of processes and their monitoring, aware that an accident or occupational disease represents first and foremost physical and moral damage to the person, but also a high risk of interruption of the company's activity and business.</p>
RISK MANAGEMENT AND OPPORTUNITIES	<p>Although the risks are few and easily manageable, we established a dedicated occupational health and safety function in 2015 , the Occupational Safety Management System (OSMS), which has contributed not only to the mapping of risks related to people safety issues in the Company, but also to the planning of investments needed to prevent risk situations. In 2022, we further strengthened the effectiveness of the OSMS by initiating the certification process according to the international reference UNI EN ISO 45001:2018, which was successfully concluded in December 2022 with the achievement of the certification.</p>

<div> <div>16</div> <div> PACE, GIUSTIZIA E ISTITUZIONI FORTE </div> </div> <div>ANTI-CORRUPTION</div>	
DESCRIPTION OF THE RISK	<p>The failure to adopt an Organizational Model pursuant to Legislative Decree 231/01 would make our reality vulnerable to the sanctions provided for the offences included in the decree. Such sanctions can include fines of up to Euro 1.5 million, confiscation of the proceeds of the crime, disqualification from doing business, and exclusion from Public Administration tenders. In addition to this, we would incur inevitable image damage from the publication of the judgements with consequent impacts on our reputation.</p>
RISK MANAGEMENT AND OPPORTUNITIES	<p>The approval and implementation of the Organizational Model pursuant to Legislative Decree 231/01, the appointment of a Supervisory Board (SB) composed of 3 external members and that of a contact person for the Board within the Company with high professionalism and experience in the legal field, can ensure the necessary protection toward the commission of the crimes included in the Decree. In addition to this, we also exploit the information gained from the risk mapping and inspection activities of the Supervisory Board, as well as from the activation of channels (whistleblowing) for reporting behaviours that foreshadow behavioural violations with respect to Legislative Decree 231/01.</p>



ETHICAL SUPPLY CHAIN MANAGEMENT

DESCRIPTION OF THE RISK

The risk of having a supply chain that is managed in a manner that differs from what is defined in the Code of Ethics is significant because the supplier base is characterized by a very large number of companies with varied sizes, concentrated in different business sectors, and operating in geographic areas.

RISK MANAGEMENT AND OPPORTUNITIES

For several years now, we have adopted specific procedures to monitor aspects deemed relevant to aligning our supply chain with the values expressed in the Code of Ethics.

We have taken special care in drafting its Code of Ethics since 2018 so that it could, on the one hand, faithfully represent the business context and, on the other hand, the expectations of the Ownership and Management with respect to ethical and sustainability issues. The subsequent sharing of the document first with internal resources and then with suppliers confirms the willingness to extend our principles to the entire value chain.



PROTECTION OF DIVERSITY AND EQUAL OPPORTUNITIES

DESCRIPTION OF THE RISK

With respect to the issue of gender equality, the risk mainly takes the form of a reduced presence of the female gender in comparison to the male gender among employees; this could lead to the conclusion that the actions taken to mitigate the risk are insufficient. However, it should be considered that the type of activity still involves skills that are more prevalent in the male population, even though the presence of women in STEM (Science, Technology, Engineering and Mathematics) studies is growing significantly.

RISK MANAGEMENT AND OPPORTUNITIES

Analysing the three-year period 2020-2021-2022 shows a steady growth in the presence of employees belonging to the female gender in percentage terms (from 19 percent in the three-year period), even in roles historically occupied exclusively by men. The path taken confirms that gender diversity is truly perceived as a value by senior figures and managers at the different levels who follow personnel selection processes. Our approach to this issue has been recognised by the Bellisario Foundation, which awarded us the 'Woman Value Company' award in 2022.



TRAINING AND DEVELOPMENT

DESCRIPTION OF THE RISK

The risk is represented by the possibility that the lack of both specific and transversal skills of its resources, based on the role and task, are not sufficient to meet the Company's needs and expectations and thus meet the needs of the market, such as to create a negative gap with the competition and undermine its growth.

RISK MANAGEMENT AND OPPORTUNITIES

Presiding over the competencies of one's resources and comparing them with the needs of the market requires a great deal of attention. For this reason, we detect training needs from the operational staff and responsible persons in order to translate them into an annual training plan aimed at both the growth of resources and the development of new skills.

7 ENERGIA PULITA E ACCESSIBILE ENERGY EFFICIENCY

DESCRIPTION OF THE RISK

The risk of lack of energy efficiency of buildings and installations, and the consequent need to use more energy, was mitigated by specific interventions at the Parella (TO) site. Since our production activity does not fall within the categories defined as energy-intensive, the interventions are limited to the management of consumption inherent in the buildings (electric and thermal utilities) and fleet management and travel.

RISK MANAGEMENT AND OPPORTUNITIES

The Environmental Improvement Plans on an annual basis and the multi-year Sustainability Program are the two tools through which we manage needs and opportunities in the area of energy efficiency.

8 LAVORO INCONTINUO E CRESCITA ECONOMICA 3 SALUTE E BENESSERE EMPLOYEE WELFARE

DESCRIPTION OF THE RISK

In this area, the risk identified is that of not guaranteeing our employees an adequate balance between personal expectations and the remuneration and welfare system put in place. This would result in various dangers such as the loss of attractiveness and competitiveness on the labour market in relation to competitors, the reduction of human capital motivation and growth opportunities related to the increase of resources, as well as the abandonment of the company by competent and qualified personnel.

RISK MANAGEMENT AND OPPORTUNITIES

To contain this risk, we have set up 'basic' welfare plans for all employees and 'on top' for key figures. Through policies that combine remuneration and welfare, we succeed in motivating employees towards goal achievement, while reducing the risk of strategic skills flight to competitors.

8 LAVORO INCONTINUO E CRESCITA ECONOMICA CUSTOMER CENTRICITY

DESCRIPTION OF THE RISK

Customer centricity goes beyond satisfying the explicit and implicit needs of customers and may lead, if not carefully monitored and evaluated in terms of costs and benefits, to lower profitability; if the company incurs higher costs in the face of systematic and non-legitimate customer demands, it may even lead to a disruption of business continuity. We are active in different contexts that require differentiated customer management strategies with targeted investments in multiple areas designed to maintain market positioning or seize new business opportunities.

The risk of not overseeing, through periodic monitoring, the effects of these strategies could cause a systematic increase in over-quality costs with possible repercussions on profitability.

RISK MANAGEMENT AND OPPORTUNITIES

The risk of increasing costs and consequently reducing margins, in order to meet any unbargained-for Customer expectation, can be significant in the absence of the correct gar-risons at the proposal, commercial and project management functions, i.e., the monitoring systems that allow verification of the contractual requirements set with Customers and the consequent cost trends.

Through the application of specific tools defined within the business processes (e.g., project review of job order) the collaboration, between the different functional areas, allows to manage and contain the risk as well as to define possible investment strategies.



ELECTRICITY FROM RENEWABLE SOURCES

DESCRIPTION OF THE RISK

The supply of energy from renewable sources, particularly self-generated energy, implies the construction of infrastructure that may be insufficient to fully cover our energy demand, or, on the contrary, excessive in relation to demand, with extremely long plant depreciation costs.

RISK MANAGEMENT AND OPPORTUNITIES

Our 263 kWp photovoltaic park guarantees a self-consumption of just under 30% of the total electricity consumed. However, considering the gradual replacement of the company car fleet with hybrid/plug-in and full electric cars and heat pump thermal systems, we expect a gradual reduction in the share of energy sold to the GSE (thus increasing the share used for self-consumption) and in the amortisation times of the systems.



GREENHOUSE GAS EMISSIONS

DESCRIPTION OF THE RISK

The direct impact of our operations on the GHG emissions it produces-with emissions to the atmosphere [Scope 1] solely from the operation of natural gas boilers still in operation-is insignificant. The greatest risks may arise from non-compliance with air emission regulations and the resulting administrative penalties.

RISK MANAGEMENT AND OPPORTUNITIES

Certification of the Environmental Management System according to ISO 14001:2015 is a measure deemed effective in preventing violations that may affect the regulations on atmospheric emissions rather than the more stringent regulations promulgated by the Piedmont Region. Certification provides us with valuable periodic support on environmental legislative updates



SUPPORT FOR LOCAL COMMUNITIES

DESCRIPTION OF THE RISK

Failure to support the territory is a risk arising from the possibility of disappointing the expectations of the community, to which we turn with our policies and to which we are called to manage concretely according to the values expressed in its Code of Ethics.

RISK MANAGEMENT AND OPPORTUNITIES

The projects on the ground that we activate each year demonstrate the implementation of the policies defined in our Code of Ethics with regard to the external context. In terms of the internal context, the functional areas most involved in initiating local skills enhancement projects are the Procurement and Human Resources functions.



OPTIMIZATION OF WATER CONSUMPTION

DESCRIPTION OF THE RISK

The risk emerging is that consumption will not be aligned with the targets set, which are intended to stick to the estimates made based on the type of domestic user.

RISK MANAGEMENT AND OPPORTUNITIES

Through the path that led the Environmental Management System to Certification during 2019, an improvement plan was initiated that allowed for structured monitoring of consumption and the initiation of important actions aimed at risk mitigation. To date, water consumption is reported with an indicator that provides summary information regarding the average daily efficiency of employees in their relationship with the water resource.

1 NO
POVERTY



2 NO
HUNGER



3 GOOD
HEALTH



7 RENEWABLE
ENERGY



8 GOOD JOBS AND
ECONOMIC GROWTH



9 INNOVATION AND
INFRASTRUCTURE



13 CLIMATE
ACTION



14 LIFE BELOW
WATER



15 LIFE
ON LAND



4 QUALITY
EDUCATION



5 GENDER
EQUALITY



6 CLEAN WATER
AND SANITATION



10 REDUCED
INEQUALITIES



11 SUSTAINABLE CITIES
AND COMMUNITIES



12 RESPONSIBLE
CONSUMPTION



16 PEACE AND
JUSTICE



17 PARTNERSHIPS
FOR THE GOALS



THE GLOBAL GOALS
For Sustainable Development



4.3 ANTI-CORRUPTION AND COMPLIANCE WITH LEGISLATIVE DECREE 231/2001

We have defined in the **Code of Ethics** and in the **Code of Conduct** the safeguards in place to prevent acts of corruption. These documents are transmitted to all employees and external personnel when they are hired or when supply or sales contracts are concluded.

In the **Organization, Management and Control Model** under Legislative Decree 231/2001, we have mapped the areas at risk of corruption offences being committed and have laid down specific principles of conduct that our managers and employees are required to maintain.

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 behaviour 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.

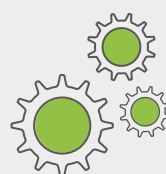


ORGANIZATION, MANAGEMENT AND CONTROL MODEL

In 2021, we 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.

By adopting the Model, we commit ourselves to:

- (a) prohibiting conduct that may constitute the types of crimes set forth in Legislative Decree no. 231/2001;
- (b) involving, also through the adoption of the Code of Ethics, all stakeholders, such as employees, customers, suppliers, partners, collaborators, so that in the performance of their duties they respect the ethical principles by which we are inspired;
- (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) implementing a structured and organic system of procedures and activities to be put in place to prevent the commission of the offences under the Decree.



**System
Implementation**

**Reporting and
Evaluation**



**Control and
Verification**

The Model also includes 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 absolute confidentiality of the reporting and reported persons is ensured

and no negative consequences arise for anyone who has, in good faith, made a report.

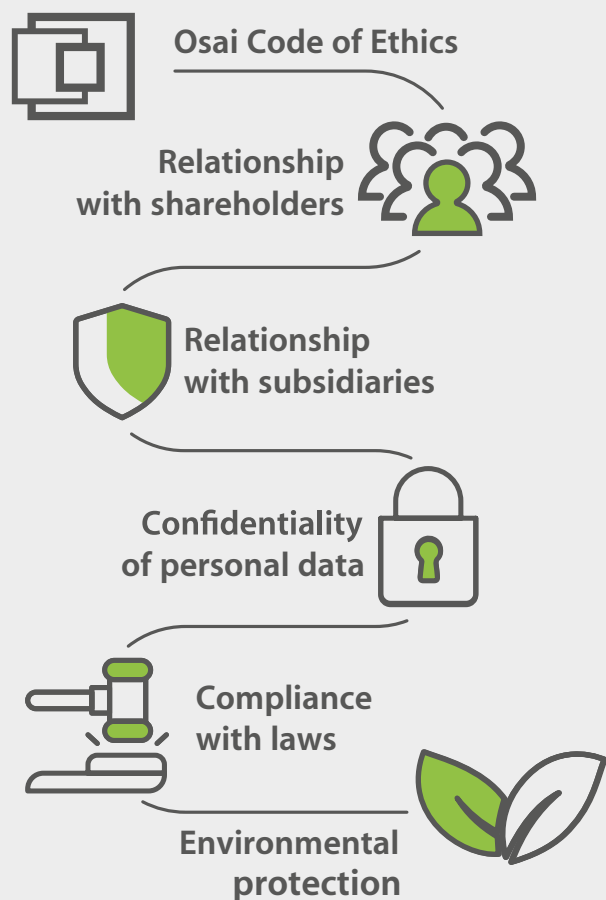
On 27 May 2022, the Board of Directors updated the Model to take account of new predicate offences approved by the legislature.

CODE OF ETHICS


Our Code of Ethics outlines the principles and guidelines intended to inspire the activities and guide the behaviour of employees and all those with whom we deal.



The Code of Ethics is particularly in-depth and provides for principles of conduct to be observed:

- by employees, for their valorisation and respect for equal opportunities; to guarantee a safe and positive working environment; for an adequate induction into the company and work organisation; for training and professional and human growth;
- in the confidentiality of personal data.
- in the Environmental protection, sustainable development and solidarity.
- in relationships with shareholders.
- in relationships with subsidiaries.
- in compliance with laws, protection of competition, and relations with authorities.
- in relationships with public administration, customers, suppliers, non-profits.
- in relations with local communities.









4.4 PROGRAMME FOR SUSTAINABILITY

ASPECT / SDG	TARGET 2021-2023	ACTIVITIES CARRIED OUT	STATUS
<p>OPTIMIZATION OF WATER CONSUMPTION</p> 	<p>$I_{CIGD} = 35 \text{ L}$</p> <p>Litres/workday/worker</p>	<p>ACTIONS ON BUILDINGS:</p> <ol style="list-style-type: none"> 1. Tests at volume meters to rule out leaks along pipelines between withdrawal points and intakes from the municipal waterworks. 2. Installation of informational signs at all restrooms to raise staff awareness toward water consumption reduction. 3. Renovation of sanitary facilities with washbasins equipped with jet breakers and toilets with double-buttons. <p>ACTIONS ON THE MANAGEMENT SYSTEM:</p> <ol style="list-style-type: none"> 1. Quarterly consumption readings. 2. Refinement of the computerized reporting system of plant access and remote activities (remote working) to support more meaningful KPIs (ICIGD) in the presence of dual work mode than the previous indicator (IAI). 3. Change from IAI Indicator (L/Employee) to ICIGD Indicator (Litres/workday/worker); <p>ACTIONS ON PERSONNEL:</p> <ol style="list-style-type: none"> 1. Annual sharing of the results of the Environmental Management System by dissemination in the company blog. 2. Development of a thematic comic strip 'Mr Osai Goes Green' to direct employees towards saving water both at work and at home (disseminated on the company website and internal blog). 	<p>$I_{CIGD} \leq 35,88 \text{ L}$</p> <p>Litres/workday/worker</p> <p>OVERRUN +15.7%</p> <p>TARGET TO BE REACHED SOON (2023)</p>

ASPECT / SDG	TARGET 2021-2023	ACTIVITIES CARRIED OUT	STATUS
ENERGY EFFICIENCY 	$I_{EA} \leq 5.6 \text{ m}^3/\text{m}^2$	ACTIONS ON THE FACILITIES: 1. Strategic decision to use heat pumps as the only air-conditioning solution for new construction sites. 2. Decommissioning of boilers at Area U4 following the installation of heat pump thermal systems (electrically powered). ACTIONS ON BUILDINGS: Re-roofing and insulation of Area U4 (2018).	$I_{EA} = 4.13 \text{ m}^3/\text{m}^2$ TARGET ACHIEVED IN 2021
ENERGY EFFICIENCY 	$I_{CA} \geq 55\%$ percentage average self-consumed energy	Corporate photovoltaic park of 263 kWp at the Parella HQ.	$I_{CA} = 62\%$. TARGET ACHIEVED IN 2022
WASTE MANAGEMENT 	$I_R \leq 700 \text{ kg/Mil €}$ kg of waste produced per €mil of production value generated.	ACTIONS AIMED AT THE REUSE OF WOOD PACKAGING 1. Systematic return (for subsequent reuse) of wooden crates. 2. Study and start of experimentation of a contextual pallet interchange system at the HQ warehouse.	$I_R = 540 \text{ kg/Mil €}$ TARGET ACHIEVED IN 2022
GREENHOUSE GAS EMISSIONS 	Osai Group decarbonisation strategic plan Average CO₂ emission value of company cars $\leq 120 \text{ g/km}$ Percentage of plug-in hybrid/electric cars $\geq 12\%$*	CAR POLICY UPDATE Thanks to the 2021 update of the Car Policy, in 2022 we reached a share of 31.4 per cent of the company car fleet equipped with hybrid propulsion (mild/full/plug-in hybrid). ACTIONS ON PLANTS Installation of four 22 kW recharging stations at the M6-M7 plants of the Parella Headquarters and regulation of access through a recharging booking platform. CARPOOLING PROMOTION In 2022, a cashback programme was launched for employees willing to share a car in their daily home-work journeys.	TARGET TO BE REACHED SOON

* Target achieved in 2021

ASPECT / SDG	TARGET 2021-2023	ACTIVITIES CARRIED OUT	STATUS
GREENHOUSE GAS EMISSIONS 	25,000 km/month Intended for commercial flights (short-medium-long range)	UPDATE INCENTIVE PLANS FOR SALES MANAGERS Incentive plans containing targets aimed at reducing business travel.	TARGET ACHIEVED IN 2021
PROTECTION OF DIVERSITY AND EQUAL OPPORTUNITIES 	Inclusion of additional figures with disabilities	Permanent placement of a new figure with a disability as a result of participation in the Atlantide Project aimed at introducing autistic people into the world of work.	TARGET ACHIEVED IN 2021
SUPPORT FOR LOCAL COMMUNITIES 	Collaboration with local entities to support projects for inclusion and bringing individuals with disabilities closer to the world of work.	During 2021, OSAI supported through the provision of areas, technological equipment and expertise, the project initiated by the Andirivieni Cooperative, Ivrea Job Center in order to initiate boys with disabilities on specific activities managed by the Cooperative. In addition, a call for donations was opened in 2022 to allocate 5% of the 2021 operating profit to support initiatives and projects for the development of the region.	GOAL ACHIEVED
ANTI-CORRUPTION 	Plan for specific training in the field of offences Legislative Decree 231/01 to senior figures with responsibilities Adoption of the Organization, Management and Control Model (Legislative Decree 231/01) 231 Supervisory Board (SB) appointed.	In 2021, 10 training sessions were organized aimed at the apical individuals who may incur in the commission of the crimes provided for in Legislative Decree 231/01, for a total of 9.2 hours of training held by legal professionals from outside the Company. On March 12, 2021, the Board of Directors appointed the Supervisory Board (SB) which will remain in office until the date of the Shareholders' Meeting convened to approve the Annual Report for the year ending December 31, 2022. As of today's date, the Supervisory Board consists of 3 external members. On March 26, 2021, the Board of Directors adopted the "Organization, Management and Control Model of OSAI A.S. S.p.A." pursuant to Legislative Decree no. 231/2001.	GOAL ACHIEVED

ASPECT / SDG	TARGET 2021-2023	ACTIVITIES CARRIED OUT	STATUS
EMPLOYEE WELFARE 	Periodic updating of the Welfare Plan and policies on the employee benefits such as the Company Car Policy in order to incorporate new needs and adapt to the changing environment.	<p>The following documents outlining actions to increase staff well-being both with remuneration policies and welfare were updated during 2022:</p> <ul style="list-style-type: none"> - Welfare Plan 2022 expanded to include 3 new homogeneous groups and new features in the area of subsidized employee loan management; - Incentive plan and travel management 2022 with the inclusion of hardship allowance recognized for quarantine periods abroad; - Individual agreements for the management of remote working; - Car Policy. 	GOAL ACHIEVED
R&D INNOVATION 	Definition of an internal structure of responsibility capable of managing investments in innovation and development projects defined by the Board of Directors	<p>The Innovation & Development Department as of 2021 is autonomous in terms of the competences available to carry out the projects promoted by the Innovation & Development Committee (CI&S) and approved by the Board of Directors.</p> <p>In 2022, 10 projects were managed with an investment of more than Euro 2.5 million.</p>	TARGET TO BE REACHED IN 2021





CHAPTER 5

OUR VALUE CHAIN

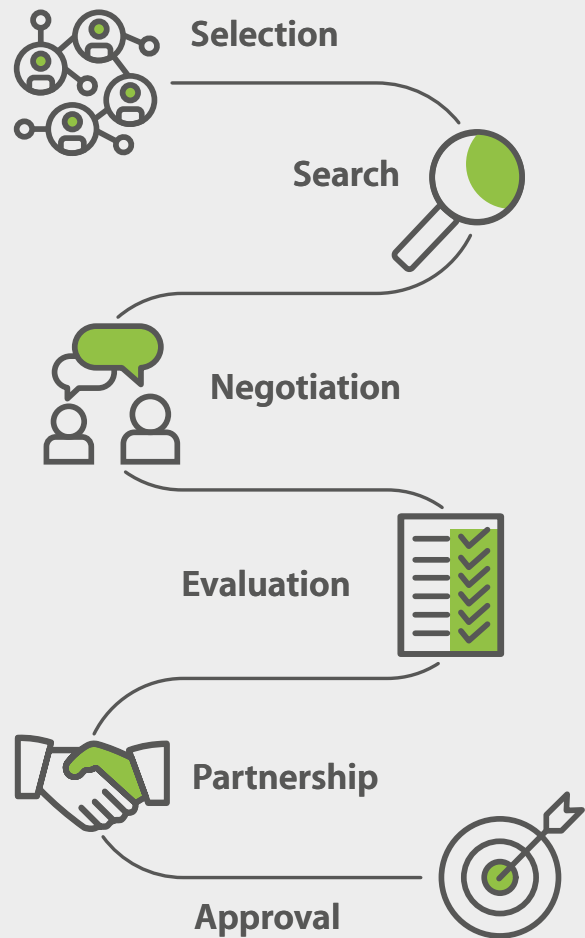
VALUE GENERATION AND DISTRIBUTION.	5.1
SELECTION AND EVALUATION OF SUPPLIERS	5.2
SELECTION OF SUPPLIERS	
EVALUATION OF SUPPLIERS	
OSAI AUGMENTED QUALITY	
CUSTOMER SATISFACTION	5.3



5.1 GENERATION AND DISTRIBUTION OF VALUE

We recognise the importance of distributing the value generated by our activities to those who have contributed directly or indirectly to its creation.

The analysis of the economic value generated and distributed highlights the flow of resources produced and addressed to our internal and external stakeholders, but also that retained for self-financing.



ECONOMIC VALUE*	2020	2021	2022
PRODUCED AND DISTRIBUTED [€]			
A. Economic value produced	33,153,609	32,614,656	42,542,843
B. Economic value distributed	28,291,551	28,265,979	38,571,330
Operating costs	16,153,585	15,442,021	23,838,119
Salaries and employee benefits	11,921,677	12,671,094	14,481,509
Payments to capital providers	119,062	81,687	84,512
Payments to Public Administration	2,836	30,580	73,200
Investments in the community	94,391	40,597	93,990
(A-B) Economic value retained	4,862,058	4,348,677	3,971,513

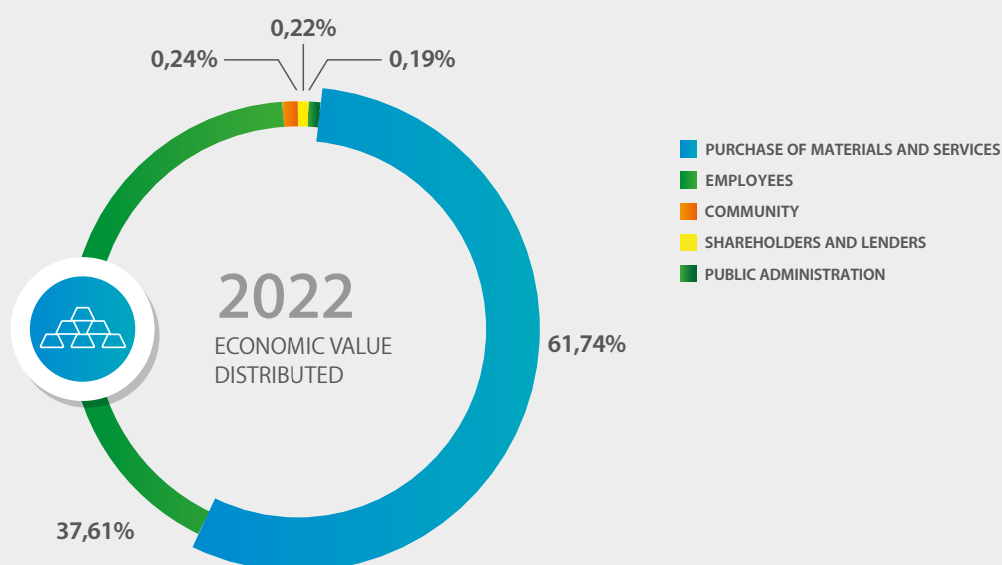
* The values indicated are expressed in accordance with IAS/IFRS.

The **economic value produced** in 2022 is Euro **42.5 million** while the economic value distributed is approximately **38.6 million**. The difference between these two figures coincides with the **economic value retained**, which amounted to Euro 3.97 million in the reporting year; this amount is invested internally, mainly in depreciation, write-downs and provisions for risks.

The Economic Value distributed in 2022 is divided among the following stakeholders:

- The largest amount, Euro **23.8 million** relates to operating costs incurred for the **purchase of materials and services** necessary for the company's activities.

- To **employees**, approximately Euro **14.5 million** of salaries, social security and pension contributions were distributed;
- Euro **84.5 thousand** refers to payments to capital providers, **shareholders and lenders**, in the form of profits and interest;
- Euro **73.2 thousand** were paid as taxes to the **Public Administration**;
- Euro **94 thousand** were allocated to the **community** to support associations, organizations, projects for socio-economic development and growth of the area.



5.2 SELECTION AND EVALUATION OF SUPPLIERS

The relationship between people and the ability to act ethically and responsibly is the basis of our way of being and the management of our value chain.

The publication and dissemination of the Code of Ethics has ensured effective awareness of personnel who deal with external parties.

A preliminary study of **Life Cycle Assessment** (LCA), carried out between 2019 and 2020, examined the supply chain of our products, allowing us to assess the potential environmental impacts of supply chain processes and inbound and outbound logistics.

The study found that the supply chain, compared to other production steps, such as product design and end-of-life disposal, result in smaller impacts, but can also be made more sustainable. With the exception of logistics, on which areas for improvement were identified related to the reuse of wood packaging, for **procurement** three areas of development were identified.

1. SHARING OUR ENVIRONMENTAL OBJECTIVES WITH SUPPLIERS

Suppliers must be aware of the importance of the ways in which they relate to the environmental context (waste management, energy saving, search for efficiency in processes).

2. KNOWLEDGE OF THE SUPPLIER

Knowing the supplier means being aware of the conditions under which it operates from an environmental and employee health and safety perspective. If the supplier does not have certifications related to environmental and/or safety management (ISO 14001 and/or ISO 45001), it should be audited at least once a year to assess its working conditions and sensitivity to environmental issues.

3. PRIORITIZE PURCHASES FROM LOCAL SUPPLIERS

To give preference, taking into account economic and quality impacts, to suppliers who operate within a 100 km radius of our company in order to reduce transportation-related impacts and consequently enhance the production fabric of the area.

In 2022, approximately one-third (30%) of goods are purchased from suppliers that can be evaluated according to environmental and social criteria; in addition to this, custom mechanical parts, light and heavy carpentry assemblies are products made of iron and aluminium alloys, thus recyclable through the casting process. Since the determination of weight or volume is currently not possible, it was decided to use turnover as the unit of measurement.

Overall 35% of total purchases are made from suppliers active in the Piedmont region and 81% in Italy.

The supplier selection and evaluation process is detailed in the operating procedures within the ISO 9001:2015 quality management system.

Geographical area	Expenditure (€)	Expenditure (%)
Province	5,528,359	30%
Region	1,018,949	5%
ITALY	8,571,502	46%
Europe (excluding Italy)	2,013,254	11%
World (excluding Europe and Italy)	1,442,129	8%
Total	18,583,349	100%

Proportion of spending to local suppliers

SELECTION OF SUPPLIERS

We aim to select suppliers who will become reliable partners, able to support the company's business and satisfy the end customer with continuity.

The selection process involves different levels of articulation depending on the commodity class of the good to be procured.

The most critical area and complex to manage (quality, cost, and lead time) is the selection of suppliers of **internally-designed custom mechanical parts and metalwork** as any wrong supply awards can affect functionality and consequently job order profitability. Accredited suppliers are required to sign specific General Terms and Conditions of Purchase, which in the last three years have been updated to include essential issues such as the containment of environmental impacts, respect for ethical issues and confidentiality of information handled.

We prefer suppliers that hold certifications in Quality (ISO 9001), Environment (ISO 14001) and Occupational Health and Safety (ISO 45001), but we do not preclude companies that due to small size are unable to handle the costs associated with external certifications from accessing

its supplier base. Through annual monitoring of QHSE (Quality, Health, Safety, Environment) issues and audits at suppliers' production sites, however, it is possible to ensure adequate control of the indirect impacts of production, even in the absence of periodic surveillance by third-party agencies.

The selection of suppliers of **commercial products** is more related to design choices, either internal or linked to specific customer requirements, which often do not foresee alternatives and focus on high quality components and world market penetration for the activities of large multinationals. For this reason, the need for direct control on our part is less stringent: supervision is guaranteed by the certification bodies to which these companies are subject.

Finally, the selection of **services** is conducted by the relevant sector manager and finalised with the purchasing department, taking into account the requirements set out in the Company Code of Conduct, the Code of Ethics and the payment conditions established by the administrative management.

EVALUATION OF SUPPLIERS

Companies that become part of our supplier base follow an evaluation process that differs according to the commodity class of the goods supplied.

While in the context of service providers the process is streamlined, in the case of supplies of material goods used in the manufacture of our products, the path is more complex in view of the influence that materials have on product quality and the risks arising from non-conforming supplies. The Procedures provide for different scenarios with more or less stringent levels of intervention that also include the suspension and/or disbarment of the supplier in the event that the requirements or conditions necessary to meet business needs are no longer met.

The most critical situations, due to the potential defectiveness of product prototypes, concern suppliers producing mechanical parts to drawing, metalwork and machined commercial parts. These three categories are subject to quality control on the first supply batches aimed at inclusion in the accredited supplier pool, and by periodic audits in order to monitor or verify the effectiveness of corrective actions following any non-conformities found.

These suppliers are also systematically evaluated at least annually jointly by the Quality and Procurement function through a scheme that has been tested and refined in recent years, which involves not only the determination of a **Vendor Rating (VR)** index defined on the economic value of purchase turnover and documented non-conformities, but also the evaluation of a series of inherent parameters:

- The competitiveness of the supplier;
- The ability to adapt to needs;
- The ability to make suggestions or propose optimizations;
- The regular flow of information on work progress;

- Adherence to delivery time;
- Perceived quality (beyond that detected by controls).

Such a structured supplier evaluation methodology allows for easy and comprehensive comparison within the supplier base and is of great use when deciding to collaborate with competing suppliers who are more high-performance and receptive, but also determine the **Supplier Quality Index (SQI)**, which is the most important performance indicator used in the monitoring defined by the Quality Management System (ISO 9001) on Supplier Quality and for assigning supplier base improvement targets.

Suppliers of skilled labour are informed of the rules and procedures in force for the protection of health and safety and for the technical and professional suitability of workers when concluding the supply contract. These procedures, which must be duly signed by the supplier for the purpose of receiving the purchase order, also contain a scheme of sanctions in the event of violations of the rules of conduct. For further details on the management of this type of supplier in relation to health and safety issues, see Chapter 6.

Unlike the others, suppliers of commercial parts are not subject to quality checks on the first supply batches, but any non-conformities are nevertheless documented and reported. Inclusion within the supplier pool is conditioned by a specific choice made during the design phase or at the request of the customer, which is why buyers of commercial parts often cannot work with an extended group of potential alternative suppliers, as is the case for other product classes.

OSAI AUGMENTED QUALITY

As of 2018, the joint work of the company management, Procurement and Quality enabled action to be taken on four fronts:

PHASE 1 - improvement of the monitoring system of nonconformities attributable to suppliers of custom mechanical parts, metal carpentry and commercial machined parts, through the construction of a structured, usable and shared database among corporate entities;

PHASE 2 - tight use of tools and documentation for reporting and transmission of non-compli-

ance reports to suppliers with systematic archiving of documentation on company server and periodic reports;

PHASE 3 - dimensional verification checks on sampling and non-conformity detection only carried out with regularly checked/calibrated instrumentation at external calibration centers.

PHASE 4 - updating of supply contract conditions with integration of the aspects mentioned in the Code of Ethics and Environmental Policy and according to the OSAI Augmented Quality program.

These interventions made it possible to launch a programme focused on quality of supply, called **OSAI Augmented Quality**, which considers a selection of suppliers with unexpressed room for improvement or inconstant quality over time, to whom dedicated contractual conditions can be proposed, with rewards for reaching specific targets on defects and punctuality of deliveries. The rewards can be economic or include a reduction of controls in the acceptance phase, saving time and related costs. In the event of failure to maintain the quality standards defined between OSAI and the supplier, penalties will be imposed.

So far, this programme has involved five historical suppliers of drawing mechanical parts and two suppliers of metal carpentry in the area, allowing us to achieve higher quality levels and reduce the costs of quality control of incoming goods, but also to enhance the value of local suppliers and contribute to their growth. All suppliers participating in the OSAI Augmented Quality program also enjoy a competitive advantage over other suppliers in the park when bidding for supplies.



5.3 CUSTOMER SATISFACTION

The quality of the product, as well as the services related to it, are for us a central requirement to be guaranteed to customers.

The following table shows the concrete instru-

ments from which we draw - directly and without any survey activities delegated to external collaborators - the functional elements for the perception of customer satisfaction.

BACKGROUND	CUSTOMER SATISFACTION TOOLS
Organization of business processes	QMS Customer Satisfaction Interviews
	Internal QMS self-assessments
Functional testing in OSAI	Functional testing in OSAI
	Open Issues List (OIL) Management
After-sales	Customer Satisfaction Interviews from the Ticketing Platform
	Osai Academy Customer Satisfaction Interviews

Customer Satisfaction is an inescapable theme of the Management Reviews conducted annually and required by ISO 9001:2015. Through these actions of multidisciplinary analysis, we assess our market positioning, update the Corporate Quality Risk Analysis, and determine appropriate actions to manage critical issues where identified.

Compared to 2021, in 2022 we have set out to reformulate the customer satisfaction survey entirely, with the aim of increasing feedback from

stakeholders, identifying strengths and weaknesses, and determining which of 12 product differentiators enable us to maintain our market position in high-tech process automation.

The survey was submitted to **34 customers, representing 95% of the Sales Orders acquired in the year**. The table on the following page collects the characteristics of the OSAI systems that those involved in customer satisfaction surveys over the last three years recognised as distinguishing factors.



Distinctive features of the OSAI Product	2020	2021	2022
Level of innovation in technological solutions adopted (innovation of the adopted solutions*)	45.00%	27.27%	16.00%
Choice of components, materials used and type of systems integrated in the product (care for design and choice of components*)	0.00%	9.09%	4.00%
Professionalism, experience and technical expertise of the staff employed	33.00%	45.45%	0.00%
Attention to aesthetic details and product design	0.00%	9.09%	0.00%
Attention to safety and high level of prevention (operator safety equipment*)	11.00%	0.00%	4.00%
Customer care and all-round customer satisfaction	11.00%	0.00%	0.00%
More	0.00%	9.09%	0.00%
Product reliability**	-	-	4.00%
Convertibility of the product to future uses**	-	-	12.00%
Product versatility**	-	-	12.00%
Ease of intervention in case of breakdowns or scheduled maintenance**	-	-	4.00%
Alignment of the product to contractual expectations**	-	-	4.00%
Comparison with competition not possible**	-	-	16.00%
There are no elements to express a judgement**	-	-	12.00%
None of the points**	-	-	12.00%

* Distinctive feature reformulation in the new q1904-08 customer satisfaction survey form

** New evaluation aspects introduced in form q1904-08

In 2022 the characteristic **vanguard of the solutions adopted** was recognised as the first distinctive aspect of the OSAI product, while in second place was the **convertibility to different applications** and in third place **the versatility of the product**. This result is very significant for several reasons:

- a) confirms the customer's appreciation of the company's ability to invest in research and development (EUR 2.92 million invested in R&D in 2022) in order to guarantee innovative products not available from other suppliers;
- b) justifies the forthcoming launch of feasibility studies for the reconditioning and reconversion of OSAI systems, pointing to new market opportunities that are extremely interesting both to achieve new results in terms of environmental sustainability (reduction of CO₂ emissions associated with undisposed of and

unreconstructed products), and to aim for further commercial expansion towards customers with lower investment capacities.

It should be noted that 40 per cent of the questionnaires received did not allow the attribution of a salient characteristic. 16% of the customers indicated that they could not make a comparison with the competition, another 12% did not want to answer because they did not have the necessary elements to make an objective comparison and, finally, a final fraction of 12% did not find any compatible option in the survey trace.

In 2022, we recorded no incidents of non-compliance related to the safety or information and labelling of our products. We received a report from a customer about a possible safety issue, which was promptly taken care of and resolved.





CHAPTER 6

OUR PEOPLE

THE WELL-BEING OF PEOPLE AT THE CENTRE.	6.1
COMBATING WORK-RELATED STRESS	
TRAINING AND CAREER DEVELOPMENT	6.2
OCCUPATIONAL HEALTH AND SAFETY	6.3
THE MANAGEMENT OF WORKFORCE SUPPLIERS	



*la nostra
sono*

6. OUR PEOPLE

In our philosophy, work is not only the application of man's physical and intellectual faculties intended for the production of a good or product, work is also the means by which people can achieve their goals of professional and personal growth.

To make this philosophy a reality, we are committed on a daily basis to protecting the mental and physical well-being of our people by fostering growth and skill acquisition paths, corporate welfare plans, the right balance between work, personal and family needs with the goal of tangibly improving the quality of life.

We see ourselves as one big family where everyone can find, through their work, an opportunity for personal growth and a sense of security for themselves, their loved ones and all those with whom they relate, strengthening their sense of belonging to the Company.



*our strength
is the people*

Lorenzo
(Founder of Osaì A.S. S.p.A.)

At the end of 2022, there are 212 people in the Company's workforce, growing steadily over the years with an increase of 7.6% compared to 2021.

Employees by contract type and gender*	2020			2021			2022		
	♂	♀	Tot.	♂	♀	Tot.	♂	♀	Tot.
Open-ended	145	35	180	153	37	190	167	39	206
%	98%	100%	98%	97%	95%	96%	98%	95%	97%
Fixed-term	3	0	3	5	2	7	4	2	6
%	2%	0%	2%	3%	5%	4%	2%	5%	3%
Full time	145	33	178	154	38	192	168	40	208
%	98%	94%	97%	97%	97%	97%	98%	98%	98%
Part time	3	2	5	4	1	5	3	1	4
%	2%	6%	3%	3%	3%	3%	2%	2%	2%
TOTAL	148	35	183	158	39	197	171	41	212
%	100%	100%	100%	100%	100%	100%	100%	100%	100%

* The values reported refer to the number of employees as at 31 December of each year by contract type and gender. The distinction between men and women is automatically applied by the system on the basis of the person's tax code. The distinction between full-time and part-time refers to the total number of employees regardless of the contract in place (fixed-term or open-ended). Employees have not been divided by geographic area because the reporting boundary only includes the Italian S.p.A. and not foreign subsidiaries.

In addition to employees, there are 8 temporary workers and 4 workers with professional contracts, making a total of 12 non-employed workers.

Non-employed workers**	2020	2021	2022
Apprenticeships - Internships	2	1	0
Temporary - Outsourced	1	3	8
Professional work contracts	4	4	4
TOTAL	7	8	12

** Values reported refer to the number of non-employed workers as at 31 December of each year by contract type.

The continuity and stability of an employment contract is among the primary requirements strictly necessary to ensure not only compliance with and enhancement of a career plan, but also the achievement of a life goal. We are committed, to the best of our ability, to protecting the employment development of the area in which we operate and to promote the quality and stability

of work through permanent employment contracts and in-company training insertion paths aimed at stabilization. As proof of this, all fixed-term contracts expiring during 2022 were renewed with a transition to permanent contracts.

During 2022, a total of 26 new hires were made, against 11 terminations, for an overall turnover rate of 17%.

Turnover*	2020		2021		2022	
	New recruitments	Terminations	New recruitments	Terminations	New recruitments	Terminations
Men	13	6	20	10	21	8
Rate %	9%	4%	13%	6%	12%	5%
Women	3	0	5	1	5	3
Rate %	9%	0%	13%	3%	12%	7%
Under age 30	5	0	11	2	14	1
Rate %	24%	0%	41%	7%	39%	3%
Between age 30 and 50	8	5	13	8	10	5
Rate %	7%	4%	11%	7%	8%	4%
Over age 50	3	1	1	1	2	5
Rate %	7%	2%	2%	2%	4%	11%
Total	16	6	25	11	26	11
Rate %	9%	3%	13%	6%	12%	5%

*Hiring and termination rates are calculated as the ratio of no. of employees hired and terminated in the year and the no. of employees as of Dec. 31 of each year by gender and total.

The selection process consists of a thorough assessment of candidates in terms of technical skills, soft skills, aptitudes and professional aspirations. The entire process is carried out with respect for equal opportunities and is communicated to potential candidates through a procedure published in the **"Work with Us" section** of the company website.

Candidates receive clear and comprehensive information about the organisation and the position they are applying for, so that they can understand whether the job offer represents an effective opportunity to realise their professional

and life expectations. The search and selection of candidates is carried out by qualified in-house staff.

The evaluation of profiles is developed in sharing with the heads of the functions concerned through fair and transparent systems: together we pursue the goal of enhancing skills and experience as well as enhancing the human qualities that make a candidate a new member of the corporate family.

Upon completion of the process, we notify candidates who pass the selection process of our interest through a formal written commitment

to ensure from the outset, professionalism, transparency and trust.

We believe that in the diversity of gender, age and ideas we can find that plurality of approaches, skills and visions that enable us to innovate continuously. The average age of new hires in 2022 is 33, denoting how important innovating our workforce by investing in young talents is to us. Women account for 19.3% of the total number of employees, on a steady trend over the past three years (19.1% in 2020; 19.8% in 2021).

The majority of the corporate population is made

up of the white-collar category. The average age of staff over the three-year period is 42, with a slight decrease in 2022, and average seniority increasing, demonstrating the low level of turnover. Of note is the increase in the average seniority of Managers and Middle Managers, which ensures the Company's preservation of its wealth of experience and professionalism and frames it as one that can guarantee stability and longevity through young management with a high sense of belonging.

No incidents of discrimination occurred in 2022.

Employees by role, gender and age group	2022				
	Managers	Middle Managers	Office workers	Blue collar workers	Total
Men	5	11	130	25	171
%	83%	92%	77%	96%	81%
Women	1	1	38	1	41
%	17%	8%	23%	4%	19%
Under age 30	0	0	27	9	36
%	0%	0%	16%	35%	17%
Between age 30 and 50	2	8	110	10	130
%	33%	67%	65%	38%	61%
Over age 50	4	4	31	7	46
%	67%	33%	18%	27%	22%
Protected categories	0	0	4	3	7
%	0%	0%	2%	12%	3%
Total	6	12	168	26	212

Average age and average company seniority (years) ¹	2020		2021		2022	
	Average age	Average seniority	Average age	Average seniority	Average age	Average seniority
MANAGERS	53	16.2	54	17.36	55	18.18
MIDDLE MANAGERS	47	6.6	48	8.75	48	10.35
EMPLOYEES	41	6.5	41	6.48	41	6.37
WORKERS	41	3.8	39	3.77	30	4.03
GENERAL AVERAGE	42	6.4	42	6.57	41	6.64

1. Managers are classified according to the CCNL Dirigenti Industria (National Collective Labour Agreement), while all other employees enjoy the guarantees provided by the CCNL Industria Metalmeccanica e Installazione Impianti (National Collective Labour Agreement for the Mechanical Engineering and Plant Installation Industry) and belong to our offices located in Piedmont (see chapter 1 for details on company offices).





6.1 THE WELLBEING OF PEOPLE AT THE CENTRE

The human and family dimension that makes us stand out fosters a working environment inspired by the protection of freedom, dignity and inviolability of the person, as well as principles of fairness in interpersonal relationships, which allow all employees to perform their work to the best of their ability by expressing their talents and potential.

We consistently pursue the goal of maintaining a high level of organizational well-being through careful monitoring of the business climate.

In this framework, we consider strategic the listening activity that the Human Resources function carries out on a daily basis to intercept any situations of difficulty and/or discomfort but also as an element of stimulus to improvement for the growth of resources.

As far as remuneration is concerned, we strongly believe in the concept of total reward, i.e. an extended remuneration that through various parameters aims at maximising satisfaction in the economic treatment received by people. In addition to the usual rewards related to category contract conditions, we broaden the spectrum of monetary treatment through the application of welfare policies, maintaining a positive work environment, and performance and talent management. In 2022, the ratio of annual total remuneration stood at 7.07: this value represents the ratio of the annual total remuneration of the highest paid person to the median of the annual total remuneration of all employees (excluding the aforementioned person).

Total annual salary ratio ²	2020	2021	2022
Ratio of the salary of the highest paid person to the median salary of all employees	7.39	7.06	7.07
Ratio of the percentage increase in the salary of the person receiving the highest salary to the average percentage increase in the salary of all employees ³	-	0.0	1.1

2. The total annual remuneration taken into account includes only the RAL (Gross Annual Remuneration) and not other types of remuneration, as these may also include non-divisible expense reimbursements that may lead to information that is not representative of the person's actual remuneration.

3. 2020 figure not shown because only data from the last three years were considered, as the GRI reporting came into force on 1 January 2023.

In addition to economic recognition defined according to the logic of the labour market and collective agreements, other components are added such as:

- Structured and widespread welfare at all company levels;
- Positive work environment (organizational well-being, good relationships, cohesion, job safety, work-life balance);
- Performance management (feedback culture

and multi-assessment);

- Talent management (skills mapping, growth paths and skills development).

Since 2017, a corporate welfare plan has been in operation, now extended to all employees, without differences between part-time and full-time employees, with heterogeneous interventions in the areas envisaged by the regulations to encourage corporate social initiatives in support of workers and their families. This plan envisages

and regulates forms of subsidised company loans and disbursements of advances on severance pay (TFR) beyond the limits established by law, and defines supplementary health coverage for the category health fund.

The 2022 Welfare Plan identifies 16 homogeneous groups of beneficiaries, represented according to the type of job classification, job description, company seniority and age: the recipients thanks to their "on top" ceiling can enjoy goods and services through the OSAI CARE portal.

In 2022, the ceiling made available by the Welfare Plan amounted to over Euro 316,450 divided between "Welfare On Top" and Welfare provided by the relevant CCNL (100% employees covered by CCNL). The total amount of goods and services used during the year amounted to Euro 305,112, proving to be significantly higher than the previous year's amount (Euro 237,549). The areas of greatest interest were travel and leisure activities (Euro 177,678), regulatory reimbursement claims (Euro 59,272), payments to supplementary pension schemes (Euro 35,208) and vouchers and coupons (Euro 23,996). In addition to the above, subsidized loans to employees amounted to Euro 136,705 during 2022.

Work-life balance is a recent and very broad concept that refers to the ability and possibility to balance work-life spaces.

Over the years, we have devised and implemented internal provisions aimed at protecting and facilitating work-life balance. In addition to guaranteeing the forms of leave provided in the Category Contract to deal with serious family situations, we introduced the following measures aimed at ensuring a better balance:

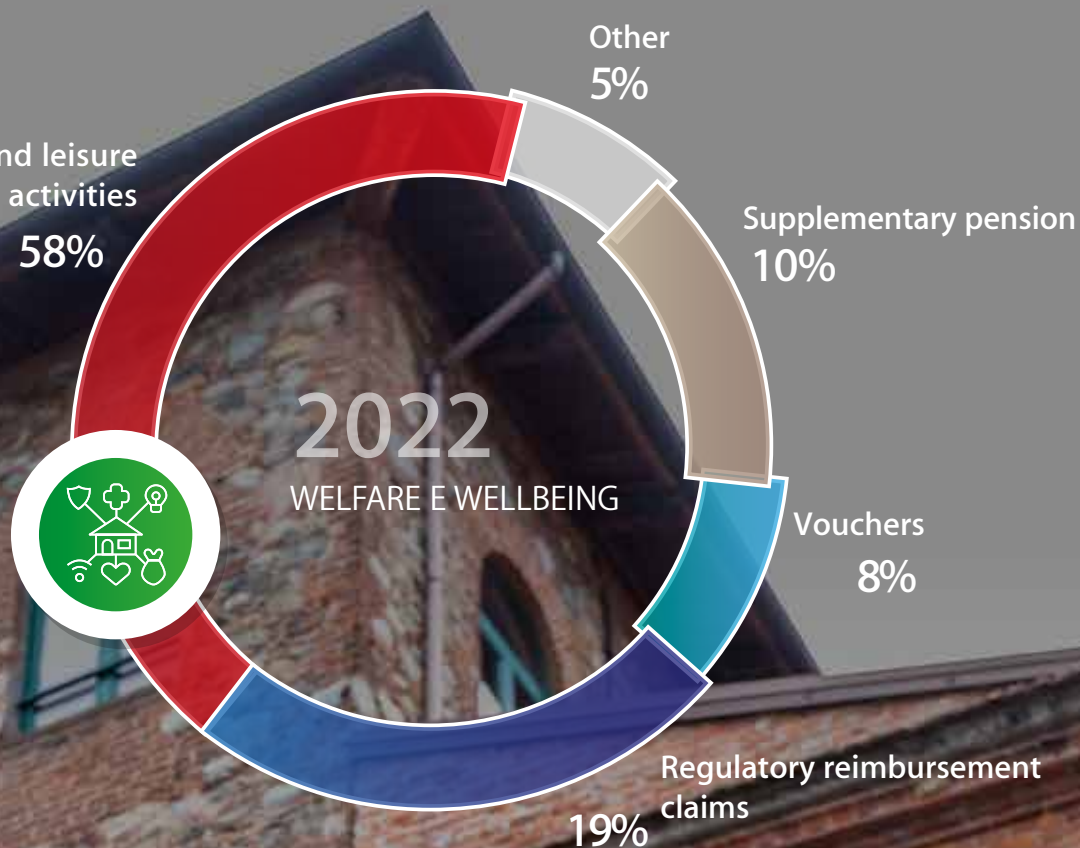
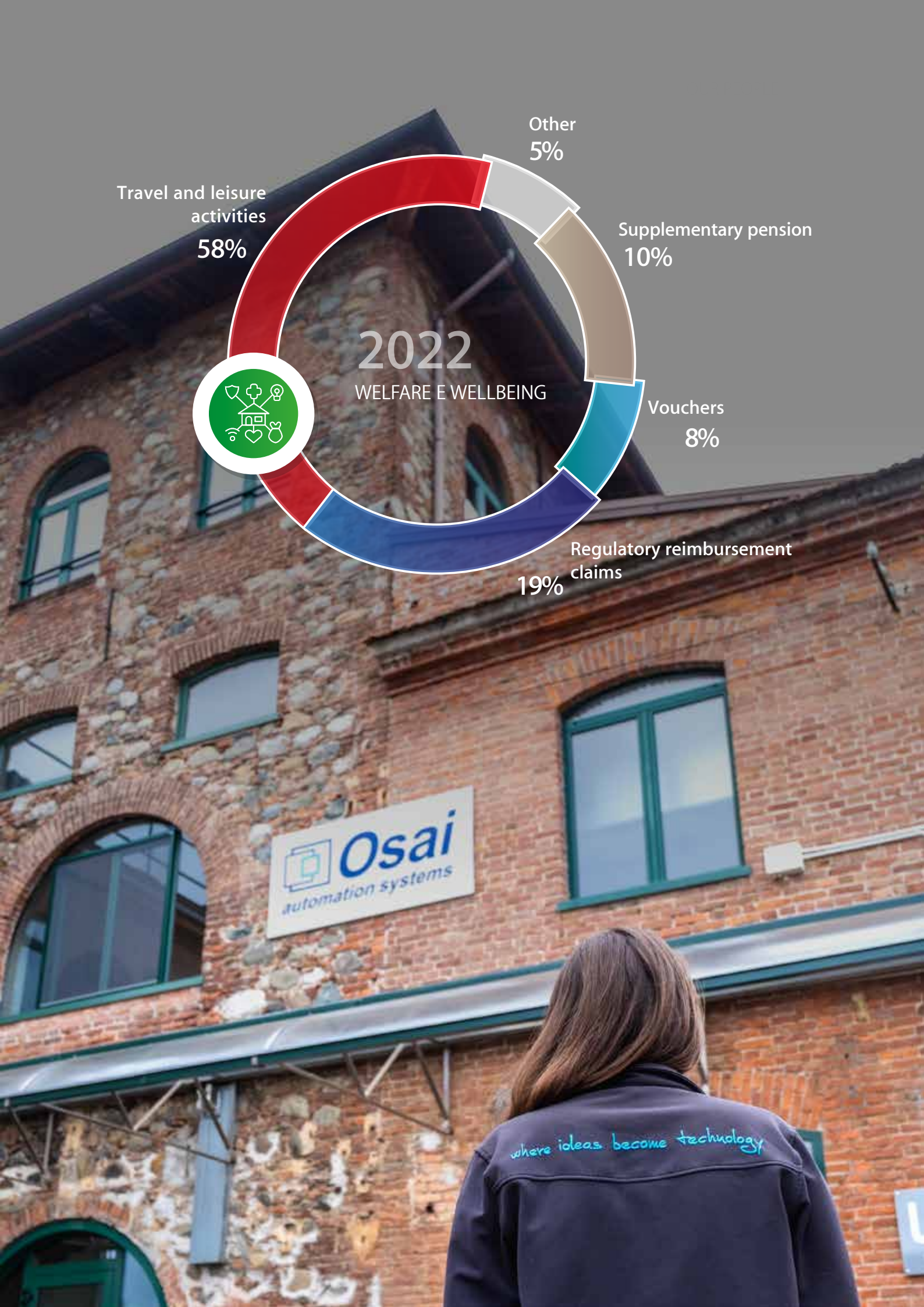
- Workday characterized by hourly flexibility;
- Ability to activate and make use of the hour bank;
- Requests for leave on short notice;
- Facilitated Smartworking: with the closure of the emergency period and from September 2022, individual agreements have been concluded that can be activated by all employees who, by type of task, can take advantage of this

working mode. In drafting the regulation, we left as much freedom as possible in terms of time flexibility and choice of location for remote work. At the end of 2022, there were 116 individual agreements in force from September 2022 to June 2023.

We believe that people's motivation and sense of belonging should be sought through solid relationships built not only through the fundamental economic reward, but also through a safe and secure environment, based on trust and cohesion, where different needs are listened to and understood.

To this end, all employees who wish to do so can answer three types of questionnaires aimed at surveying employee satisfaction, organisational well-being and evaluation of the working environment, which are available annually on the company's online platform.

Through the analysis of data from the satisfaction surveys, it is possible to identify critical areas and business sectors on which to act with a view to improvement, initiating specific activities or paths of discussion and listening with the apical and operational stakeholders involved. This continuous improvement process, which can be regarded as a "organizational welfare management system" is a key element in the management and enhancement of our personnel. We believe that through the satisfaction of our people the level of performance increases, which cannot be separated from a sense of belonging to ensure a level of responsibility that is functional to the achievement of the Company's objectives.



THE FIGHT AGAINST WORK RELATED STRESS

During 2022, we followed up on the results of the work-related stress risk assessment developed in 2021.

Conducted on 12 homogeneous groups, the evaluation included three distinct areas of analysis:

- **SENTINEL EVENTS:** injury indices, sick leave, turn-over, unused vacation, disciplinary proceedings and sanctions, reports from the company doctor, requests for extraordinary visits to the company doctor, frequent formalized complaints and requests for transfer by workers;

• **WORK CONTENT:** work environment and equipment, work loads and pace, working hours and shifts, work task design;

• **WORK CONTEXT:** role within the organization, decision-making/control autonomy, interpersonal relationships at work, career evolution and development, communication, home/work interface.

Two medium-risk groups emerged from the analysis: the Commercial area and the Project Coordination area.

PRELIMINARY ASSESSMENT MATRIX RELATED WORK STRESS 2021

Homogeneous Group	Sentinel Events Area	Content Work Area	Work Context Area	Final Score
Services Area	6	20	15	41
Purchasing Services	0	20	16	36
Administration Services	0	11	33	44
Logistics Services	0	26	17	43
Commercial Area	0	31	46	77
Construction Area	0	5	32	37
Design Area	6	6	16	28
Software Development and Laser Applications Area	0	24	25	49
Project Coordination Area	0	29	40	69
After Sales Services	0	15	43	58
Core Area Managers	0	13	28	41
Service Area Managers	6	20	26	52

The management group for work-related stress assessment consists of the Employer, Workers' Safety Representatives (RLS), Human Resources and Prevention and Protection Service representatives.

During 2022, the Management Group planned and adopted a series of measures to reduce the

risk level of the two identified groups, including organisational, technical, procedural, communication and training measures.

The actions implemented were successful, allowing the two groups involved to reach the low risk level.

PRELIMINARY ASSESSMENT MATRIX RELATED WORK STRESS 2022

Homogeneous Group	Sentinel Events Area	Content Work Area	Work Context Area	Final Score
Commercial Area	6	25	21	52
Project Coordination Area	6	23	17	46

Some of the measures implemented for the benefit of the two highest-risk groups were applied across the board to all other company groups, where they were considered to be instrumental in improving staff working conditions.

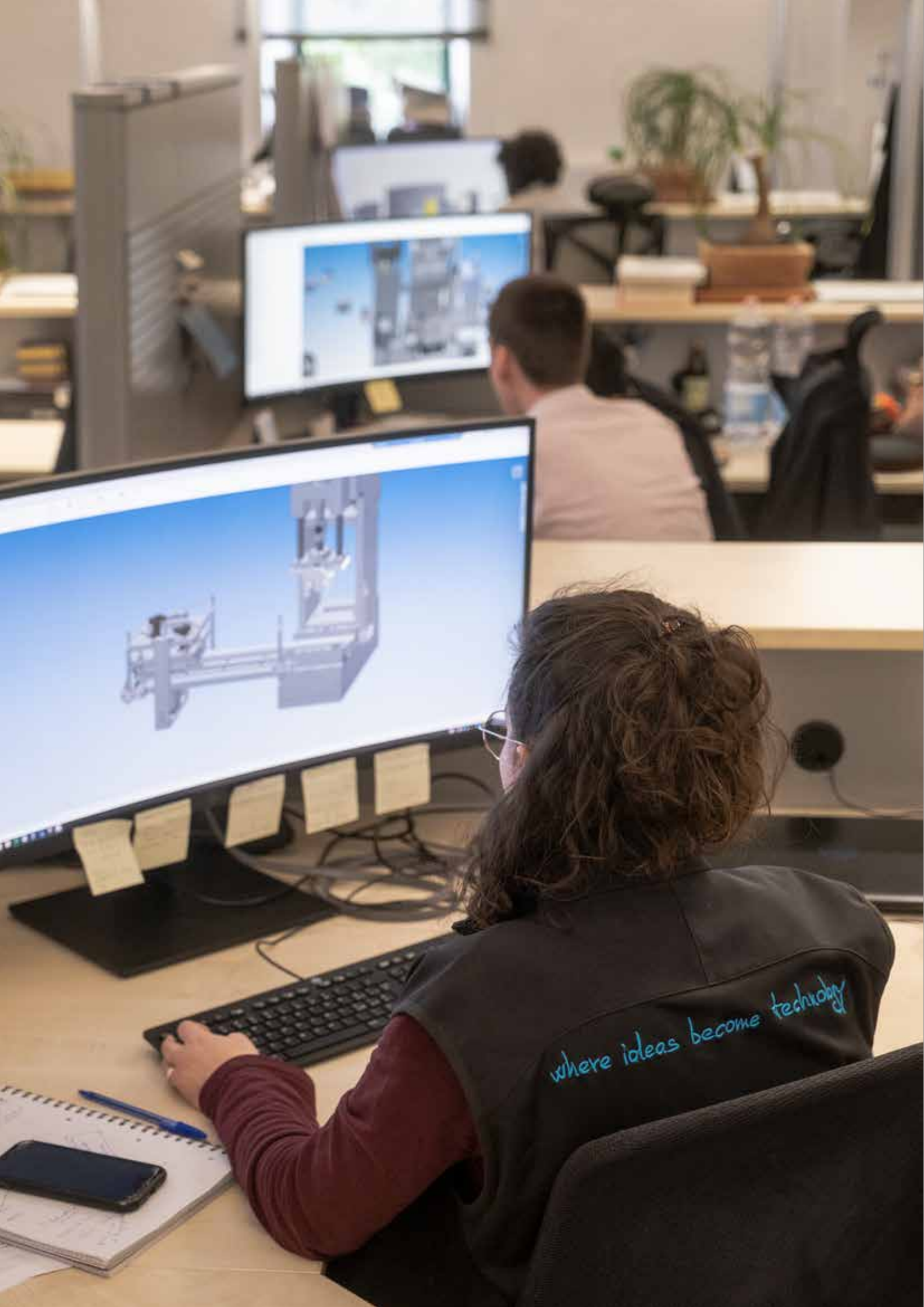
In addition to the actions aimed at lowering the risk for those issues that generated a significant score, since last year the Management Group has discussed and implemented improvement ac-

tions across the whole staff, drawing on the valuable feedback from colleagues during classroom evaluations.

Workers' Safety Representatives (RLS), who additionally act as trade union representatives, also participated in these evaluations.

With the spirit that has always characterised us, in the need to comply with the law we have seized the opportunity to grow and improve.





6.2 TRAINING AND CAREER DEVELOPMENT

We ensure appropriate and continuous professional growth for our employees, aimed at enhancing and developing personal potential.

This attention is found starting with the basic training reserved for newly hired personnel so that the newcomers are best integrated into the company's reality, understanding its founding values, methods, references, methodologies, procedures and tools that are indispensable for working at their best in a functional and serene manner.

In addition to the mandatory training, each newly hired employee will also take part in a total of 8 hours dedicated to learning the principles of the Code of Ethics, company policies, internal regulations, management systems adopted by us (Organizational Model 231, Quality, Environment and Safety) and the use of information and IT tools.

In order to ensure an adequate and structured process in the management of corporate training, over the years the Human Resources func-

tion has defined a special procedure to take care of the stages of the process: from the analysis of skills needs to the verification of the effectiveness of the training carried out.

Periodically, training needs are surveyed within the various functions and departments in order to identify specific themes and topics through which to bring in new skills or a refresher for those already possessed. On the basis of the findings, a specific annual plan is then drawn up for all staff.

In addition to the specific training needs expressed by the company, we value the training requests made by individual employees, covering the costs in areas also considered to be of interest to us: in addition to specific training of a purely technical or managerial nature, individual courses are developed for the strengthening and consolidation of soft skills and transversal competences, such as language courses, tutoring, mentoring and coaching, and much more.

AVERAGE HOURS OF TRAINING ⁴	2020		2021		2022	
	Total hours	Average hours	Total hours	Average hours	Total hours	Average hours
Men	4,149	28	4,968	31	4,068	24
Women	1,322	38	903	23	883	22
Managers	167	28	247	41	89	15
Middle Managers	284	36	449	50	267	22
Office workers	4,462	32	4,597	29	4,135	25
Blue collar workers	559	20	578	23	461	18
Total	5,471	30	5,870	30	4,951	23

4. The average is calculated on the total hours of training provided in the year in relation to the total number of employees as at 31/12/2022

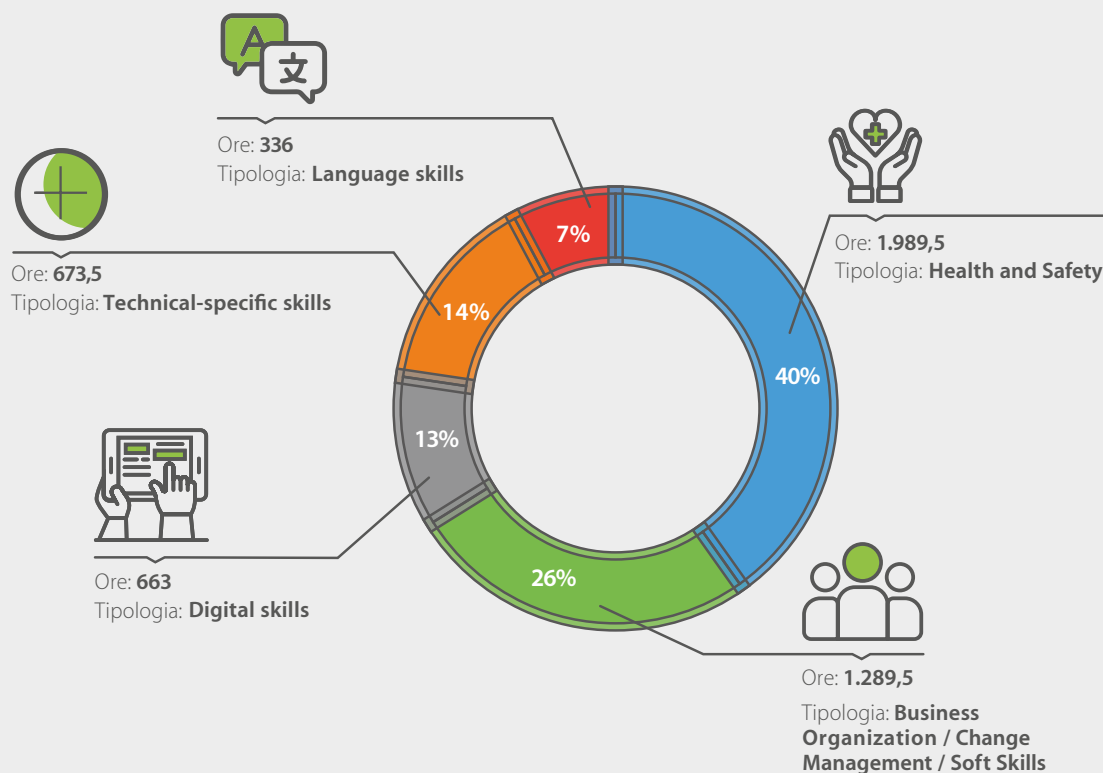
In 2022, a total of 4,951 hours of training were provided at an average of 23 hours/person/year. If this figure appears to have fallen compared to the previous two years, the reason is to be found in the particular situation caused by the Covid-19 pandemic, during which there were periods of forced cessation or slowdown of activities. In this context, we decided to take advantage of the in-

creased time available to carry out training activities in addition to what is normally planned, also to help our employees stay active and engaged and to better cope with the difficult period they were experiencing.

The following table shows the breakdown of hours provided by training type.

HOURS OF TRAINING BY TYPE	2022	%
Occupational health and safety	1,989.5	40%
Change Management and Business Organization	1,289.5	26%
Digital skills	663	13%
Technical-specific skills	673.5	14%
Language skills	336	7%
TOTAL⁵	4,951.5	100%

5. Totals in the two tables do not coincide due to rounding in the templates for recording training hours



6.3 OCCUPATIONAL HEALTH AND SAFETY

We base our business activities on a culture of safe work; therefore, we do not compromise on the integrity of human life and the health of individuals.

We are committed on a daily basis to spreading the culture of workplace safety in order to promote responsible behaviour by all employees and to actively involve them.

In 2022, we implemented an **Occupational Health and Safety Management System** compliant with the UNI ISO 45001:2018 standard, through which we are committed to:

- encouraging the constant improvement of health and safety levels with actions aimed at increasing not only the protection of the working environment and equipment, but also the awareness and sensitivity of staff and stakeholders, including suppliers operating at our premises and customers;
- operating in compliance with the applicable health and safety at work legislation, as well as with the provisions laid down by customers for activities carried out at their premises;
- developing initiatives to promote people's health both in the workplace and in everyday life, including through specific corporate welfare policies;
- empowering all personnel, so that each contributes according to his or her role and competence, to the occupational health and safety management system and to the achievement of the expected results;
- adopting work-life balance tools to improve work-life balance, allowing staff a work-life balance;
- improving interpersonal skills at all company levels through training courses on communication and leadership;

- increasing workers' awareness of the importance of adopting safe behaviour to avoid accidents, limit injuries and promote the absence of occupational diseases;
- identifying and adopting the best available practices to prevent occupational accidents and diseases;
- ensuring the involvement of workers, through the consultation of their Safety Representatives (RLS);
- raising awareness among contractors and suppliers working on our premises, requiring compliance with internal health and safety regulations and procedures;
- analysing and reviewing the risks and opportunities in terms of health and safety to which the company is subject, in relation to the context in which it operates and the parties involved, also taking into account changes resulting from management that could have an impact on personnel, the work environment and the business, and adopting solutions to prevent unforeseen events;
- achieving objectives and complete actions aimed at continuous improvement of occupational health and safety performance.

This policy is the formal expression of an ongoing and active commitment that we have built up and improved over the years to ensure a safe and healthy workplace. The implementation of the Workers' Health and Safety Management System was an opportunity to reorganise the structure of responsibility in this area, with managerial figures in charge of each area of activity and a dense network of supervisors distributed in the various areas, to guarantee the protection of workers.

The responsibility for the health and safety of

workers lies with the Employer (DL), supported by a Prevention and Protection Service Manager (RSPP), a company doctor, a Prevention and Protection Service Officer (ASPP) and a Laser Safety Technician (TLS).

At the operational level, the DL is supported by a team composed as follows:

- 6 first-level managers (with direct delegation by the Employer)
- 7 level II managers (with sub-delegation by a manager)
- 52 principals
- 3 Workers' Safety Representatives (RLS), who are simultaneously part of the Unitary Trade Union Representative (RSU)
- 3 Emergency Management Managers
- 28 fire-fighting personnel
- 29 first-aid officers
- 29 AED (Semi-Automatic External Defibrillator) personnel

The company doctor is a figure outside the organisation chart provided by a medical centre located on the territory.

The identification of work-related risks is carried out in accordance with Legislative Decree 81/08 through the definition of the Risk Assessment Document (DVR) following the hierarchical principles of prevention for risk assessment:

- Elimination of risk at source
- Replacing what is dangerous with what is not or less dangerous
- Development of collective technical systems for risk protection
- Creation of procedures and work instructions
- Dissemination of safety signs
- Use of personal protection equipment (PPE)

If a new risk arising from the performance of an activity or the introduction of a new process is detected, the DL analyses it in collaboration with the RSPP, the RSLs and the company doctor, assessing the appropriate prevention and protection measures to be taken.

The persons in charge of each area carry out constant vigilance with the obligation to intervene when faced with a serious and immediate risk that may generate consequences for workers, by stopping the activity and reporting it to their safety manager.

If problems occur, the worker has the opportunity to confront them directly with his or her manager, but also with the cross-line of the organisational chart, consisting of the HR (Human Resources) office, HS (Health and Safety) office, the RLS/RSU, the company doctor and the Employer. There is also a Supervisory Board pursuant to Legislative Decree No. 231/2001, which allows workers to anonymously report any critical and uncomfortable situations.

Workers also have access to a ticket platform that allows them to report non-conformities, accidents and *near misses*, submit improvement proposals or acquire information in terms of occupational health and safety. The management of any incidents or near misses is governed by a specific procedure, which includes the following steps:

1. **Reporting** an accident, incident or near miss by a manager, supervisor or worker;
2. **Analysis** aimed at identifying the causes of the event and assessing any organisational, technical, structural, procedural or behavioural non-compliance or critical situations preceding the incident under investigation;
3. **Identification** of corrective actions and verification of effectiveness;
4. **Data processing and information to staff:** a statistical analysis of events is prepared at least once a year, which will be an input to the review of the system. Depending on the type of incident, a decision is made on how to communicate the event within the company. Examples could be the company blog article, the information brochure, training sessions for managers and supervisors or for the entire staff.

When a new resource is hired, and with the prior agreement of the HR department and the direct

manager, the personnel is placed in a Homogeneous Risk Exposure Group (GOE) and started on a course of information, training and, if deemed necessary, training on health and safety required by current legislation, depending on the job they will actually be performing.

The Occupational Health and Safety Policy also includes a 'Zero Alcohol' policy during working hours: the consumption of alcohol is prohibited on all company premises, and a reporting and intervention procedure has been defined in the event of a resource being found to be under the influence of alcohol. These indications also remain valid for business travel.

We are also committed to replacing the most hazardous chemicals with those that are less so, by means of an analysis that must precede the introduction of these products into the company.

Established in 2020 and composed of RSPP, RLS, Company Doctor, Corporate Management and Human Resources, the Task Force for the Management of Covid-19 was also maintained for the year 2022.

Accident table ⁶	2020	2021	2022
Employed workers			
Hours worked	353,598	347,650	393,023
No. Recordable injuries	0	1	0
No. serious injuries (with high prognosis)	0	0	0
No. of fatal accidents	0	0	0
Near misses	0	0	3
Recordable accident rate^{7,8}	0	0.54	0
Serious accident rate⁷	0	0	0
Fatal accident rate⁷	0	0	0

6. It includes accidents resulting from commuting accidents only if the transport was organised by the company.

7. Values per 200,000 man-hours worked

8. The Recordable Injury Rate is increasing because from the year 2022 onwards, records of events that required the intervention of the first aid team, to carry out minor dressings or interventions for sickness, even if they did not result in absence from work, have been included in a structured manner.

Accident table ⁹	2020	2021	2022
Non-employed workers*			
Hours worked	21,735	10,240	10,351
No. Recordable injuries	0	0	0
No. serious injuries (with high prognosis)	0	0	0
No. of fatal accidents	0	0	0
Near misses	0	0	0
Recordable accident rate¹⁰	0	0	0
Serious accident rate¹⁰	0	0	0
Fatal accident rate¹⁰	0	0	0

9. It includes accidents resulting from commuting accidents only if the transport was organised by the company.

10. Values per 200,000 man-hours worked

Occupational diseases	2020	2021	2022
Employed workers			
Deaths resulting from occupational diseases	0	0	0
Recordable occupational diseases	0	0	0
Non-employed workers*			
Deaths resulting from occupational diseases	0	0	0
Recordable occupational diseases	0	0	0

* Only temporary workers were included; interns, trainees were excluded.

In addition to joining, as required by the national industry contract, the MètaSalute Health Fund, since 2018, we have been directly integrating insurance coverage, guaranteeing higher ceilings and further support for workers and their families. In 2022, we also activated the 'Health Fund', RBM's health fund, for all employees, with the aim of offering increasing levels of coverage and benefits. The insurance provides reimbursement for services performed from 1 January 2022 onwards for:

- Hospital services following surgery;
- Out-of-hospital services;

- Physiotherapy;
- Dentistry.

All employees are provided an accident policy which provides compensation for both minor and serious injuries occurring outside of work and includes indemnities for fractures, injuries with temporary or permanent disability, and in the event of death.

Finally, the corporate welfare plan allows the use of available funds for preventive examinations, psychological support and sports activities.

THE MANAGEMENT OF LABOUR SUPPLIERS



The management of labour suppliers is an aspect that the Health and Safety department takes great care of, in order to adequately monitor and minimise any additional risks that may arise during the performance of outsourced activities.

The technical and professional suitability of suppliers is assessed before the order is issued, by requesting and evaluating relevant documentation. Once this step has been validated and the contract has been concluded, we conduct a preliminary coordination meeting with the health

and safety officers of both parties, during which the tasks to be performed by the supplier and the rules to be followed during their performance are defined and agreed upon.

Before starting the activities, we administer a training course to the personnel of the workforce suppliers to familiarise them with the organisational chart as far as it is concerned, the rules of the company, the emergency measures adopted, the risks associated with the company, and the work procedure related to the activities to be performed.



CHAPTER 7

ENVIRONMENT

RESOURCE MANAGEMENT	7.1
ENERGY	
WATER	
WASTE AND EMISSIONS	7.2
WASTE	
EMISSIONS	
CAR POLICY: SAFETY AND RESPECT FOR THE ENVIRONMENT	
HOME-WORK TRAVEL PLAN	





7. ENVIRONMENT

We are convinced that responsible resource management combined with the adoption of sustainable process and production models allows us to make a concrete contribution to the preservation of the environment and its biodiversity without compromising the business but increasing its value and longevity over time.

Our commitment to improve environmental performance comes through the promotion of awareness-raising actions among staff and co-workers in order to:

- comply with current environmental regulations;
- use energy resources correctly to avoid wastage;
- scrupulously observe the separation of waste to enable its proper disposal and recovery;
- eliminate environmental risks within business processes and in products if possible, taking advantage of technological advances;
- Adopt a specific plan for the prevention and management of environmental emergencies.

Our production activity takes place in the industrial area of the municipality of Parella (Turin), inside the Antica Cartiera and in three industrial warehouses located a short distance away.

Left:
NeoMark Twin production line

The production cycle consists of the following operations:

- system design (mechanical, electrical, pneumatic, software), according to the requirements set by Customers, applicable technical and safety standards;
- assembly of mechanical and commercial parts;
- testing and functional verification of machines;
- packaging for shipping;
- installation, start-up and customer service.

We do not carry out production activities understood as the processing of raw materials, but rather the manual assembly of machines for the automation of industrial processes.

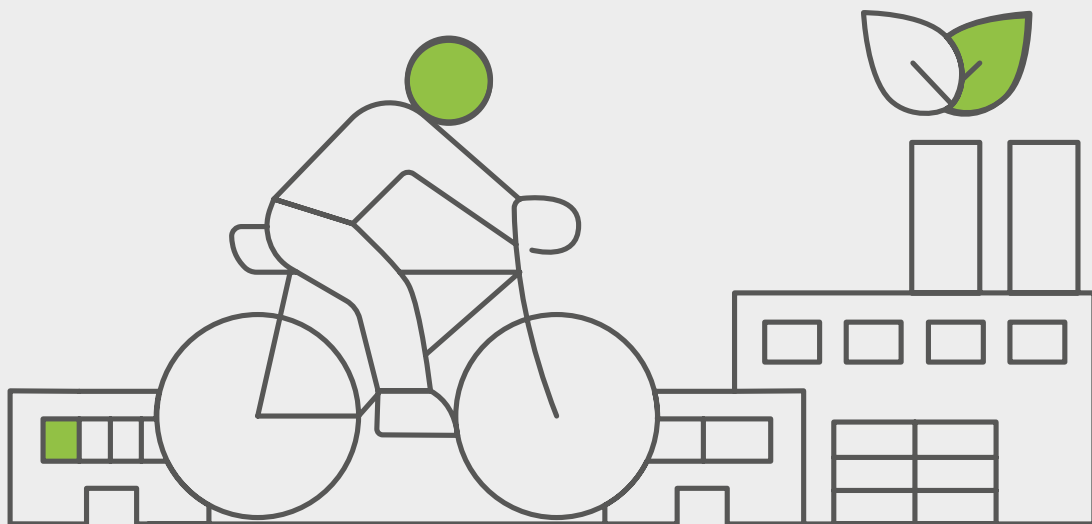
In this process that leads to the creation of an innovative product, the approach to environmental sustainability passes through three fundamental factors: **human labour**, whether intellectual or manual; the **materials used**, whether

custom-made or purchased on the market; and the **manufacturing** processes.

Analyses and assessments of these three factors and their many implications and interactions enable us to achieve increasingly sustainable processes and products over time.

With reference to the voluntary initiative on the **European Taxonomy**¹ announced in previous editions of the Sustainability Report, the Sustainability Working Group re-examined the project in light of the approval of Directive 2022/2464 on corporate sustainability reporting, published on 14 December 2022.

The Company continues to monitor the implementation of the above-mentioned Directive and will await further developments in the area of European Sustainability Reporting Standards for SMEs before proceeding further.



1. The European Taxonomy (EU Regulation 2020/852) is a classification system that specifies which economic activities can be classified as 'eco-sustainable', designed for two purposes: on the one hand to guide investors and on the other to combat the phenomenon of so-called greenwashing, while supporting companies in adopting sustainable environmental policies.

7.1 RESOURCE MANAGEMENT

ENERGY

Our energy consumption consists of:

- electricity, necessary for the operation of IT equipment, the assembly of machines and automation lines, air conditioning systems and lighting;
- methane that fuels the Antica Cartiera's boiler fleet;
- fuels consumed by the company car fleet.

TOTAL ENERGY CONSUMPTION	UoM	2020	2021	2022
Electricity	GJ	1.798	1.934	2.142
of which from renewable sources	GJ	1.798	1.934	2.142
of which from non-renewable sources	GJ	0	0	0
Fuels	GJ	4.328	4.519	4.530
Methane for heat generation ²	GJ	1.157	1.345	1.141
Automotive diesel fuel* ³	GJ	2.302	3.143	2.775
Automotive petrol*/** ⁴	GJ	869	850	614
Total consumption	GJ	6.126	6.453	6.672

* Includes fuel and hybrid car power

** Figures for 2020 and 2021 have been changed compared to the previous reporting period due to a change in methodology in view of continuous improvement

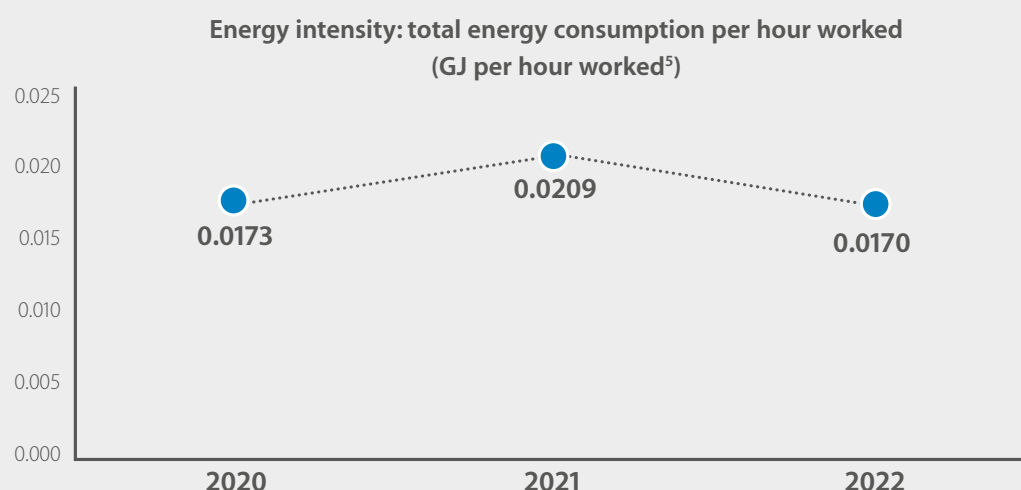
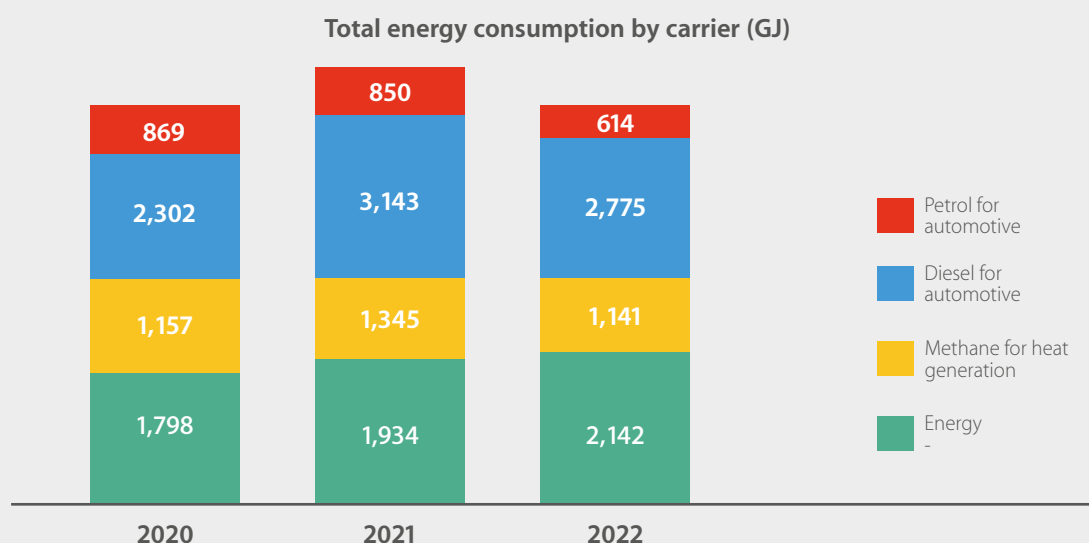
In absolute terms, total energy consumption in 2022 was 6,672 GJ, up 3.4% from the previous year. The main contributor to this increase was

the increase in electricity consumed to charge the Plugin/Hybrid cars in the company fleet.

2. PCI: 0.0353 GJ/Sm³ (source: ISPRA, 2023, Table of national standard parameters)

3. PCI: 42,873 GJ/t (source: ISPRA, 2023, Table of national standard parameters); Density: 0.835 kg/l

4. PCI: 42,128 GJ/t (source: ISPRA, 2023, Table of national standard parameters); Density: 0.720 kg/l



The indicator for **energy intensity** defined as total energy consumption (GJ) per hour worked shows an increase of 8.5 percent in 2022 compared to 2021.

In order to monitor the energy issue also from the point of view of building efficiency, we use the I_{EA} environmental indicator, which expresses energy consumption in relation to the total company area heated in the year.

$I_{EA} = \text{SMC}^6 \text{ [m}^3\text{] methane gas /Total heated area of the company in the year [m}^2\text{]*C}$

Environmental Goals Plan 2022:

$I_{EA} \leq 5.6 \text{ m}^3/\text{m}^2$



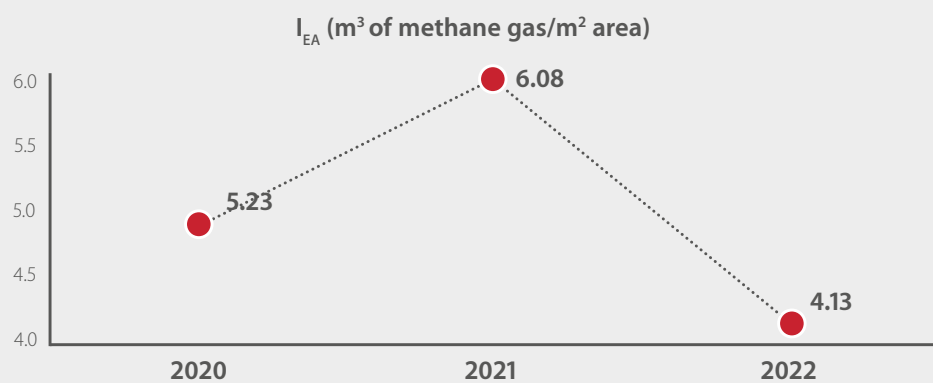
$I_{EA} = 4.13 \text{ m}^3/\text{m}^2$

In 2022 we fully met the target we had set for ourselves, and we therefore believe we can further improve our performance by setting a target for 2023 of no more than **5 m³/m²**.

5. Only hours worked by employees are taken into account

6. SMC = Cubic meters of methane gas under standard conditions (temperature 15°C, pressure 1 bar).

C = Conversion coefficient given by the distributor and based on the location of the point of withdrawal (PDR).



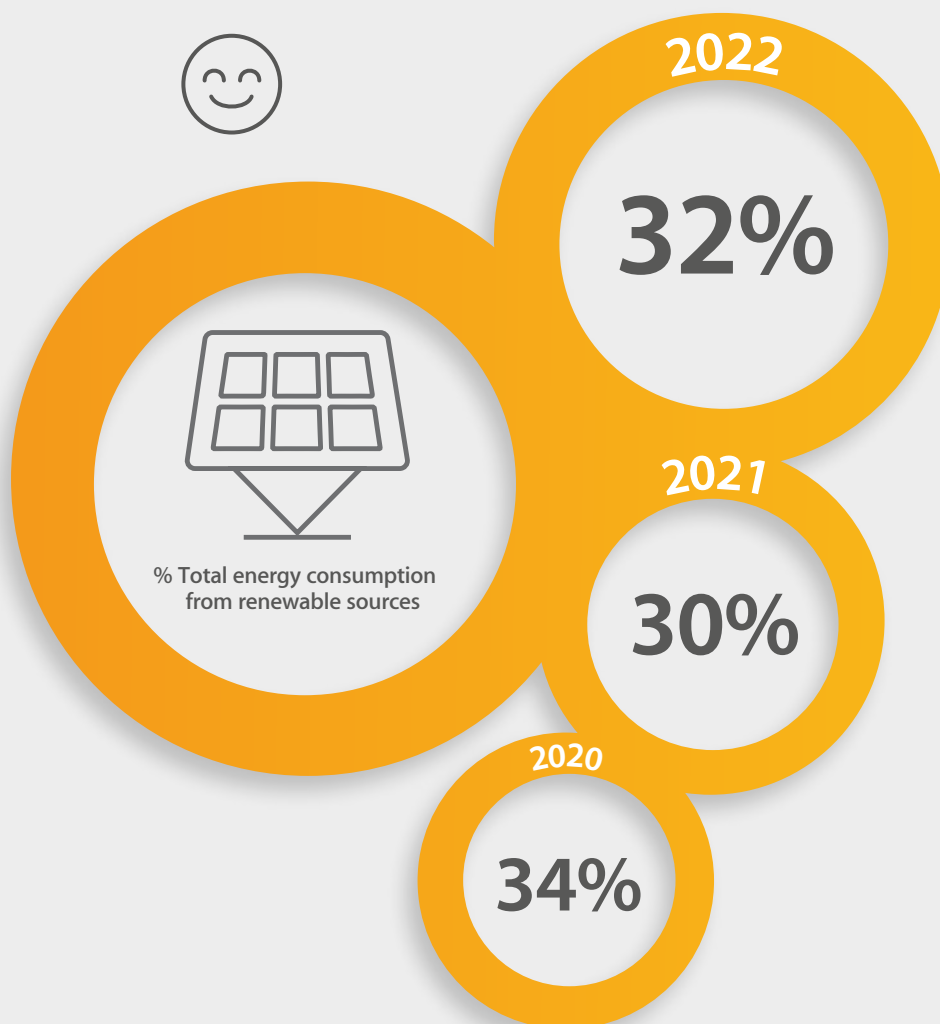
We have equipped ourselves with a photovoltaic system with a total peak power of 263 kWp, divided between the roofs of the Antica Cartiera Old Paper Mill area (82.5 kWp), and the roofs of the adjacent M6 and M7 halls (180.5 kWp). Its electricity production is partly consumed on-site and partly fed into the national power grid.

For the share of necessary electricity not covered by photovoltaics, from 2019 we have activated a 100 per cent supply contract from renewable sources with Guarantee of Origin. In this way, **the electricity we consume is 100% renewable.**

ELECTRICITY FROM RENEWABLE SOURCES	2020	2021	2022
Electricity produced by photovoltaic system [KWh]	275,718	284,695	285,154
Of which self-consumed electricity [KWh]	157,929	155,379	175,302
Of which electricity fed into the grid [KWh].	275,718	129,316	109,852
Certified 100% renewable electricity taken from the grid [KWh].	341,612	381,965	419,786
Total electricity consumption from renewable sources [KWh]	499,541	537,344	595,088
% Electricity consumption from renewable sources	100%	100%	100%



TOTAL ENERGY CONSUMPTION FROM RENEWABLE SOURCES



Environmental Goals Plan 2022:

ICA $\geq 55\%$



ICA $\geq 62\%$

In 2022, we reached and far exceeded our target for self-consumed energy (produced and consumed at the same time), increasing our energy independence.

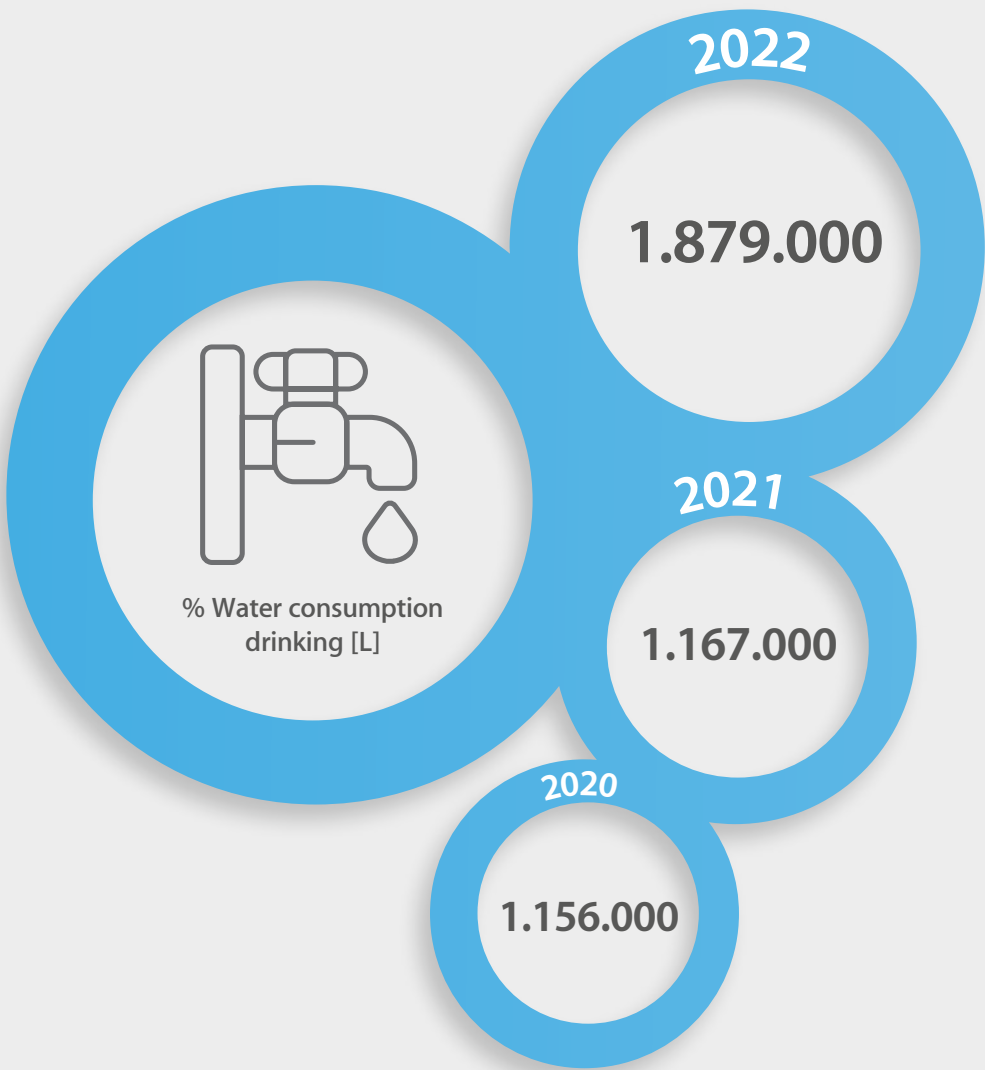
The target for 2023 is I_{CA} $\geq 65\%$

WATER

Our production processes do not require the use of water: this is only for the sanitary needs of personnel, in perfect analogy with the domestic environment. We only use water from the municipal

waterworks and monitor consumption by means of meters installed at each of the three supply points.

WATER WITHDRAWAL



WATER WITHDRAWAL ⁷		2020		2021		2022	
Type		All areas (ML)	Water stress areas (ML)	All areas (ML)	Water stress areas (ML)	All areas (ML)	Water stress areas (ML)
Third-party water resources ⁸	Fresh water (<=1000 mg/L total dissolved solids)	1.156	0	1.167 ⁹	0	1.879	0

WATER DISCHARGE ⁷		2020		2021		2022	
Type		All areas (ML)	Water stress areas (ML)	All areas (ML)	Water stress areas (ML)	All areas (ML)	Water stress areas (ML)
Discharges of freshwater and other types of water ⁸	Fresh water (<=1000 mg/L total dissolved solids) [ML]	1.156	0	1.167 ⁹	0	1.159	0

The increase in water withdrawals, in absolute terms from 1,167,000 litres in 2021 to 1,879,000 litres in 2022 (+61%), is due to the addition of two new production areas, to the sharp increase in

the number of outside personnel with access to the company (+77% over 2021) and the increase in the average number of employees from 192 to 204 (U.L.A. +6.3%).

Environmental Goals Plan 2022

$I_{\text{CIGD}} \leq 35 \text{ L (Litres/workday/worker)}$



$I_{\text{CIGD}} = 40.5 \text{ L}$

The increase in water withdrawals has not allowed us to reach the target, so actions will be implemented during 2023 to curb water consumption. We therefore renew the target of $I_{\text{CIGD}} \leq 35 \text{ L}$ for 2023 as well.

7. The company does not withdraw surface water, groundwater, seawater or consume water of its own making. In addition, the water drawn from aqueduct is entirely fresh water.

8. The Osai 2020 Sustainability Report included 1.506 ML for the year 2019 and 1.156 ML for the year 2020. In 2021, it was possible to accurately quantify the consumption of No. 1 domestic user located downstream of the general meter in the Paper Mill Area (0.122 ML), and therefore it was decided to subtract the same withdrawal on the years 2019 and 2020 to make the comparison more meaningful.

9. Please note that the figure reported in the Sustainability Report 2021 of 1.159 ML of water withdrawn and discharged is incorrect. The adjusted figure is 1.167 ML, as reported in this balance sheet.



KEEP
CALM
AND
HELP THE
PLANET







7.2 WASTE AND EMISSIONS

WASTE

As we do not carry out industrial activities of processing raw materials, we mainly produce municipal waste, which is sorted according to the prescriptions of the municipal collection service manager, and special waste almost entirely falling under the class of non-hazardous special waste and therefore subject to recycling.

Our primary intent is to avoid any environmental damage and reduce the undifferentiated waste fraction as much as possible. Office activities generate the following categories of waste, which are delivered to the municipal waste collection service:

- paper and paperboard packaging (paper sheets and cardboard boxes);
- plastic packaging (water bottles, document envelopes, labels);
- glass and cans (bottles, beverage cans);
- organic (food waste from the company's dining and canteen areas);
- undifferentiated (materials that do not fall into the previous classes and clearly identified by the municipal collection service operator).

Production areas, sheds and technical rooms, generate only "special waste" as defined by Leg. Decree no. 116/20 and are stored in special temporary warehouses waiting to be picked up by specific suppliers.

99.5 per cent of the waste produced in 2022 is classified as 'non-hazardous' and destined entirely for recycling. They consist mainly of wood packaging (34%), paper and cardboard packaging (33%), iron and steel (19%), electrical cables (4%), aluminium (4%), plastic packaging (3%) and end-of-life equipment - WEEE - (2%).

WASTE GENERATED BY TYPE OF DISPOSAL	2020	2021	2022
TOTAL NON-HAZARDOUS WASTE [t]	10.0	26.8	22.8
Recycled [t]	10.0	26.0	22.8
% recycled	99.9%	97.0%	100.0%
Disposed in landfills [t]	0.015	0.8	0.0
% landfilled	0.1%	3.0%	0.0%
TOTAL HAZARDOUS WASTE [t]	0.015	0.24	0.110
Recycled [t]	0.015	0.04	0.060
% recycled	100%	17%	54.5%
Disposed in landfills [t]	-	0.2	0.05
% landfilled	-	0.833	45.5%
TOTAL WASTE [t]	10.0	27.1	23.0
Recycled [t]	10.0	26.1	22.9
% recycled	99.9%	96.3%	99.8%
Disposed in landfills [t]	0.015	1.0	0.050
% landfilled	0.10%	3.70%	0.2%

In 2022, we reduced the total waste produced by 15 per cent compared to 2021, mainly due to the start of an experiment on contextual pallet interchange, which allowed us to significantly reduce wood packaging materials.

The cooperation with the Swiss supplier Quasys AG for the return of packaging is also continuing, thanks to which 16 packages with a total weight of about 833 kg were returned in 2022.

Environmental Goals Plan 2022

$I_R \leq 700 \text{ kg/M € production value}$



$I_R = 540 \text{ kg/M€ invoiced}$

In 2022 we achieved our target, also thanks to a few extraordinary disposals of obsolete machinery and equipment compared to 2021. As there is still room for further improvement in relation to the reduction of wood packaging sent for recovery, we considered it appropriate to recalibrate the 2023 target to $I_R \leq 600 \text{ kg/M€ production value}$.

EMISSIONS

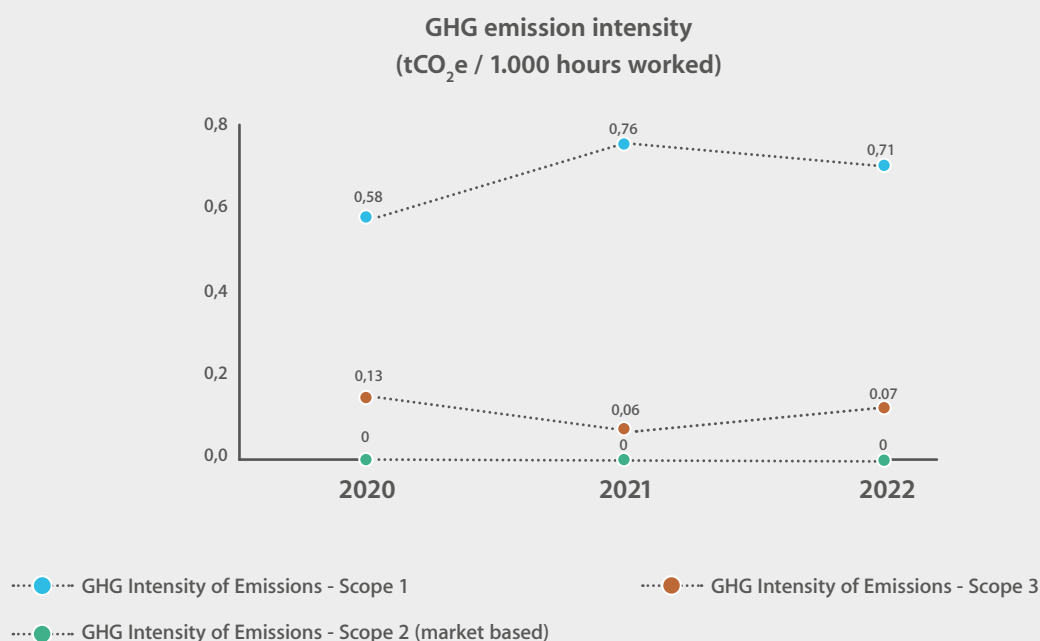
We monitor direct and indirect greenhouse gas emissions according to the Greenhouse Gas Protocol, distinguishing emissions into categories or Scopes:

- **Scope 1:** Direct emissions from sources owned and controlled by the Organization. In our case, this means those due to heat production and those from the fleet of company cars.
- **Scope 2:** Indirect emissions arising from the production of electricity taken from the grid and consumed by the Organization. For this category of emissions, we use the market-based approach, which takes into account the specific emission factors reported by the purchased electricity supplier¹⁰
- **Scope 3:** Other indirect emissions. This category includes emissions from corporate staff

travel, extraction and transportation of consumed fuels, production of materials used (packaging and paper), water consumption (wastewater withdrawal and treatment), and waste disposal.

Total market-based greenhouse gas emissions in 2022 amount to 303.5 tCO₂e, an increase from 2021 of 17.6 tCO₂e (+6.2%).

By generating electricity from photovoltaics and buying from the grid with a 100% renewable guarantee of origin, we have reduced our Scope 2 emissions to zero. The trend in direct and indirect emissions reflects the considerations made for energy consumption, as the two parameters are directly linked.



10. The other possible approach, called location based, involves applying national average emission factors relating to the countries where electricity is purchased.

GREENHOUSE GAS EMISSIONS*	UoM	2020	2021	2022
SCOPE 1 - DIRECT EMISSIONS				
Emissions for heat production (methane consumption) ¹¹	tCO ₂ e	65.09	77.03	65.21
Refrigerant gas leaks	tCO ₂ e	2.09	0.00	0.00
Petrol ¹²	tCO ₂ e	3.35	3.27	2.33
Petrol Hybrid ¹³	tCO ₂ e	-	-	32.62
Diesel ¹⁴	tCO ₂ e	120.77	161.51	170.57
Diesel hybrid ¹³	tCO ₂ e	-	-	6.49
Unspecified hybrid ¹³	tCO ₂ e	12.41	23.08	-
TOTAL SCOPE 1	tCO₂e	203.70	264.89	277.22
SCOPE 2 - INDIRECT EMISSIONS				
Emissions from electricity consumption (location based) ¹⁵	tCO ₂ e	99.03	110.73	121.70
Emissions from electricity consumption (market based)	tCO ₂ e	0.00	0.00	0.00
TOTAL SCOPE 2 (market based)	tCO₂e	0.00	0.00	0.00
SCOPE 3 - OTHER INDIRECT EMISSIONS				
Emissions related to staff travel¹⁶	tCO₂e	34.15	9.08	19.44
Car trips	tCO ₂ e	0.00	0.00	0.00
Long-distance air flights	tCO ₂ e	26.77	0.00	11.81
Short distance air flights	tCO ₂ e	6.90	6.83	5.86
Domestic air flights	tCO ₂ e	0.48	2.10	1.74
Travel by train	tCO ₂ e	0.00	0.15	0.03

* Data for 2020, 2021 are represented differently than in the previous reporting period due to a change in methodology in view of continuous improvement

11. Emission factor: 1.991 kg CO₂e/Sm³ (source: ISPRA, 2023, Table of national standard parameters)

12. Emission factors for medium-sized petrol cars: 0.85 kg CO₂e/km (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting)

13. Emission factors for hybrid cars (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

- medium-sized: 0.110 kg CO₂e/km

- large size: 0.155 kg CO₂e/km

14. Emission factors for diesel cars (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

- medium-sized: 0.168 kg CO₂e/km

- large size: 0.210 kg CO₂e/km

15. Emission factor: 289.9 g CO₂e/kWh (source: ISPRA, 2020, Atmospheric greenhouse gas emission factors in the national electricity sector and main European countries)

16. Emission factors (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

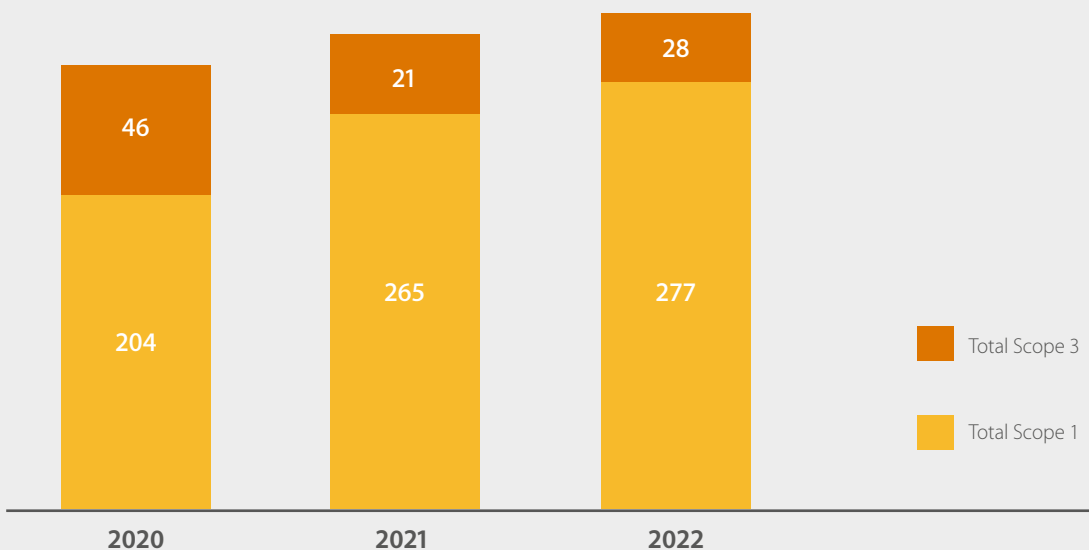
- Domestic flights: 0.246 kg CO₂e/passenger.km

- Short-haul flights: 0.151 kg CO₂e/passenger.km

- Short-haul flights: 0.148 kg CO₂e/passenger.km

- Travel by train: 0.035 kg CO₂e/passenger.km

GREENHOUSE GAS EMISSIONS*	UoM	2020	2021	2022
Emissions from material consumption¹⁷	tCO₂e	10.27	11.03	7.02
Wood packaging	tCO ₂ e	8.75	9.93	5.48
Cardboard packaging	tCO ₂ e	0.87	0.76	0.40
Plastic packaging	tCO ₂ e	0.09	0.14	0.08
Paper	tCO ₂ e	0.56	0.20	1.06
Emissions from water consumption¹⁸	tCO₂e	1.22	0.32	0.79
Water drawn from aqueduct	tCO ₂ e	0.40	0.00	0.28
Wastewater treatment	tCO ₂ e	0.82	0.32	0.51
Emissions from waste generation¹⁹	tCO₂e	0.22	0.56	0.49
Recycled waste	tCO ₂ e	0.21	0.56	0.49
Landfill waste	tCO ₂ e	0.01	0.00	0.00
TOTAL SCOPE 3	tCO₂e	45.86	20.98	27.74
TOTAL SCOPE 1, 2 (market based) and 3	tCO₂e	249.56	285.87	304.96

GREENHOUSE GAS EMISSIONS (tCO₂e)

* Data for 2020, 2021 are represented differently than in the previous reporting period due to a change in methodology in view of continuous improvement

17. Emission factors (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

- Wood packaging: 312 kg CO₂e/t
- Cardboard packaging: 821 kg CO₂e/t
- Plastic packaging: 2574 kg CO₂e/t
- Paper: 919 kg CO₂e/t

18. Emission factors (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

- Drinking water supply: 149 kg CO₂e/Million of litres
- Water treatment: 272 kg CO₂e/Million of litres

19. Emission factors (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

- Waste treatment for recycling: 21.3 kg CO₂e/t
- Landfill waste: 467 kg CO₂e/t

CAR POLICY SAFETY AND ENVIRONMENTAL COMPLIANCE

Our car policy allows fringe benefit recipients to opt for products that are up to date with the latest equipment in active and passive safety systems, as well as efficient engines with low environmental impact.

By 2022 we have achieved a share of **31.4% of cars equipped with hybrid propulsion** (mild/full/plug-in hybrid) and average fleet emissions of **128 g/CO₂²⁰** per kilometre driven.

In addition to defining the list of selectable cars through two basic parameters (monthly lease payment amount and WLTPCO₂ emissions), through the car policy, we also define the criteria for fuel reimbursement, tolls and useful eco-driving tips.

HOME-WORK COMMUTE PLAN

We consider it significant to provide our support to the local authorities in charge of monitoring and reducing the environmental impacts of employees' home-work commutes. For this reason, in addition to appointing a company mobility manager who annually drafts the Employee Commuting Plan (PSCL), in autumn 2022 we joined the ALCOTRA 4171 'GRAIES Lab-Mobilab' project promoted by the Metropolitan City of Turin.

This initiative allowed the launch of a car-sharing platform for employees' home-work commutes - JoJob Real Time Carpooling - which produced encouraging results, among which we mention the last quarter of 2022:

- **25% adherence** of the company staff to the platform;
- **704 shared trips**;

- **9,308 km saved**;
- **1.21 tonnes of CO₂** avoided.

The promotion of car-pooling was only one of the actions we decided to initiate for the containment of polluting emissions from home-work journeys; the most significant was the definition of the **individual employee agreements** to continue to combine agile working with face-to-face working, which has made it possible to avoid in 2022 at least **31,750 home-work journeys**, corresponding to more than **114 tonnes of CO₂** avoided.²¹

Of lesser impact, but strategic for supporting the transition to a company car fleet increasingly characterised by BEV-PHEV vehicles, was the commissioning of **four 22 kW charging stations** at our plants.

20. Source: Driver Portal, 'Vehicle Environmental Class Verification' section

21. Cautionary calculation considering an average journey of 15 km driven twice in the same day, with a car with an average emission of 120g CO₂ per kilometre driven.

CHAPTER 8

SUSTAINABILITY FOR THE TERRITORY

ATLANTIS PROJECT	8.1
CARLO FERRERO ONLUS NON-PROFIT ASSOCIATION.	8.2
GRANTS AND SUPPORT FOR TERRITORY INITIATIVES.	8.3

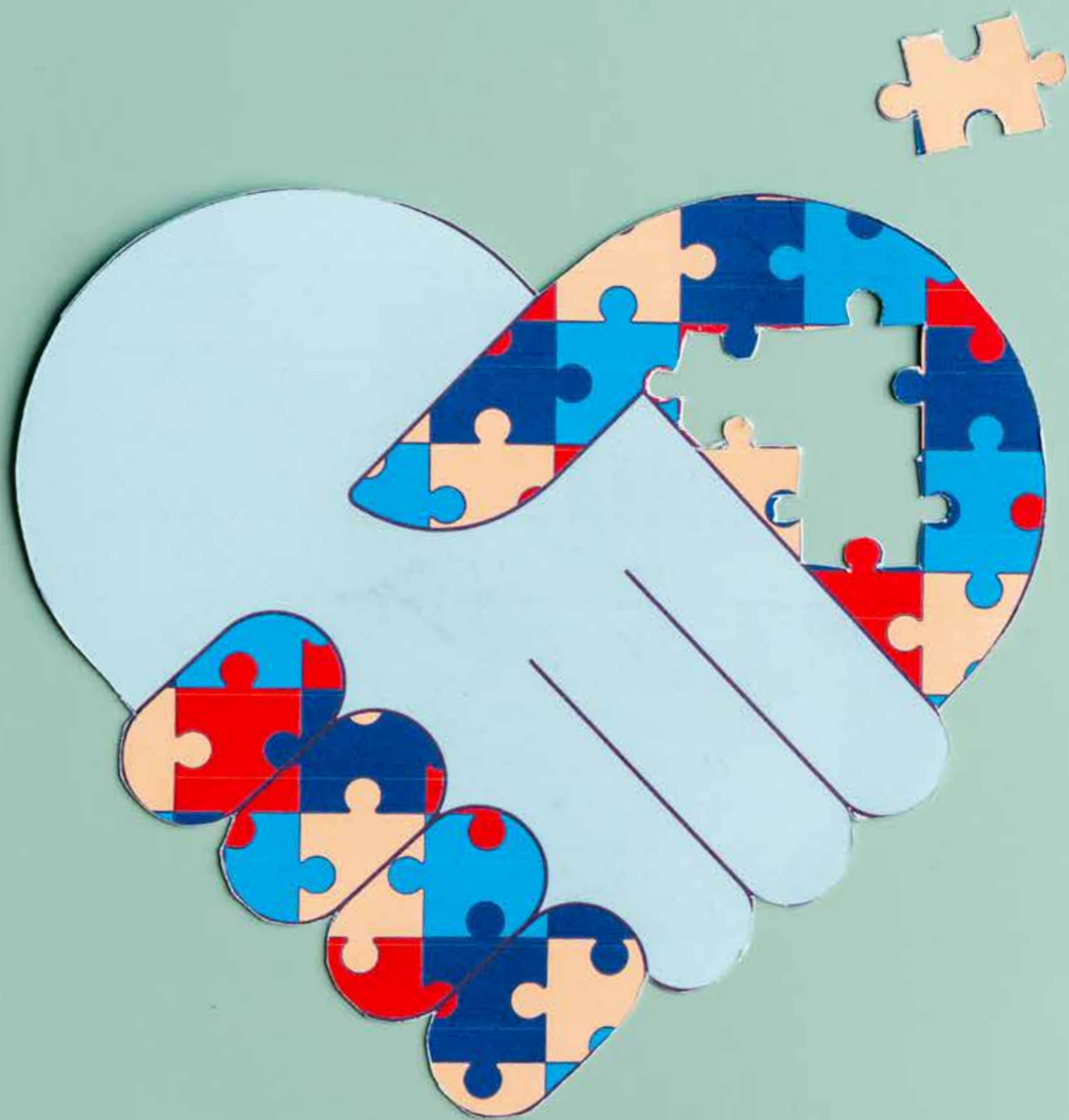


8. SUSTAINABILITY FOR THE TERRITORY

We are committed to contributing to the promotion of the quality of life and socio-economic development of the community in which we operate, by maintaining an ongoing dialogue and participating in projects with local associations that are committed to improving the civil, social, environmental and cultural conditions of the area. Below we present some of the initiatives in which we took part.



Left:
Osai GreenTech gadget made in cooperation with the
Cooperativa Andirivieni, 2022



8.1 ATLANTIS PROJECT

We adhere from 2019 to the **Atlantis Project** which aims to offer young people/adults with autism the opportunity to try their hand in different work contexts according to their potential, difficulties and wishes.

Four years after the start of the project, we have welcomed several autistic young people into our facility, successfully integrating them into our workforce and giving us a very rewarding experience of personal growth. The greatest satisfaction has been to be able to observe how dignity, given by work, can make all people flourish regardless of the presence or absence of disabilities.



8.2 ASSOCIATION CARLO FERRERO ONLUS NON-PROFIT

The **Carlo Ferrero" Association** is a Non-Profit Organisation of Social Utility (ONLUS) established in 2016 to commemorate our founder, who died prematurely in 2015.

The various activities carried out by the organisation aim to promote ideas, studies, projects with innovative content in the industrial, social and scientific research fields for the benefit of disadvantaged people.

Among the most representative initiatives are the **Spazio Blu** project, set up to support families with autistic children and assist them in creating a concrete growth path for their future, and the **Carlo Ferrero scholarship** aimed at supporting deserving students throughout their university studies who find themselves in particularly unfavourable economic and/or family conditions.





8.3 GRANTS AND SUPPORT FOR TERRITORY INITIATIVES

Our focus on the territory and its initiatives also passes through liberal donations that we have regulated through a special policy, approved in 2021.

Liberal disbursement means any contribution that may consist of a donation, handout and disbursement of a sum of money, the provision of goods or contributions of another kind, or any other utility arranged and made available to a third party.

Disbursements must support initiatives, events, and projects of social, cultural, artistic, and environmental relevance as long as the purposes are consistent with the social object and have an impact on the territory of the Metropolitan Area of the city of Turin.

In this respect, in 2022 we have destined a fund of **5% of the year's profit**, amounting to Euro 48,760.

The initiative was promoted by means of a call for projects published on our company website and the projects were evaluated according to the parameters defined by a special regulation.

The winning projects follow.

INDEPENDENTLY-MINDED - INDEPENDENT LIVING FOR YOUNG PEOPLE WITH DISABILITIES

The Andirivieni cooperative has promoted an innovative experience of autonomous living and neighbourhood solidarity between some young disabled people and the inhabitants of the neighbourhood where the project was launched. The initiative aims to promote a philosophy of living in the Canavese area that enhances the reciprocity of exchanges, encouraging those who are more fragile to perceive themselves as bearers not only of needs, but also of resources for themselves and others. The project involved 24 young people in the Cuorgnè housing unit and 16 in the Ivrea housing unit.

MIXED ABILITY SPORTS - REMOVING BARRIERS TO PARTICIPATION IN SPORT FOR PEOPLE WITH DISABILITIES

Chivasso Rugby Onlus is a nationally and internationally recognised pioneer of mixed ability sports, an innovative approach that aims to remove barriers to participation in sport for people with disabilities. Our contribution enabled the rugby team members for the 2022-2023 season to bring the mixed ability model to 30 clubs in Piedmont, to participate in ten friendly away matches and to foster the emerging mixed ability rowing activity in the Turin area.

ORTO 4.0 VEGETABLE GARDEN - ENHANCING VILLA GIRELLI WITH DIDACTIC-PRODUCTIVE HORTICULTURE

The Campo Aperto SCAS project aims at the realisation of a 4.0 educational-productive horticulture within the Olivetti context of Villa Girelli. The aim is to enhance the area and open it to the public in order to bring back the spirit of industry and research, innovation and experimentation. The Orto 4.0 wants to establish itself as an educational landmark where sustainable agriculture and food education paths will be developed, and as a place where schools, citizens, farmers and entrepreneurs will be able to experience a new horticulture, inclusion, sustainability. There is also

a provision for the employment of people with mobility difficulties who can cultivate their own plot of land.

SPAZIO BLU - DAY CARE CENTRE AIMED AT THE WORLD OF AUTISM

Spazio Blu is a project that, through targeted pathways, aims to develop skills and autonomy in individuals on the autism spectrum and to increase the well-being of their families. To date, Spazio Blu is attended by 42 children and 20 young adults. The grant awarded with this call made it possible to guarantee the transport service for the many families in the upper Canavese and Caluso area who wanted to take part in the activities but were unable to reach the Ivrea site independently.

Right:
Activities coordinated by Spazio Blu





GRI CONTENT INDEX

Declaration of use	Osai prepared a report in accordance with GRI Standards for the period 01/01/2022 - 31/12/2022
GRI 1 used	GRI 1: Foundation 2021
GRI Sector Standard	Not applicable

GRI STANDARDS	INFORMATION POLICY	Page	CHAP.	OMISSION		
				REQUIREMENT	REASON	EXPLANATION
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GRI 2: General information 2021	2-1 Organisational Details	9, 29, 30, 31	1, 1.3	Non-applicable omissions		
	2-2 Entities included in the organisation's sustainability reporting	53	2.1			
	2-3 Reporting Period, Frequency and Point of Contact	53, 188	2.1, final page			
	2- 4 Review of information	147	7.1			
	2-5 External Assurance	53	2.1			
	2-6 Activities, Value Chain and Other Business Relationships	29, 30, 31, 32, 35, 36, 37, 39, 41, 43, 45, 47	1.3			
	2-7 Employees	124	6			
	2- 8 Non-employed workers	124	6			

GRI STANDARDS	INFORMATION POLICY	Page	CHAP.	OMISSION		
				REQUIREMENT	REASON	EXPLANATION
	2-9 Governance Structure and Composition	83, 87	4.1			
	2- 10 Appointment and selection of the highest governing body	83	4.1			
	2- 11 Chairman of the highest governing body	83, 84, 86	4.1			
	2-12 Role of the highest governing body in impact management control	89	4.2			
	2-13 Delegation of Responsibility for Impact Management	84, 87, 89	4.1, 4.2			
	2- 14 Role of the highest governing body in sustainability reporting	53, 55, 56	2.1, 2.2			
	2-15 Conflicts of Interest	84	4.1			
	2- 16 Communication of critical issues	84	4.1			

GRI STANDARDS	INFORMATION POLICY	Page	CHAP.	OMISSION		
				REQUIREMENT	REASON	EXPLANATION
	2-17 Collective knowledge of the highest governing body	86, 87	4.1			
	2-18 Performance evaluation of the highest governing body	84	4.1			
	2-19 Remuneration Rules	102	4.3.2			
	2-20 Pay Determination Procedure	120, 125	4.3.2, 6			
	2-21 Total annual salary ratio	129	6.1			
	2-22 Sustainable Development Strategy Statement	5, 6	Letter to Stakeholders			
	2-23 Policy Commitment	21, 23, 25, 26, 99, 101, 102	1.2, 4.3			
	2-24 Integration of policy commitments	89-97, 103-107	4.2			

GRI STANDARDS	INFORMATION POLICY	Page	CHAP.	OMISSION		
				REQUIREMENT	REASON	EXPLANATION
	2-25 Processes to Remedy Negative Impacts	89-97	4.2			
	2-26 Mechanisms for requesting clarification and raising concerns	89, 90, 91	4.2			
	2-27 Compliance with Laws and Regulations	10	1			
	2-28 Membership of associations	32	1.3			
	2-29 Approach to stakeholder engagement	63, 65	2.3			
	2-30 Collective Agreements	127	6			
Material Issues						
GRI 3: Material Issues 2021	3-1 Process for Determining Material Issues	55-61	2.2	Non-applicable omissions		
	3- 2 List of material topics	57-60	2.2			
R&D and innovation						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	71, 72, 92	3.1, 4.2.2			
-	No. of R&D projects developed in the year	73, 75, 76, 77	3.2			
-	Total R&D investment	73	3.2			
Anti-Corruption						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	93, 99	4.2.2, 4.3			
GRI 205: Anti-corruption 2016	205- 3 Incidents of corruption and actions taken	99	4.3			

GRI STANDARDS	INFORMATION POLICY	Page	CHAP.	OMISSION		
				REQUIREMENT	REASON	EXPLANATION
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GRI 3: Material Issues 2021	3-3 Managing Material Issues	89-91	4.2			
GRI 201: Economic Performance 2016	201- 1 Directly generated and distributed economic value	112	5.1			
Ethical supply chain management						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	93, 113-116	4.2.2, 5.2			
GRI 204: Practices of procurement 2016	204- 1 Proportion of spending to local suppliers	114	5.2			
GRI 308: Environmental assessment of suppliers 2016	308- 1 New suppliers that have been evaluated using environmental criteria	116	5.2.1			
GRI 414: Social evaluation of suppliers 2016	414- 1 New suppliers that have undergone evaluation through the use of social criteria	116	5.2.1			
Customer satisfaction and product quality						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	96, 117, 118, 119	4.2.2, 5.3			
GRI 416: Customer health and safety 2016	416- 2 Incidents of non-compliance regarding health and safety impacts of products and services	119	5.3			
GRI 417: Marketing and labelling 2016	417-2 Incidents of non-conformity with regard to information and labelling of products and services	119	5.3			

GRI STANDARDS	INFORMATION POLICY	Page	CHAP.	OMISSION		
				REQUIREMENT	REASON	EXPLANATION
Employee welfare						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	95, 129, 130, 132, 133	4.2.2, 6			
GRI 401: Employment 2016	401-1 New recruitments and turnover	125	6			
	401- 2 Benefits provided for full-time employees, but not for part-time or fixed-term employees	129, 130	6.1			
Protection of diversity and equal opportunities						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	95, 125, 126, 127	4.2.2, 6, 6.1			
GRI 405: Diversity and equal opportunity 2016	405- 1 Diversity in governing bodies and among employees	126	6			
GRI 406: Non-discrimination 2016	406- 1 Incidents of discrimination and corrective actions taken	127	6			
Training and development						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	94, 135	4.2.2, 6.2			
GRI 404: Training and education 2016	404- 1 Average hours of annual training per employee	135	6.2			
	404- 2 Employee skills upgrading and transition assistance programs	135	6.2			

GRI STANDARDS	INFORMATION POLICY	Page	CHAP.	OMISSION		
				REQUIREMENT	REASON	EXPLANATION
Occupational health and safety						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	92, 137, 138, 139	4.2.2, 6.3			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	137	6.3			
	403-2 Hazard identification, risk assessment and accident investigation	138, 139	6.3			
	403-3 Occupational health services	138	6.3			
	403-4 Worker participation and consultation and communication on occupational health and safety	138	6.3			
	403-5 Occupational health and safety training for workers	136, 139	6.2, 6.3			
	403-6 Workers' Health Promotion	140, 141	6.3			
	403-7 Prevention and mitigation of occupational health and safety impacts within business relationships	141	6.3			
	403-9 Accidents at work	139, 140	6.3			
	403-10 Occupational Diseases	140	6.3			

GRI STANDARDS	INFORMATION POLICY	Page	CHAP.	OMISSION		
				REQUIREMENT	REASON	EXPLANATION
Responsible use of energy						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	95, 96, 145-150	4.2.2, 7.1.1			
GRI 302: Energy 2016	302- 1 Energy consumed within the organization	147, 148	7.1.1			
	302-3 Energy intensity	148	7.1.1			
Optimization of water consumption						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	97, 151-153	4.2.2, 7.1.2			
GRI 303: Water and waste water 2018	303-1 Interaction with water as a shared resource	97, 151-153	4.2.2, 7.1.2			
	303-2 Management of Impacts Related to Water Discharge	97, 151-153	4.2.2, 7.1.2			
	303-3 Water withdrawal	152	7.1.2			
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Waste management						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	155, 156	7.2.1			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	155, 156	7.2.1			
	306-2 Management of significant waste-related impacts	155, 156	7.2.1			
	306-3 Waste generated	156	7.2.1			
Greenhouse gas emissions						
GRI 3: Material Issues 2021	3-3 Managing Material Issues	97, 157, 160	4.2.2, 7.2.2			

GRI STANDARDS	INFORMATION POLICY	Page	CHAP.	OMISSION		
				REQUIREMENT	REASON	EXPLANATION
GRI 305: Emissions 2016	305- 1 Direct GHG emissions (Scope 1)	158	7.2.2			
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	158	7.2.2			
	305- 3 Other indirect GHG emissions (Scope 3)	158, 159	7.2.2			
	305- 4 Intensity of GHG emissions	157	7.2.2			
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GRI 3: Material Issues 2021	3-3 Managing Material Issues	97, 165, 167, 169, 170	4.2.2, 8			
GRI 413: Local communities 2016	413- 1 Activities involving local community involvement, impact assessments and development programs	165, 167, 169, 170	8			



Independent Auditors' Report on the 2022 Sustainability Report

To the Board of Directors of OSAI AUTOMATION SYSTEM S.P.A. SOCIETÀ BENEFIT

We have been engaged to perform a limited assurance engagement on the Sustainability Report of OSAI AUTOMATION SYSTEM S.P.A. SOCIETÀ BENEFIT for the year ended on December 31st, 2022.

Directors' responsibility for the Sustainability Report

The Directors of OSAI AUTOMATION SYSTEM S.P.A. SOCIETÀ BENEFIT are responsible for the preparation of the Sustainability Report in accordance with the "GRI Sustainability Reporting Standards (GRI Standards)" issued by the GRI - Global Reporting Initiative, as described in the paragraph "Methodological Note" of the Sustainability Report.

The Directors are responsible for that part of the internal control that they consider necessary in order to enable the preparation of a Sustainability Report that is free from material misstatements, whether due to frauds or unintentional behaviors or events.

The Directors are also responsible for the definition of the objectives regarding the sustainability performance and the reporting of the achieved results, as well as for the identification of the stakeholders and the significant matters to report.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour.

Our audit firm applies the International Standards on Quality Control 1 (ISQC Italia 1) and, consequently, maintains a quality control system that includes documented policies and procedures, regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. We conducted our work in accordance with the principles included in the "International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires the planning and execution of procedures in order to obtain limited assurance that the Sustainability Report is free from material misstatement.

Therefore, the extent of work performed in our examination was lower than that required for a full examination in accordance with ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would have been identified during a reasonable assurance engagement.

The procedures performed on the OSAI Sustainability Report were based on our professional judgement and included inquiries, primarily with OSAI AUTOMATION SYSTEM S.P.A. SOCIETÀ BENEFIT personnel responsible for the preparation of the information included in the Sustainability Report, document analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the criteria applied to identify priorities for the different stakeholder categories and to the internal validation of the process results;
2. comparison of economic and financial data included in the specific paragraph of the Sustainability Report with those included in the Financial Statements of the OSAI;
3. analysis of processes that support the generation, collection and management of data and information to the department responsible for the preparation of the Sustainability Report.

In particular, we have performed interviews and discussions with the management of OSAI AUTOMATION SYSTEM S.P.A. SOCIETÀ BENEFIT to gather information about the accounting and reporting systems used in preparing the Sustainability Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmission of data and information to the department responsible for the preparation of the Sustainability Report.

Furthermore, for the most important information, taken into consideration the activities and the characteristics of OSAI AUTOMATION SYSTEM S.P.A. SOCIETÀ BENEFIT:

- a) with reference to the qualitative information contained in the Sustainability Report, we carried out interviews and we have acquired supporting documentation to verify their consistency with the available evidence;
- b) with reference to quantitative information, we carried out both analytical procedures and limited checks to ascertain the correct aggregation of data on a sample basis.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of OSAI AUTOMATION SYSTEM S.P.A. SOCIETÀ BENEFIT for the period ended on December 31st, 2022 is not prepared, in all material respects, in accordance with the “GRI Sustainability Reporting Standards (GRI Standards)” issued by the GRI - Global Reporting Initiative, as stated in the paragraph “Methodological Note” of the Sustainability Report.

Torino, May 30th, 2023

BDO Italia S.p.A.

Signed in the original by

Anna Bongiovanni
Partner

This report has been translated into English language from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

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