



Sustainability Report

2022

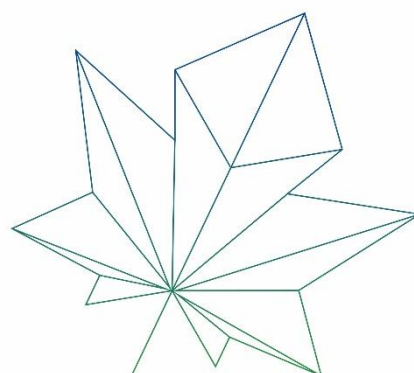


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LETTER TO THE

Stakeholders



The past financial year has been particularly difficult and challenging, with the outbreak of war, supply chains often disrupted, increased energy costs, rising inflation along with the cost of raw materials and transport, all exacerbated by the intensification of the climate crisis. The Bitron Group, despite these challenges, has nevertheless grown, confirming its resilience thanks to strong governance, a solid business model, quality and sustainable products, the dedication of its employees and solid relationships with suppliers and customers.

The Bitron Group closed the financial year with a consolidated turnover of 1,362 million euros, an increase of 16.8% compared to the previous annual turnover. In the 2022 reporting year, the Group comprises 17 manufacturing facilities worldwide, with a total workforce of more than 8484 people including 6,107 employees, an increase of 5.5%. The Group owes its long-term success to our belief that economic growth is the combination of sound environmental management, financial performance and social responsibility. As a global company, we continually strive to ensure that our focus on ESG factors is part of our strategy and that our growth ambitions are compatible with sustainable development, seeking the right balance in all our activities.

Prevention, safety, environmental protection and the protection of employees in the workplace is a central aspect of our company, which aims to strengthen cooperation between all actors involved with targeted actions. New topics such as diversity and inclusion of people were carefully explored, demonstrating the increasing centrality of sustainability in the Bitron Group's future plans.

The Group is one of the world's leading companies in its markets, but above all it is a company with the size, resources, diversity and know-how to seize the opportunities for success that lie ahead. In the coming years, the push towards decarbonisation, investments in the field of renewable energy and sustainable mobility will lead to a significant increase in demand for electric cars and the digitisation of distribution networks. The Group intends to follow the growing trend of the worldwide installed capacity of electric charging stations, and given the massive digitisation of energy distribution networks due also to the strong push of energy production from renewable sources, the extension of the smart metering product range, allowing us to improve our leadership path.

As you will read in the next pages, this year too we have made important steps forward in the field of sustainability. Despite the unfavourable economic and geopolitical situation, we took the opportunity to focus on what is really important for pursuing our sustainable business strategy. In addition, in a landscape that becomes more challenging day by day, it would not have been possible to mature without the determination and passion of our people who are a fundamental and active part of our work on sustainability and all the Group's activities.

I leave it to you to find out more about our sustainability initiatives in this report as well as on our innovative website, which is full of news and updates on the Bitron world. I hope you will find it interesting.

Enjoy the read.

Chairman of the Bitron Group

Highlights

17

Production
plants



13

Plants



10

Plants



3

Plant

16

Plants



11

Plants

6 **TISAX**
Plant

1



Total workforce

8484



696

New recruits
under 30

Emission intensity index
(tCO₂and/hours worked)

0.006



94%

waste for
recovery



0.056

Revenue

€1362 million



Investments

€84.7 million



Methodological note

This document, drawn up annually, reports on the relevant sustainability issues of Bitron Industrie SpA and its subsidiaries (hereinafter the 'Bitron Group' or the 'Group') for the financial year 2022 (1 January to 31 December).

With the aim of reporting and communicating in a transparent and comparable way with the Group's sustainability performance, the 2022 Sustainability Report was drawn up in compliance with the 'Global Reporting Initiative Sustainability Reporting Standards' reporting standards (hereinafter 'GRI Standards') published by the Global Reporting Initiative (GRI) in 2021, according to the 'in accordance' option.

As required by the GRI Standards, the Group has prepared a materiality analysis in order to report on sustainability issues deemed relevant by its stakeholders and the Group itself, as reported in the section 'The approach to sustainability reporting'.

The reporting scope for economic and financial data and information corresponds to that of the consolidated financial statements of the Bitron Group at 31 December 2022¹.

With regard to qualitative information and quantitative data on social aspects, companies consolidated on a line-by-line basis in the consolidated financial statements are included in the scope of reporting. As regards qualitative information and quantitative data relating to environmental aspects, the Group companies that manage production sites are included, in particular seventeen production plants of which seven in Italy, one in Spain, two in Poland, four in China, one in Turkey and two in Mexico. However, companies with only commercial and administrative offices are excluded, as they are considered irrelevant for the purpose of ensuring an understanding of the Group's activities and impact.

Data from previous years are shown for comparative purposes, to allow an assessment of the development of the activities over time. In order to ensure the reliability of the data, the use of estimates has been limited as much as possible and, if present, they are appropriately reported and based on the best available methodologies.

As regards changes, there are no significant changes in the Group's organization and supply chain. In terms of changes in the Group's structure, note that 2022 saw the opening of Bitron Electronic China Huangdao District's new production plant and the expansion of Bitron Poland Electronics, whose goal in 2023 is to increase production of electronic components, smart meters and electric car charging stations for the Asian and European markets.

As evidence of the Bitron Group's commitment to create its own Sustainability Report, a working group was set up, consisting of the heads of the areas involved in managing and supervising the reporting issues: Finance and Administration, Quality, Human Resources and Environment.

The working group co-ordinated all the data and information gathering activities and supervised the entire writing process.

The working group carried out an internal process of involving the organisational structure, through contributions from the different areas and departments of the company.

The Group's Sustainability Report is subject to a 'limited assurance engagement' according to the criteria of ISAE 3000 Revised by Deloitte & Touche SpA.

The Group's Sustainability Report is published on an annual basis.

For information on the Bitron Group Sustainability Report, please contact: Vincenzo Romanò | vincenzo.romano@bitron-ind.com.

¹ For a complete list of companies belonging to the Group, please refer to the chapter 'The Bitron Group'.

The Bitron Group

In 1955, the brothers Enrico, Giovanni and Carlo Bianco started their entrepreneurial activity, which over the years became the Bitron Group, a global supplier of mechatronic and electronic components for industrial sectors: Household appliances, Automotive, HVAC (Heating, Ventilation, Air Conditioning), Energy (Electricity meters and car charging stations). It would soon become a leader in innovation, research, development and production of mechatronic and electronic components, through the following business branches:

Automotive: produces mechatronic components for the world's leading automotive manufacturers. The macro-sectors into which the products can be divided are: passenger compartment (cockpit, doors and seats, air conditioning), engine and transmission, commercial vehicles, electric cars, two-wheelers.

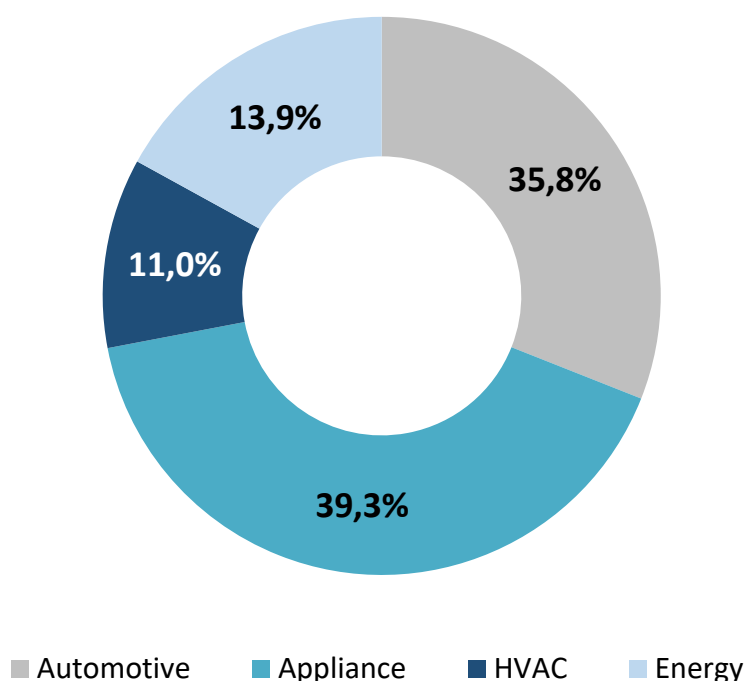
Appliance: manufactures mechatronic components for the household appliance industry (small and industrial), horeca, vending, and in particular for dishwashers, washing machines, dryers, fridges and freezers, ovens, cookers, hoods, coffee machines and vending machines.

HVAC: since 2010, the division contributes to Bitron Group's expertise by developing, manufacturing and selling components and systems for Original Equipment Manufacturers (OEMs) in the heating, ventilation and air conditioning sector.

Electronics: 2012 was the year the Bitron Group's electronics division was established, specialising in the design and manufacture of electronic systems and devices for the automotive, domestic appliance, HVAC, energy (Smart meters and electric vehicle charging station) and other applications. Electronic components had already been produced by various Group plants since 1969.

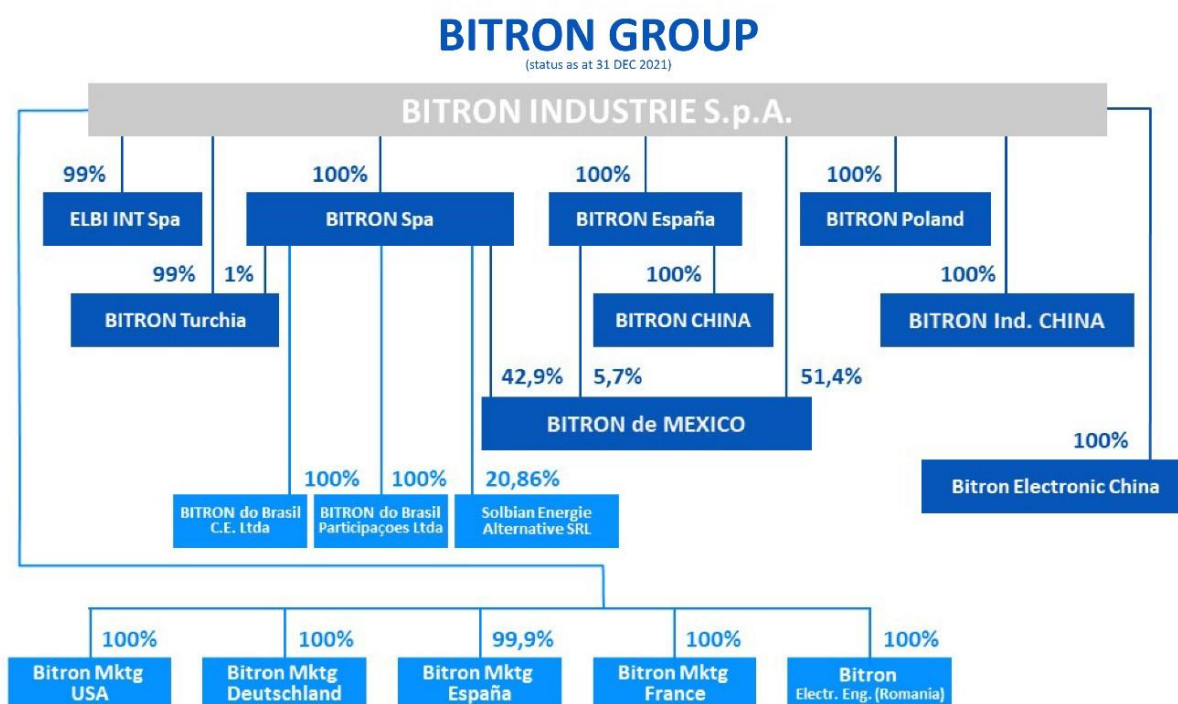
Born from a small family business, the Bitron Group has also grown through acquisitions of other companies, which have allowed it to expand and innovate its range of products and services towards the highest standards and to extend its geographical presence to almost the entire globe. Its international soul is a strength in serving the regional specificities of its customers. The evolution over the years has highlighted the growth of know-how and technological capabilities, but also the management capabilities, as it has become a leading and reference company in its market.

THE BITRON GROUP'S MARKET SECTORS BY TURNOVER IN 2022

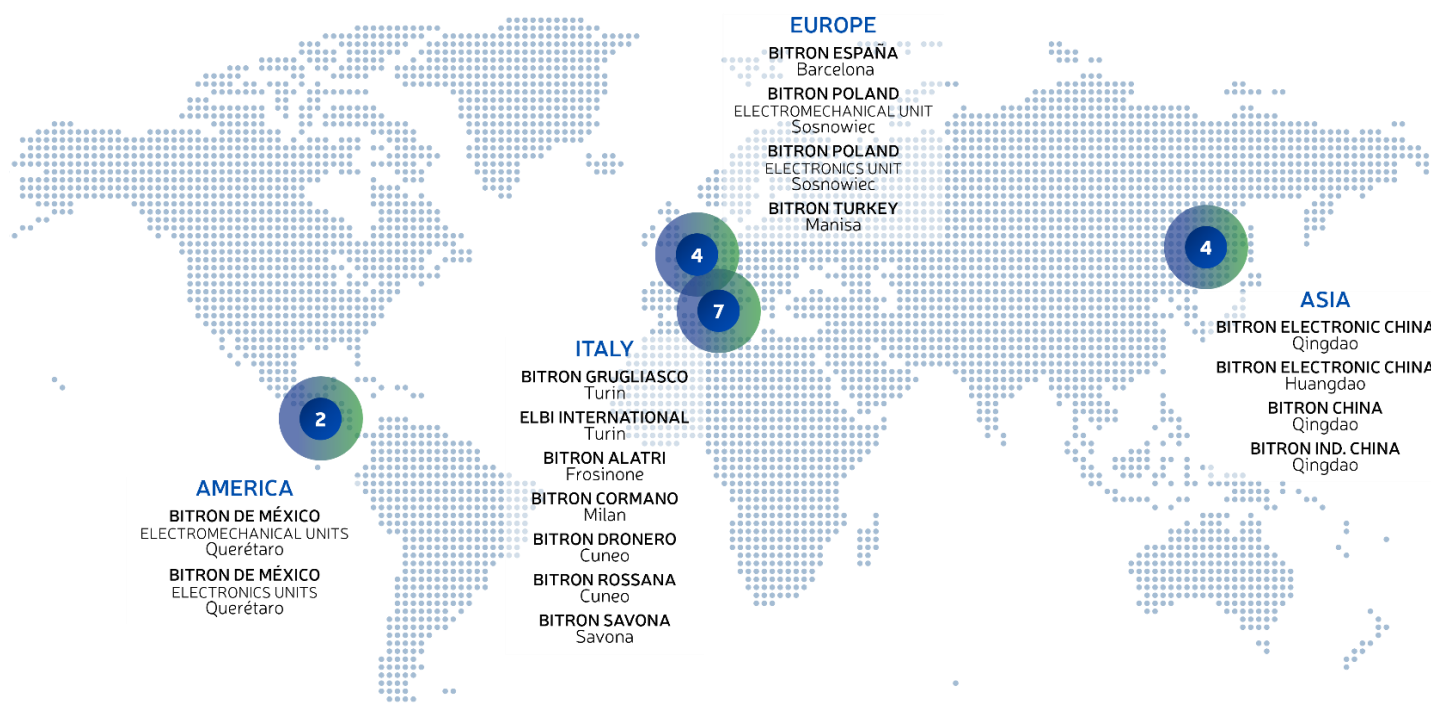


The Bitron Group is made up of the Parent Company Bitron Industrie SpA, with registered office in Grugliasco, in the province of Turin (Italy), two other companies under Italian law, Bitron SpA and Elbi International SpA, for a total of seventeen production units located in Europe, North America, and Asia, and one mould unit in Asia, as reported below.

BITRON GROUP AS AT 31 DECEMBER 2022



The Group therefore boasts a global presence with seventeen production plants located in Italy, Poland, Spain, Turkey, China and Mexico, as well as sales offices located in France, Spain, Brazil, Germany, United States, China, Turkey, Mexico and four of technical research, of which two are in Italy, one in Germany and one in Romania.



History



Enrico, Giovanni and Carlo Bianco started their business by creating the "Fratelli Bianco" company

1955

1960



Elbi was founded. It was produced in makeshift premises but the products were of high quality and in high demand in the household appliances market.

Enrico Bianco consensually separated his own entrepreneurial journey from that of his brothers Giovanni and Carlo.

1966



Elbi's historic headquarters in Collegno was inaugurated.

1968



Elbi España was founded to avoid Iberian customs barriers and follow some of Elbi's Italian customers who had already set up their own plants in Spain.

1969



Bitron Video S.p.A., a manufacturer of video intercoms, was acquired. This marked the Bitron Group's first real step into the electronics market.

1977



After entering the automotive components sector, Elbi's "parent company" became Elbi International S.p.A.

1992-1994



The Italian companies, with the exclusion of Elbi International S.p.A. which remained independent, became operating units of the same company Bitron S.p.A. with offices in Alatri, Cormano, Dronero, Grugliasco, Rossana and Savona. These were joined by Bitron España, Bitron France and Bitron do Brasil.

1998

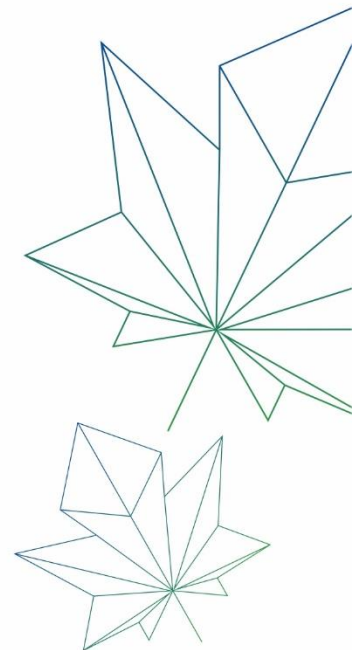


The evolution of the competitive scene towards a global market also led Bitron to a progressive geographical reallocation, as it took advantage of the reopening of the border of the former socialist countries. Bitron Poland was founded.

2002-2006



Bitron China Ltd. was established, the Group's first Asian plant for the production of moulds and electromechanical components. In 2005 Bitron Ind. was founded. China Ltd inherited the production of electromechanical components and in 2006 3D Electronics Engineering Ltd was acquired, which in 2013 became Bitron Electronic China.





Via Italia 54 - Collegno

2007

The new Elbi International S.p.A. plant was inaugurated, a strong signal that the core of the group wanted to remain in Turin, Italy. Bitron Turkey was founded.



Bitron HVAC Division

2010

Bitron diversified and entered the heating and air conditioning market by creating Bitron HVAC Systems, which later became Bitron HVAC División.

In the same year, production of electric meters with electronic remote reading began.



Bitron Electronics Division

2012

The group's strategic commitment to the electronics sector was consolidated with the creation of the Bitron Electronics Division.

A dedicated Technical Centre for the Appliance Division was founded in Germany to support German customers in the household appliances market.



Bitron de México - Querétaro

2014

Bitron de México was founded for the production of electromechanical components: Bitron's first plant in North America,



R&D Unit - Iași

2017

The second Bitron de México plant was founded as an electronic division. In September of the same year, the new Bitron Research and Development Centre was established in Romania.



R&D Unit - Venezia

2018

A new Research & Development unit was set up in Mestre (VE). Bitron China and Bitron Ind. China restructured and expanded into new locations.



R&D Unit - Salerno

2019

A new Research & Development unit was set up in Salerno - Italy



New Grugliasco headquarters

2021

Bitron officially opened its new headquarters in Grugliasco - Italy
The new headquarters of the Electronics Division was inaugurated



China Electronics Huangdao

2022

Two new electronics factories are opened: one in China in Huangdao and another in Poland in Sosnowiec.

The Bitron de Mexico Electronics plant is expanded.

Governance

Bitron Industrie SpA, with registered office in Grugliasco (TO) in Strada del Portone 95, is the Holding Company of the Bitron Group, with a share capital of 74.1 million euro, consisting of 74,100 thousand shares with a unit value of 1 euro.

Bitron Industrie SpA has a traditional governance model whose Board of Directors, appointed on 23 June 2022, consists of 2 directors.

MEMBERS OF THE BOARD OF DIRECTORS OF BITRON INDUSTRIE S.P.A. AS AT 31 DECEMBER 2022

MEMBERS	ROLE	EXECUTIVE (YES/NO)	INDEPENDENT (YES/NO)	YEAR OF BIRTH	OTHER POSITIONS HELD
Bianco Alessandro	Chairman and Chief Executive Officer	Yes	No	1968	Councillor
Andrew White	Managing Director	Yes	No	1970	Councillor

BREAKDOWN BY AGE GROUP AND GENDER OF DIRECTORS AS OF 31 DECEMBER 2022

BOARD OF DIRECTORS (%)			
GENDER/AGE GROUP	30-50	51-70	>71
Man	0%	100%	0%
Woman	0%	0%	0%

The Board of Statutory Auditors, in office until the approval of the financial statements as of 31/12/2024, is composed of the Chairman, 2 statutory auditors and 2 alternate auditors.

MEMBERS OF THE BOARD OF STATUTORY AUDITORS OF BITRON INDUSTRIE S.P.A. AS AT 31 DECEMBER 2022

MEMBERS	ROLE	YEAR OF BIRTH
Andrea Lerda	Chairman	1967
Sergio Motta	Statutory Auditor	1936
Alberto Frascarolo	Statutory Auditor	1966
Mario Claudio Fantozzi	Alternate Auditor	1943
Luca Bertolino	Alternate Auditor	1967

BREAKDOWN BY AGE GROUP AND GENDER OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS AS OF 31 DECEMBER 2022

BOARD OF AUDITORS (%)			
GENDER/AGE GROUP	30-50	51-70	>71
Man	0%	60%	40%
Woman	0%	0%	0%

Values and principles

At Bitron we create with tenacity and passion increasingly competitive, reliable and intelligent technologies aimed at driving innovation towards a sustainable future. We continuously build our success, which has always been based on strong bonds of trust with our stakeholders worldwide, by verticalising and glocalising our processes.



PASSION

We never give up



INTEGRITY

Each of us is an example



CONCRETENESS

We make things happen



BELONGING

Each of us is an integral part of a family



PEOPLE

A human-centred approach



AMBITION

We are never satisfied



HONESTY, FAIRNESS AND GOODWILL



ANTI-CORRUPTION



TRANSPARENCY



PROTECTION AND PROMOTION OF HUMAN RIGHTS



ENVIRONMENTAL PROTECTION



ANTI-DISCRIMINATION

The Bitron Group continued to reaffirm its path towards corporate sustainability by turning challenges into opportunities for growth and decided to take part in the United Nations initiatives to create a sustainable society. As an active participant in change, since 2020 the Bitron Group has supported the guiding principles on human rights, labour, environment and

anti-corruption, and has been committed to contributing to the realisation of the Sustainable Development Goals (SDGs): the set of global goals adopted by the United Nations in 2015, including 17 targets which must be achieved by 2030 to realise a sustainable society.



Over the years, these objectives will become increasingly important thanks to the actions taken by Bitron Group companies to respond to the need for change in future strategic choices with respect to the logic of economic, environmental and social sustainability.

In continuity with what has been done in the past and in order to respond to the need for change, the following sustainable development objectives have been identified to which the Group commits itself to pursuing with particular attention to the issues of the intelligent use of energy, efficient use of resources, innovation and contribution to social development.



These activities allow management to assign objectives and provide a strategy for achieving a medium- to long-term growth target.

The growth path is embodied in the activities and values shared here:

- Activities relating to the protection of the environment, promoting careful management of waste and by-products, hazardous chemicals, efficient use of raw materials, energy-efficient processes and equipment;
- Promotion of the efficient use of natural resources, with particular attention to the rational management of water, gas and energy resources;
- Investments in solar or cogeneration systems/plants, with the aim of increasing the self-production of renewable energy and lowering energy consumption;
- Assessment of the impact of its activities, products and services, supported by carbon footprint analyses and studies in order to manage environmental aspects in a preventive approach and promote the use of best available technologies;
- Pursuing the minimisation of waste production and waste management, favouring recycling and reuse rather than disposal with a circular economy management approach;
- Use of new technologies and materials aimed at designing increasingly innovative products using eco-design principles and designed for a global market, but adapted based on laws or local culture and needs;
- Promotion of carbon offsetting and carbon neutrality;
- Ensuring greater inclusion of health and wellbeing principles in the context of corporate initiatives;
- Promoting a work environment that reinforces the feeling of security and support in a pure sense of acceptance, inclusion and loyalty for our People.

In keeping with the Bitron Group's shared principles and values, the Sustainability Policies, which will be updated in 2022 according to the Group's new growth objectives, define the decision-making and strategic processes, formalising principles, needs, behavioural styles and objectives of the corporate culture, together with internal procedures and regulations developed and disseminated to favour the creation of a responsible business model towards the environment, the market, employees, customers, suppliers and all those who directly and indirectly have relations with the Group.

Economic, social and environmental responsibility towards internal and external stakeholders, compliance with the law and regulations, and fairness in the management and implementation of activities drive the Bitron Group to promote and adopt high ethical standards throughout the value chain.

In continuity with what has been started in previous years, the Group's strategy aims to increasingly strengthen well-established strategic levers such as:

- Its response to the dynamic nature of the external. Requiring increasingly rapid action, this is a structural feature of the competitive landscape;
- Efficiency in safeguarding economic margins and responding to new business acquisition tenders; recovering productivity and a consequent containment of costs; better internal organisation assisted by careful optimisation of operational activities;
- Growth is a key element in the Group's history, one which characterised by a balanced mix of people, technology and structural interventions.

The above is implemented and formalised in the Code of Ethics, which is the main tool for defining and disseminating the corporate principles, values and responsibilities adopted by all plants. It constitutes the basis of corporate behaviour and the point of reference for all people working in the Group.

The Code of Ethics covers three essential areas:

- Relationships with the territory;
- Human resources management;
- Involvement in external initiatives and collaboration with associations.

The Code of Ethics is distributed to all Group staff and is available in the following languages: Italian, English, Polish, Chinese and Spanish. Furthermore, it is shared with all stakeholders via the Group's portal. With the pandemic, the usual training shifted from face-to-face to virtual learning; the Code of Ethics course was the first in the Group which was carried out in eLearning mode through the use of Avatar, and is currently being conducted in the Italian language edition in the Grugliasco plant.

Within the Group's plants, there is widespread responsibility among all employees and collaborators to ensure that the principles and values expressed in the Code of Ethics are protected.

Supervision is ensured through the presence of the plant manager, who is also the point of reference for reporting any cases of violation.

In carrying out its activities, the Group is inspired by the protection and promotion of human rights, which it considers an essential condition for the construction of a society based on the principles of equality, solidarity, and the protection of civil, political, social, economic and cultural rights.

The Code of Ethics identifies and disseminates the general principles contained in the Group's policy in relation to its commitment to the protection of human rights, accompanied by the specific 'Code of conduct for business partners' for vendors, confirming the attention paid to these issues throughout the supply chain.

As stated in the Code of Ethics, the Group repudiates any kind of discriminatory behaviour, corruption, forced or child labour and holds in high regard the recognition and defence of the dignity, freedom and equality of human beings. It cultivates the culture of diversity within its companies, as people with different backgrounds, age, origins, culture, sexual orientation and physical abilities can make important contributions and innovations.

For more details on the protection of human rights in the supply chain, please refer to the section 'A responsible approach to the supply chain'.

A further element that characterises all the Group's decision-making and operational processes is the effective management of risks related to human resources and environmental impacts, as well as those related to regulatory compliance and social and environmental responsibility throughout the value chain.

These aspects are an integral part of a good corporate governance and responsible business approach and are considered fundamental to achieving a competitive advantage in markets where attention to sustainability issues is growing year by year.

Professional ethics and corporate social responsibility are the cornerstones on which the Group's activities are based. Honesty, fairness, respect, ethics and safety at work and in interpersonal relationships are the pillars that guide it. All of this translates into making its wealth of expertise available to customers and the local area, pursuing excellence in its products and services with the aim of creating shared value and developing long-lasting partnerships.

Confirming full and complete compliance with these principles, as well as with the national and international regulations in force, in 2022 the Bitron Group did not record any cases of discrimination within its plants.

In recent years, there have been no proven incidents and episodes of corruption involving employees, collaborators and suppliers.

There were also no cases of regulatory non-compliance with national and international laws and regulations related to environmental and social matters that led to significant sanctions.

Finally, the Group has not been the subject of any legal action or measure related to anti-competitive behaviour, anti-trust or monopolistic practices.

The approach to sustainability reporting

In 2018, the Group began its journey towards sustainability, driven by the needs of the market, customers and its own spirit of innovation and social commitment, by publishing the first Group Sustainability Report, through which it discloses its performance in the areas of economic, social and environmental responsibility.

The contents covered in this document are defined through materiality analysis, which identifies the 'material', i.e. most relevant and significant, issues for the company and all its stakeholders.

The first stage of the materiality analysis process is the identification of Bitron's stakeholders and potentially significant issues, which are a result of an in-depth internal analysis of the company, the context and the reference sector that considered the best practices at national and international level and the main international sustainability frameworks (Global Reporting Initiative, UN Sustainable Development Goals (SDGs), etc.).

The main categories of stakeholders, internal and external to the Group, were analysed and identified. Specifically, the stakeholders to whom the Group has responsibilities and those who can influence the Group's performance were taken into account.

Within the scope of its activities, the Bitron Group commits to maintaining a relationship of discussion and dialogue with its stakeholders listed below. The departments strive on a daily basis to listen to and understand the needs and perceptions of the stakeholders for whom they are the owners of the relationship. They do so in order to integrate an approach based on continuous exchange with the external context to internal processes aimed at understanding the needs and assessing them in order to improve their activities and impact.

For each stakeholder, the main tools, listening channels and frequency of contact have been reported in order to be able to listen and collect their expectations, needs and share the results achieved and the activities of the Bitron Group.

BITRON GROUP STAKEHOLDER MAP



WAYS OF ENGAGING AND DIALOGUING WITH STAKEHOLDERS

STAKEHOLDERS	TYPES OF DIALOGUE AND INVOLVEMENT
Customers (direct and continuous relationships)	• Organisation of and participation in events and trade fairs aimed at exchanging know-how and strengthening business relations; • Completion of regular questionnaires on key aspects of quality, sustainability, worker safety, use of sustainable raw materials and ethical business practices; • Involvement through training and information activities on the organisational model and internal procedures prepared in response to national and international regulations on chemicals, heavy metals and Conflict Minerals.
Shareholders, Financial Community and Financing Institutions (according to laws and internal organisational procedures)	• Communication of key economic and financial data; • Organisation of regular meetings and shareholder meetings, in compliance with the law and in line with best practices, to ensure full transparency of communications
Employees, collaborators and unions (continuous dialogue and regular meetings)	• Internal communication of corporate information concerning the main economic results, initiatives and corporate events; • Individual skills development initiatives aimed at key production figures and strategic functions in the organisation;

STAKEHOLDERS	TYPES OF DIALOGUE AND INVOLVEMENT
	• Training and information activities concerning internal regulations and procedures to ensure the health and safety of employees; • Organisation of training courses aimed at strengthening soft skills and professional expertise.
Local Communities and NGOs (continuous dialogue and regular meetings)	• Participation in events and involvement in initiatives to support local communities; • Communication via social media platforms.
Institutions and Public Administration (according to laws and internal organisational procedures)	• Mandatory communications concerning compliance with national and international standards and regulations; • Participation in round tables and working groups for the drafting and updating of measures taken in the areas of expertise and specialisation of the Bitron Group.
Vendors (continuous dialogue and regular meetings)	• Active involvement and informative communication through the vendor management portal B-SupPort; • Submission of self-assessment questionnaires to check compliance with social, environmental, economic responsibility requirements; • Conducting training on internal procedures to ensure compliance with national and international regulations on substances/mixtures, heavy metals, Conflict Minerals and due diligence.
Schools, Universities and Research Centres (continuous dialogue and regular meetings)	• Possibility of collaborations addressed to the students of the partner universities for the development of experimental theses or for the insertion in companies through training and internships; • Collaboration on common projects in order to share sectoral and specialist know-how and expertise.
Trade associations (continuous dialogue and regular meetings)	Organisation of and participation in conferences in the areas of research and innovation where the technical knowledge and skills of the Bitron Group are required.
Trade Unions (continuous dialogue and regular meetings)	Involvement and regular dialogue with trade union representatives to negotiate working conditions and employee welfare (welfare systems).

In continuity with previous years of reporting, the contents of this Report were defined by a materiality analysis, updated during the year 2022 which made it possible to identify the aspects that reflect the most significant economic, environmental and social impacts for the Group and which substantially influence assessments, decisions and the ability to create value for itself and its stakeholders, in the short, medium and long term.

For the purposes of updating the 2022 materiality matrix, the material issues were assessed by top management in a workshop, where participants evaluated the relevance of each issue, considering its impact and its prospective relevance for the Bitron Group and especially for its stakeholders. For the 2023 reporting period, the Group is committed to direct and participatory stakeholder engagement activities in order to detect their priorities regarding the main areas of sustainability in order to integrate them into its materiality analysis. The Group will be working hard on the themes that have emerged as issues over the years to come, with the aim of continuous improvement.

THE BITRON GROUP MATERIALITY MATRIX



In line with the GRI 2021 Standards, the analysis of material issues was conducted to assess the positive and negative impacts that affect (actual) or could affect (potential) the company along its value chain and are generated towards the environment, people and the economy, through the performance of its activities, always considering its business model, the characteristics of the context and stakeholder expectations. Below, the organisation's impacts within its day-to-day activities were identified.

	Subject matter	Impact	Description of the impact	Nature	Current / Potential
Responsibility towards the environment	Atmospheric emissions and climate change	Generation of direct and indirect GHG emissions (Scope 1 and 2) and Climate Change issues	Contribution to climate change caused by direct and indirect energy GHG emissions, linked to the activities carried out at the Group's offices and sites.	Negative	Current
	Water resource management	Consumption of water resources	Use of water in its production processes with repercussions on the availability of water resources	Negative	Current
	Energy consumption management	Energy consumption	Consumption of energy from renewable and non-renewable sources, with consequent negative impacts on the environment and consumption of natural gas for heating and cooling.	Negative	Current
	Waste Management	Waste generation	Environmental impacts of hazardous and non-hazardous waste generation and disposal	Negative	Current
	Sustainable use of raw materials and circular economy	Depletion of natural resources	Use of natural resources with consequent reduction in their availability	Negative	Current
Ethics, integrity and	Cybersecurity and data and information security	Cyber security of data, information and IT infrastructures and protection of sensitive data	Negative impacts resulting from a lack of cybersecurity of IT infrastructures and insufficient protection of sensitive data and information.	Negative	Current

	Ethics, business integrity and fight against corruption	Creating a culture of business ethics	Awareness and dissemination of a culture of ethics, fairness and inclusion, respect for human rights by management, employees, business partners and other stakeholders	Positive	Potential
	Corporate Governance	Corporate Governance	Non-compliance with applicable laws, regulations, internal and external standards, with indirect economic impacts on stakeholders	Negative	Potential
	Economic performance and economic impacts	Generation and distribution of economic value	Direct and indirect positive economic impacts generated by the organisation through its business activities for employees, local communities and other stakeholders	Positive	Current
Product responsibility	Product quality and safety	Non-compliance in the field of health, environment and product safety	Negative impacts on the health and safety of product users and the environment due to lack of or inefficient traceability of product quality and safety and controls on the use of hazardous substances throughout the value chain.	Negative	Potential
	Research & development and sustainable product innovation	Development of sustainable and innovative product design	Promotion of sustainable product design, including through investment in research and development, to reduce their environmental impact	Positive	Potential
Social responsibility	Customer relations and satisfaction	Failure to satisfy customers and their expectations	Customer dissatisfaction in terms of the quality of the product or service provided, including non-delivery or delay.	Negative	Potential
	Sustainable supply chain management	Cases of human rights violations within the organisation and its value chain	Failure to share a culture of human rights protection throughout the value chain and to improve the social performance of customers and suppliers	Negative	Potential
		Creation of a certified supply chain	Methods and procedures for tracing the source, origin or production conditions of raw materials and finished products	Positive	Current
Responsibility towards people	Health and safety at work	Accidents in the workplace	Accidents or other incidents in the workplace with negative consequences for the health of direct employees or external collaborators	Negative	Current
	Diversity, inclusion and equal opportunities	Discrimination in terms of responsibility, compensation and career advancement	Negative impacts on employee satisfaction and motivation due to incidents of discrimination or other non-inclusive practices.	Negative	Potential
	Employee well-being and welfare	Failure to meet employee expectations in terms of well-being	Adoption of practices in terms of well-being that do not meet employees' expectations, with consequent impacts on satisfaction and increased turnover	Negative	Potential
	Human capital development	Development and enhancement of workers' skills through training activities	Improvement of workers' skills through training and professional development activities, generic and technical programmes, also linked to personalised growth and evaluation objectives (e.g. career development plans)	Positive	Current
	Attraction and talent management	Talent Attraction & Retention	Search and selection of young talent and the company's attractiveness to train and develop talent	Positive	Current

Economic

performance



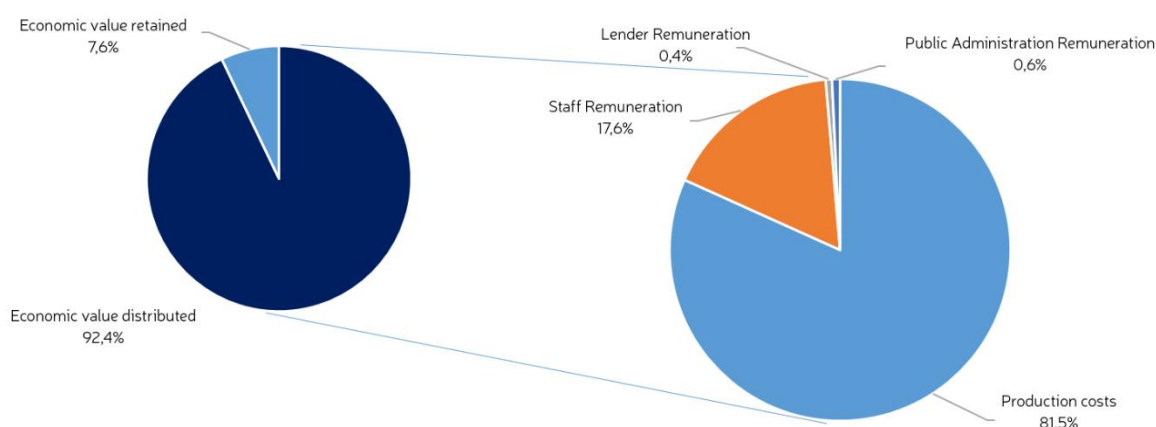
The economic value generated and redistributed

During the financial year just ended, the Group's policy continued to develop its industrial activities in foreign countries, particularly in Mexico, Poland and China, where it stepped up investments in the production of electronic components for the relevant markets. During the reporting year, the Group consolidated its post Covid-19 pandemic recovery, which had already begun in the previous year, increasing its overall turnover by 16.8%, with growth spread across all market sectors in which it operates, particularly in the HVAC and Automotive sectors. However, mainly due to the conflict which broke out in February 2022 with Russia invading Ukraine, the markets saw a further rise in production costs, especially for raw materials and energy, which did not allow for a recovery in profitability as well, which remained at the same level as the previous year. As a demonstration of the solid foundations built over the years, the Bitron Group has once again demonstrated its ability to react to challenges proactively, making the most of the Group's organisation, market diversification and acquired skills, also thanks to the constant search for innovation, continuous cooperation with our customers and the acquisition of new suppliers.

Economic value is important, if not essential, to ensure the Group's preservation over time and, therefore, its sustainability. It is the business economic impact which benefits the main categories of stakeholders. The economic value generated and distributed expresses, in monetary terms, the relationship between the Bitron Group and the socio-economic system of reference, assessed in terms of economic impact, and the ability to create and distribute wealth among the main categories of stakeholders such as staff, shareholders, lenders, the community and the public administration, i.e. all the stakeholders with whom it deals in the course of its daily activities.

During 2022, the economic value generated by the Bitron Group amounted to €1,488,972 thousand of euros, of which €1,383,016 thousand of euros was distributed to stakeholders and €105,958 thousand of euros was retained by the company. The following is an analysis of the distribution of the economic value generated by classifying items as required by GRI standards. As can be seen, almost all the value generated coincides with revenues from sales and services (92,9%), with a small proportion (7.1%) from other revenues and income. With regard to the distribution of this value, excluding what the Bitron Group retains for itself in the form of provisions, depreciation and amortisation and profits, it should be noted that all resources are distributed in the form of staff remuneration (16.9%), production costs (81.7%), remuneration of lenders (0.6%) and remuneration of the public administration (0.8%).

ECONOMIC VALUE GENERATED AND DISTRIBUTED IN 2022



Economic value generated by the group	2022	2021
	THOUSANDS OF EUROS	THOUSANDS OF EUROS
Revenues from sales and services	1.362.581	1.167.074
Increases in fixed assets for internal work	2.745	9.437
Changes in inventories of work-in-progress, semi-finished and finished products	8.198	12.093
Changes in contract work in progress	-217	-356
Changes in inventories, raw, ancillary and consumable materials and goods for resale	33.280	29.299
Other income	75.847	65.998
Other financial income	581	351
Income from shareholdings	0	0
Revaluations from derivative financial income	8	0
Devaluations from derivative financial instruments	0	-9
Foreign exchange gains/losses	5.949	8.834
Directly generated economic value	1.488.972	1.292.721

Economic value distributed and retained	2022	2021
	THOUSANDS OF EUROS	THOUSANDS OF EUROS
Production costs	1.130.284	972.997
Raw material costs	903.388	772.762
Costs for services and use of third party assets	206.868	191.598
Other operating expenses	20.028	8.637
Staff remuneration	234.006	209.666
Staff costs	234.006	209.666
Remuneration of lenders	8.242	5.076
Financial charges	8.242	5.076
Shareholder remuneration	26	1.814²
Profit distribution for the year	0	1.778
Profit (loss) of third parties	26	36
Public Administration Remuneration	10.457	6.666
Income tax	10.457	6.666
Community Remuneration	0	0
Donations, sponsorships and partnerships	0	0
Economic value distributed	1.383.016	1.194.405

2 After improving the reporting system, the data on 'Economic Value Generated and Distributed' were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report.

Economic value distributed and retained	2022	2021
	THOUSANDS OF EUROS	THOUSANDS OF EUROS
Result of the year as reserves	42.266	37.472
Depreciation	62.644	56.360
Provisions for risks	1.048	2.669
Economic value retained	105.958	96.501

In 2022, the turnover of the Bitron Group grew by 16.8% equal to €195.5 million compared to the previous year. In the reporting year, revenue growth was significant in all business sectors, with a peak of 25.2% in the 'HVAC' sector. The consolidated net revenue trends by type of market compared to those of the year 2021 are shown in the table below:

Market	2021	share %	2020	share %	Difference	in %
Auto	488,377	35.8%	390,349	33.4%	98,028	25.1%
Home appliances	535,290	39.3%	499,058	42.8%	36,232	7.3%
HVAC	150,165	11.0%	119,924	10.3%	30,241	25.2%
Energy	188,749	13.9%	157,743	13.5%	31,006	19.7%
Total	1,362,581	100.0%	1,167,074	100.0%	195,507	16.8%

The changes in turnover in the individual sectors can be summarised as follows: the Energy market recorded an increase in turnover of 19.7% or €31 million, as a result of new orders mainly from abroad; the Automotive market grew by €98 million (+25.1%), while the Household Appliances market recorded higher sales of €36.2 million (+7.3%); the HVAC sector grew by 25.2% with an increase in turnover of €30.2 million. The distribution of the Group's turnover by sector remains concentrated in the Automotive and Eldom sectors, which account for 35.8% and 39.3% of total turnover respectively, while Energy remains constant at 13.9%; the HVAC sector rises to 11.00% of total turnover.

Revenues from sales and services broken down by segment are shown in the table below.

REVENUES FROM SALES AND SERVICES BY GEOGRAPHICAL AREA								
COUNTRY	YEAR 2022						YEAR 2021	
	TOTAL	%	ELDOM	AUTO	HVAC	ENERGY	TOTAL	%
Italy	384,239	28.2%	22.5%	22.8%	16.3%	38.4%	320,739	27.5%
Poland	131,746	9.7%	76.3%	16.6%	7.1%	0.0%	125,760	10.8%
Germany	124,150	9.1%	56.6%	39.3%	2.1%	2.0%	97,783	8.4%
France	57,037	4.2%	2.3%	95.6%	2.0%	0.0%	49,819	4.3%
Spain	45,801	3.4%	19.7%	67.0%	0.1%	13.2%	38,597	3.3%
Czech Republic	22,942	1.7%	52.5%	47.5%	0.0%	0.0%	19,446	1.7%
Slovakia	15,033	1.1%	54.1%	44.8%	1.1%	0.0%	15,239	1.3%
Netherlands	13,345	1.0%	0.2%	2.5%	97.2%	0.0%	12,692	1.1%
Other EU	52,374	3.8%	31.1%	44.5%	18.2%	6.2%	38,585	3.3%
EU total	718,660	61.6%	36.7%	33.7%	9.2%	20.4%	625,249	63.3%

China	152,871	11.2%	26.4%	63.1%	9.9%	0.7%	119,857	10.3%
Turkey	118,024	8.7%	59.5%	14.1%	26.4%	0.0%	104,839	9.0%
USA	111,980	8.2%	48.7%	29.3%	1.2%	20.7%	84,818	7.3%
Mexico	54,951	4.0%	34.7%	64.8%	0.5%	0.0%	45,270	3.9%
Russia	7,647	0.6%	79.8%	7.0%	13.1%	0.1%	21,913	1.9%
Other non-EU	70,439	5.2%	57.4%	4.1%	31.4%	7.1%	71,717	6.1%
Total non-EU	515,913	37.9%	44.7%	39.6%	10.0%	5.7%	448,414	38.4%
Total	1,362,581	100%	39.3%	35.8%	11.0%	13.9%	1,167,074	100%

As mentioned above, 2022 sees a 'double-digit' recovery in all sectors, except for household appliances, which is still growing compared to the previous year's levels. Geographically, the increases in turnover concern the Group's main markets, with an increasingly important growth in non-EU markets, which maintain a 37.9% share. Particularly significant was the growth in sales in the USA (+32%), which became the Group's sixth largest market and the third largest outside the EU; significant growth also occurred in the Italian market (+19.8% or +€63.5 million), Germany (+27% or +€26.4 million) and China (+27.5% or +€33.0 million).

Investments

Investments in tangible assets for the year, net of disinvestments, totalled €84.7 million (+34.7% compared to the previous year). Demonstrating the Group's continuous innovation, the most significant part of investments was devoted to the 'plant and machinery' (€45.1 million) and 'industrial and commercial equipment' (€4.4 million) categories. Tangible investments as a percentage of net revenue amounted to 6.2%, a slight increase from the previous year (5.4%). Investments in intangible assets net of disinvestments amounted to €4.1 million, slightly down on the previous year (€4.9 million); capitalised costs mainly refer to product development projects and costs related to the 'SAP' project.

A further investment area of strategic importance, in which the Bitron Group invests as part of its value, is Research and Development.

The R&D workforce at the end of the financial year 2022 amounted to 479 employees or 7.8% of the total workforce, slightly down by 21 employees over 2021. Design and development costs are normally expensed in the year in which they are incurred. However, development expenses in the amount of €2.1 million were capitalised during the year, as the requirements were met, mainly with concern to the subsidiary Bitron SpA and the subsidiary Bitron España. They refer to development costs with long-term utility incurred on projects related to products for which customer orders have been acquired with sufficient profit margins to cover the amortisation of capitalised costs.

The main projects initiated and/or implemented during 2022 were:

1. infrastructural interventions aimed at reducing environmental impact and improving safety in the plants of:
 - a) demonstrating the Group's growth, major investments were made in expanding the production facilities in Mexico, China and Poland; work started in 2021 and was completed during the reporting year. Specifically, the production area of the electronics division's plant in Mexico was doubled, and two new production plants were built in China and Poland, which will focus on the production of charging stations for electric cars. The plants were designed to reduce energy consumption both in terms of lighting and heating and cooling of the areas. In particular, the factory in China is equipped with a modern heat pump system with vertical geothermal probes for the building's environmental conditioning;
 - b) Alatri unit - works were completed on the new building, such as ceiling insulation, thermal insulation, installation of new window frames and LED lighting system both inside the building and outside. In addition, a photovoltaic system was installed on canopies above the roof of the new building, with a peak power of about 320 kWp, which will produce 400 MWh per year when fully operational, allowing a reduction in grid withdrawal and CO2 emissions. The share of self-generated renewable energy ensures coverage of about 15% of the building's needs;

- c) at the production unit in Turkey, a photovoltaic system with a capacity of 447 kWp was installed and commissioned at the end of 2022 on the roof of the plant.
- 2. A significant part of the investments was allocated to the development of the Group's information systems and Digital Transformation initiatives; An important project that started in 2021 and is still underway is the implementation of the SAP intelligent management system, to make the management of the Group's financial data more efficient. Other major investments were made to improve the safety of production lines, equipment and for technological innovation (purchase of new machinery) in all Bitron Group production facilities. Particular attention continues to go on modernising the Group's IT infrastructure to safeguard data security.



Focus on the product and customer

Focus on the product and customer

Quality, innovation and safety are the core values of the Bitron Group. The diverse and varied range of products offered for the Household Appliances, HVAC, Automotive and Energy markets is entirely developed according to the principles of quality, safety, efficiency and sustainability.

The Bitron Group is aware that every company, regardless of its size and areas of activity, is part of an increasingly globalised system which it impacts and is impacted by. The resources it uses, and particularly natural resources, belong to a single planet which we must all strive to safeguard and protect. It is a vision geared towards the future because the turnover or the balance sheet is not only what matters, but the potential to produce ever better results without impacting the ecosystem of our planet.

The Group wants to play a leading role and generate value by finding innovative solutions that enable it to understand and respond to the complexity of the context in which it operates. It is now part of the company's DNA to design the product using a methodology based on the principles of eco-design and the circular economy to reduce the impact of its products throughout their life cycle. Optimising the design of products in accordance with environmental parameters allows designers to evaluate possible alternatives to the materials used, to become aware of the impact of different solutions in terms of CO₂eq emitted and the potential capacity to recycle or reuse materials at the end of their life. These tools, now included in the product development process as a business strategy, not only demonstrate the Group's environmental awareness, but also enhance its competitiveness.

All raw materials used by the Group comply with legislation on chemicals, product certification and in particular the following non-exhaustive legislation and standards:

- [Directive 2011/65/EU - Restriction of Hazardous Substances 'recast' \(RoHS\)](#): issued by the European Parliament and the Council, concerns restrictions in the use of certain dangerous substances, such as lead, mercury, cadmium, chromium, polybrominated biphenyls, polybrominated diphenyl ethers and some phthalates within electrical and electronic equipment (EEE). The aim is to protect human health and the environment, including provisions on the recovery and environmentally sound disposal of EEE waste;
- [Directive 2011/37/EU - End of Life Vehicles \(ELV\)](#): issued by the European Parliament and the Council, it concerns the restriction of the use of lead, mercury, cadmium and chromium during the manufacturing process of vehicles and car components. The aim is to limit the production of waste from end-of-life vehicles and to increase the recovery and recycling of end-of-life vehicles;
- [Regulation 1907/2006/EU - Registration, Evaluation, Authorisation and Restriction of Chemicals \(REACH\)](#): issued by the European Parliament and the Council, it establishes an integrated system for the registration, evaluation and authorisation of chemicals which aims to ensure a higher level of protection of human health and the environment;
- [Waste Framework Directive 2008/98/EC \(WFD\)](#): which introduced in Article 9 the obligation for Member States to promote the reduction of the content of hazardous substances in materials and products in order to increase quality recycling and to ensure that any vendor of an article provides ECHA with the information referred to in Article 33(1) of Reg. REACH, as of 5 January 2021, through the database (SCIP DATABASE), accessible from the ECHA website;
- [ISPM15 International Standards For Phytosanitary Measures No. 15](#): Regulation applying to exports outside the European Union of raw wood packaging with a thickness greater than 6 mm. Through the proper application of phytosanitary measures, the aim of the standard is to reduce the spread of harmful organisms from one continent to another;
- [Directive 94/62/EC on packaging and packaging waste](#): aims to harmonise national measures and reduce the impact of packaging through recovery and recycling;
- [UL 94 Standard](#): US standard that requires testing of the flammability characteristics of plastic materials for parts inside devices and equipment;
- [IEC/EN 60335-1](#): European standard for the safety of electrical household appliances which sets out flammability and ignitability tests when using the appliances and linked to the intensity of the current;
- [Regulation 10/2011/EU](#): regulation concerning plastic materials and articles destined to come into contact with foodstuffs, which has been made in order to ensure their use under the safest conditions;
- [Regulation 1935/2004/EU](#): concerning materials and articles intended to come into direct or indirect contact with foodstuffs, as well as providing the basis for ensuring a high level of protection of human health and consumer interests;
- [Regulation 2023/2006/EC](#): on good manufacturing practices for materials and objects intended to come into contact with food products;
- [IPC standard for electronic components](#): a standard that provides training activities delivered to Bitron employees working in the electronics industry to adopt this certification.

In addition, the Bitron Group undertakes to purchase and use only pallets and packaging certified by the *Forest Stewardship Council* (FSC) or by the *Program for Endorsement of Forest Certification schemes* (PEFC), which guarantee the traceability of materials coming from FSC/PEFC certified forests according to criteria aimed at the responsible management of forests and plantations.

The Bitron Group is always on the lookout for competition from newer, more agile and smarter companies, social changes, the increased diffusion of new technologies and innovative strategies with which it is necessary to adapt in order not to fall behind; all this has made the Group more people-oriented, more agile, leaner and more attentive to the needs of its customers, as well as capable of adopting and exploiting the opportunities of technological advancement to its advantage in order to change its status and improve profits through the introduction of new strategies and services. “*Digital Transformation*” is certainly a complex process to respond to the demands of digital change. The COVID-19 pandemic, supply issues, and unstable geopolitical situations have increased the importance of achieving digital transformation goals, prompting the Group to accelerate its entry into the digital world of ‘Industry 4.0’ to cushion the impact on its performance. Because of the increasing importance that digital technology plays in each of these areas, the Group has pushed itself to proactively address potential digital risks and to preserve and protect its data. Equipping oneself with a new digital core is no longer an option, but an obligation to remain competitive on the market.

The ‘*analytics*’ skills and technologies acquired by the Group’s Electronics Division, over the past few years, triggered the acquisition of information and the transformation of raw data into valuable information for corporate *decision makers* processed in the cloud through a rational database system on a management platform. All this generates an incredibly larger amount of data than a few decades ago: ‘*Big Data*’, huge volumes of heterogeneous data by source and format, cross-cutting business processes, analysable in real time, used for not only descriptive but, above all, predictive analyses.

For the Group, innovation is focused on creating technological solutions that not only constantly improve the production performance and reliability of its products, but also use production machinery that relieves the operator of physical and mental strain in order to ensure his or her well-being and safety in the workplace. For this reason, in the production departments of each plant, particular attention is paid to ergonomics, the reduction of noise, dust and/or emissions and the correct lighting of the workstation.

In addition to compliance with hazardous chemicals legislation, the Group is committed to sourcing from ethically responsible sources and supporting Conflict Minerals legislation, which aims to support local communities in politically unstable areas, where armed groups often use forced labour to extract minerals and natural resources, and then use the proceeds to finance their illicit activities.

The Group uses system certifications to guarantee high standards of quality, environmental protection, social protection and the protection of information and the health and well-being of its people. In particular, reference is made to ISO 9001, IATF 16949, ISO 14001, ISO 45001, ISO 50001, ISO 27001 and TISAX standards respectively, the details of which are given below.

BITRON GROUP CERTIFICATIONS

The management systems adopted by the Group are shown below by company and plant.

GROUP COMPANIES	PLANTS	QUALITY	ENVIRONMENT	HEALTH AND SAFETY	INFORMATION SECURITY
BITRON INDUSTRIE S.p.A. (HEADQUARTER)					
ELBI INTERNATIONAL S.P.A.	ELBI INTERNATIONAL				
BITRON S.P.A.	ALATRI UNIT	 			
	CORMANO UNIT				
	DRONERO UNIT				
	GRUGLIASCO UNIT	 			 
	ROSSANA UNIT	 			
	SAVONA UNIT	 			

GROUP COMPANIES	PLANTS	QUALITY	ENVIRONMENT	HEALTH AND SAFETY	INFORMATION SECURITY
BITRON ESPAÑA S.A.	BITRON ESPAÑA	 			
BITRON ELEKTROMEKANIK LTD STI	BITRON TURKEY	 			
BITRON POLAND S.P. Z O.O.	BITRON ELECTROMECHANICAL UNIT				
	BITRON POLONIA ELECTRONIC UNIT	 			
BITRON INDUSTRY CHINA CO. LTD	BITRON IND. CHINA	 	 		
BITRON ELETTRONIC CHINA CO. LTD	BITRON ELETTRONIC CHINA	 			
BITRON CHINA CO. LTD	BITRON CHINA				
BITRON MEXICO SA DE CV	BITRON MEXICO ELECTROMECHANICAL UNIT	 			
	BITRON MEXICO ELECTRONIC UNIT	 			

Innovation and development

Over the years, the Bitron Group has embarked on a path of continuous evolution and innovation that has made it one of the most advanced companies in the sector. One of the main factors in the Group's success is its flourishing R&D activity aimed at identifying new technologies and innovative product lines, together with new production processes capable of meeting the needs of an increasingly attentive and diversified clientele and maximising competitiveness in the market.

The Group's commitment to continuous innovation is supported by four technical research centres that are involved in the development of new products and technologies, resulting in improved product performance and, in terms of eco-design, the reduction of resource consumption and environmental impact resulting from, for example, atmospheric emissions and water consumption. Particular importance is given to the design choice of recyclable or reusable materials at the end of the product's life.

Product quality and safety are considered immediately from the design phase, during which advanced preventive techniques are employed. An example of this is the use of *rapid prototyping* used by Elbi, which simplifies product development by integrating rapid prototyping into the design, testing and validation phases: the possibility of testing the shape and fit of components by manufacturing small quantities of machined or 3D-printed parts; prototypes are ready within a few days to allow rapid changes to be made to the model early on in the development process; evaluation of timely corrections to the design even before the pre-production phase begins.

In addition, the Group has long since implemented real-time monitoring of production, reliability and quality parameters throughout the production process. The combination of *information technology* and operational technology has led to the digitisation of production systems, allowing data to be processed on specific applications both locally and in the *cloud*, ensuring faster and more efficient data analysis and real-time updates, even remotely.

For decades, the Group has grasped the benefits and the opportunities of evolving its companies by taking different paths. For example, in recent years it has maintained industrial machinery that is still performing in its production capacity and added the typical functionalities of 'Industry 4.0' in a sustainable way. The digitisation of the production processes, which began in the past few years, of the plastic injection presses present in all the companies where there are in-house mouldings, has been a major technological challenge which has brought great benefits not only from a managerial point of view, but also in terms of consumption due to increased productivity. Most plant production lines use collaborative robots that work alongside staff, sometimes even without safety guards, allowing them to optimise space and relieve operators of heavy, un-ergonomic tasks in harmful environments.

All of which demonstrates how the Group has now embarked on the path as a leading player in 'Industry 4.0', without ever abandoning its environmental policy and, above all, the protection of the health and safety of its workers.

In order to implement the Group's strategic vision, all development, research and innovation activities are focused on precise themes and innovative and sustainable pillars:

- use of raw materials with a lower environmental impact
- minimisation of components
- introduction of innovative solutions geared towards the circular economy
- less use of packaging materials

Research projects, in order to be validated by the Group's technical competence centres, have to consider these fundamental pillars.

The Group's technical departments carry out robust design in accordance with statutory, regulatory and customer requirements. Product and process audits are also planned according to the product risk analyses meeting the requirements of the *Design Failure Mode and Effect Analysis* (DFMEA) and the *Process Failure Mode Effects Analysis* (PFMEA), which are used by the organisation to identify and assess the potential risks of failures in the design of a product and its process respectively. In addition, the product certifications most in demand on the market, and held as such by the Group, are:

- UL and CSA, which attest to the conformity of electrical and electronic items with standards or American essential safety requirements;
- VDE, a German body that certifies compliance with manufacturing and quality criteria;
- ENEC (European Norms Electrical Certification), which certifies compliance with a set of harmonised electrical safety standards for electrical and electronic equipment;

- WRAS, KTW, NSF and MOCA, applicable to 'materials and articles in contact with food and drinking water'. These objects are regulated by national, European and international measures.

During the product design process, comparisons are also made with the internal regulatory department and the compliance department for mandatory issues.

As a corollary to the above, the Group applies specific procedures and internal reference documents that are continuously updated and evaluated in order to adapt the management system to new European and international regulatory developments, as well as to the specific requirements of its customers.

The constant updating of products and processes is therefore one of the fundamental values that animate the company and make it one of the most competitive players at an international level. In this sense, the ability to meet the challenges of innovation in the international context characterises the Group's action, making it progressively more integrated and sensitive to market changes.

To actively contribute to technology development research, the Group promotes continuous cooperation with other players in the sector through networks and working projects that bring together experts, research centres and universities in Italy and abroad. Major technology partnerships include those with the Turin Polytechnic University, the University of Salerno and Turin, and MESAP industrial centre in Italy and abroad with the Gheorghe Asachi Technical University in Iași, to name but a few. In addition, the Group is a member of various national and international industrial consortia and associations that facilitate and invest in industrial research in the automotive, production systems and manufacturing industries.

Initiatives to acquire specific skills necessary to improve performance in the sustainability area were initially carried out in the centralised research and development area of the Electronics Division and then extended to other areas of the automotive sector which can count on the experience of dedicated professionals, mechanical designers and software developers who work together with other professionals inside and outside the Group. Important collaborative experiences have been carried out with new professional figures able to project manage the life cycle of a product in order to prevent and reduce its impact on the environment through the application of specific design methods, the use of eco-innovative materials and the use of eco-design criteria guided by the principles of environmental sustainability and circular economy. As proof of the commitments just described, the design of the Electronics Division is annually reviewed according to the contents of the ISO 14006:2020 guideline for the design and development of electrical and electronic equipment for the Energy market, with the integration of ecodesign principles into the environmental management system.

The Electronics Division continues to drive forward with great success, the standard production and service line of multistandard fast charging stations for electric vehicles and the new production of smart meters and accessories developed specifically for digitised power distribution networks. In 2022, the Group saw its target market for electric car charging stations and wallboxes expand in America and Europe thanks to the acquisition of new orders and customers. Further demonstrating the Division's design capabilities, new partnerships began during the year, both with customers specialising in the gas distribution business for the design and production of smart meters and with customers operating in the residential home automation sector for the design and production of home security and intercom products.

In line with the Group's sustainable commitment, CFP (Carbon Footprint) activities and LCA (Life Cycle Assessment) studies continued on the new electricity meters measuring energy consumption in order to manage and communicate the carbon footprint of its products.

Thanks to the CFP and LCA assessments carried out, the reference customer is able to use the *Environmental Product Declaration (EPD)*, the voluntary product certification framework required by European environmental policies and derived from the ISO 14020 series of standards. The certified EPD enables objective, comparable and credible information on the environmental performance of products to be communicated.

The analysis and measurement of CO_{2e} of the products under evaluation allow the definition of measures and offsetting strategies according to the relevant ISO standards to reduce and neutralise emissions that contribute to the greenhouse effect and global warming (GWP) generated by the production of components.

The automotive segment stands out for the innovation of new products developed by the technical departments, demonstrating their agility and flexibility in responding to their customers' demands.

The new generation of 'door switches' for vehicle interiors with 'tactile key' and 'joystick knob' capacitive sensors with innovative 'magnetic passive haptic' technology are an example of the integration of multiple future innovations: *haptic* or tactile technology allows the user to perceive a more sensitive tactile sensation when interacting with the joystick knob controls, a 3D tactile experience; the user applies forces, vibrations or movements to a special magnetic sensor that transfers the information to the control units, which in turn control actuators such as the positioning and folding of rear-view mirrors.

Resulting from the experience and strong innovative drive, during the year, new studies and prototypes with future HMI (Human Machine Interface) technology, which will make the vehicle cockpit increasingly interactive, were carried out to test and validate a complete cockpit HMI design, including virtual displays and actuators, using a wide range of soft lighting, eye and finger tracking and haptic feedback. Bitron's new 'touch TFT displays' make the vehicles of the future a reality.

As usual, this year too the Italian factories hosted their customers in days dedicated to new technologies, where all the new innovations made to Bitron products were illustrated. The most innovative products, which have seen increased customer interest, range from the most sophisticated seat and steering wheel controls, to interior sensors, to the latest Smart Charging Port for luxury models; all for maximum driving comfort.

The Group's active participation in the Italian 'Borgo 4.0' project financed and approved by the Campania Region in late 2020 has continued. A strategic development plan for the Technological Platform for Sustainable and Safe Mobility, the project is the strategic integration of research and development, technological innovation, experimentation of new models and new mobility technologies involving 54 companies, including Bitron, 5 Campania universities with public research centres and the CNR for a total investment plan of more than 76 million euros, including 27 of which come from private co-financing by companies. The operational headquarters of the activities will involve the town of Lioni (AV), which will be transformed into the smart road for sustainable and intelligent mobility in Upper Irpinia, and will be the centre of this supply chain project promoted by Anfia and implemented with the involvement of a public-private partnership. During the year, the 'smart mobility factory' project continued, heading towards a future made up of 5G cabling in the city, as well as the creation of intelligent roads capable of allowing the experimentation of autonomous driving, the reconversion of the road system, the creation of a real educational laboratory dedicated to road safety and education, interventions for the efficiency of public lighting, the improvement of road safety through ICT technologies and the scientific research relating to the use of hydrogen as a fuel.

Thanks to the continuous collaboration between research centres and universities dedicated to electronics and mechanical technologies, driven by the competitiveness of the electronic and mechatronic sensor sector and the Group's ability to innovate and leverage its know-how, the production of new projects is expanding, integrating mechanical components with simpler and cheaper sensors, which make their application possible in a wide range of devices and equipment for both the automotive and household appliance markets. The primary objective remains the improvement of environmental impact both during production and at the end of the product's life.

In 2022, the Group continued its commitment to actively participate in European projects aimed at creating innovation for industry, contributing its know-how and collaborating with other organisations from across Europe.

Focus on product quality and safety

The Bitron Group constantly invests in the world of software, technology and advanced services, developing solutions, production processes and products designed in line with customer requirements and needs.

The protection of product quality has always been at the heart of the policies implemented by the Bitron Group, which has adopted an ISO 9001 certified quality management system for nearly three decades (with the sole exception being Bitron China Co. Ltd). In addition, the Group has since the early 2000s adopted the ISO TS16949 standard specifically for the automotive sector, which later evolved into the IATF 16949 standard and extends the objectives already set out in ISO 9001 with a view to constant and continuous improvement. The company's organisation has always been geared towards the quality and safety of its products.

As evidence of the attention paid to the quality of its products and to customer satisfaction, it should be noted that the plants in Alatri, Grugliasco, Rossana and Savona and all foreign plants (except Bitron Poland Electromechanical Unit and the Bitron China Moulding Unit) have adopted the IATF 16949:2016 standard, the most widespread international standard for the development of Quality Management Systems in the automotive industry.

In order to guarantee full compliance with the provisions and standards required by the above-mentioned system and product certificates, the Bitron Group uses a well-organised and composite structure to verify the quality of its processes and

products. In particular, there is a Purchasing Department and a Quality Department with the key figures of Quality Manager, Quality Customer Care, Quality System Responsible, Quality new Launches, Quality Process, Quality Incoming Inspection, Quality Laboratory and Quality Product Analysis. The two departments are responsible for purchasing materials for production and for supervising and verifying that they meet the highest standards of quality and safety. As a further control tool, each plant has local *buyers* who are responsible for purchasing raw materials related to their product line and key figures who are responsible for applying internal quality control procedures to ensure that the procedures issued by the central Quality Management are correctly applied.

In carrying out its functions, the Quality Department emphasises the monitoring of key aspects related to the activities carried out in order to ensure continuous improvement in performance. The constant evolution of increasingly automated production lines, especially in the electronics sector, and the search for excellence in the choice of raw materials are constant challenges for the Group, as they require the development of cutting-edge technologies skills to manage them.

As an integral part of its efforts, the Quality Department monitors activities related to the internal production process and at the Group's suppliers, including planning and carrying out *audits* and *site visits*.

Customer focus and satisfaction are the basis of a strategic approach implemented through the organisation and control of the supply chain. An analysis of overall vendor performance ratings (vendor rating) is pursued in order to verify whether the results fully meet the customer's requirements/needs. The Plant Quality Department analyses reports on customer complaints and interventions carried out by the specialised technical staff of the Customer Service department. Meetings are periodically held within each production unit and are attended by all the company departments involved in reliability issues and evaluation of Bitron's work (Quality, Service, technical areas, Plant Manager, etc.), with the aim of assessing performance and identifying areas for improvement in order to foster quality growth.

Demonstrating its ongoing commitment to the continuous improvement of its performance, the Group's Electronics Division has already effectively implemented a Product Lifecycle Management (PLM) platform in 2019 to improve product lifecycle management through a software solution that enables the integration of data, processes, business systems, in synergy with the technical, purchasing, quality and production departments. The 'Team Center' PLM platform enables efficient and effective management of information throughout the product lifecycle from conception to design, production and service. In a strategic vision, the adoption of the PLM system also extended to the Automotive Division, is part of the company's Digital Transformation process and goes hand in hand with the concepts of *Lean production* and *Kaizen*, working methodologies implemented in the past years and progressively extended within the Group's plants, to pursue cultural change and continuous improvement along the entire value chain, from the factory to suppliers, to the end customer.

Companies in the automotive supply chain have to ensure product safety and compliance with the legal regulations on product integrity in force in their home countries.

The Group has long had professionals with expertise in product safety and integrity.

The company organisation employs resources to operate at a preventive level and to manage aspects related to environmental impacts and product safety, such as, for example, the product safety representative (PSB - *Produkt Sicherheitsbeauftragten*) for the German automotive market.

In addition to the PSB figure, a new resource with responsibility has been introduced as the automotive *Product Safety & Conformity Representative* (PSCR), who is responsible for analysing and managing the integrity of the product throughout its life cycle with objectives and requirements for safety and reliability with specific expertise in relevant regulations and risk classification and management.

With regard to product safety, all Bitron Group plants adopt policies and procedures aimed at protecting customers and eliminating cases of health and safety violations, in particular by ensuring compliance with relevant directives and regulations. As proof of this, in 2022, as in the previous year, the Group did not record any episodes of non-compliance relating to health and safety issues in its products and services.

All electronics products for the energy, household appliances and automotive markets are manufactured and tested in accordance with the inspection methods defined through shared control plans approved by the Group's customers. Each product manufactured is subjected to a complete functional check through circuit testing and in particular the:

- In Circuit Testing (ICT), performed during the manufacturing process;
- Final Verification Test (FVT): performed at the end of the process, including the product cycle as a whole.

The Bitron Group also makes use of the most modern non-invasive inspection technologies, such as the use of XRF technology equipment which is capable of simultaneously measuring the thickness and composition of alloy coatings, and advanced

diagnostic technologies such as tomography, the advanced metrological tool which useful not only for visualizing the internal geometry of the analysed component, but also to perform digital radiography of the same without damaging the component.

The development of each product in the automotive sector is instead conducted through the application of *Advanced Product Quality Planning* (APQP), a systematic and structured process to identify, define and specify results and objectives aimed at the release of products and services that meet customers' needs and expectations while ensuring expected quality levels.

Within the APQP, data can then be collected to verify the adequacy of the environmental impact and the health and safety implications of the Group's products. The APQP process is particularly useful when assessing the impact of introducing a new component, machinery or methodology into one of the Group's plants.

In general, in all sectors, environmental impacts resulting from the product development process are examined and assessed in order to reduce or eliminate them. These include, for example, the use of toxic, harmful, corrosive or environmentally hazardous chemicals (giving preference to recyclable or reusable materials), the use of new machinery or equipment that causes atmospheric emissions, refrigerant gases and the production of waste.

Customer relations and satisfaction

Customer centrality and satisfaction are at the heart of a strategic approach that starts with sustainable supply chain management and continues through all stages of the product lifecycle through advanced design consultancy services and after-sales support.

The Group promotes a 'Lean' approach and culture throughout the value chain so that all people are motivated and process flows are streamlined, timed and consistent with market demands, with the aim of increasing quality, ensuring certain delivery times and reducing waste.

Customer satisfaction is a fundamental element for the Bitron Group, which oversees the issue through constant relations with its customers and through specific tools and processes. The Group uses QUASAR, a tool for cataloguing, managing and archiving all customer complaints. Through its use, which is managed in accordance with internal procedures, together with the consultation and use of customer portals (where made available by customers themselves), the Group can effectively respond to specific customer requests.

The Bitron Group, in compliance with European and international laws, guarantees the privacy of all interested parties. In this regard, since the entry into force of Italian Legislative Decree 101/2018, which transposes the European Regulation on Data Protection and Free Movement of Data EU679/2016 (GDPR), all of the Group's European companies have updated their systems to make them increasingly compliant with the new requirements on the subject. This policy has also been extended to the Chinese and Mexican factories, by virtue of the Group's commitment on this issue.

Also in the area of information security, Bitron Industrie SpA and Bitron SpA Units in Grugliasco were specifically audited to renew their corporate certification according to ISO 27001, while the Bitron Polonia Elettronica plant achieved its first certification. The extension of the certificate to the other plants is still in progress and by 2023 the foreign plants of Bitron Electronic China and Bitron de Mexico's electronics division will be certified.

In the automotive sector, the Group's plants, driven by customer demands for proof of compliance with stringent information security requirements, have embarked on the journey to comply with the Information Security Assessment (ISA) criteria developed by the German Automotive Industry Association (VDA). The Bitron Industrie SpA and Bitron SpA Unità plants in Grugliasco maintained the TISAX (Trusted Information Security Assessment eXchange) certification. In addition, the Italian plants of Rossana, Alatri and Savona, and the foreign plants of Bitron Spain and Bitron de Mexico Automotive achieved the first certification. The companies assessed demonstrated that they had eliminated the vulnerabilities identified during the third-party audit, achieving level 3 for "Data Protection" and "Prototype protection" as reported in their "TISAX Label". With the latest certifications, all the Group's automotive plants that supply the German market comply with customer and data protection requirements.

The TISAX was created as a mechanism for exchanging and sharing information between operators in the automotive sector on the security levels present in organisations, allowing Group companies to share the maturity levels established and achieved by each plant with their customers, demonstrating the effectiveness of the controls implemented.

In accordance with the requirements of ISO 27001 and TISAX, the Group protects its own data as well as those of its customers, suppliers and stakeholders through the application of specific operating procedures to ensure the protection and non-disclosure of information. With reference to computer data, the Group has antivirus means, firewalls, and internal procedures to safeguard the same through periodic back-ups to prevent loss and aided by processes which are centrally managed by the Group's data processing centre. It is reported, that with the ever-increasing use of remote work and a constantly growing use of devices in a domestic context, greater focus has been placed on the training and information of users with the provision of specific courses illustrating the risks and their mitigation, precisely in relation to the greater confidence that everyone experiences in their domestic context, exposing them to less cautious behaviour and episodes of distraction that encourage imprudent conduct. During the year, security incidents were recorded that the ICT department handled in real-time, following the incident management process.

During the reporting year, the Group recorded a case of privacy violation and promptly took action to contain the event and limit its impacts. The breach was notified to the competent authorities, who, following the measures introduced to improve information security management, deemed it appropriate to close the case.

All of the Group plants adopt the Non-Disclosure Agreement (NDA) for the protection of information and privacy in business dealings with their customers and suppliers, so that the confidential information that is shared remains confidential and cannot be used for purposes other than those agreed between the parties.

All these policies form the backbone of the management system adopted by the Group.



The
appreciation,
development
and
protection
of our people

The key to success: our people

Sustainability means focus, responsibility and value creation within the company as well. In this sense, the Group strongly believes in the development of the professionalism of employees as a value and a key requirement for the achievement of corporate objectives. People are considered an indispensable factor for its continuous growth and for this reason it pursues the development of policies aimed at enhancing talents according to the aptitudes and specificities linked to the activities carried out, protecting diversity and responding in an increasingly attentive manner to the professional and personal needs of employees.

For the Group, the well-being and safety of its employees are indispensable to the success of the company, which is committed to developing the full potential of its people by providing a healthy and safe workplace.

The Group works to enhance people's skills and competencies, to promote collaborative, professional and mutually respectful working environments, and to protect diversity, inclusion and equal opportunities at all levels.

It also directly involves employees in a process of continuous safety improvement that identifies potential risks and promotes a culture of prevention that starts with employees' sense of responsibility towards themselves and their colleagues.

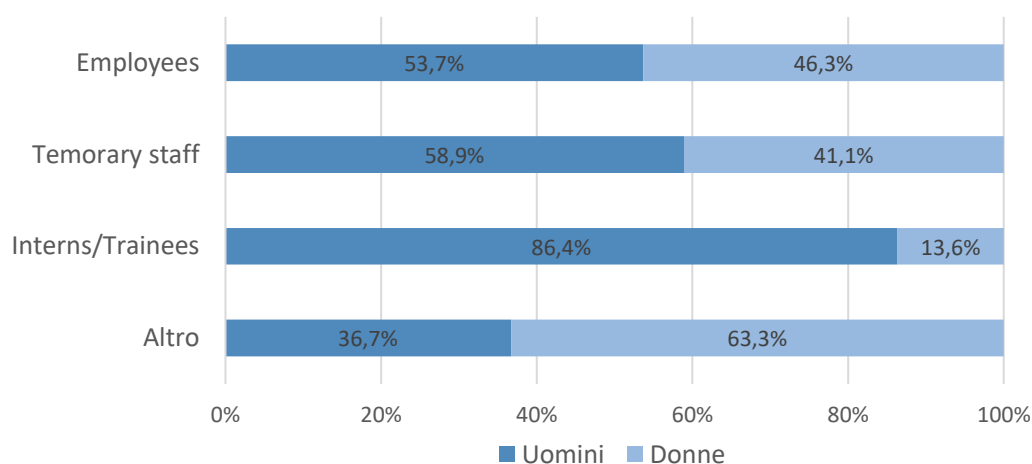
The protection of human and workers' rights within the workplace is another issue of paramount importance for the Group, which, besides its sustainability policies, makes use of two instruments: the Code of Ethics and the internal regulations of the various Group companies that govern internal rules of conduct. To ensure correct application, the two documents are handed over to and signed by all employees at the time of recruitment.

The dedication and professionalism of management and employees are considered essential values and conditions for achieving common growth objectives.

THE PEOPLE OF THE BITRON GROUP

As at 31 December 2022, the total number of Group employees was 6,107, plus 2,377 external collaborators (1,431 temporary staff, 22 trainees and 924 other categories), for a total workforce of 8,484; where the number of employees increased by about 4.7 per cent and the total workforce was stable compared to the previous year.

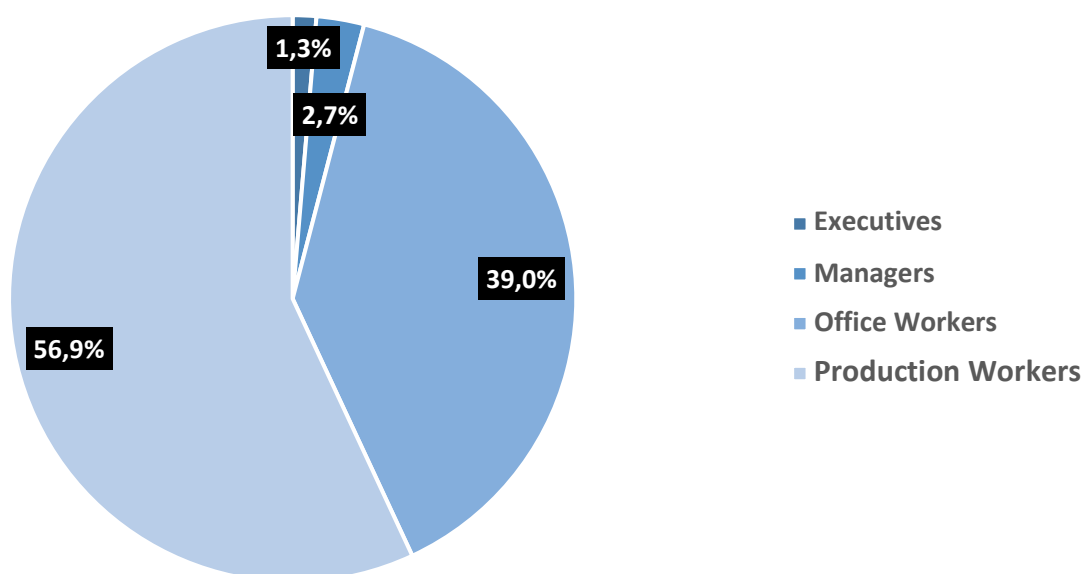
THE BITRON GROUP WORKFORCE AS OF 31 DECEMBER 2022



With reference to the breakdown of employees by professional category, at 31 December 2022 approximately 56.9% were concentrated in the blue collar category, which was largely unchanged with respect to 2021.

The white-collar workers, managers and executives account for about 39%, 2.7% and 1.3% of total employees, respectively.

EMPLOYEES BY PROFESSIONAL CATEGORY IN THE BITRON GROUP AS OF 31 DECEMBER 2022



The protection of employment and, in general, of labour is a fundamental issue for the Group, which takes commits to maintaining a stable level of employment and to contributing to the enhancement of talent in the area in which it operates. As at 31 December 2022, the Group had 5,149 employees with permanent contracts, or 84.3% of the total, 53.5% of whom were men and 46.5% women, and 958 employees with fixed-term contracts, 54.9% of whom were men and 45.1% women.

During 2022, 1,433 people joined the Group, 774 of whom were men and 659 women, with an entry rate, i.e. the ratio of the number of new entrants to the total number of employees as at 31 December 2022, of 23.5%. By favouring in particular the hiring of young people, most of the new hires in fact belong to the under-30 age group, with a total of 696 people (390 men and 306 women); in the 30-50 age group a total of 681 people were hired (354 men and 327 women), while in the over-50 age group, 56 people were hired (30 men and 26 women).

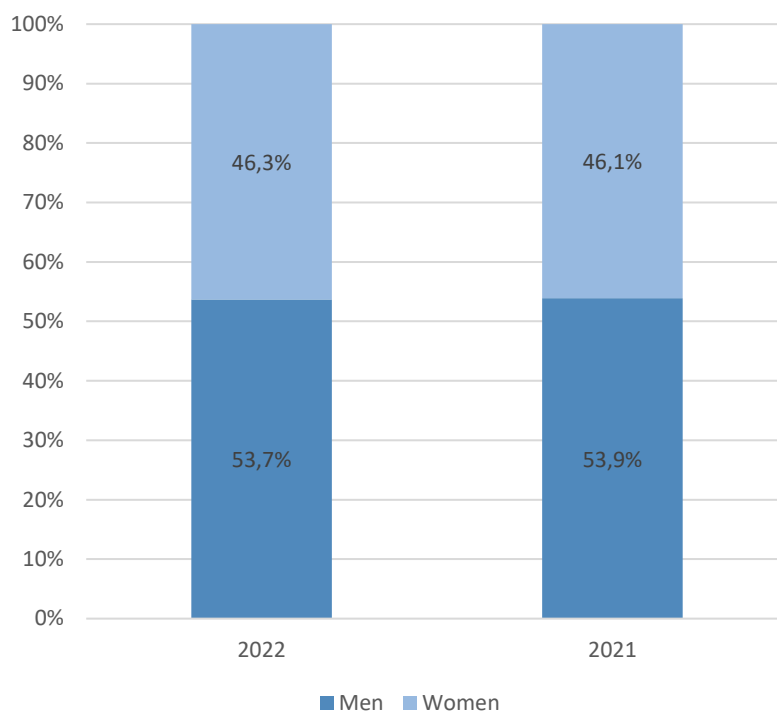
In total, entries exceeded exits, which amounted to 1,144 employees in 2022, 630 of whom were men and 514 women, with an outgoing turnover of 18.7%. The overall turnover rate as of 31 December, 2022 is 4.7%.

Diversity and equal opportunities

In managing its people, the Group is committed to defining and communicating policies based on fairness, inclusiveness and the prohibition of discrimination of any kind. Inclusion and non-discrimination are in fact core values of all human resources management policies aimed at developing the personal talents of each employee, favouring a balance between work and personal life and giving equal opportunities for work integration to people of different genders, cultures, religions, sexual orientations and psycho-physical abilities. As a demonstration of the Group's commitment to these issues, a new transversal 'Diversity & Inclusion' function was created at the end of 2022 to promote a corporate culture based on cooperation and respect, building day after day a working environment where everyone feels welcome and where employees are valued for their individual qualities, creating the conditions for them to express their full potential.

This commitment is confirmed by the fact that in 2022, the number of women will be 2,828, representing 46.3% of total employees, which is a slight improvement compared to 2021.

EMPLOYEES BY GENDER AS AT 31 DECEMBER 2022



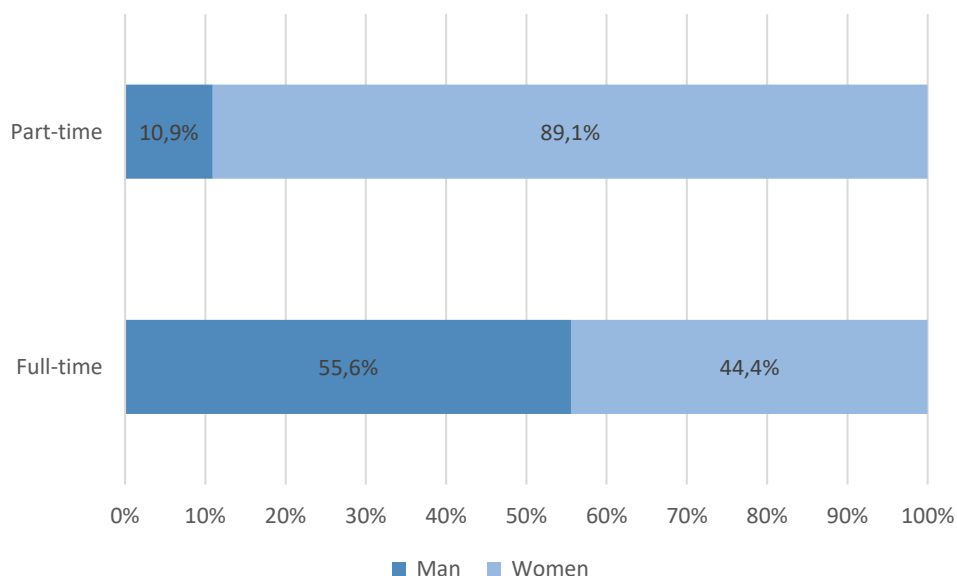
55.4% of employees belong to the 30-50 age group, followed by the over-50 age group (26.2%) and the under-30 age group (18.4%).

Moreover, the Group carefully considers the needs of its people, especially those related to the reconciliation of work and personal life, offering, where possible, solutions that suit the individual and professional needs of its people.

Also during 2022, the use of smart working continued in all plants, involving all employees as much as possible except for direct staff, in continuity with previous years, as defined in the company policy.

The Group strives to be as supportive as possible of its employees by constantly listening to them and, within the limits of operational necessity, it always tries to meet staff requests regarding changes in working hours, relocation or requests for leave of absence. This is highlighted by the presence of 265 part-time employees, equal to approximately 4.3% of the total, of which 89.1% are women and 10.9% men.

EMPLOYEES BY TYPE OF CONTRACT AS AT 31 DECEMBER 2022



The Bitron Group also adopts an inclusive approach towards people with psycho-physical disabilities: there are 169 employees belonging to protected categories³, of whom 74 are men and 95 are women, an increase of 36 compared to 2021. In particular, the Group's Italian and Polish companies have developed partnerships over the years with third-party companies offering employment services for the placement of personnel belonging to protected categories.

Fundamental to the protection of the well-being of its people is a corporate climate based on mutual respect for the dignity, honour and reputation of each individual in order to safeguard its employees from insulting, discriminatory or defamatory attitudes at any level.

All the Group's employees, both men and women, whether on fixed-term, open-ended, part-time or full-time contracts, enjoy the economic treatment established by the national collective labour agreements or by agreements with the trade unions in which they operate.

In Italy, the Group applies the National Labour Contract for the Metalworking and Industries sector, which establishes the minimum gross salary payable to its employees. In addition, there is the application of a supplementary company contract signed with the social partners, which provides for a portion of variable remuneration directly related to the results achieved.

In Spain, the Group company applies the 'minimum inter-occupational wage' provided for by the *Collective Agreement* of the *Iron and Steel Industry* in the province of Barcelona. In Turkey, the Group company does not have a special labour contract and applies the labour legislation in force there.

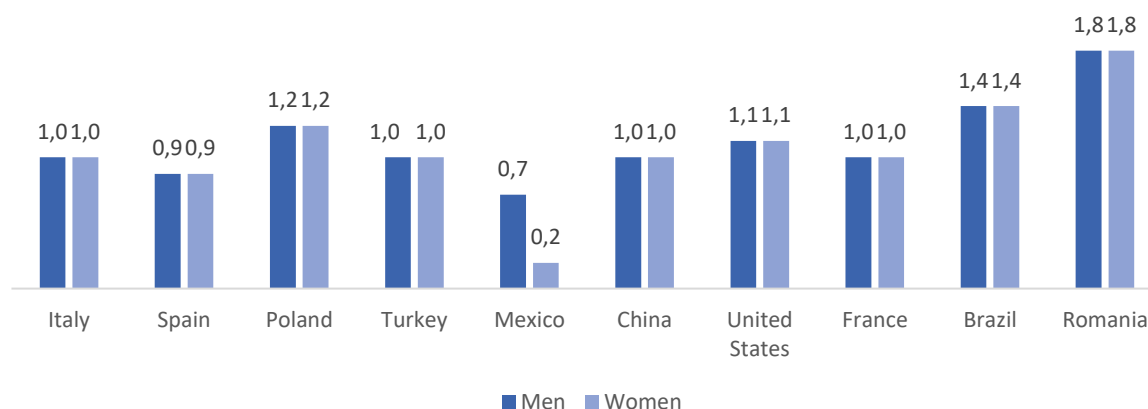
The Group's Mexican company negotiates an annual collective bargaining agreement with the social partners involved, which applies only to the professional category of workers.

Finally, the Group's Chinese plants apply local regulations on contractual matters, as well as annually negotiating the working and contractual conditions of their employees with the social partners, which are freely elected by the employees themselves. This allows workers to receive certain types of allowances in addition to their expected salary, such as housing allowance and night allowance, provided for night shifts. In Poland, the Bitron Group applies the labour legislation in force there and maintains a constant and cooperative dialogue with the social partners representing workers.

In the area of remuneration, the ratio between the minimum wage envisaged for new recruits and the minimum wage envisaged by local legislation is shown below, which highlights how the Bitron Group is committed to maintaining a higher level of remuneration than that envisaged by local legislation.

³ The definition of a protected category is that provided for in the local legislation of each individual country.

RATIO BETWEEN MINIMUM WAGE FOR NEW HIRES⁴ AND TO THE STATUTORY MINIMUM WAGE BY GENDER



Skills development

The enhancement of talents, professional growth and the training development of employees are fundamental aspects for the Bitron Group, who aims to increase the skills of its people in accordance with the national legislation of the countries in which it operates, the specific requirements of its customers and the operational needs required to perform its work.

In the Group, intellectual capital and the development of talent are strategic assets for achieving profitability and value creation objectives.

Training plans for employees are organised and managed independently by the plants on the basis of their specific needs and different activities. The courses are aimed at developing technical, linguistic and *soft skills*.

In recent years, the Coronavirus emergency has also brought about profound changes in the field of training and highlighted the need to update traditional forms of *training*. Many corporate training managers have inevitably found themselves converting traditional, usually face-to-face training into more digital and interactive learning.

The Group's plants have mainly followed up on issues which are considered fundamental for the company, such as training aimed at understanding and implementing knowledge regarding health and safety, company wellbeing, expectations, the technologies used in production processes, technical documentation and the company organisation in which they work.

An important training/informative contribution, aiming at competence growth, focused on ESG issues for the R&D, Quality and Production Division's Research and Development, Electronics Division Management and Competence Centre. Specific areas covered topics such as risk management on ESG issues, governance, sustainable finance, eco-design, workshops on LCA and circular economy.

In 2022, the Group realised a total of 85,508 hours of training, with 14 hours per year per employee, which was up from the previous year. At the level of occupational categories, there were 16.5 hours per capita for Executives, five for managers, 13.8 for white-collar staff and 14.5 for workers.

⁴ Salary of new full-time employees for the lowest employment category. The following foreign marketing companies are excluded, as they did not register any new hires during 2022: Bitron do Brasil LTDA, Bitron Ind. Marketing Deutschland, Bitron Ind. Marketing España and Bitron Ind. Marketing France.

Training planning is carried out according to a defined process for all Group plants, whereby responsibilities are divided up by company department: Department Head, RISUL (Local Human Resources), as well as APPRO (Plant Purchasing) and AMMIN (Plant Administration) who deal exclusively with the administrative phase of course organisation.

The Department Head assesses the training requirements and professional skills of personnel annually or according to particular business needs (e.g. innovative projects, introduction of new legislations, specific customer requests, new production processes, organisational changes, new technologies, machines or equipment).

In line with its evaluations, the individual Skills Matrix for staff, with regards to their function, is updated annually.

In relation to specific activities, the Manager identifies specific areas for improvement and requests the necessary training for the following year from the RISUL, using specific forms to be sent by December.

Once validated, the training activity is implemented and subsequently evaluated on the basis of its compliance with expectations and effectiveness in developing the skills of the trainees.

All requests from Department Managers are assessed by RISUL (Local Human Resources) on the basis of company policies and the investment required, as well as the environmental safety implications of the tasks performed.

This assessment leads to the definition of an annual plan, which is submitted to the Director General for approval. If this plan is approved, the courses are implemented on the basis of the defined topics, contents and frequency.

A further tool for training employees is the opportunity to join intra-group and international mobility courses, which are always in line with operational needs. To this end, *training* courses abroad are organised which are aimed in particular at young recruits with the goal of enhancing their technical and professional skills, their knowledge of the Group, their linguistic-relational skills and offer them the opportunity to come into contact with multicultural working environments.

Health & Safety

The Bitron Group has always regarded safety at work as a priority, from which well-being, prevention and cooperation derive. In order to spread virtuous behaviour, and to facilitate the management and prevention of situations that could put the health and safety of workers at risk, the Group has developed a culture of health and safety at work over the years that starts with the company management, inasmuch as they are in charge, and ends with the employees themselves.

The approach adopted consists of analysing the possible sources of risk for its employees and implementing the most effective measures to prevent, reduce, mitigate and, where possible, eliminate such risks: from the appropriate management of chemicals and production processes to the correct operation, maintenance and control of plant and equipment through intensive information and training activities aimed at people.

Through the adoption of behaviours based on mutual cooperation, a sense of collective responsibility and proactivity, the protection of health and safety in the workplace has become a pillar of each employee's behavioural approach in the development of all daily activities.

In addition, legislative compliance is an unavoidable principle for the Group: for this reason, all plants keep their compliance with current regulations under control every year, as well as through audits conducted by third parties as part of the certifications obtained in this area.

Aware that rules, training and information play a key role in risk management and injury prevention, the Group directs its activities and codifies the most relevant work phases with 'Operating Instructions', which must be concretely implemented. For each relevant work phase, taking into account the existing safeguards and protective equipment to be used, the risk is assessed and the specific measures required to keep it as low as possible are defined.

Now an integral part of the Group's activities, in the Group's Italian plants, the project called 'Safety: our way of life' continued during the reporting year, with the aim of reducing injuries to zero, minimising the impact of production systems and raising employee awareness of safety in the workplace. In view of the ongoing pandemic, during the pandemic period, the initiative was also continued with a series of remote meetings, which were seen as a time to share data and discuss activities to be undertaken to counter the situation caused by Covid-19.

As part of this project, a communication campaign was continued during 2022, aiming to:

- disseminate and stimulate a shared safety culture throughout the Group. The promotion of training and meeting moments at all levels continued in order to analyse the results obtained and the difficulties encountered by the various production areas, with a view to sharing experiences and presenting initiatives and operational tools for common use;
- increasingly improve safety performance and related indicators (Injury Frequency and Severity Index), focusing on the behavioural causes that contribute to injuries and *near misses*;
- raising awareness that safety is based on principles such as responsibility, choice, individual and collective commitment and that priorities are non-negotiable;
- stimulating people's motivation to continuously improve every aspect of safety;
- assessing and planning tools and interventions for the prevention and protection of workers' health in view of the current health emergency;
- paying particular attention to the safety of machinery by defining a minimum level of safety expressed through procedures, CE certification and the performance of targeted Risk Assessments for potentially more critical production facilities.

As proof of this commitment, Bitron SpA's factories, Bitron Poland Electronic Unit, Bitron Industry China and Bitron de Mexico (Electromechanical Unit) have for some time now been certified with the Occupational Health and Safety Management System according to ISO 45001. Certification, together with the company's internal policies, contributes to maintaining high standards of health and safety within the plants and to continuous improvements in monitoring indices, making it an efficient management system for these issues.

The Bitron Group adopts an organic and systematic approach to health and safety management that requires the application of a standard procedure for each significant injury and near miss, which includes the analysis of the causes and the implementation of appropriate corrective actions, if necessary.

An integral part of the Group's approach is important targeted training and the application of procedures, including introducing dedicated software for health surveillance, coding auxiliary materials, product approval and supply chain control, etc. One of the main aims of this approach is to raise awareness, promote and share the culture of reporting abnormal events and to encourage a shift from a passive approach to safety, made up exclusively of standards, procedures and technical rules, to an active approach to safety, which sees human beings at the centre of the system.

Furthermore, compliance with the relevant principles and rules by all workers is enshrined in internal regulations requiring appropriate behaviour to ensure the health and safety of employees and other persons present in the workplace, in accordance with the training, instructions and means provided by the employer.

In particular, the document protects employees in the performance of their work activities by encouraging them to:

- contribute, together with the employer, managers and supervisors, to the fulfilment of the obligations laid down to protect health and safety in the workplace;
- comply with the provisions and instructions given by the employer, managers or supervisors for the purposes of collective and individual protection;
- correctly use work equipment, dangerous substances and mixtures, means of transport and safety devices;
- make appropriate use of the personal protective equipment provided;
- immediately report to the manager or the person in charge of the inadequacy of the means or devices, as well as any possible dangerous condition, taking direct action, in case of an emergency, within the scope of their competence to eliminate or reduce the situations of serious and imminent danger, and informing the workers' safety representative;
- not remove or tamper with safety, signalling or control devices;
- not carry out, on their own initiative, operations or manoeuvres which are not within their competence or which may endanger their own safety or that of other workers;
- participate in organised education and training programmes;
- undergo health checks provided for by law or ordered by the appropriate doctor.

The Group is committed to communicating to all personnel the importance of applying all safety procedures. In this regard, in the plants in Italy, Spain, Mexico and Poland, the 'electronic notice boards' project is now fully operational, i.e. the transmission of videos in the most visited areas of the plants and offices where news and data of interest to the company are disseminated in order to raise awareness and educate employees on safety measures, but also on issues such as quality, communications to personnel and news of interest to the organisation. In addition, each Group plant has an injury count at its entrance and periodically monitors the main health and safety indicators.

Throughout 2022, throughout the Group, important investments were made for the purchase of personal protective equipment and clothing aimed at ensuring the safety of workers.

Although specific containment actions due to the health crisis of recent years were more restrained, they continued in all Group plants. These included:

- the creation of specific internal communications and protocols for emergencies, containing all the news and information relating to the evolution of the health situation, the actions put in place by each plant and indications on the behaviour to be kept both in the workplace and in other locations used, such as one's own home in case of smart working;
- the definition of ways of using remote work with the creation of specific training content to make remote activities effective;
- the provision of additional technological tools to work remotely (laptop computers, protected corporate network (Virtual Private Network) VPN, professional video conferencing platforms);
- the creation of ad hoc training content and the availability of online courses by external partners.

HEALTH AND SAFETY TRAINING

Particular attention is paid to compulsory health and safety training, which is the subject of specific and customised training courses for the different work activities carried out in offices and plants.

In order to disseminate this culture widely, each production plant provides training courses on the safe management of materials and equipment, the correct management of waste and the safety of machines or systems. Equal attention is paid to Personal Protective Equipment (PPE), which is assigned to each worker with the aim of mitigating the health and safety risks of the work phase they carry out. In addition, training programmes are defined on occupational safety, first aid and fire prevention.

Testifying to its commitment, in 2022 the Bitron Group companies carried out 35,318 total hours of health and safety training, corresponding to approximately 5.8 hours per employee per capita.

THE MAIN HEALTH AND SAFETY INDICATORS

The prevention activities listed above are further supported by the constant monitoring of the main health and safety indices, which are systematically managed in the Italian plants by HSE software which makes it possible to check the injury situation and the related indices.

In addition, in order to prevent any accidents related to the use of machinery, the Group has a machinery and equipment control and management programme in place to regulate authorisations through the establishment, for each piece of machinery, of specific professionals who are prepared in advance on their use, particularly with reference to production processes using chemicals.

During 2022, in line with previous years, the Bitron Group recorded no deaths due to accidents at work. There were 94 recordable work injuries reported (with a work injury rate of 8.18), of which five were considered serious (with a rate of 0.43).

RATE OF OCCUPATIONAL INJURIES WITH SERIOUS CONSEQUENCES RECORDED BY BITRON GROUP EMPLOYEES

	2022	2021 ⁵
	Total	Total
Rate of occupational injuries with serious consequences ⁶	0.44	3.11
Index of recordable occupational injuries ⁷	8.18	10.06

Welfare, well-being and work-life balance

With the awareness that the well-being of its people is the key to achieving its objectives, the Group is constantly striving to improve the work environment and the lifestyle of those who work in its plants and offices.

For this reason, the Group has launched, in cooperation with local social partners, a plan of additional services and *benefits* for all its employees to meet those fundamental needs such as educational, family and health care.

At the individual plant level, employees are guaranteed a number of company benefits of various kinds, including insurance plans, health care plans, disability and/or invalidity insurance cover. The company welfare plan is in fact developed in a decentralised way for each plant, as well as in being in line with specific national needs and obligations, with the aim of constantly seeking the optimal balance between the needs of employees and those of the company.

In particular, an analysis of the individual Italian and foreign plants revealed the following:

1. The Parent Company Bitron Industrie provides its managers with supplementary life and health insurance.
2. The Group's Italian plants offer supplementary insurance plans (including the Metasalute fund), supplementary pension plans (including the COMETA fund), or *flexible benefits* (e.g. tickets). at a company level; the Group offers an in-house canteen, health campaigns (e.g. voluntary electrocardiograms for staff aged over 50, annual flu vaccination campaigns, an initiative set up as part of its commitment to health and safety issues) and agreements with nurseries for the employees' children.
3. The Savona and Grugliasco plants, which are particularly active in developing activities linked to improving the wellbeing of employees, continued to promote initiatives such as the inter-company nursery school, in collaboration with other local entities, which provides reserved places for the children of Bitron employees in the affiliated nursery school; the 'Fabio and Giuseppe Tocco' company scholarship, established in memory of a former employee, for the children of Bitron employees in Savona who, during the school year, proved to be particularly meritorious.
4. All the Group's production plants have a competent doctor who carries out the prescribed health surveillance in accordance with local legislation.

⁵ Following a process of improvement of the reporting system, the rate of accidents at work were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report.

⁶ The rate of injuries at work with serious consequences is calculated as follows: number of injuries at work with serious consequences (excluding deaths) / hours worked of employees per 1,000,000.

⁷ The index of recordable occupational injuries is calculated as follows: number of recordable occupational injuries / hours worked of employees per 1,000,000.

5. The Polish sites, which are particularly attentive to the work-life balance of their employees, offer private medical assistance, agreements with sports centres, language courses and life insurance. In addition, every year fundraising activities, basic necessities and medical equipment are carried out to donate help to the hospital in Sosnowiec, and for younger patients, toys or school supplies are also donated. Specific fundraisers are then organised throughout the year to organise events with Bitron's people and family members, under the slogan "*together we can do more*" The proceeds are then also used to donate goods to the neediest student and those with disabilities .
6. The Group's Mexican plants, aware of the importance of *retaining* their talents, prepare specific motivation plans with the aim of ensuring the right skills for their staff, motivating them and aligning them with the company's philosophy, objectives, quality and safety policies. With the aim of making its offer increasingly competitive on the local labour market, employee satisfaction surveys are carried out which are related to both training and compensation. The plants have also set up a specific service that provides not only employees, but also their families, with medical and dietary advice.
7. Bitron China, with a view to improving the mental and physical well-being of its employees, has decided to invest in wellness by continuing to offer a yoga course in the company. Through this type of activity the company aims to achieve positive effects on people both physically and psychologically.
8. At the plants in China and Mexico, a minibus service is provided free of charge for employees to travel between home and work.

Although a high level of autonomy in corporate decisions is maintained at the plants, the welfare model chosen by the Group operates within an integrated system that includes the following *benefits* for all employees, including those who are either part-time and full-time: supplementary pensions, supplementary health care, preventive health care initiatives, support in reconciling private and professional life and income support initiatives dedicated to employees' families.

The Group, which is particularly keen to accommodate family needs, undertakes to assess, on a case-by-case basis, the approval of part-time requests by employees.

Industrial relations

The protection of freedom of association and collective bargaining is a highly protected principle within the Group's plants. Relations with the social partners are, in fact, a key element of human resources management. For this reason, each plant maintains constant relations with the trade unions, with whom it is committed to building constructive and collaborative relationships aimed at finding *win-win* solutions.

In order to ensure fair, safe, accessible and sustainable workplaces and working conditions for its employees, it is essential to maintain an effective industrial relations system. The importance of the commitment of the Group's Italian plants in this sense is highlighted by the *management's* ongoing commitment to interfacing with the Trade Unions in order to renew the trade union agreements, specifically result bonuses that have been agreed on the basis of new productivity targets and individual employee performance.

100% of the employees of the Group's Italian companies are covered by the National Labour Contract for the Metalworking and Industries sector. At Group level, 94% of employees are covered by collective bargaining agreements, according to legal provisions and specific local situations.



An attentive

Management of environmental impacts

The Bitron Group is attentive to energy management issues and associated environmental impacts. The activity is carried out in cooperation between the central Purchasing, Quality, Safety and Environment departments and the management of the production sites with their respective technical representatives.

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The Group is committed on a daily basis to safeguarding the environment and preserving natural resources through the development of initiatives aimed at minimising environmental impacts and creating sustainable value for the benefit of the organisation and its stakeholders.

Sustainability Report / Bitron Group

In addition, the Group has adopted an ISO 14001:2015 certified management system for all Bitron SpA plants except the Cormanio plant, and for all foreign plants except Bitron China and Bitron Poland Electromechanical Unit. As part of the certification compliance activities, the Group has defined the commitment and framework on which to base its activities.

In relation to the management of the Group's energy resources, the management's commitment is to optimise the energy supply in terms of economics, energy and environmental impact, foreseeing the use of self-generated energy from renewable sources and, where technically possible, tri-generation solutions which allow one to save on primary energy, with a consequent reduction of GHG emissions into the atmosphere. In 2022, five of the Group's production sites, Elbi, Grugliasco, Savona, Spain and lastly Alatri, had active photovoltaic systems for the self-production of electricity from renewable sources, which is fully consumed. In addition, the two Italian plants in Collegno and Grugliasco have a cogeneration plant and a trigeneration plant using natural gas, respectively. Please note that the Bitron Electronic's factory in China, located in Huangdao, has a modern heat pump system with vertical geothermal probes for the environmental conditioning of the building, allowing very significant savings in terms of gas and energy consumption, as well as lower CO₂eq emissions. Demonstrating the path taken by the Group towards a 100% sustainable energy transition, supporting renewable sources such as wind, solar and biomass, the Bitron Grugliasco, Bitron Electronic China, Poland Electronic Unit and Bitron de Mexico Electronics plants purchased, for the entire amount of energy consumed in the reporting year (a total of MWh 30,655), Energy Allocation Certificates (EAC), which are issued as proof of electricity produced from renewable sources. The tool in use in the EU energy market (to ensure complete traceability of electricity) is the electronic certification called Guarantee of Origin (GO). For every MWh of renewable electricity fed into the grid by IGO-qualified plants (Plants with Guarantee of Origin), a GO certificate is issued, in accordance with Directive 2009/28/EC.

Although the Group has not adopted an ISO 50001 certified management system, except for the electronics plant in China, it has developed guidelines for managing and monitoring energy and associated environmental impacts.

Besides GHG emissions, the main emitted substances are CO₂, CO, NO_x, PM. For this reason, the plants at the production sites are subject to periodic inspections to ensure that they comply with current local and national environmental regulations to monitor and limit the release of these substances into the atmosphere.

The commitment to minimising emissions has also led to the start of a transition to clean energy mobility; the Group uses six fully electric cars for Elbi International, Bitron SpA (Grugliasco and Rossana units) and Bitron Industrie, to be used for internal mobility on short routes.

Respect for the protection of natural resources is reflected in the management of production processes and in the intrinsic characteristics of the Group's products, which are oriented towards reducing environmental impact.

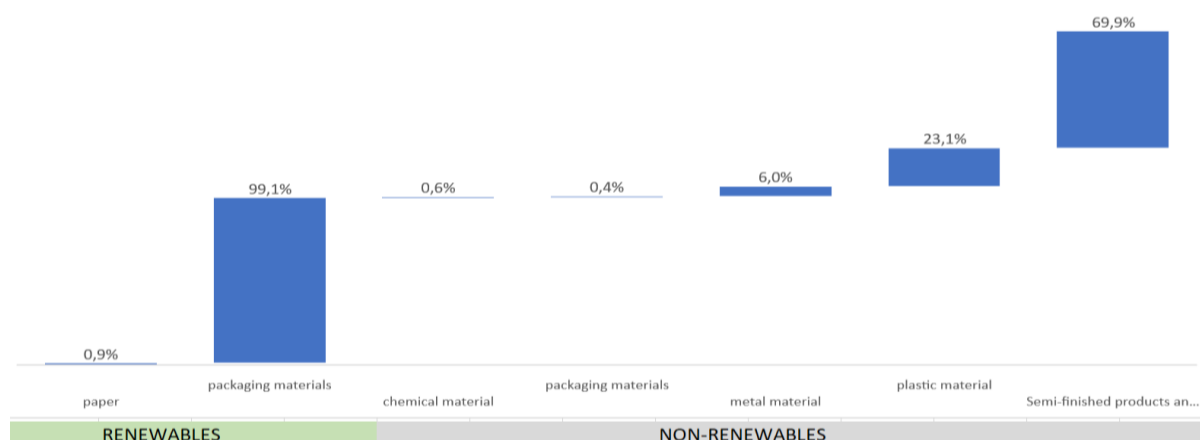
All the Group's Italian and foreign production plants (except for the Bitron China moulding unit) are ISO 9001:2015 certified for the Quality Management System in order to develop company processes according to an approach that tends towards continuous improvement of effectiveness and efficiency both in the production and in the provision of products and services with the aim of increasing customer satisfaction and reducing negative impacts along the value chain.

When selecting and using consumables, the Bitron Group pays particular attention to sustainability criteria, in compliance with specific customer requirements, industry regulations and product performance requirements.

In 2022, the Group used a total of 8,283 tonnes of material from renewable sources, consisting of 98.9% packaging materials and 1.1% paper as stationery, and 80,839 tonnes of material from non-renewable sources such as raw materials (plastic and metal materials), chemical materials, semi-finished products and electronic components, as well as a residual part of packaging material. Finally, it should be noted that the Group purchased, during 2022, 136.5 m³ and 475.2 kilograms of industrial technical gases⁸.

⁸ The item 'industrial gases' refers to the following gases: butane, propane, propylene, carbon dioxide, nitrogen, argon, methane, helium and LPG.

RENEWABLE AND NON-RENEWABLE MATERIALS IN 2022



The production plants also use recycled, regenerated or reusable materials at the end of the product life cycle during the manufacturing process, always in compliance with the quality and safety requirements of the product certifications held and requested by its customers.

On average, 15% of the total plastic purchased is reused within the production process and around 30% of the materials such as brass and treated brass from internal manufacturing processes are recycled by authorised suppliers and then reused in internal production processes.

The remaining plastic and metal material that is not reused or recycled is sorted and separated for delivery to the appropriate disposal bodies, in full compliance with national waste disposal legislation.

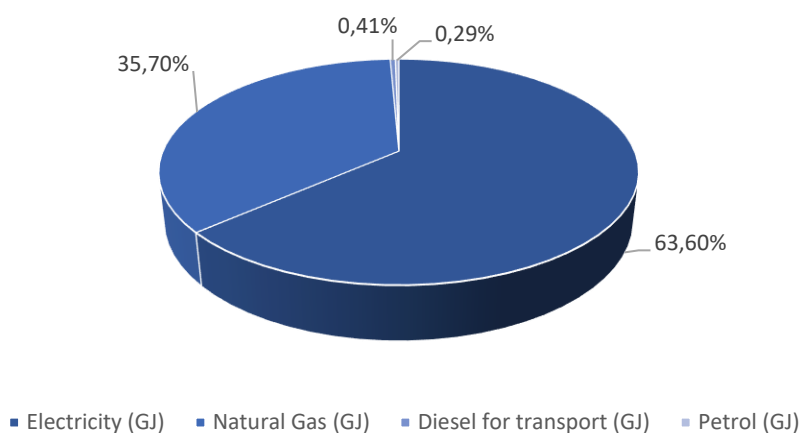
Energy consumption

For a company with seventeen production plants such as the Bitron Group, energy consumption is a particularly important aspect that is closely linked to business activity. In this regard, the Group acts in compliance with national and international regulations and undertakes to periodically monitor the consumption generated by its production processes with a view to continuous improvement.

The Group's total energy consumption as of 31 December 2022 stood at 647,417 GJ, down about 4% year-on-year, of which 532,646 GJ from non-renewable sources and 114,771 GJ from renewable sources. Consumption decreased due to the lower consumption of natural gas for cogeneration and heating/cooling of production plants.

In summary, the Group's main consumption derives from the use of electricity (63.60%), including self-produced renewable energy, followed by natural gas (35.70%) and finally consumption of diesel for transport (0.41%) and gasoline (0.29%).

ENERGY CONSUMPTION OF THE BITRON GROUP BY TYPE IN 2022



An indication of the growing importance the Group attaches to the use of sustainable energy can be seen in the figure of energy from renewable sources due to the installation of photovoltaic plants, which allow the Grugliasco, Elbi, Savona, Alatri and Spain plants to self-produce part of the energy they consume; in 2022, self-produced energy from photovoltaic plants amounted to 4,412 GJ, an increase of 5% compared to 2021.

The Group recorded a decrease in the energy consumption index of 9.7%, from 0.062 GJ/hours worked in 2021 to 0.056 GJ/hours worked in 2022⁹ (for details, please refer to the annex 'Data on Direct Environmental Impacts'), which was mainly due to the consumption of gas for heating and cogeneration.

The same energy consumption index, calculated in relation to turnover in 2022, has a value of 0.00048 'GJ/€', a decrease compared to the year 2021, which recorded an index of 0.00058 'GJ/€'.

⁹ The energy consumption index is calculated as follows: total energy consumption in GJ / total hours worked by employees.

INITIATIVES TO REDUCE ENERGY CONSUMPTION

Since the Group's Italian companies (Bitron SpA and Elbi International SpA) are classified as 'Large Companies' with regard to the obligation to carry out industrial energy audits (Legislative Decree no. 102/2014, Art. 8) studies are carried out every four years to monitor and improve the efficiency of production sites in relation to energy consumption. Some of the projects are listed below:

- Completion of installation and commissioning of the new 320 kWp photovoltaic system at the Bitron site in Alatri;
- Continuation of the relamping of the Grugliasco production plant and thermal efficiency in the office areas.

During 2022, renovation activities continued on the Group's building structures with a view to reducing environmental impacts and energy efficiency. One of the most significant initiatives in this regard is the continuation of the modernisation and expansion of the Alatri plant and the modernisation of the Bitron Industrie office building in Grugliasco. The work on these projects started in 2020 and is still in progress in the year of reporting. This will bring positive effects in terms of energy savings, thanks, for example, to the thermal insulation resulting from the use of more innovative materials than those previously used (insulation and thermal insulation), expansion of the office area and reduced energy consumption due to the installation of LED lighting (*relamping*) and the installation of more efficient air conditioning and heating systems.

During the year, the Group's continued growth saw the closure of major investments begun in previous years, for the start-up of new production plants in Poland, Mexico and China. The Electronics Division saw production increases due to the acquisition of new business for the energy and e-mobility market and doubled its current production capacity by building two new plants in China and Poland and expanding the plant in Mexico.

In this regard at the plants, the implementation of anthropomorphic 6-axis robots continues to improve the efficiency of the production process and reduce costs (less waste, better productivity).

Atmospheric emissions and combatting climate change

In 2022, the Group produced a total of 71,381 tonnes of CO_{2e} (Scope 1 + Scope 2 Location Based), down about 2.3% from 73,055 tonnes of CO_{2e} in 2021. These emissions are divided into:

- Direct emissions - Scope 1: Emissions from the use of energy, such as natural gas for heating and in production processes and automotive fuels from sources owned or under the direct control of the organisation for the operation of its plants;
- Indirect emissions - Scope 2: Emissions from purchased power generation.

In 2022, Scope 1 direct emissions were 13,319 tonnes of CO_{2e}, down 11.7% from the previous year. The decrease can be attributed to lower consumption of natural gas for heating and cogeneration, due to plant efficiency and building modernisation. Indirect Scope 2 emissions calculated using the Location Based method amounted to 58,062 tonnes of CO_{2e}¹⁰, which was an increase of 0.16% compared to 57,966 tonnes in the previous year. However, this increase was contained thanks to the modernisation of some production facilities and the introduction of new, more efficient machinery in production lines, as well as investments in renewable energy.

The emission index decreased slightly, going from 0.00668 tonCO_{2e}/hours worked in 2021 to 0.00621 tonCO_{2e}/hours worked in 2022¹¹ (for details, please refer to the attachment "Data relating to environmental impacts").

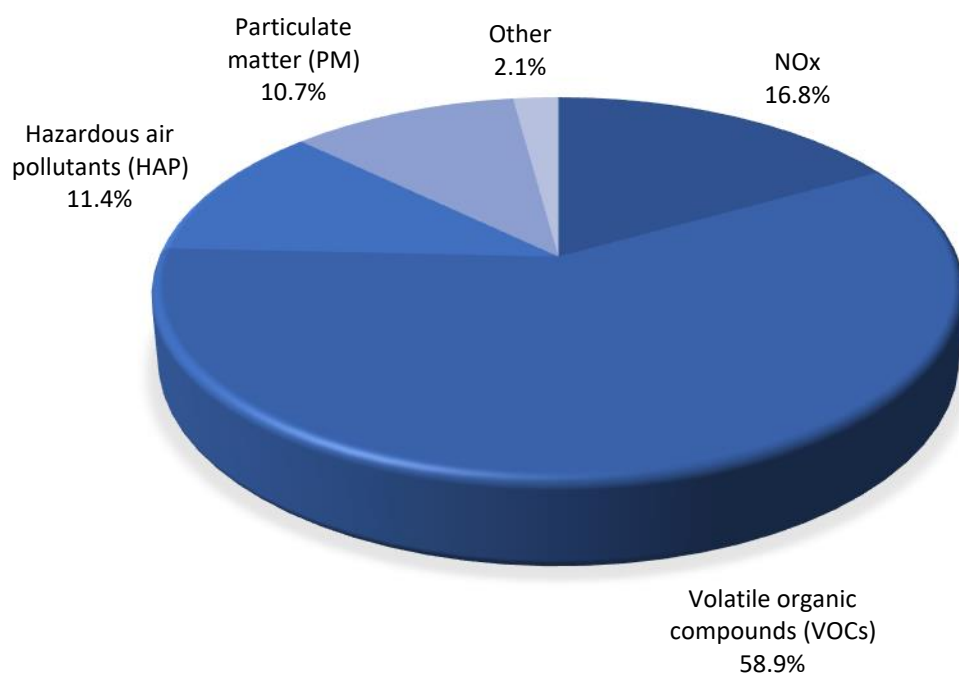
The same emission index, calculated in relation to turnover in 2022, has a value of 0.00005 GJ/€, a decrease of 19.4% compared to the year 2021, which recorded an index of 0.00006 GJ/€.

¹⁰ Data expressed in CO_{2eq}, but the proportion of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO₂ equivalent), as can be seen from the relevant technical literature.

¹¹ The emission index is calculated as follows: total emissions (scope 1 + scope 2 - location based) in ton CO_{2e} / total employee hours worked.

Due to the nature of its business activities, the Group monitors the emissions of other pollutants within the production plants that generate this impact. Most of the emissions produced by the Group's plants come from volatile organic compounds (VOCs), which account for 58.9% (29.2 tons) of the total, from NOx, which account for 16.8% (8.3 tons), from PM, particulate matter emissions (5.3 tons) amounting to 10.7%, followed by HAP, Hazardous Air Pollutants (5.7 tons) amounting to 11.4%; finally, there are other types of emissions (NH3, COT) representing 2.1% of the total (1.1 tons).

NOx AND OTHER POLLUTING EMISSIONS IN 2022



Consumption of water resources

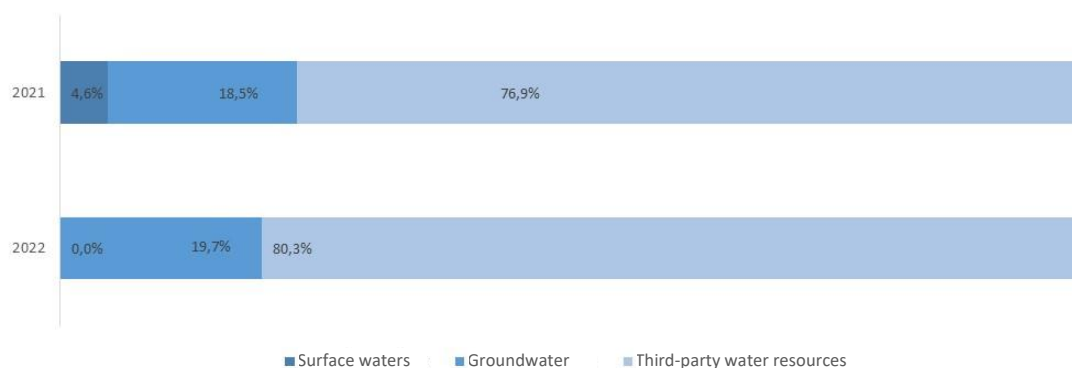
In 2022, the water requirements of the Group's production sites amounted to 239 megalitres, a decrease of approximately 9.7% compared to 2021 of 262.4 megalitres. This decrease is attributable to the attention paid to all of the Group's plants. Water is an essential element for our well-being and to protect this resource, the Group constantly monitors all production sites located in areas at risk of water scarcity in order to ensure the most efficient management of the resource. The water demand taken from areas judged to be water stressed, in 2022 was 236 megalitres, 98.7% of the total demand, a decrease of about 9.7% compared to the total 2021 withdrawal of 233.5 megalitres.

The water consumption index¹² also decreased between the two years, from 0.0240 megalitres/hours worked in 2021 to 0.0208 megalitres/hours worked in 2022, a decrease of 15.3%.

The main supply source is represented by third-party water resources equal to approximately 80.3% of water consumption, followed by groundwater equal to 19.7%.

BITRON GROUP WATER WITHDRAWALS BY SOURCE OF SUPPLY

¹² The water consumption index is calculated as follows: Megalitres of water withdrawn / total hours worked by employees per 1,000.



Demonstrating its commitment to preserving water resources, the Bitron Polonia Electronic Unit has equipped itself with a tank to collect rainwater and use it for civil purposes.

Water resources are mostly used in testing and production activities in plants involved in the production of components for household appliances, as well as in the cooling processes of machinery. The plants of Elbi International, Bitron Poland Electromechanical Unit and Bitron Industry China use large quantities of water resources for testing solenoid valves, especially those used in washing machines, dishwashers and wall-mounted boilers for domestic use. For this reason, a careful analysis is carried out when evaluating the testing and laboratory machinery, where water containment basins are used so that it can be continually reused in a continuous cycle while only topping up when necessary.

A further important use of water resources in the Group's production processes is due to galvanic processes, a technique used to protect metal components or small metal parts from corrosion and in the manufacture of plastic injection moulds or metal blanking.

Another important use is water for civil and safety purposes such as services provided to employees, in particular hygiene and canteen services.

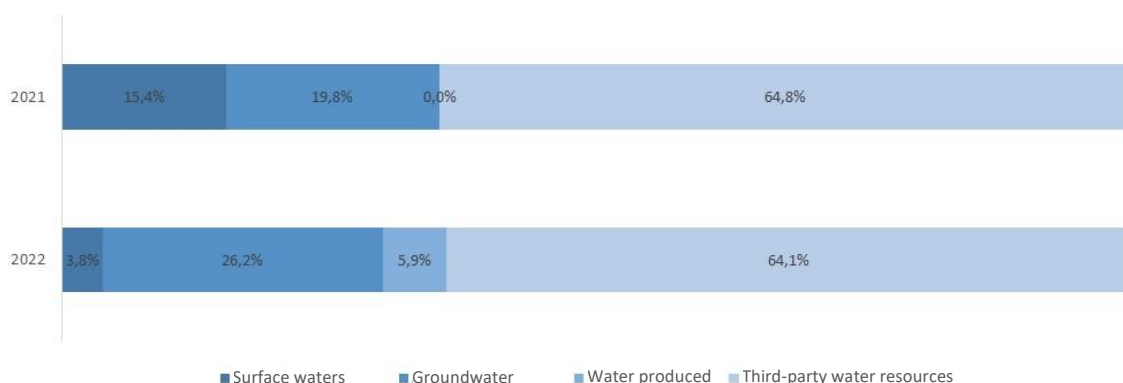
The plants' fire-fighting system also uses significant amounts of water to periodically replenish the fire-fighting water tanks and to carry out regular safety drills.

Another environmental aspect that is managed and monitored is waste water discharges. The Group is committed to controlling the quantity and quality of the liquid effluents resulting from its activities, in compliance with the relevant legislation.

The Grugliasco, Dronero, Savona and Poland Electronics Unit plants are equipped with waste water purification systems, which is carried out through chemical/physical treatments and in the Rossana plant through the presence of an 'Imhof' tank for sanitary water discharges.

Most of the water discharged by the plants is to third-party water, accounting for 64.1%; groundwater accounts for approximately 26.2%; finally, 3.8% goes to surface water and 5.9% to self-produced water. In 2022, water discharges from the plants considered amounted to 239.2 megalitres, a decrease of 11.6% compared to the previous year. The figures for Elbi International and the Group's foreign plants (except for Poland Electronics Unit and Bitron Industry China) were estimated assuming that the amount of water discharged was equal to the amount withdrawn.

BITRON GROUP WATER DISCHARGES BY DESTINATION



Waste management and treatment

All waste produced by the Group's plants is delivered to companies authorised to collect, recover and dispose of special waste in accordance with the laws in force.

The waste produced by the Group's plants in 2022 amounted to 9,087 tonnes, 160 tonnes or 1.8% of the total of which was special hazardous waste.

Within this category, waste materials, including those from the production of packaging, are considered, obsolete material to be scrapped and waste material produced by certain processes, such as wave soldering, which is increasingly less used.

Waste produced and disposed of by the Group increased by 8.4%, from 8,386 tonnes in 2021 to 9,087 tonnes in 2022. While, the waste index was the same as in 2021, 0.00079 tonnes/hours worked, demonstrating the waste and waste reduction activities carried out by the production departments.

Most of the waste produced by the Group's production processes is intended for recovery or recycling, amounting to 94.1% (8,553 tonnes). The remaining 5.9% (534 tonnes) is destined for incineration, landfill, sewage treatment or on-site storage.

The main waste streams from industrial processing are paper, cardboard, plastics and metals; priority is given to reducing them in processing, recycling and reuse. Exploring new ways to reuse and recycle waste from production operations is a goal at all Group plants, which demonstrates a commitment to waste reduction. Although one of the Group's fundamental objectives is to reduce production waste and packaging materials, the increase in waste production is mainly due to the expansion of the Group's business activities and this has led to the awareness of finding new destinations for waste in different markets which, due to their technology and infrastructure, allow for recycling and secondary reuse.



A responsible value chain

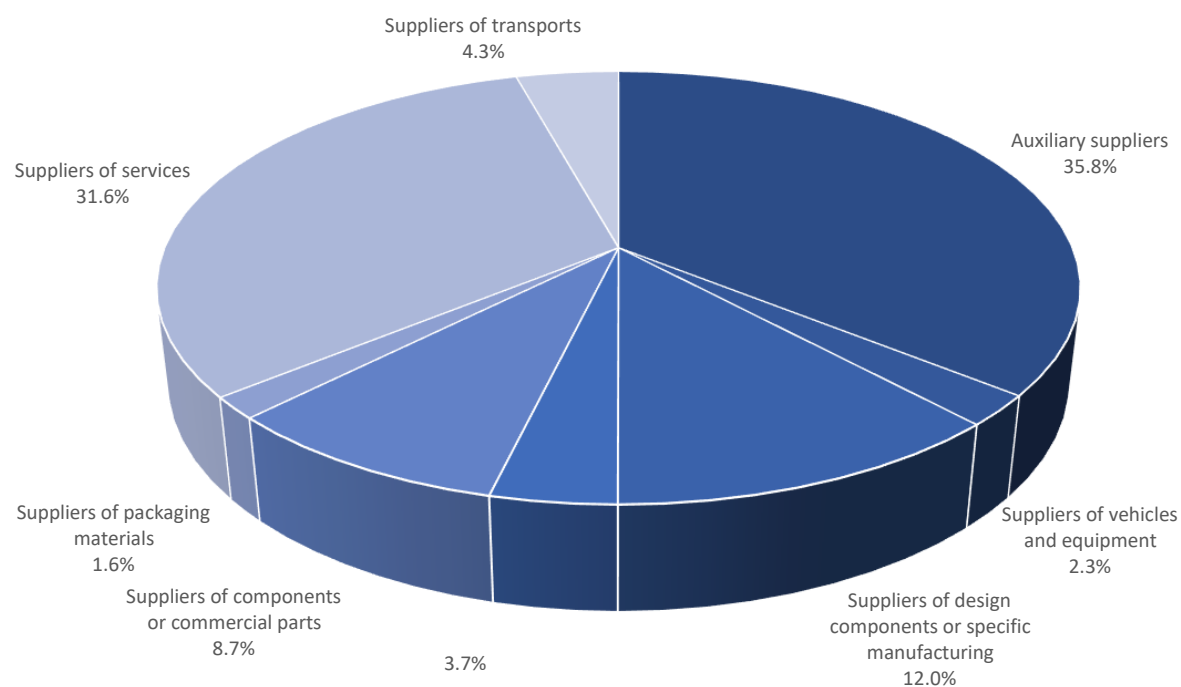
Supply chain of the Bitron Group

The Bitron Group is committed to strengthening its relationships with its suppliers in order to create a system of sustainability throughout its value chain.

Fully aware of the importance of the quality of its products and social and environmental responsibility also along the supply chain, the Group has started a process of integrating sustainability into the selection and management of its suppliers starting in 2019.

The system allows the selection of suppliers based on the type of supply and their ability to provide products that comply with requirements, the management of the registry, qualification process, mandatory declarations and the monitoring of product non-conformities of all registered suppliers and the monitoring of the monetary value on the market for raw materials.

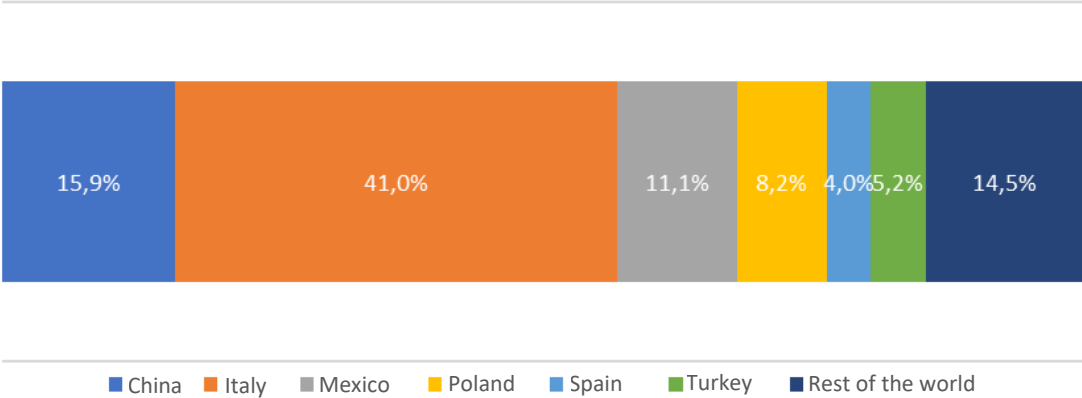
BITRON GROUP SUPPLIERS BY TYPE IN 2022



The graphical data shown for the 8 supplier categories refer to the active suppliers of the Bitron Group, correctly registered within the B-SupPort system, i.e. 14,099 suppliers. Most of them belong to the category of auxiliary suppliers, 35.8%; 31.6% are service providers; 2.3% are suppliers of vehicles and equipment; 20.7% provide components for production; 5.4% provide raw materials for production and packaging; and finally 4.3% provide transport services.

Of particular importance is the origin of purchases: where possible, preference is given to purchases made locally, in order to create value for the local communities where the Group operates. This figure is significant if one considers that 85.5% of suppliers come from the Group’s countries of operation (Italy, Poland, Spain, Turkey, China and Mexico), while the remaining 14.5% come from suppliers based in countries outside the Group’s area of operation.

GROUP SUPPLIERS BY GEOGRAPHICAL ORIGIN



A responsible approach to the supply chain

The Bitron Group is committed to building relationships with its suppliers based on values of transparency, fairness and the promotion of social and environmental responsibility throughout its value chain.

Aware of the importance of social and environmental responsibility also along the supply chain, the Group has started a process of integrating social and environmental sustainability criteria into its supplier assessment.

The Group adopts a system of evaluation of its suppliers with the aim of verifying whether they are actually able to meet the requirements. There is a preliminary assessment (selection of new suppliers or periodic preliminary retraining) and a final assessment (performance review of active suppliers). If passed, the prior assessment allows the supplier to be included in the pool of qualified suppliers or, in the case of periodic upgrading, to be renewed. On the other hand, the final evaluation consists of the activities necessary to verify that the chosen suppliers maintain their ability to meet the supply requirements over time.

The B-SupPort system allows, in addition to master data management, the control and monitoring of the supplier qualification process based on quality and sustainability criteria.

The registration procedure requires suppliers to accept the Group’s values and behavioural rules, as defined in the supply specifications, and to meet certain environmental, social and quality requirements, compliance with which is verified during on-site visits by the Quality department.

The supplier is required to answer a self-assessment questionnaire in which, in addition to requirements related to the quality of products, services and materials supplied, the Group gives preference to the presence of environmental and social quality certifications.



The system automatically assigns a score to each question for a maximum of 20 points, which leads to the evaluation of the supplier and aimed at qualification on the basis also of ethical, environmental and social parameters. The supplier is deemed qualified if it receives a score of more than 16 points. Actual acceptance takes place through confirmation by the buyer responsible for the relationship with the specific supplier, who records the qualification in the system.

In 2022, 1,687 new suppliers were qualified¹³, 11.9% out of a total of 14,099 Group suppliers, also based on social and environmental criteria.

In addition to the high quality requirements, in particular ISO 9001 certification as a minimum standard and IATF 16949 for automotive suppliers, the Group requires and encourages the adoption of additional certifications related to sustainability including social responsibility, worker health and safety, environmental and energy including: ISO 14001, ISO 50001, ISO 45001, SA 8000, ISO 27001 etc.

Furthermore, great attention goes into the use of products and chemicals and the relevant international regulations to which the Group is also subject. Suppliers are required to comply with the most important chemical laws, including and not limited to, end-of-life vehicle (ELV) regulations, restrictions on the use of certain hazardous substances in electrical and electronic equipment (ROHS III), chemical information (REACH) and all other specific legal requirements related to the markets in which the Group operates, such as ROHS CHINA, TSCA and California 65 for US markets.

In accordance with applicable laws and regulations in both the European Union and the United States, the Group requires its suppliers to indicate whether the products they supply or, in general, whether they use 'Conflict Minerals' in their business, i.e. minerals that come from countries or areas of conflict, that support armed groups and that violate universally recognised human rights.

Number of suppliers	2022	2021
- with quality system certifications (examples: ISO 9001, IATF 16949 etc.)	2,450	2,307
- with environmental certifications (examples: ISO 14001, ISO 50001, etc.)	833	791
- with health and safety certifications (examples: OHSAS 18001, ISO 45001 etc.)	241	229
- with certifications in social matters (examples: SA 8000, etc.)	10	11
- other certifications (examples: ISO 17025, ISO 27001, ISO 22301, etc.)	328	104
Total suppliers with management system certifications	3,870	3,442

¹³ The analysis of certificates held by suppliers is currently only carried out on classified suppliers of production and services. This excludes auxiliary suppliers, who do not currently provide such information.

Thanks to this system, the Group constantly monitors its suppliers on the basis of the level of quality of materials, products and services provided, product traceability, IT security, environmental and social responsibility.

In addition to providing an assessment of the supplier, the system allows for constant monitoring of compliance with the Group's requirements by means of a system for checking deadlines for declared certifications and reminders in the event of expiry through a direct communication channel with the suppliers themselves.

In order to strengthen its role as a promoter of a responsible approach to its entire supply chain, the Group carries out training activities for its suppliers aimed at raising awareness of responsible behaviour in both environmental and social terms. In particular, in the area of Conflict Minerals, the Group drew up guidelines back in 2013 and then updated them over the years aimed at implementing internal *due diligence inquiry* procedures along the supply chain which were shared with suppliers.

Its implementation requires identified suppliers to carry out an investigation into the existence and origin of 3TG minerals (tin, tantalum, tungsten and gold) within their supply chains, with the aim of fulfilling the following contractual commitments:

- require each supplier to declare whether tin, tantalum, tungsten and gold are used or contained in its products;
- investigate to identify their origin, if such minerals are contained in products purchased from such suppliers;
- remove, as soon as commercially feasible, from its material stocks products containing tin, tungsten, tantalum or gold obtained from unidentified sources or which exploit or violate human rights in affected areas.

The systematic approach of due diligence and the use of the recommended tools are necessary for the preparation of the Group's report on the use of 3TG, which is shared with its customers in the US market. As of the reporting year, due diligence on other minerals such as cobalt and mica, whose extraction is considered of concern due to social and environmental impacts (including child labour and unsafe working conditions) were also added to the 3TG requirement; the survey is conducted through the '*Extended Minerals Reporting Template*' (EMRT), a standardised reporting template developed by the *Responsible Minerals Initiative* to identify critical points and collect due diligence information on cobalt and mica supply chains.



Social commitment of the Bitron Group

Relationship with local communities

Through its business activities and its plants, the Group is an active part of the territorial context in which it operates and contributes to the socio-economic development of the community.

The focus on employment in the local communities in which it operates is a distinctive feature of the Group.

In 2022 in Europe 76.5% of managers are hired locally, 54% in Asia and 87.5% in America.

Through its involvement in activities supporting local communities, the Group wishes to promote a culture of civic sense and an active role in development and promotion in the territories, thanks also to collaborations with local associations, foundations and non-profit organisations.

Following on from previous years, the Group supports various local organisations that carry out activities with a social purpose.

In particular, the Polish companies of the Bitron Group engage in this area with several social initiatives and activities, as outlined below:

- purchase of necessary equipment, medication materials and preparation of Christmas parcels for the sick at the hospital in Sosnowiec;
- support for needy families by purchasing food and water, school supplies for children and other basic necessities;
- fundraising to purchase rehabilitation equipment for children with disabilities.

Bitron Turkey stands out for its support of the LÖSEV Foundation for an important charity project. In Turkey, LÖSEV is one of the leading foundations working hard to help children with leukaemia and cancer. Bitron employees voluntarily dedicated a day to collecting and packing delicious Satsuma mandarins for the Foundation.

As regards the Group's Italian companies, on the other hand, the following initiatives are planned for 2022:

- support for needy families on behalf of Italian plants through the purchase of basic necessities thanks to the donation given to the San Vincenzo association;
- the continual participation by the Alatri office in the local initiative of the Frosinone municipality, as co-financer of 'Industry 4.0' projects and participant of 'Fondazione ITS Meccatronico'. The 'Scuola a Misura di Impresa' project aims to train new talents according to the production paradigms of Industry 4.0 and then employ them in the industry;
- supporting members of the RES4Africa Foundation, a foundation working to support Africa's fair energy transition in order to achieve SDG 7 by ensuring access to affordable, reliable, sustainable and modern energy for all.

Partnerships and collaborations with stakeholders

As a company with plants in different territories, the Group has developed relationships and partnerships with several local associations.

Its leadership in the components sector is reinforced by the Group's inclusion in the most important and strategic trade associations. In cooperation with these organisations, the Group participates in technical working groups on topics of relevance to the sector and collaborates in the management of training courses on issues of crucial importance to the sector, such as the REACH and ROHS regulations on the safety of materials.

The main trade associations in which the Group actively participates and with which it cooperates are listed below:

Industrial Union of Turin

A voluntary association of companies that is a member of Confindustria, which promotes the representation, protection, promotion and development of local companies and their interests.

Within the association, the Group's Italian companies have played a significant role since 2016, when Mr Andrea Bianco joined the general board of directors as a director.

Since 2014, the Group has also collaborated with the Industrial Union of Turin in organising events and training on restrictions on heavy metals and Conflict Minerals: REACH, ROHS, ELV, 3TG, on the issues of compliance with regulations concerning the procurement and use of materials considered to be at risk.

MESAP

The Piedmont region's Mechatronics and advanced production systems Innovation Hub. An association of industries and consultancies whose aim is to create a stable manufacturing community which is active in the development and implementation of a strategy based on research and innovation and able to consolidate and increase national competitive advantages.

Union of Industrialists of the Province of Savona (Bitron Savona)

Established in 1945, it brings together the area's industrial and goods and services companies.

Together with the Union and with the support of Liguria Region, Bitron Savona participated in the Fabbriche Aperte initiative within the framework of the orientation projects 'Orientiamocialfuturo' and 'Ragazzi in azienda'. Dedicated to the young students of the comprehensive institutes of the province of Savona. The initiative includes guided tours of production departments, laboratories, warehouses and offices to increase the children's knowledge of the company's production processes in order to foster innovation.

Confindustria Cuneo- Industrial Union of the Province (Bitron Dronero and Rossana)

Association that unites on a voluntary basis manufacturing and service companies operating in the province of Cuneo. One of its main objectives is to contribute to the development of civil society through the dissemination of business culture.

Amma - Associated Mechanical and Mechatronic Companies

Founded by Giovanni Agnelli in 1919, it brings together more than 600 member companies employing over 50,000 people in the automotive, machinery and production systems, automotive components, electronics/electrotechnology, mechanics/metallurgy and aerospace sectors.

University of Genoa - Unige (Bitron Savona, Dronero and Rossana)

In this context, collaboration has been consolidated over time to encourage the employment of young talents, providing opportunities for curricular internships for thesis development and extra-curricular internships aimed at creating job opportunities.

To encourage the *recruitment* of talent, the Units involved participate in the Career Day organised by the University, a day dedicated to introducing the company to upcoming workers.

Politecnico di Torino - Polito (Elbi International, Bitron Grugliasco, Savona, Dronero and Rossana)

The Polytechnic University of Torino encourages, through various activities and initiatives, the placement of its students in affiliated companies and organisations.

In this regard, participating companies provide a number of curricular internships for Polytechnic students wishing to develop their thesis on topics related to the company's activities and extra-curricular internships for graduates.

Sernauto (Bitron España)

Founded in 1967, Sernauto is the Spanish Association of Automotive Suppliers. As such, it is the spokesperson for the sector's interests vis-à-vis public administrations and national and international public and private institutions. It also acts as a meeting and networking point for member companies, consisting of large national and international groups, mid-cap companies and SMEs.

Manisa Chamber of Commerce and Industry (Bitron Turkey)

Local association of enterprises and companies whose aim is to develop and promote the interests of their subsidiaries in Turkey. Key activities include safeguarding industry interests and sharing business experience, contacts with governments, civil society, local media and the press, including through the organisation of trade fairs and events.

Aegean exporters' Associations (Bitron Turkey)

Founded in 1939, the association represents over 7,500 export companies operating in 12 different sectors in the Aegean region. Activities include the development of research and studies on Turkey's production and export potential, organisation of courses and seminars, participation in national and international trade fairs in order to represent the interests of its members.

ITS Mechatronics Foundation (Bitron Alatri)

The ITS Mechatronics of Lazio was created in response to the need of some companies in Frosinone and lower Lazio to train specific technical-specialist figures in the mechanical and mechatronic fields, in response to the lack of adequate professional figures in the sector.

Gheorghe Asachi' Technical University of Iasi (Bitron Electronics Engineering - Romania)

Participation in the innovative Internet of Things (IoT) Laboratory of the Faculty of Electronics, Telecommunications and Informatics (ETTI) at the Technical University 'Gheorghe Asachi' in Iasi (TUIASI). The Design Centre in Iasi actively participates in educational methods for studying the Internet of Things, a field that has developed very rapidly in recent years and is expanding all the time.

Human resources data annexes

THE BITRON GROUP WORKFORCE

2-7, 2-8 INFORMATION ON EMPLOYEES AND OTHER COLLABORATORS

BITRON GROUP WORKFORCE AS AT 31 DECEMBER ¹⁴

Number	2022			2021		
	Men	Women	Total	Men	Women	Total
Employees	3,279	2,828	6,107	3,135	2,683	5,818
External collaborators	1,201	1,176	2,377	1,324	1,348	2,672
Total	4,480	4,004	8,484	4,459	4,031	8,490

EXTERNAL STAFF BY TYPE AND GENDER AS OF 31 DECEMBER¹⁵

Number	2022			2021		
	Men	Women	Total	Men	Women	Total
Temporary staff	843	588	1,431	857	588	1,445
Interns/Trainees	19	3	22	3	2	5
Other	339	585	924	464	758	1,222
Total	1,201	1,176	2,377	1324	1348	2672

EMPLOYEES BY TYPE OF CONTRACT AS OF 31 DECEMBER

Number	2022						
	Europe		America		Asia		Group
	Men	Women	Men	Women	Men	Women	Total
Permanent employees	2,191	1,926	381	355	181	115	5,149
Fixed-term employees	146	113	40	47	340	272	958
Total	2,337	2,039	421	402	521	387	6,107

Number	2021						
	Europe		America		Asia		Group
	Men	Women	Men	Women	Men	Women	Total
Permanent employees	2,117	1,830	310	306	166	106	4,835
Fixed-term employees	163	159	12	18	367	264	983
Total	2,290	1,996	317	362	482	338	5,818

Number	2022	2021
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¹⁴After improving the reporting system, the data on 'Employees' and 'External Collaborators' were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report

¹⁵ Following a process of improvement of the reporting system, the data relating to the subdivision by gender relating to the categories of 'external collaborators', geographical breakdown data relating to the number of workers with fixed-term and permanent contracts and subdivision by gender relating to the counts of employees with full-time and part-time contracts were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report.

	Men	Women	Total	Men	Women	Total
Full-time employees	3,250	2,592	5,842	3,076	2,449	5,525
Part-time employees	29	236	265	59	234	293
Total	3,279	2,828	6,107	3,135	2,683	5,818

405-1 Diversity among employees

DISTRIBUTION OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER AS OF 31 DECEMBER¹⁶

Number	2022			2021		
	Men	Women	Total	Men	Women	Total
Executives	72	10	82	64	4	68
Managers	145	21	166	52	27	79
Office Workers	1,556	826	2,382	1,551	734	2,285
Manual Workers	1,506	1,971	3,477	1,468	1,918	3,386
Total	3,279	2,828	6,107	3,135	2,683	5,818
Percentage	2022			2021		
	Men	Women	Total	Men	Women	Total
Executives	2%	0%	1%	2%	0%	1%
Managers	4%	1%	3%	2%	1%	2%
Office Workers	47%	29%	39%	49%	27%	39%
Manual Workers	46%	70%	57%	47%	71%	58%
Total	100%	100%	100%	100%	100%	100%

¹⁶ Following a process of improvement of the reporting system, the data relating to the distribution of employees by professional category and gender and age group were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report.

DISTRIBUTION OF EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP AS OF 31 DECEMBER

Number	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0	27	57	84	0	19	49	68
Managers	0	85	79	164	0	52	27	79
Office Workers	455	1,498	452	2,405	324	1,477	490	2,291
Manual Workers	671	1,774	1,009	3,454	644	1,726	1,010	3,380
Total	1,126	3,384	1,597	6,107	968	3,274	1,576	5,818
Percentage	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	1%	4%	1%	0%	1%	3%	1%
Managers	0%	3%	5%	3%	0%	1%	2%	1%
Office Workers	40%	44%	28%	39%	33%	45%	31%	39%
Manual Workers	60%	52%	63%	57%	67%	53%	64%	58%
Total	100%	100%	100%	100%	100%	100%	100%	100%

401-1 NEW RECRUITMENT AND TURNOVER

INCOMING STAFF BY GENDER AND AGE GROUP^{17,18}

	2022				2021			
	Men	Women	Total	Incoming turnover	Men	Women	Total	Incoming turnover
<30	390	306	696	49%	357	293	650	55%
30-50	354	327	681	48%	242	268	510	43%
>50	30	26	56	4%	15	16	31	3%
Total	774	659	1,433	100%	614	577	1,191	100%
Incoming turnover¹⁹	24%	23%	23%		20%	22%	20%	

¹⁷ The figures for new hires do not include any rehiring and intra-group transfers.

¹⁸ Following a process of improvement of the reporting system, the data on the distribution of new hires and leavers by gender and age group were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report.

¹⁹ The incoming turnover rate is calculated as follows: (number of employees hired during the year) / (total employees at the end of the year) per 100.

OUTGOING STAFF BY GENDER AND AGE GROUP²⁰

	2022				2021			
	Men	Women	Total	Outgoing Turnover	Men	Women	Total	Outgoing Turnover
<30	287	220	507	44%	145	152	297	31%
30-50	288	234	522	46%	198	169	367	11%
>50	55	60	115	10%	63	91	154	10%
Total	630	514	1,144	100%	406	412	818	14%
Outgoing turnover²¹	19%	18%	19%		13%	15%	14%	

202-2 PROPORTION OF SENIOR MANAGERS RECRUITED FROM THE LOCAL COMMUNITY

LOCALLY HIRED EXECUTIVES AND MANAGERS^{22,23}

	2022					
	Europe		America		Asia	
	Men	Women	Men	Women	Men	Women
Executives and Managers	94	18	12	3	12	4
<i>locally recruited</i>	65	16	9	3	1	4
% Locally hired executives and managers	69%	89%	75%	100%	8%	100%

	2021					
	Europe		America		Asia	
	Men	Women	Men	Women	Men	Women
Executives and managers	92	24	10	3	10	4
<i>locally recruited</i>	65	9	7	3	0	2
% Locally hired executives and managers	71%	38%	70%	100%	0%	50%

TRAINING

404-1 AVERAGE ANNUAL TRAINING HOURS PER EMPLOYEE

²⁰ The figures for outgoing employees do not include intra-group movements.

²¹ The outgoing turnover rate is calculated as follows:

²³ Following a process of improvement of the reporting system, the data on the proportion of senior managers hired from the local community were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report.

AVERAGE HOURS OF TRAINING PER CAPITA BY PROFESSIONAL CATEGORY AND GENDER²⁴

	2022					
	Hours Men	Average hours/men	Hours Women	Average hours/women	Hours Total	Average hours/category
Executives	1,343	18.7	10.0	1.0	1,353	16.5
Managers	588	4.1	243	11.6	830.5	5.0
Office Workers	22,242	14.3	10,743	13.0	32,984	13.8
Manual Workers	26,250	17.4	24,090	12.2	50,340	14.5
Total	50,422	15.4	35,086	12.4	85,507,5	14.0

	2021					
	Hours Men	Average hours/men	Hours Women	Average hours/women	Hours Total	Average hours/category
Executives	1,588	24.8	12	3.0	1,600	23.5
Managers	752	14.5	538	19.2	1,290	16.1
Office Workers	25,899	16.7	9,013	12.3	34,912	15.3
Manual Workers	21,327	14.5	14,230	7.4	35,556	10.5
Total	49,566	15.8	29,986	8.9	73,358	13.9

AVERAGE HOURS OF HEALTH AND SAFETY TRAINING PER CAPITA BY OCCUPATIONAL CATEGORY AND GENDER²⁵

	2022					
	Hours Men	Average hours/men	Hours Women	Average hours/women	Hours Total	Average hours/category
Executives	146.0	2.0	1	0.1	147	2
Managers	41.0	0.3	14	0.7	55	0
Office Workers	8,284.0	5.3	3,392	4.1	11,676	5
Manual Workers	14,205.5	9.4	9,234	4.7	23,440	7
Total	22,677	6.9	12,641	4.5	35,318	6
	2021					
	Hours Men	Average hours/men	Hours Women	Average hours/women	Hours Total	Average hours/category
Executives	117	1.8	0	0	117	1.7
Managers	63	1.2	0	0	63	0.8

²⁴ Following a process of improvement of the reporting system, the data on average hours of total training per capita were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report

²⁵ The data reported on hours of health and safety training concern only the companies in the Italian range.

Office Workers	8,496	5.5	2,372	3.2	10,868	4.8
Manual Workers	12,922	8.8	8,439	4.4	21,361	3.3
Total	21,598	6.9	10,811	4.0	32,409	5.6

HEALTH AND SAFETY

403-9 ACCIDENTS AT WORK

EMPLOYEES²⁶

	2022	2021
Injuries at work		
Total number of deaths due to injuries at work	-	-
Total number of serious injuries at work (excluding deaths)	5	34
Total number of recordable occupational injuries	94	110
Main types of injuries at work		
Wound / Cut	15	10
Contusion/Crushing	19	23
Exertion injuries: muscle injuries, hernias, etc.	10	16
Other injuries	50	61
Time data		
Hours worked	11,493,488	10,930,013
Multiplier for calculation	1,000,000	1,000,000
Injury rates		
Rate of deaths due to injuries at work	0	0
Rate of serious injuries at work (excluding deaths)	0.44	3.19
Rate of recordable occupational injuries	8.18	10.31

Data on environmental impacts

For the 2021 reporting year, the scope of environmental data refers to all Bitron Group production sites, as shown below. Commercial and administrative offices are excluded, as they do not generate environmental impacts considered to be significant.

Reference company	Country	Production site	Year of establishment	Activities
Elbi International SpA	Italy	Elbi International*	1960	Home appliances

²⁶ Following a process of improvement of the reporting system, the data on accidents in the workplace, for Bitron Group employees, were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report.

Reference company	Country	Production site	Year of establishment	Activities
				HVAC +Tooling unit
Bitron SpA	Italy	Grugliasco Unit	1969	Home appliances Automotive HVAC Energy
		Alatri Unit	1969	Home appliances Automotive
		Dronero Unit	1971	Home appliances HVAC
		Rossana Unit	1974	Automotive
		Cormano Unit	1979	Home appliances Vending
		Savona Unit	1984	Automotive Motorcycles and scooters
Bitron España SA	Spain	Bitron España	1969	Home appliances Automotive
Bitron Poland Spzoo	Poland	Electromechanical Unit	1998	Home appliances Automotive HVAC Energy
		Electronics Unit	2005	
Bitron China Co. Ltd	China	Bitron Moulds China	2002	Tooling unit
Bitron Ind. China Co. Ltd.		Bitron Ind. China (BIC)	2004	Home appliances Automotive
Bitron Electronic China Co. Ltd		Bitron Electronic China (BEC)	2006	Home appliances Automotive HVAC
Bitron Turkey Ltd Sti	Turkey	Bitron Turkey	2006	Home appliances Automotive
Bitron de México SA de CV	Mexico	Electromechanical Unit	2014	Home appliances
		Electronics Unit	2017	Automotive

*Includes Bitron Moulds Unit and Bitron Service Division

302-1 ENERGY CONSUMED WITHIN THE ORGANISATION

302-3 ENERGY INTENSITY

ENERGY CONSUMPTION BY TYPE OF SOURCE²⁷

²⁷ Following a process of improvement of the reporting system, the data on the consumption of non-renewable fuels, natural gas, transport diesel and transport petrol were restated from those published in the previous Sustainability Report. This also results in a restatement of the data relating to the energy consumption index. For previously published data, please refer to the 2021 Sustainability Report.

TYPE OF ENERGY	UM	2022	2021
Purchased electricity	GJ	413,121	406,858
from non-renewable sources	GJ	302,762	335,767
from renewable sources ²⁸	GJ	110,359	71,091
Self-generated electricity from renewable sources ²⁹ and consumed	GJ	4,412	4,199
Self-generated electricity from non-renewable sources and fed into the grid	GJ	5,773	2,227
Non-renewable fuels	GJ	235,657	266,654
Natural gas	GJ	231,118	262,381
Diesel for transportation ³⁰	GJ	2,650	2,452
Petrol for transportation ³¹	GJ	1,888	1,822
Total energy consumption	GJ	647,417	675,485
Renewable energy	GJ	114,771	75,291
Energy consumption index³²	GJ/hours worked	0.05633	0.06180

CONVERSION FACTORS

References	Conversion factors		Reference source
Electricity	GJ/KWh	0.0036	DEFRA 2022
Natural gas	GJ/tonne	45.195	
Natural gas	kg/m ³	0.794	
Petrol	GJ/tonne	44,652	
Petrol	litres/tonne	1,348	
Diesel	GJ/tonne	42,882	
Diesel	litres/tonne	1,189	
Electricity	GJ/KWh	0.0036	DEFRA 2021

²⁸ The Bitron Group purchases renewable energy with Guarantee of Origin certificates for electricity consumed from renewable sources, particularly for the Bitron Grugliasco, Bitron Poland Electronic, Bitron Electronic China, and Bitron Electronic Mexico sites.

²⁹ The Group fully consumes self-produced electricity from renewable sources for the production activities of the Elbi International, Bitron Grugliasco, Bitron Alatri, Bitron Savona and Bitron España plants.

³⁰ The data on the consumption of diesel for transportation include the fuel from 55 owned vehicles.

³¹ The data on the consumption of petrol for transportation include the fuel from 21 owned vehicles.

³² The energy consumption index is calculated as follows: total energy consumption in GJ / total hours worked by employees.

References	Conversion factors		Reference source
Natural gas	GJ/tonne	45.025	
Natural gas	kg/m ³	0.796	
Petrol	GJ/tonne	44.649	
Petrol	litres/tonne	1,343,78	
Diesel	GJ/tonne	42.855	
Diesel	litres/tonne	1,181.798	

305-1 DIRECT GHG EMISSIONS (SCOPE 1) - 305-2 INDIRECT EMISSIONS FROM GHG ENERGY CONSUMPTION (SCOPE 2)

305-4 INTENSITY OF GHG EMISSIONS

CO_{2e} EMISSIONS³³

EMISSIONS	UM	2022	2021
Direct emissions - Scope 1	ton	13,319	15,089
Indirect emissions - Scope 2 Location Based ³⁴	ton	58,062	57,966
Indirect emissions - Scope 2 Market Based ³⁵	ton	45.194	48,422
Total emissions - Location Based	ton	71,381	73,055
Total emissions - Market Based	ton	58,513	63,511
GHG emission intensity index³⁶	tonCO_{2e}/hours worked	0.00621	0.00668

EMISSION COEFFICIENTS

References	Emission coefficients		Reference source
Electricity (IT) - Location Based	g CO ₂ / kWh	315	Terna International Comparisons 2019
Electricity (IT) - Market Based	g CO _{2e} / kWh	457	AIB - European Residual Mixes 2022 (Vers. 1.2)
Electricity (ES) - Location Based	g CO ₂ / kWh	210	Terna International Comparisons 2019
Electricity (ES) - Market Based	g CO _{2e} / kWh	296	AIB - European Residual Mixes 2022 (Vers. 1.2)

³³ Following a process of improvement of the reporting system, the data relating to CO₂ emissions were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report.

³⁴ The Location Based method reflects the average intensity of emissions from total national electricity production.

³⁵ The Market Based method reflects the emissions from electricity that companies have chosen to use and was therefore calculated with emission factors representing the 'residual mix', i.e. energy and emissions that are not monitored or claimed..

³⁶ The emission index is calculated as follows: total emissions (scope 1 + scope 2 - location based) in ton CO_{2e} / total employee hours worked.

References	Emission coefficients		Reference source
Electricity (PL) - Location Based	g CO ₂ / kWh	747	Terna International Comparisons 2019
Electricity (PL) - Market Based	g CO _{2e} / kWh	850	AIB - European Residual Mixes 2022 (Vers. 1.2)
Electricity (TK) - Location Based	g CO ₂ / kWh	415	Terna International Comparisons 2019
Electricity (TK) - Market Based	g CO ₂ / kWh	415	Terna International Comparisons 2019
Electricity (CHI) - Location Based	g CO ₂ / kWh	609	Terna International Comparisons 2019
Electricity (CHI) - Market Based	g CO ₂ / kWh	609	Terna International Comparisons 2019
Electricity (MEX) - Location Based	g CO ₂ / kWh	315	Terna International Comparisons 2019
Electricity (MEX) - Market Based	g CO ₂ / kWh	457	AIB - European Residual Mixes 2022 (Vers. 1.2)
Natural gas	Kg CO _{2e} / Smc	210	DEFRA 2022
Diesel	Kg CO _{2e} / l	296	
Petrol	Kg CO _{2e} / l	747	
Electricity (IT) - Location Based	g CO ₂ / kWh	315	Terna International Comparisons 2019
Electricity (IT) - Market Based	g CO _{2e} / kWh	459	AIB - European Residual Mixes 2021 (Vers. 1.2)
Electricity (ES) - Location Based	g CO ₂ / kWh	210	Terna International Comparisons 2019
Electricity (ES) - Market Based	g CO _{2e} / kWh	287	AIB - European Residual Mixes 2021 (Vers. 1.2)
Electricity (PL) - Location Based	g CO ₂ / kWh	747	Terna International Comparisons 2019
Electricity (PL) - Market Based	g CO _{2e} / kWh	799	AIB - European Residual Mixes 2021 (Vers. 1.2)
Electricity (TK) - Location Based	g CO ₂ / kWh	415	Terna International Comparisons 2019
Electricity (TK) - Market Based	g CO ₂ / kWh	415	Terna International Comparisons 2019
Electricity (CHI) - Location Based	g CO ₂ / kWh	609	Terna International Comparisons 2019
Electricity (CHI) - Market Based	g CO ₂ / kWh	609	Terna International Comparisons 2019
Electricity (MEX) - Location Based	g CO ₂ / kWh	377	Terna International Comparisons 2019
Electricity (MEX) - Market Based	g CO ₂ / kWh	377	Terna International Comparisons 2019
Natural gas	Kg CO _{2e} / Smc	2.021	DEFRA 2021
Diesel	Kg CO _{2e} / l	2.512	
Petrol	Kg CO _{2e} / l	2.194	

305-7 NITROGEN OXIDES (NOX), SULPHUR OXIDES (SOX) AND OTHER SIGNIFICANT EMISSIONS

OTHER EMISSIONS	UM	2022	2021
NOx	T	8.3	11.5
SOx ³⁷	T	0.01	0.01
Volatile organic compounds (VOCs)	T	29.2	30.2
Hazardous air pollutants (HAP)	T	5.7	5.7
Particulate matter (PM)	T	8.3	6.1
Other ³⁸	T	0.0	1.6
Total	T	49.6	55.1

303-3 WATER WITHDRAWAL³⁹

SOURCE OF SUPPLY	UM	2022		2021	
		All areas	Areas with water stress ⁴⁰	All areas	Areas with water stress
Surface waters	Megalitres	0.0	0.0	12.2	0.0
Freshwater (≤1,000 mg/l total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Other water types (>1,000 mg/l total dissolved solids)	Megalitres	0.0	0.0	12.2	0.0
Groundwater	Megalitres	0.0	47.1	0.0	48.5
Freshwater (≤1,000 mg/l total dissolved solids)	Megalitres	0.0	47.1	0.0	48.5
Other water types (>1,000 mg/l total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Third-party water resources	Megalitres	3.1	189.0	16.8	184.9
Freshwater (≤1,000 mg/l total dissolved solids)	Megalitres	3.1	179.8	16.8	175.2
Other water types (>1,000 mg/l total dissolved solids)	Megalitres	0.0	9.2	0.0	9.7
Total	Megalitres	3.1	236.1	29.0	233.5

³⁷ Following a process of improvement of the reporting system, the data relating to SO_x emissions were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report.

³⁸ Includes NH₃ and COT emissions.

³⁹ Following a process of improvement of the reporting system, the data relating to water withdrawal were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report.

⁴⁰ The Acqueduct tool was used to identify water stress sites, which showed that all Group plants are in water stress areas, except for Unità di Cormano and Bitron Poland.

SOURCE OF SUPPLY	UM	2022		2021	
		All areas	Areas with water stress ⁴⁰	All areas	Areas with water stress
Water withdrawal index ⁴¹	Megalitres /hours worked	0.0208		0.0240	

303-4 WATER DISCHARGES⁴²

DISCHARGE DESTINATION	UM	2022		2021	
		All areas	Areas with water stress	All areas	Areas with water stress
Surface waters	Megalitres	0	9.17	14.5	26.6
Freshwater (≤1,000 mg/l total dissolved solids)	Megalitres	0	9.17	14.5	14.5
Other water types (>1,000 mg/l total dissolved solids)	Megalitres	0	0	0	12.2
Groundwater	Megalitres	0	62.6	5.7	47.3
Freshwater (≤1,000 mg/l total dissolved solids)	Megalitres	0	40.6	5.7	32.3
Other water types (>1,000 mg/l total dissolved solids)	Megalitres	0	22.0	0	15.0
Water produced (total)	Megalitres	0	0	0	0
Freshwater (≤1,000 mg/l total dissolved solids)	Megalitres	0	0	0	0
Other water types (>1,000 mg/l total dissolved solids)	Megalitres	0	0	0	0
Third-party water resources	Megalitres	3.1	149.6	1.8	171.2
Freshwater (≤1,000 mg/l total dissolved solids)	Megalitres	3.1	140.4	1.8	161.5
Other water types (>1,000 mg/l total dissolved solids)	Megalitres	0	9.2	0	9.7
Total	Megalitres	3.1	236.1	21.9	245.1

306-3 WASTE GENERATED

⁴¹ The water consumption index is calculated as follows: Megalitres of water withdrawn / total hours worked by employees *1,000.

⁴² Following a process of improvement of the reporting system, the data relating to water discharges were restated from those published in the previous Sustainability Report. For previously published data, please refer to the 2021 Sustainability Report.

TOTAL WASTE	UM	2022	2021
Waste generated	ton	9,087	8,373
of which:			
Dangerous	ton	160	222
Non-hazardous	ton	8,553	8,151
Waste index ⁴³	ton/ hours worked	0.00079	0.00091

TYPE OF WASTE 2022	UM	Destined for landfill	Destined for recovery	Of which are dangerous	Total
Plastic	ton	0	2,088	3	2,088
Wood	ton	0	881	0	881
Paper	ton	0	1,479	0	1,479
Production waste	ton	222	2,035	67	2,0257
Electronic components	ton	3	271	6	275
Toners, dyes and inks	ton	8	2	3	10
Other	ton	300	1,797	81	2,097
Total	ton	534	8,553	160	9,087

Data on materials used

301-1 MATERIALS USED BY WEIGHT AND VOLUME

MATERIAL FROM RENEWABLE SOURCES⁴⁴

Type of material	UM	2022	2021
Packaging materials (cardboard, wood)	ton	8,192	6,717
Stationery (paper)	ton	90	64
Total	ton	8,283	6,781

⁴³ The waste index is calculated as follows: tonnes of waste produced and disposed of / total hours worked by employees.

⁴⁴ Only materials directly related to the Bitron Group's production activity, and therefore used during the production processes, have been considered for reporting purposes. Materials belonging to the product categories tools, spare parts and protective equipment were excluded. The weight of electronic-electrical components, expressed and purchased in units, was estimated by taking into account the highest purchased values, and therefore significant ones, and making a weighted average for each plant.

MATERIAL FROM NON-RENEWABLE SOURCES

Type of material	UM	2022	2021
Packaging materials	ton	22,998	437
Raw materials (plastic, rubber, etc.)	ton	27,173	26,081
Chemical material	ton	2,069	707
Metal material	ton	6,875	6,830
Semi-finished products and electronic components	ton	21,724	79,079
Total	ton	80,839	113,133
Industrial technical gases	m ³	137	243
Industrial technical gases	kg	475	1,074

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Auditor's report



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INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of
Bitron Industrie S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report of Bitron Group (hereinafter also "Group") as of December 31, 2022.

Responsibility of the Directors for the Sustainability Report

The Directors of Bitron Industrie S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), as stated in the paragraph "Methodological note" of the Sustainability Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Bitron Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Our auditing firm applies *International Standard on Quality Control 1* (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards.

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We conducted our work in accordance with the criteria established in the *“International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information”* (hereinafter *“ISAE 3000 Revised”*), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements.

The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised (*“reasonable assurance engagement”*), and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

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

Specifically, we carried out the following procedures:

- 1) analysis of the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- 2) comparison between the economic and financial data and information included in the paragraph *“Economic performance”* of the Sustainability Report with those included in the Group’s Financial Statements;
- 3) understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

In particular, we carried out interviews and discussions with the management of Bitron Industrie S.p.A. and with the personnel of Bitron S.p.A., Elbi International S.p.A., Bitron Poland Sp. z o.o., Bitron Industry China Co Ltd, Bitron Electronic China Co. Ltd, Bitron Electronic China Co. Ltd Huangdao District and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

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

- at the parent company’s and subsidiaries’ level:
 - a) with regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;



- for the following companies and sites, Grugliasco (TO) site and production plant for Bitron S.p.A., Collegno (TO) site and production plant for Elbi International S.p.A., Sosnowiec (Poland) site and production plant for Bitron Poland Sp. z o.o., Qingdao (China) site and production plant for Bitron Industry China Co Ltd and Huangdao (China) site and production plant for Bitron Electronic China Co. Ltd Huangdao District, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met the management and have gathered supporting documentation on a sample basis with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Bitron Group as of December 31, 2022, is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Methodological note" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by
Santo Rizzo
Partner

Turin, Italy
December 22, 2023

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

