

MARSILLI



Sustainability Report
2022

INDEX

Letter from the President and CEO to the stakeholders	4
Highlights Marsilli S.p.A.	5
Methological Note	6
1 Marsilli Identity	7
1.1 Mission and values	8
1.2 The history of Marsilli	8
1.3 Marsilli's activities and the reference market	10
1.4 Economic value generated and distributed	11
2 Corporate Governance	12
2.1 Governance structure of the Group	12
2.2 Ethics and integrity	14
2.3 Certifications	15
2.4 Internal control and risk management system	15
3 Marsilli - the path to sustainability	16
3.1 Path and strategic lines of sustainability	17
3.2 Material issues and SDGs	17
4 The People	20
4.1 Diversity and equal opportunity	21
4.2 Training and professional growth	23
4.3 Health and safety in the workplace	24
5 Product excellence and relationship with customers	26
5.1 Customer relations and Customer Satisfaction	27
5.2 Product quality and safety	27
5.3 Product and service innovation and circular economy	27
5.4 Raw materials and traceability	28
6 Focus for the environment	29
6.1 Energy Consumption and Emissions	29
6.2 Responsible management of materials, waste and water resources	31
6.3 Environmental impact	32
7 Supply chain	33
7.1 Marsilli's supply chain	33
7.2 Responsible management of the supply chain	34
7.3 Dissemination of sustainable practices	34
8 Local communities	35
8.1 Social development	35
Appendix	36
GRI (Global Reporting Initiative) content index	39

LETTER FROM

THE PRESIDENT

TO THE STAKEHOLDERS

Dear shareholders, employees, collaborators, customers, suppliers and communities in our territories, following the footsteps of last year's company profile, this year we are taking a step forward by publishing the Group Sustainability Report.

It is a demanding objective which has required a concerted effort by all the companies in the Group, which however consolidates our ambition to provide all the interested parties with a clear and transparent overview of the most relevant aspects of sustainability that we have perceived and pursued. As widely known, Marsilli is not required to publish said Sustainability Report, nevertheless we felt it was worthwhile to embark on this strategy, both to promote an awareness-raising process within, and growth towards a management system consistent with these themes, that in order to make this approach pub-



lic, with data and descriptions compliant with GRI standards, so that anyone can detect the efforts that Marsilli makes in this area.

The project entails making the objectives and the results accomplished explicit with an approach for which doing business means aiming at the harmonious development in which the impact of each choice is assessed within the multidimensional space of sustainability. We have chosen to commit to achieving the Sustainable Development Goals defined in the United Nations Agenda 2030, and starting from this we have developed our "List of material topics" which represents them and assigns each one a position corresponding to the degree of relevance we attribute to it. In accordance to the applicable GRI in the following pages each of said topics and objectives thereof are explained and illustrated. We



know that over the years we have pursued virtuous policies that are reflected in this document, however we are equally aware that this is a first step and that much still remains to be done.

Sincerely,

14 July 2023

*Gian Battista Parati,
President and CEO Marsilli*

HIGHLIGHTS

MARSILLI S.P.A.



Founded in
1938



677
Employees



55% Under 30
of new employees



Emissions

- SCOPE 1
846 tCO₂e
- SCOPE 2
1.178 tCO₂e

METHODOLOGICAL NOTE

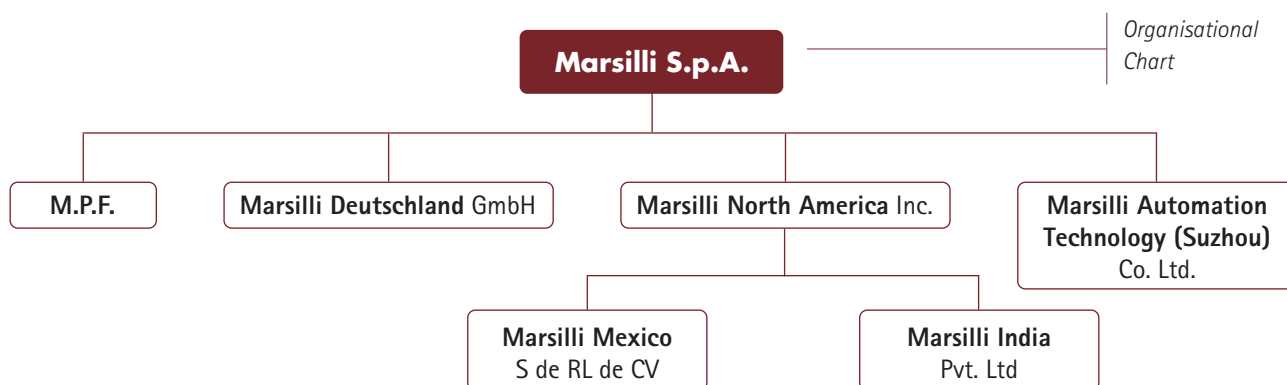
The Marsilli Group Sustainability Report – hereinafter Marsilli or Group – voluntarily prepared and intends to bear witness to the commitment undertaken by the Group on issues concerning sustainability, enhancing everything that has been pursued and the path that has been undertaken, as well as with the perspective to stakeholder satisfaction and involvement.

Marsilli during 2022 drawing up the “ESG Company Profile”, has defined its first list of material topics, identifying 15 relevant topics of an economic, social and environmental nature, which will be illustrated throughout the document.

Despite its being voluntary, the document is prepared in compliance with the Sustainability Reporting Standards published in 2016 by the Global Reporting Initiative (GRI) and updated in 2021, “in accordance with GRI Standards” mode, which allows an organization to provide a complete picture of its most significant impacts on the economy, the environment and people, including impacts on human rights, and how they are managed to realize its contribution to sustainable development.

The reporting scope of this report includes all the companies that are part of the Marsilli Group:

- MARSILLI S.p.A. (Holding Company)
- M.P.F. S.r.l.
- MARSILLI DEUTSCHLAND G.m.b.h.
- MARSILLI NORTH AMERICA Inc.
- MARSILLI MEXICO S de RL de CV
- MARSILLI INDIA Pvt. Ltd
- MARSILLI AUTOMATION TECHNOLOGY (Suzhou) Ltd



This non-financial report is co-ordinated by the Holding Company and if the GRI indicators used, do not cover overall, precise indications shall be provided.

The data reported therein is to be considered as referring to the period from January 1st 2022 to December 31st 2022. For comparison sake the data of the two previous years (2021 and 2020) are also shown side by side. With respect to the Company Profile whose data refers to the 2021 financial year, it was expanded for the purpose of also including the subsidiaries.

This document has been published and can be publicly viewed on the Marsilli website at <https://marsilli.com/sustainability>

The KEY to success

hard work
studying
learning
perseverance
sacrifice
and most of all
LOVE for what you do.

MARSILLI

1. MARSILLI IDENTITY

Marsilli has stood out on the market for over 80 years for its **research and technological innovations** and today is among the world leaders in the design, construction and installation of **winding and assembly systems** for coils and motors, in which precision, flexibility and customization are essential.

Thanks to the ability of anticipating the times by continuously providing new and unconventional solutions to market issues, Marsilli has achieved a solid global position as a **Solution Provider for Industrial Automation** in various fields such as Automotive, Appliances, Electromechanical applications, RFID (Radio Frequency Identification), Consumer Electronics, Power tools and much more.

In fact the Group has extensively developed assembly processes with winding as their main process. In particular, thanks also to the cooperation with their customers, Marsilli has developed various technologies that are complementary to the winding process, for example in the field of welding or in the test and control phases, thus specializing in the creation of large automated processes. In just a few years, the company has gone from being a manufacturer of “stand-alone” winding machines to also being a developer and manufacture of complex systems. Winding obviously remains the “core” technology, although flanked by various other equally critical skills both in the field of coils and motors.

Thanks to our specific and extensive expertise in both fields, Marsilli has become a real “solution provider” and partner for its customers, and especially when it comes to finding new solutions to optimize their products. In recent years for example, the market for **electric motors** in the industrial sector has become increasingly more demanding, inspiring manufacturers to innovate their products and their manufacturing processes in order to optimize their dimensions and performance. These players turn to Marsilli to find optimal solutions together, taking advantage of the great experience in the field of both winding and related functions.

In Marsilli, quality and innovation are fundamental principles, which put to customers disposal to create a real partnership so that it is a truly win-win situation.

1.1 Mission and values

Throughout its more than 80-year history, Marsilli has always stood out for its ability to innovate and innovate itself and keep up with the latest technologies and, in many cases anticipating or revolutionizing them.

The curiosity, passion and creativity which characterize the company in fact are reflected not only in its products, but also in the approach to the problems and challenges posed daily by its customers. Thinking outside the box is not just a slogan, but a way of working shared by all employees, which makes it possible to find solutions to the increasingly complex problems that the market presents.

In fact the company does not merely operate as a simple supplier but establishes a partnership based on trust which allows customers to share their doubts, problems and projects in order to get advice and opinions for the purpose of reaching the best possible configuration, ensuring the highest quality of the final product.

In Marsilli, quality and precision are fundamental requirements: the customer's product is wound and assembled in machines and systems which use the best technologies, to ensure maximum traceability and absolute control in every single stage of the process. For this reason each solution is designed and tailor-made - there are no "catalogue" machines.

The company objective is therefore the ongoing enhancement of the technologies of the reference market, the innovation of the state of the art for the purpose of developing more precise and efficient solutions that help its customers to face the challenges of tomorrow.



1.2 The history of Marsilli

Marsilli was founded in 1938 by Angelo Marsilli, who set up the company in Turin to manufacture winders.

In 1957 the founder, due to lack of heirs and for health reasons, sold the company who in turn sold it again, passing from owner to owner whose reference market was domestic.

In 1974 the company moved to the current site in Castelleone and started with only 7 people.

In 1977 there were already 20 employees.

In 1980 the company was taken over by the Swiss company Sarcem, one of the European leaders in the winding machine field. Marsilli in the mid 80's has about thirty employees.

In 1985, with the purchase of the shares of the parent company Sarcem, the current ownership begins a period of intense development.

In 1988 Marsilli Deutschland was founded in order to be able to oversee the expanding German market more closely.

In 1991 Marsilli began its activity in the United States, initially through the participation in a third party company



and later founding Marsilli North America in Baltimore. The headquarters covering approximately 1,500 square meters, ensures the local services of distribution, partial production, service, sales, spare parts warehouse, seminars and training.

In 1994 Marsilli began to have its financial statements certified by an external provider and was first in the world in its field to obtain the ISO 9001 certification, thus starting a process of accreditation to the most advanced organizational standards.

The 1990s was a period of tumultuous growth for Marsilli: the turnover rose from 10 million euros in 1992 to 49 million in 2001.

The Group was definitively established and completed in December 1999, when Marsilli acquired its major Italian competitor.

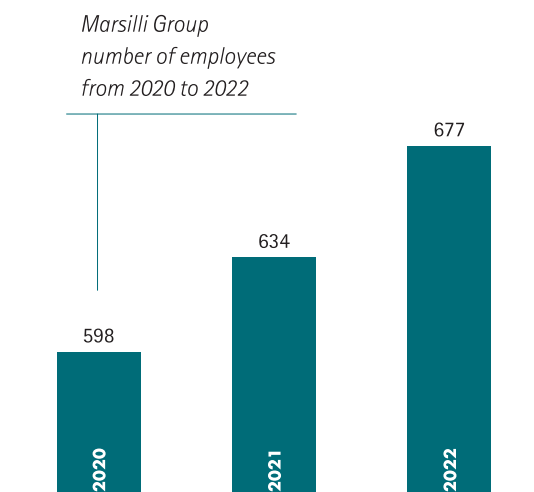
In 2001, there were 238 direct employees working in the Holding Company and reached over 300 including the employees in the subsidiary companies and almost 500 including contractors who collaborate with Marsilli.

The winding process is integrated with the processes upstream and downstream, going further and further in the direction of providing customers with fully automated systems.

In 2006 the birth of Marsilli India in Bengaluru with a space of 350 square meters, made up of sales services, spare parts warehouse, after-sales assistance.

Given the expansion of the Chinese market in 2012 the group expands with the opening of Marsilli Automation Technology, with headquarters in Suzhou (1,800 square meters) and branches in Beijing and Guangzhou which look after of all the customers in the area also ensuring a local retrofitting service, as well as sales, after-sales assistance, spare parts warehouse and training and seminars. 2010 represents the moment in which the Company enters the world of systems for the production of electric motors.

The requests for fully automated complex systems where winding is the heart of the process, becomes the rule rather than the exception. More and more skills are needed. The group's workforce doubles in just seven years: from 268 employees in 2011 to 530 in 2018.

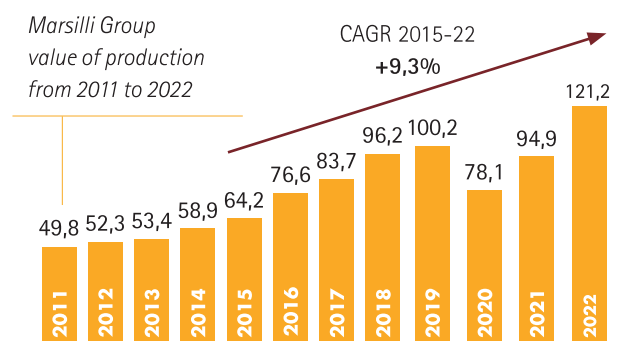


Meanwhile, in 2016, the growing Mexican market drove the company to also open an office in Querétaro (750 square meters), to better serve local requests. Until that time, the area was covered by Marsilli North America.

Marsilli reaches 96.2 million euros in 2018 and opens 2019 with a budget of over 100 million. Foreign markets are almost exclusively driving development: in 2018, Italy accounts for only 5% of total turnover, while the remaining 95% is sold abroad in Germany, North America, China and many other countries of the world.

The covered area increased from 16.000 square meters in 2011 to 31.000 square meters in 2018.

In 2019 the German office expands, with a lab and office spaces reaching a total area of 750 square meters. It



provides the local market with sales services, after-sales assistance, seminars and training.

2020 is characterized by the pandemic and Marsilli remains in lockdown for two whole months, from mid-March to mid-May.

However, this does not stop the growth of Marsilli, which despite the drop in turnover of about 20% continues with its policy of innovation and growth.

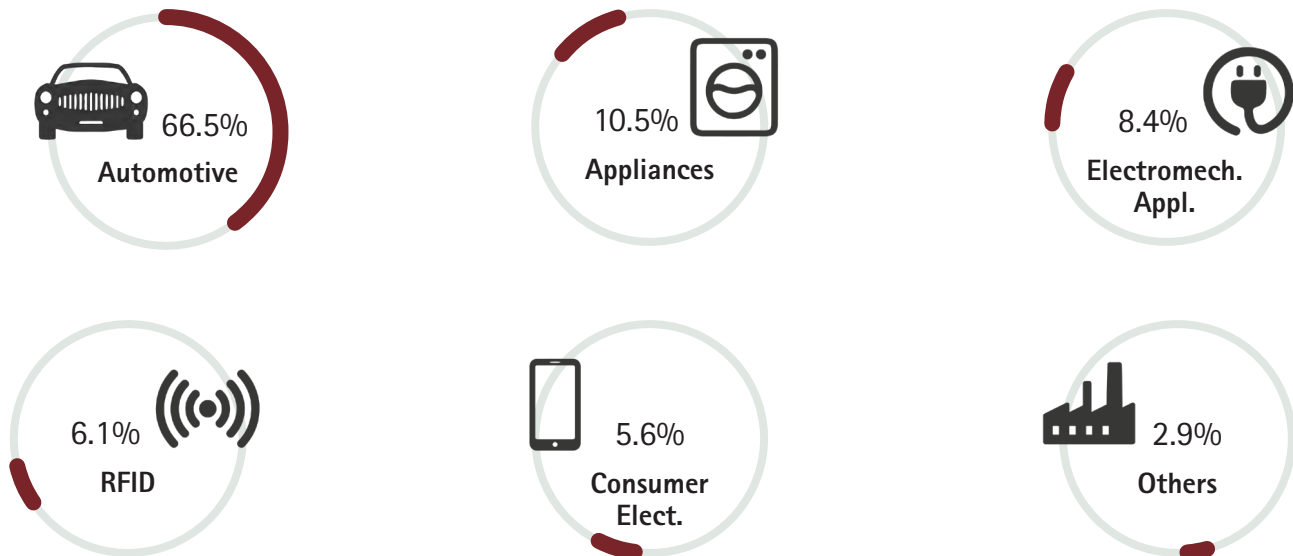
2021 in fact sees the turnover back to pre-Covid levels, and in 2022 it is projected to show significant growth of around 20%. The Mexican office expands doubling the surface area, going from 750 to 1,500 square meters, to ensure the possibility of local tests, avoiding the need for customers to travel to Italy.

In 2022 the covered area of the Holding Company and of the Italian offices is further expanded reaching 40,000 square meters, to ensure the space necessary for the new systems to be built, which are becoming increasingly large in relation to the increasingly complex products required by the customers.

1.3 Marsilli's activities and the reference market

Marsilli's activity is aimed at producers of wound components (coils and motors) who need precision, speed, reliability, traceability and process control during the production cycle and at producers who do not simply need a standard product, but a personalized and unique solution for them. In fact, Marsilli produces 80% of its machinery to order for the preparation, winding, finishing and assembly processes.

In particular, the reference markets can be divided as follows:



The main reference market is the **Automotive** which represents about two thirds of the Group's value of production turnover, followed by Appliances/White (household appliances), the Electromechanical and the RFID (Radio Frequency Identification) field, which is growing thanks to the application developments relating to identification, storage and/or automatic data communication of objects and animals.

The Marsilli Group also draws its profit from exports and the most important geographical areas are Germany, North America (USA, Canada, and Mexico), China and France, even though our presence actually covers the entire global market, both in terms of activity related to sales and after-sales assistance, an essential element in customer service.



1.4 Economic value generated and distributed

The economic value generated and distributed expresses in monetary terms Marsilli's ability to create and distribute wealth among the main categories of its Stakeholders, such as personnel, shareholders, lenders, the community and the public administration.

During 2022, the economic value generated by the Group is equal to over 121 million euros, while the one distributed is equal to almost 107 million euros.

STATEMENT OF DETERMINATION OF THE ECONOMIC VALUE GENERATED, DISTRIBUTED AND RETAINED BY THE MARSILLI GROUP

(thousands of euros)	2022	2021
Economic value generated and distributed by the Group*	121.150	95.544
Economic value distributed by the Group	106.870	83.165
of which		
for Operation costs	54.112	40.221
to Marsilli employees and collaborators**	46.687	40.057
to Stakeholders and Financiers	2.845	462
to Public administration	3.126	2.316
to the Community (donation)	100	109
Economic value detained by the Goup	14.280	12.379

* The economic value generated by the Group is made up of total revenues and other income, financial income and exchange differences.

** The economic value distributed "to Marsilli personnel and collaborators" includes the costs of employees and temporary collaborators and contractors.

The portion of the economic value of operating costs amounts to €54,112 thousand and mainly includes costs incurred for the purchase of raw materials, components, outsourcing, costs for services, transport, costs for the use of third-party assets and other management charges. A large part of the economic value distributed by Marsilli in 2022 referred to was to remunerate and support the business system of the supply chain. The Holding Company, Marsilli S.p.A., in fact represents for many companies in the supply chain an interlocutor with whom to develop lasting collaborations and partnerships over time, and has contributed to the growth of companies in its value chain, creating an induced supply chain that guarantees further employment and development.

The share of the economic value distributed to Marsilli personnel and collaborators amounts to €46,687 thousand and represents 43.7% of the overall distributed economic value. This share includes costs incurred for wages and salaries, awards and bonuses, social security contributions, provisions for pension plans and other employee personnel costs, it also includes the cost of temporary personnel and contractors, directly or indirectly involved in the production process.

The item Shareholders and Lenders includes all payments to the organisation's capital suppliers, which in 2022 amounted to €2,845 thousand, referring to financial charges recognized in relation to existing loans and the portion of the profit for the year intended to dividends.

In the reference period, a share of the economic value of € 3,126 thousand was distributed to the Public Administration, equivalent to current income taxes for 2022.

The economic value held by the Group is therefore equal to €16,134 thousand mainly referring to the result for the year allocated to reserves, depreciation, provisions and write-downs and deferred taxes.

In conclusion, it seems useful to point out that in 2022 the Group also invested €10,089 thousand in "Tangible fixed assets" and €1,586 thousand in "Intangible fixed assets", for a total of €11,675 thousand.



2. CORPORATE GOVERNANCE

In Marsilli, the stability and solidity of a family style management structure combined with modern governance effectively supports an industrial approach oriented towards responsible and sustainable economic growth with objectives focused above all to the long term. This approach allows the Group to never be in a position to make short-term objectives prevail at the expense of defining and pursuing medium and long-term development strategies.

2.1 Governance structure and composition

The Corporate Governance model adopted by the Holding Company is traditional and envisages inclusion of a **management body**, the Board of Directors, and a **Supervisory body**, the Board of Statutory Auditors. The legal auditing of the accounts, as well as the accounting control, are assigned to the Independent Auditors appointed by the Shareholders' Meeting.

Marsilli is not subject to any management and coordination activity by companies or other entities pursuant to the Civil Code, as they are reserved for collective examination and exclusive approval by the Board of Directors of Marsilli S.p.A. the choices which determine the strategic and direction aspects.

The **Shareholders' Meeting** is the body in which the corporate will is formed and expressed, which is then implemented by the Board of Directors. It is made up of the shareholders of Marsilli S.p.A. which periodically meet to resolve the topics defined by the provisions of the law and by the company's Articles of Association. The most important tasks of the Shareholders' Meeting include the choice of members of the Board of Directors and the Board of Statutory Auditors, the appointment of the Independent Auditors, as well as the approval of the Financial Statements.

The **Board of Directors** of Marsilli S.p.A. (BoD) is the central body of the Corporate Governance system of Marsilli S.p.A. who is responsible for managing the company, without prejudice to the functions performed by the Shareholders' Meeting, which is currently made up of six members, two of which are independent, appointed by the Shareholders' Meeting of 28 April 2022 to remain in office until the approval of the financial statements as of 31 December 2024.

The BoD is responsible for strategic guidelines, verifying the congruence of the organizational structure, as well as the adequacy of the controls needed to monitor the performance of the company and the Group. It is also responsible for assessing the risk level compatible with Marsilli's strategic objectives, also in relation to a medium-long term sustainability perspective.

Furthermore, the BoD analyzes and approves the annual budgets and carries out the subsequent monitoring; analyzes and approves strategic, industrial and financial plans, paying particular attention to significant changes in business prospects, as well as the risk situations to which the Group is exposed.

Finally, on a quarterly basis, the BoD examines management performance, the statement of the powers assigned, as well as the adequacy of the Internal Control and Risk Management System, the Governance and Compliance system and the most relevant activities for Marsilli.

The BoD is made up of:

Position	Name	Date of Birth	Executive / Non-executive
President and CEO	Parati Gian Battista	30/05/1952	Executive
Vice President	Parati Davide	26/02/1983	Executive
Executive Director	Parati Marco	26/09/1987	Executive
Executive Director	Perego Corrado	23/10/1967	Executive
Member of the Board	Gambaro Mauro	07/06/1944	Non-executive
Member of the Board	Bianchessi Giovanni Eraldo	22/10/1952	Non-executive

Since 2014 the BoD approved a Procedure for Transactions with Related Parties, the purpose of which is to ensure the transparency and substantial and procedural correctness of said transactions, in order to protect the best interests of the company. Although the company is not listed, in line with best practices, the procedure was drafted taking into consideration the relevant indications provided by Financial Conduct Authority (CONSOB) for companies listed on the Stock Exchange. Nine meetings of the Board of Directors were held during 2022 with 100% participation by all directors.

In addition, the **Board of Statutory Auditors** is present, which is the independent body responsible for monitoring the observance of the law and the Articles of Association, compliance with the principles of correct administration and, within its remit, the adequacy of the organisational, administrative and accounting structure adopted by the company. All members of the Board of Statutory Auditors meet the eligibility, integrity and professionalism requirements established by law. Furthermore, the Statutory Auditors are chosen from among persons who can be deemed as independent. In 2022, attendance by all statutory auditors at BoD meetings was 100%.

As part of the controls, the Shareholders' Meeting also appoints the Independent Auditors, an external body which is responsible for the statutory audit of the accounts for a three-year period. This role is currently held by the Auditing Firm KPMG S.p.A..

Lastly, as part of the internal control system the Board of Directors has appointed a Supervisory Body, endowed with autonomous powers of initiative and control and responsible for supervising the functioning and observance of the Marsilli Organisational, Management and Control Model referred to Legislative Decree 231/2001, as well as ensuring the update thereof.

GOVERNANCE MODEL OF SUBSIDIARIES

As regards to the subsidiaries, Marsilli applies internal rules, in compliance with the regulations applicable in each country, to define an adequate corporate structure of the subsidiaries, based on the size and complexity of each of them, so that all of the companies adhere to the guidelines adopted by the Holding Company.

In particular, the boards of directors of all significant subsidiaries have the majority of members representing Marsilli S.p.A..

2.2 Ethics and integrity

Marsilli is convinced that a development that satisfies the principles of economic, social and environmental sustainability must necessarily be based on an ethical approach to business activity. Awareness of the role, **transparency, honesty, innovation, social and environmental responsibility** are ethical principles in which Marsilli believes in and are the result of a strong and reputed cultural identity which it values and lives by. This identity being the result of a consolidated entrepreneurial style, has been forged and strengthened over more than 80 years of activity, experience and relationships, becoming one of the resources on which its corporate culture was formed.

Marsilli, starting from said assumptions, has defined a **Group Code of Ethics** which inspired by the values in which it believes, has defined a number of principles that the Company has adopted as the core of its actions in pursuit of the goals to which it operates daily. These principles endorsing the concept of sustainability in its broadest expression, take the form of rights, responsibilities, rules of conduct and prescriptions that all stakeholders (employees, suppliers, customers, communities and local authorities, etc.) are required to know and adhere to from the moment they interact with the Company. The purpose of the Code of Ethics is therefore to reiterate that in no way can the belief of acting in compliance with rules and regulations, even if to the advantage of Marsilli, justify the adoption of behaviour in contrast with the principles and values that are championed.

In order to give substance to the principles established in their own Code of Ethics, the Italian companies of the Group have therefore adopted an **Organisation, Management and Control Model** (also drawn up in compliance

with Italian law - **Legislative Decree 231/2001**) with the aim of providing guidance for all operators, preventing the committing of crimes, avoiding any illicit conduct and discouraging any behaviour contrary to the principles that Marsilli has established in its Code and which it undertakes to respect. Supervision of compliance to the principles established in the Code is for Italian companies entrusted to the Supervisory Bodies of the individual companies, where applicable, while for non-Italian companies or those without a Supervisory Body this function is carried out by their highest administrative body or by another specifically appointed supervisory body. For Italian companies, reports of any violations of the Code are to be addressed to the Supervisory Body of the individual companies, where applicable, while for non-Italian companies, or those without a Supervisory Body, the reports shall be sent to the Supervisory Body of Marsilli S.p.A..

In the wake of the approach that led Marsilli to approve its own Group Code of Ethics, in 2022 the preparation of two documents connected to it began simultaneously: the “Policy for Employment, Safety and Human rights” and the “Personnel Recruitment and Selection Procedure”. Both documents shall have the purpose of dealing with subjects present in the Code of Ethics in order to further develop them and provide guiding principles and operational indications for the specific organizational functions involved. In particular, the aim of the “Employment, Safety and Human Rights Policy” is to guarantee and protect employees’ rights in general terms, while the “Procedure for the Recruitment and Selection of Personnel”, in addition to banning the employment of minors, will have to provide operational indications aimed at promoting equal treatment and non-discrimination in the personnel selection and recruitment stages.



2.3 Certifications

Certifications are an important endorsement for companies that wish to benefit from use of the tools needed to prove their management systems under various aspects, helping the organization to define its goals, measure its performance, monitor and review risk assessment on a daily basis. Currently, the Holding Company Marsilli S.p.A is certified in accordance to the voluntary standards ISO 9001, ISO 14001, ISO 45001 and ISO/IEC 27001. The data and information security system also obtained TISAX recognition in 2022 - TISAX (Trusted Information Security Assessment Exchange).



Quality management system
ISO 9001 certified since 1994



Safety management system
OHSAS 18001 certified since 2013
and now in line with the new ISO 45001



Environmental management system
ISO 14001 certified since 2010



Information data security
ISO 27001 certified since 2015

2.4 The internal control and risk management system

Marsilli S.p.A believes that the identification, assessment, management and monitoring of risks are fundamental for running the business. For this reason, it aims to define all the possible risks that threaten its value chain and which could have if they were to occur a negative impact on production activity and business continuity.

Using the principles of evolution on which the certifications that are used are the foundation, the company is committed not only to complying to the mandatory legislation, but also to the definition of specific improvement objectives and the pursuit of the consequent actions.

Marsilli acknowledges the importance that ESG risks have taken on, and the essential nature of integrating assessments connected to them into internal control systems. To this end, it has set itself the objective of integrating assessments relating to sustainability issues, into the traditional management system.

The analysis of the so-called material topics, i.e. relevant to the Group, made it possible to define an initial macro assessment of the risks/opportunities, also defined as positive and negative impacts towards the stakeholders. In this regard, please refer to the chapter “Material topics, related impacts and SDGs”.

Furthermore, in relation to some risks, Marsilli has adopted a supervisory system based on compliance with the principles established by the various policies adopted or soon to be adopted. In fact, for Italian companies, supervision is delegated to the Supervisory Bodies of the individual companies, where present, while for non-Italian companies, or those without a Supervisory Body, this function is performed by their highest administrative body or by another specifically appointed control body.



3. MARSILLI SUSTAINABILITY PATH

Marsilli understands that a business activity is sustainable when it is able to ensure a long-term competitive position by combining the achievement of environmental and social targets with adequate economic results in relation to a universally shared portrayal to which all operators refer to.

The 2030 Agenda, published in 2015 by the United Nations, and signed by the governments of 193 UN member countries, is an internationally recognized document that provides essential guidelines for the pursuit of sustainable development goals. This document contains the so-called “*Sustainable Development Goals*” (SDGs), which Marsilli perceives as essential points of reference for the implementation of strategies and initiatives in the ESG area. Marsilli strongly believes that corporate and collective development oriented towards sustainability is based on the harmonization of three fundamental dimensions: economic growth, social inclusion and environmental protection. In particular, the Group is inspired by and undertakes to support 12 SDGs, making a concrete contribution in relation to its operating sector and the activities it carries out.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS THAT MARSILLI IS COMMITTED TO SUPPORTING



3.1 Sustainability path and strategic lines

In this respect Marsilli has initiated a process of growth related to ESG matters, taking inspiration by the corporate spirit and culture that has guided the company in its growth. Marsilli conscious of its potential, embraces said path as a challenge, with the aim of integrating transversal assessments (environmental, social and governance) both within its long-term strategy and in its daily activities, in order to ensure sustainable conduct of its management.

In 2021 the Company undertook a path both effective to the application of sustainability principles and to their concrete and practical quantitative assessment on the basis of international criteria in accordance to a holistic approach to the economic-financial side and the non-economic aspects such as respect for the environment and people and relations with civil society and the territory.

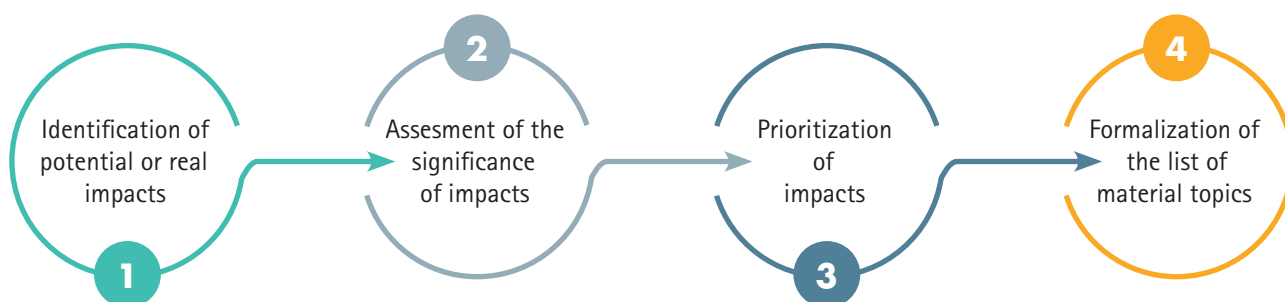
This approach has allowed the Group to understand the data needed for reporting, based on the GRI required for the specific material topics, and the need to implement new reporting systems and methods if not yet in place.

3.2 The material topics, the related impacts and SDGs

At the end of 2022, the updates relating to the materiality analysis introduced by the “GRI Universal Standard 2021” were published and Marsilli as part of the path undertaken towards sustainability through the drafting of the “ESG Company Profile 2021”, for this report has identified the impacts associated with its activities. The term “impact” refers to the effect an organization has or could have on the economy, the environment and people as a result of its business activities or relationships.

The analysis took into consideration actual or potential impacts, negative or positive, short-term or long-term, foreseeable or unpredictable, reversible or irreversible. Negative impacts refer to the effects that the Marsilli Group causes or helps to cause directly with its activities, as well as those directly attributable to its processes, products or services. The positive impacts are related to the way in which the Group contributes, or could contribute, to sustainable development through its activities, the offer of products and services, investments, research and development activities.




The analysis of the material topics was divided into four stages:



















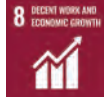



As regards to the first stage in addition to an internal analysis of the characteristics of the sector to which they belong, the potentially material topics were subjected to a process of identification of specific impacts associated to them, positive and negative which they generate (or could generate) both on the company and on the external environment. These impacts reflect the very materiality of the issues identified, as they materialize and consolidate the link between the ESG issues identified as “relevant” and the Marsilli Group, as well as the environment in which it operates.

The impacts in relation to each material topic were subsequently assessed by the members of the Group’s top management. In this first exercise of Impact Materiality Analysis for the Group, the opinion of top management provided an internal vision of the business, but also took into account the point of view of its main stakeholders - internal and external - in assessing the impacts . The evaluation resulted in an ordered list of material topics for Marsilli, which sees the prioritization of the aspects considered relevant and therefore included in this Document.

The prioritization resulted in an ordered list of **15 material topics**, which are illustrated in the table below. Three of the most relevant to the Group are present: Customer Relations and Customer Satisfaction, Innovation, safety and quality of products/services and Development, training and education of employees. As further detailed in the report, in fact, Marsilli's business pays particular attention to the care of its customers and people. Alongside the social issue, Marsilli's materiality analysis also enhances that of governance, placing fourth and fifth in economic performance and the creation of shared value and transparency, ethics and business integrity, both topics of extremely current relevance in the context ESG.

	Topic	Description	SDGs
1	Customer relations and Customer Satisfaction	Involve customers in product planning – keeping up with their needs in order to ensure customer satisfaction and loyalty.	  
2	Innovation, safety and quality of products and services	Guarantee safety and quality of products and services, complying with specific standard in order to protect user safety and meet customer's high expectations in terms of safety, performance and convenience.	  
3	Employee development, training and education	Engage in career development plans for employees and new resources. This allows you to attract the most appropriate talents and candidates to hire within the company. Develop practices and policies to retain talented and skilled employees in the organization.	  
4	Economic performance and creation of shared values	Set and monitor economic objectives that are consistent with a long-term vision and correspond to the integration of environmental, social and governance aspects into the corporate strategy.	 
5	Transparency, Ethics and business integrity	Adopt an internal system of guiding principles as a solid approach to ensure ethics and integrity throughout the company, in the conduct of employees and stakeholders.	 
6	Cyber Security and Data Protection	Guarantee the protection and conservation of company know-how, including that shared by customers and other stakeholders with the company, strengthening trust between all parties, as well as ensuring that the collection, use and sharing of customer and employee personal information is secure and compliant.	
7	Employee Health and Safety	Ensure the health and well-being of people and a safe and healthy working environment by complying with all applicable regulations and standards.	  
8	Diversity and Inclusion	Achieve equal experience and compensation opportunities for employees, create and sustain a culture of inclusion across the entire value chain (employees, suppliers, customers) and respect diversity (in terms of origin, ethnicity, gender, age, religion, etc...)	  

9	Social and environmental management of the supply chain	Assess suppliers based on environmental, social and governance criteria together with their delivery and quality performance in order to pursue the operational continuity of the supply chain and ensure that they are in line with the company principles.	  
10	Responsible management of materials waste and water resources	Adopt an approach to the management of materials, waste and water which minimizes the waste produced and improves the efficiency of management and disposal.	  
11	Energy efficiency	Reduce energy consumption through the implementation of targeted initiatives to limit direct and indirect consumption and promote energy efficiency particularly in the production processes.	  
12	Environmental Impact	Implement concrete actions for the continuous improvement of the company's environmental profile, thanks to careful risk management in this area and the adoption of increasingly structured and effective environmental management systems.	  
13	Environmental impact of products and services	Seek continuous innovation of products and services in the technological field through scientific and technological know-how, improving on production processes and the environmental impact of products.	  
14	Responsible sourcing of raw materials	Procure raw materials respecting human rights, support local economies, preserve limited resources and protect people's health and the environment.	 
15	Development and initiatives for the local community	Promote the growth of local communities and industries in the locations where the company is present.	  



4. THE PEOPLE

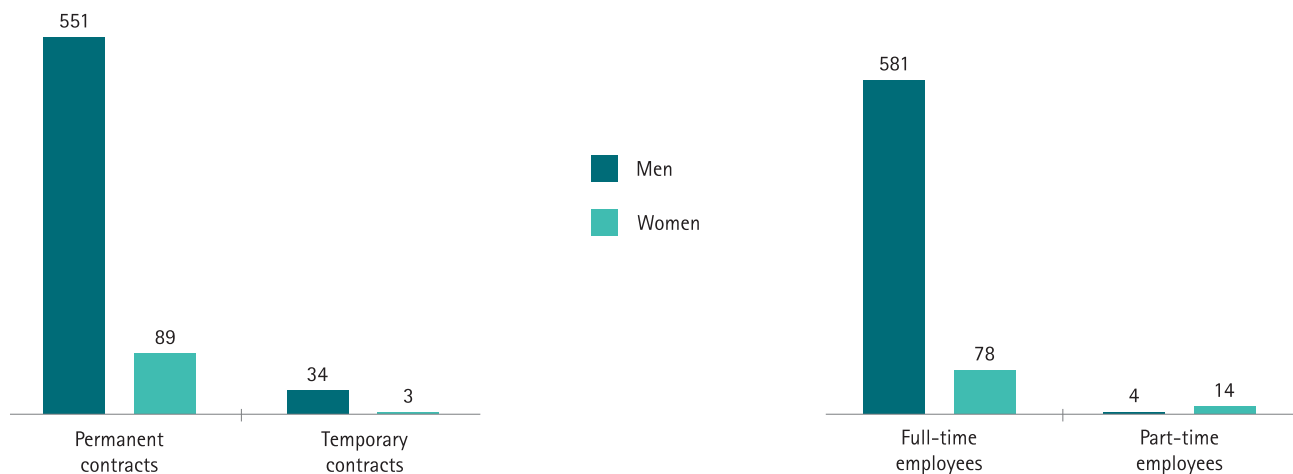
Marsilli is convinced that the success of a company largely depends on the people who contribute, as well as on the degree and quality of involvement attributable to their participation. **Participating actively, being proactive, collaborating for a common goal** is to be considered an approach to be promoted and cultivated in every organizational sphere. This is to be evaluated positively for any type of enterprise, but it is all the more so for those like Marsilli where individual work, intellectual involvement and the autonomy of individuals are the factors on which the organization of the business itself is the foundation. Marsilli is aware of basing its success on innovation, creativity and technological development, which are also factors attributable to autonomous and proactive human action. Consequently it believes that people are the strategic asset with which to constantly relate and on which to focus its ambitions for growth and leadership in the market.

Throughout its long history Marsilli has developed a corporate culture which incorporates every aspect of human resources in all its processes. This approach has led to the creation of a management style that aims at having a balance between business, the quality of life in the factory and family needs and people's social life, leaving ample room for freedom to fine-tune their contribution, based on their expectations and ambitions. This approach together with the spirit of participation that Marsilli constantly promotes are the levers on which its entrepreneurial spirit operates.

In the path that the Company has undertaken towards business sustainability, people are placed at the centre and all the issues considered material from an ESG point of view gravitate around them.

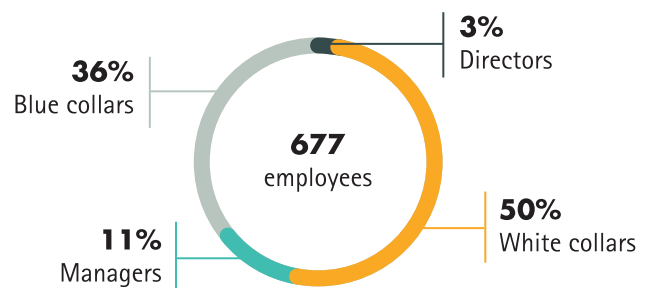
As of 31.12.2022 the Marsilli Group has 677 employees. The majority are full-time employees (97%) and have permanent contracts (94%).

EMPLOYEES BY TYPE OF CONTRACT



EMPLOYEES BY CATEGORY

In Marsilli employees can be divided in relation to the categories of Directors, Managers, White collars and Blue collars. Most of the 677 employees in 2022 is represented by Blue collars (36%) and White collars (50%), with the remaining 11% represented by managerial figures and 3% by directors.



4.1 Diversity, inclusion and equal opportunities

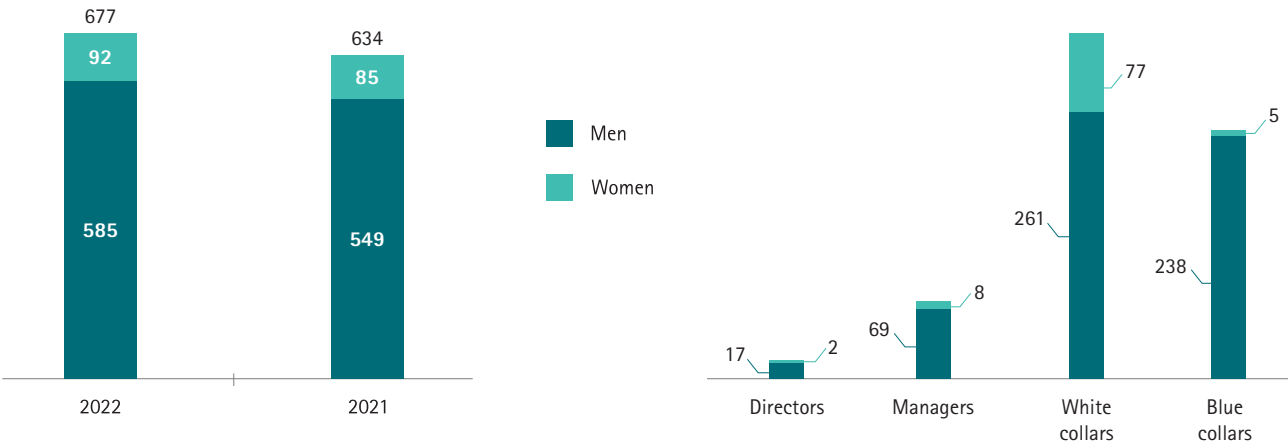
For Marsilli people are a strategic asset to focus on for sustainable development. Gender, cultural, ethnic, religious or political diversity is a factor that Marsilli has constantly been addressing for some time. In an increasingly globalized and interconnected world, diversity has taken on multiple facets that require an adequate approach in order to promote the common denominators needed to encourage the inclusion and participation of all. **Inclusion and participation are fundamental factors** for the total participation of people in projects and activities. From this perspective diversity as outlined above, must be addressed by enhancing its specificity and promoting behaviour that guarantee equal opportunities for all employees

Marsilli in believing the principles established in the Universal Declaration of Human Rights and in the Constitution of the Italian Republic, is committed to enhancing diversity in order to embrace its added value and the wealth that derives from the fusion of different soft skills. This approach is explicit in the Code of Ethics of the Marsilli Group, in which the principles of inclusion and equal opportunities are the cornerstone.

During 2022, in line with the inclusion and participation objectives mentioned above, the renewal of the **Supplementary Company Contract** was signed at the Holding Company, valid until the end of 2024, in which two important references to the topics referred to in this paragraph have been included. In particular, in addition to renewing the promotion of the ongoing search for dialogue and constructive confrontation in industrial relations, the aim was to **underline the common commitment to support a culture that bans harassment and violence in the workplace** and promotes a willingness to listen to and understand diversity. Furthermore, in order to improve the quality of the working life of its employees, Marsilli has made available a number of supplementary benefits related to, for example, professional training, health and the family-work relationship.

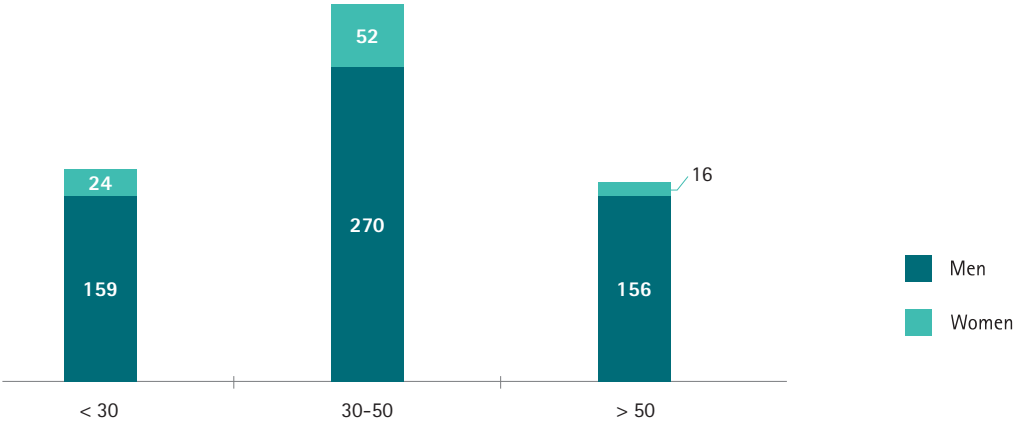
As regards the composition of the workforce, Marsilli has a total of 677 employees as of 31.12.2022, of which the majority are men (86%). The female gender appears predominantly among office workers, of which it represents about 23%.

EMPLOYEES BY GENDER AND BY PROFESSIONAL CATEGORY AND BY GENDER



Marsilli is also genuinely willing to offer job opportunities to young talents, even for people with their first work experience. This fosters the growth of new skills and creative points of view that help meet the innovation needs from the market. In fact, younger employees make up a large portion of our workforce, represented by 27% by employees under the age of 30. A further 47% is made up of employees between the ages of thirty and fifty, while the remaining 26% are employees over fifty.

EMPLOYEES BY AGE AND GENDER



We would like underline that young resources represents a priority criterion that has always characterized our activity. We are in fact aware of the added value that over time, with the training acquired in situ, the young resources will be able to contribute to the various company functions. As proof of this, approximately 55% of recent hires are made up of employees under 30 years of age.

4.2 Training and professional growth

Marsilli is well aware that training is an essential tool to understand the reality which surrounds us. Consequently, training people to understand the environment in which they operate and the technical, managerial, economic, environmental and social factors that form part of it, is the first and essential step for the development and consolidation of individual skills. Marsilli therefore assigns **training** a decisive role in its development strategy, as a **tool for increasing the ability to face and solve market challenges** and share the essential choices that the future holds us to. People who are aware of the function performed in the organization and capable of interpreting market needs with innovative solutions are the resources on which to base the development of technological and organizational know-how around which revolves the quality of the products and services that Marsilli offers. Through their own professional growth, it is possible to promote gratification to the commitment, which is a relevant part of the motivation of every individual.

In 2022, the training activities provided by Marsilli were significant, both from the point of view of the hours provided, the number of human resources involved and the contents of the training.

As regards the two Italian companies of the Group, i.e. the Holding Company Marsilli S.p.A and M.P.F, as envisaged by TU Legislative Decree 81/08, basic and specific training is carried out for all employees in relation to the risks to which the worker is subjected. In the case of employees not employed by the company but under its control, training is guaranteed by the declarations of the respective employers. The training is carried out by expert trainers or by the internal prevention and protection service. The contents follow the programs required by the regulations and enable auditors to increase their awareness of the risks present in the company. All safety training is provided during working hours. The effectiveness of the training is partly verified through tests with written questions to be answered and checks are also carried out on the safe behaviour of employees in the field.



Continuous training, needed to carry out the various tasks, was carried out and focused on the development of the technical skills of the employees; continuous change and evolution of the technological world, in which the Group implements its business, sees the need to provide updates on the use of software and to provide specific and new skills relating to technical topics that are specific to the various tasks.

In addition to this, an important training process on transversal skills was launched with the aim of improving management and collaboration processes between workers and supervisors. This with a view to efficiency and work wellbeing. At Marsilli, where teamwork and high specialization are basic factors of company organisation, daily and constant interaction between colleagues is required. The training activity on transversal skills will also continue in 2023.

Number of training courses by gender and level	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total	152	39	191	108	32	140	100	16	116
Directors	4	1	5	5	1	6	3	0	3
Managers	25	8	33	23	7	30	28	4	32
White collars	74	27	101	55	20	75	49	12	61
Blue collars	49	3	52	25	4	29	20	0	20

In 2022, the training plans involved 191 people, of which 39 women, mainly belonging to the category of White collars (53%) and Blue Collars (27%). Regarding training hours, more than 5,050 were provided during the year. The topic of safety at work, which always plays a very important role both in terms of classroom hours provided and resources involved, was addressed together with a notable number of courses regarding transversal skills such as the development of managerial skills and courses relating to the use of computer software.

Training hours by gender and level	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total			5.051			3.623			1.308
Directors	28	14	42	44	13	57	2	-	2
Managers	320	61	381	751	135	886	273	4	277
White collars	2.585	575	3.160	1.495	324	1.819	438	211	649
Blue collars	1.429	39	1.468	838	23	861	380	-	380

Total training hours by type of training courses	2022	2021	2020
Development of managerial skills	455	841	0
Languages	60	16	16
Inclusion of new hires	227	30	40
Health and safety (mandatory)	1.795	1.719	969
Anti-corruption / Code of Ethics	3	33	1
Other (technical training)	2.511	984	282
Total	5.051	3.623	1.308

The continuous and necessary growth both on technical and managerial levels involving human resources specifically due to the increasingly rapid technological transformation of the products realized as well as to the expectations of well-being of the employees themselves, requires Marsilli to motivate its resources and to encourage the continuous growth of skills. With these intentions, an important process was launched during 2022 aimed at subjecting all employees to assessment in order to promote the most appropriate actions.

4.3 Health and Safety in the Workplace

Safeguarding health and safety in the workplace is an essential need for Marsilli, in line with the values that support the evolution of the business and which ensure sustainable and long-term corporate growth. Not only does the Group pay great attention to the safety of the machines and systems produced, observing high safety standards, but it also makes the health and safety of its workers an indispensable principle.

The international ISO 45001 certification is active at the Holding Company. This voluntary certification system brings added value to the Group which benefits from the good practices and procedures applied therein. The prevention and protection system implemented, demonstrates its maturity also through the containment of the number of accidents that have occurred. The company Prevention and Protection Service is made up of RSPP and 2 ASPP in continuous training. The service contributes to the identification of risks, their assessment and their reduction.

The health surveillance service is managed directly by the competent doctor who preserves all the employees' sensitive information in a confidential manner.

Prevention and protection from the risks to which employees are subjected are the basis of the workplace health and safety management process, as is dialogue with the employees themselves and their training.

For each recurring risk, the following are defined:

- the danger/harmful event
- the potential damage to the employee in terms of health and safety at work
- the prevention and protection measures adopted
- defined control measures.

On the basis of the aforementioned information, the risk is estimated and the consequent evaluation, expressed in terms of acceptability or non-acceptability of the residual risk, with respect to the defined thresholds. In the event of unacceptability of the residual risk, it is necessary to undertake further actions which allow, following a new estimation and assessment of the risk, to reach the acceptability of the risk itself.

The risk assessment is updated in advance, based on regulatory developments, the introduction of new technologies and/or substances and/or work equipment and/or new working practices within the company.

When control measures are defined or changes in control measures are to be assessed, the following hierarchical scale for risk reduction should be considered:

1. Elimination
2. Replacement
3. Technical control measures
4. Signs/warnings and/or organizational controls
5. Personal protective equipment.

Hazard identification, workplace health and safety risk assessment and updating of control measures are documented. The risk assessment is drawn up by people in continuous training belonging to the Prevention and Protection service. These factors make it possible to create good physical and mental working conditions, resulting in greater involvement of the employees themselves in the process of managing their health and safety, and direct improvements in the risk of accidents. To monitor these key aspects, safety indicators are used which define objectives to be achieved by adopting specific procedures and control measures.

The organization adheres to supplementary health funds as foreseen by the CCNL and this allows it to guarantee its employees supplementary health care treatments of the national health system, the services are managed directly between the fund and the employee. Furthermore, the organization allows employees to benefit, free of charge and voluntarily, from vaccinations recommended by health bodies for business travel destinations abroad.

For each machine and/or system produced and/or services provided, Marsilli evaluates the risks and prepares the EC Technical File, in compliance with current laws (Machinery Directive). Before placing each machine on the market, a validation is carried out to verify compliance with the essential safety requirements required by the applicable safety regulations.

Injuries	Unit	2022			2021			2020		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total injuries	N°	6	1	7	5	1	6	5	-	5
At the workplace		3	-	3	1	-	1	3	-	3
Ongoing		3	1	4	4	1	5	2	-	2



5. PRODUCT EXCELLENCE AND CUSTOMER RELATIONS

The importance of the customer and his loyalty are considered strengths that over the years have contributed to Marsilli's strong positioning on the market.

In order to keep Customer Satisfaction high, Marsilli invests and directs its efforts in the creation of robust, safe, quality and long-lasting machinery, offering its customers the opportunity to reuse them over time through retooling and/or or refurbishment.

In addition to the design, construction and installation of winding and assembly systems, Marsilli offers the following services:



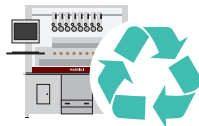
Refurbishment

- Complete analysis of the condition of the system
- Hardware refurbishment
- Raising the regulations
- Aesthetic refurbishment
- Extended warranty (12+6 months)



ReTooling

- Analysis of the machine and the new product
- Replacement of tooling
- Possible replacement of the wire tensioner
- Possible addition, modification or removal of the loading/unloading system
- Re-programming



Used

- Complete overhaul of the system
- Replacement of worn parts
- Re-programming
- Production test
- Issue of new 12 months warranty



Contracts

- Service visit planning
- Complete diagnosis and analysis of components
- Transparency of the activities carried out
- Immediate report
- Discounts and priority on interventions



Training

- Winding
- Welding
- Automation
- Bridge: advanced programming
- Combination of the above or tailor-made courses

5.1 Relations with customers and Customer Satisfaction

Marsilli is a reality in which every single decision and action is oriented towards customers, understanding, supporting and thus satisfying their requirements. 20 years ago it was a natural evolution to consider and introduce a satisfaction analysis system implementing precise and meticulous controls that could guide company decisions towards ongoing improvement.

Today, **Customer Satisfaction** monitors and controls every detail of the customer's visit to our plants: from booking the visit, to their stay at our offices, the quality of the meetings and even the efficiency of the WiFi network. The opinion on the hotels normally booked close by to our offices is also monitored, because every small detail makes the difference.

Marsilli takes the answers to these questions very seriously and the results are not used for purely statistical purposes, but analysed one by one. Each suggestion or criticism is a stimulus for improvement: they are carefully taken into consideration and actions are implemented to enhance the specific aspect of the visit that the customer has deemed as improvable.

Customer satisfaction management is currently under review and Marsilli plans to implement it to be extended to other company departments and sectors, in order to create a real Customer Satisfaction System that monitors the entire company process.

5.2 Product quality and safety

The **design activity**, which includes mechanical, electrical and software aspects, is carried out in relation to the data and basic requirements requested by the customer, placing the verification, review and development of the projects at the centre of the process. The **safety aspects** constitute an integral part of the design process and derive from the risk assessment activity carried out during the review. **Risk assessment** is in fact the fundamental activity on the basis of which the relevant necessary security measures are identified from time to time. Product safety standards are guaranteed by the application of the specific regulations in force in the countries within which the machines will be installed and put into operation. Finally, specific final tests are carried out to verify that each machine built complies with the safety requirements defined during the project.

Based on the above, the company designs and manufactures machines that are safe and comply with the requirements of the applicable EU Directives or the legislation of non-EU countries in which the machine is intended to operate.

The design activity favours the choice of environmentally friendly components and materials and, where technically possible and economically sustainable, solutions with the lowest energy.

All the aforementioned activities, in addition to guaranteeing compliance with the dictates of the ISO 9001 standard, allow us to make machines and production systems for customers that meet quality, safety, ergonomics and environmentally friendly requirements.

Over the last three years we have not received reports of injuries to our customers' employees caused by our products.

5.3 Innovation of products and services and circular economy

Marsilli's commitment to the ongoing innovation of products and services is reflected in research, development and innovation activities.

ENERGY EFFICIENCY

First of all, energy efficiency is a fundamental aspect of our R&D activities. We continually strive to optimize the performance of our machines while minimizing their energy consumption; notably we are in the process of applying and integrating new technologies such as:

- Multi-axis drives sharing power module for energy recovery during the braking phases of the electric motors;
- Reduced pressure solenoid valves and actuators and (still in the embryonic stage) the study of the application of a pneumatic energy recovery system;
- Reduction of the power consumption of the motors and reduction of the pneumatic energy to the devices in stand-by conditions of the machine/system;

- Use of inverters to modulate the speed of asynchronous motors used in processes that do not require axis interpolation (pallet transport, rotating tables, conveyor belts, etc);
- Systems to detect electrical and pneumatic consumption that allow Marsilli to identify the most expensive processes from an energy point of view and therefore identify new technical solutions to reduce consumption in new applications.

INTEGRATION OF SMART TECHNOLOGY

Technology serves as a powerful tool for achieving sustainability. Our R&D team is actively involved in the integration of intelligent technologies such as:

- IoT (Internet of Things) on our machines. This not only increases efficiency and reliability, but also allows for proactive maintenance, minimizing unexpected downtime and extending the life of the machines. Furthermore, the insights generated by these technologies allow our customers to optimize their operations in terms of respect for the environment. Some pilot orders are already equipped with data collection and archiving systems in the cloud; we aim to extend this functionality to all machines/systems;
- AI (Artificial Intelligence) which we will apply in some areas of our production process: from the analysis of customer specifications, to the real-time costing of mechanical parts in accordance to drawings, to the search for parts that have already been realized to minimize mechanical design;
- Vibration (accelerometers) and thermal sensors accompanied by appropriate software developed internally for the implementation of Preventive Maintenance, with the aim of preventing wear on the components which would inevitably lead to a waste of both energy and productivity for the customer.

CIRCULAR ECONOMY

The circular economy is a model of production and consumption that involves sharing, borrowing, reusing, repairing, refurbishing and recycling existing materials and products for as long as possible.

From this perspective, Marsilli pays increasingly more attention to the care of the systems built, offering the customer specific ordinary and special maintenance activities, which allow the system to continue to be used for several decades. Customer support is therefore provided from when the system is first delivered to over 10 years after its use.

In addition to the constant maintenance offered to customers, Marsilli has studied a refurbishment program to bring back to life not only systems that have many years of activity, but also the ones that have completed the production cycle for which they were designed. The program includes activities to update the software systems, electrical and electronic parts, mechanical parts, pneumatic parts, revisions of said parts for a general modernization of the system, increasing the system safety including the issue of new certifications, updating the production programs giving customers renewed possibilities to use the system. On some old systems it is even possible under some specific conditions, to reuse them for the production of new products.

Furthermore, Marsilli collects its old systems both for a general overhaul and resale and to recover components that are out of stock or to be reconditioned and used as spare parts.

All these activities enhance the product made by Marsilli as they guarantee a long life cycle, as well as the possibility of recovering it at the end of its life or of recovering parts of the product, all with a view to an increasingly circular economy. During 2022 this activity had a notable development and is destined for further growth in the years to come.

5.4 Raw materials and traceability

The machines and systems created by Marsilli are highly technological systems. Their creation occurs through the design and subsequent assembly and adjustment of mechanical, pneumatic, electrical and electronic components. The mechanical parts are largely obtained through machining with CNC machines and the help of a wide range of suppliers. Non-mechanical parts are purchased on the market.

Marsilli is evaluating how to define the individual types of materials used with a view to compliance with the provisions of the specific GRI.



6. ATTENTION TO THE ENVIRONMENT

Marsilli believes that the environment is a common heritage to be respected, protected and passed on to present and future generations. For these reasons, it pays particular attention to the environmental impact generated by its production activities, in the belief that integrating appropriate environmental protection policies into its business will lead to a more sustainable development.

In accordance with this approach, back in 2012 the Holding Company, where the greatest environmental impact take place, chose to introduce a certified Environmental Management System compliant with the international standard UNI EN ISO 14001, in order to mitigate and adequately manage the environmental impacts of its products and production processes.

At the same time, noting that climate change is bringing its negative effects to light more and more, Marsilli has initiated a process of internal analysis in order to make its own contribution to achieving the collectively defined goals

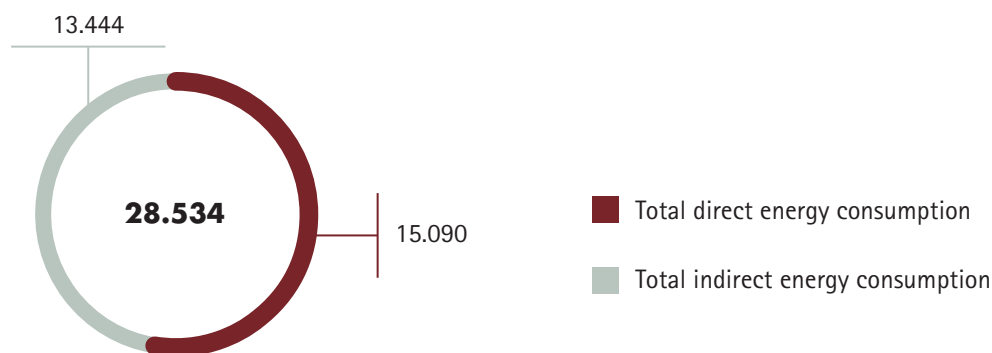
6.1 Energy consumption and emissions

Making energy consumption more efficient is one of the notions that Marsilli considers relevant in the development of its business. This leads to constant attention to actions for possible improvement.

Overall in 2022 Marsilli Spa consumed energy for 28,534 Gj, 21% more than in 2021, the year in which the Covid19 pandemic caused a reduction in production activity.

These consumptions are mainly direct (53% of total consumption) and include the purchase of **natural gas** to heat up offices/floor-space and for a specific production process (drying painted parts), the **diesel** used for the car fleet and **self-produced energy** via our own photovoltaic system. Over the years, Marsilli has increased its capacity for self-production of electricity by installing photovoltaic panels, the capacity of which is expected to be increased in the coming years. The car fleet in 2022 consists of approximately 52 cars. Hybrid/petrol cars present in 2022 are negligible in terms of fuel consumption.

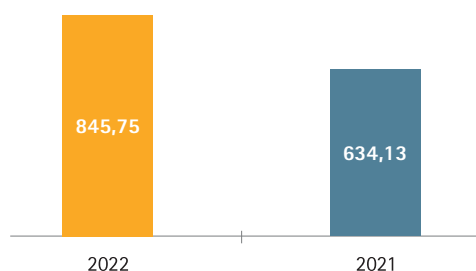
TOTAL ENERGY CONSUMPTION (Gj)



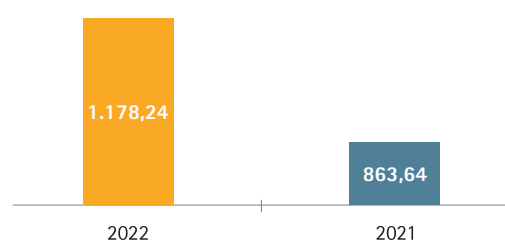
Direct and indirect energy consumption within the organization, divided by source (Gj)	unit	2022	2021	2020
Total consumption	Gj	28.534	23.494	18.995
Total direct consumption	Gj	15.090	12.245	10.601
<i>Consumption from non-renewable sources</i>	GJ	6.967	7.748	7.051
Natural gas (for example, fuel used for heating)	Gj	6.967	7.748	7.051
From company vehicles	GJ	7.316	3.645	2.740
Renewable sources - self-production	GJ	807	852	810
Total indirect consumption	Gj	13.444	11.249	8.394
<i>Purchased energy</i>	Gj	13.444	11.249	8.394
Non-renewable sources	Gj	13.444	11.249	8.394

Indirect consumption (47% of total consumption) derives from the purchase of electricity, mainly used for lighting, cooling/heating and running machinery (e.g. tooling machine and testing of manufactured machinery).

EMISSIONS SCOPE 1 (tCO₂e)



EMISSIONS SCOPE 2-LOCATION BASED (tCO₂e)



The CO₂eq¹ emissions generated by Marsilli's activities in 2022 amounted to approximately 2,020 tons (scope 1+2 location based). Scope 1 emissions derive from the company's direct consumption, net of self-produced energy (which has no impact in terms of CO₂ generated). Scope 2 emissions derive from the purchase of electricity.

The increase of approximately 30% in direct emissions (Scope 1) can be attributed to the increase in diesel consumption relating to the fleet of cars. The rise was due to the increase in production and to the return of regular activities with customers, after the pandemic period.

1. The calculation of CO₂eq (which includes the emissions of CH₄, NO₂, HFC, PFC, SF₆ and NF₃ when present), was carried out according to the indications of the GHG Protocol. The calculation of CO₂eq emissions was carried out using the emission factors derived from: AIB (Association of Issuing Bodies), Terna, ISPRA, UK Department for Environment Food & Rural Affairs and Department for Business, Energy & Industrial Strategy.

Emissions Scope 1 and Scope 2²

Direct emissions Scope 1	u.m.	2022	2021	2020
Non-renewable sources				
Natural gas (for example, fuel used for heating)	tCO ₂ e	357	394	360
From Company vehicles				
Petrol	tCO ₂ e	3	-	-
Diesel	tCO ₂ e	486	240	183
Scope 1 TOTAL	tCO₂e	846	634	543
Scope 2-Market Based³	t. CO₂	1.705	1.426	1.059
Electricity				
Non-renewable sources	tCO ₂ e	1.705	1.426	1.059
Scope 2-Location Based	t. CO₂	1.178	864	611
Electricity				
Non-renewable sources	tCO ₂ e	1.178	864	611

The difference in the results obtained with the two calculation methods for indirect emissions, location based and market based, as required by the GHG Protocol, is due to the use of different emission factors.

6.2 Responsible management of material, waste and water resources

Marsilli believes that natural resources are a precious asset to be used with awareness, promoting the use of technologies and organizational methods that favor reduction of waste and encourage their reuse, re-utilization and recycling also in the supply chain. The specific nature of the machinery and systems manufacturing does not involve, if not marginally, the direct and intense use of natural resources. This is due to the production model adopted by Marsilli, which for the components of the machinery produced, uses mainly suppliers outside of the Group. The Group's water resources are mostly used in the plants of the companies in Italy and, in particular, in mechanical processing, while in the other subsidiaries of the Group water resources are only used for domestic purposes.

Process scraps, namely special waste, are appropriately selected and sorted by type in order to choose the best way for disposal or recovery.

The Group also considers itself mindful to the management of so-called urban and common waste. In fact, separate waste collection is encouraged at all sites. In addition, Marsilli has been implementing for years a policy for reducing plastic consumption with the installation of dispensers of tap water and the distribution of reusable water bottles to the staff in order to reduce the use of plastic bottles and their disposal.

2. To calculate direct emissions (Scope 1), the conversion factors indicated by the Department for Environment, Food and Rural Affairs (DEFRA) of the UK Government of 2022, were used. To calculate indirect emissions from electricity (Scope 2) we apply the reporting standard of the GHG Protocol, using the expected methods: *market-based* and *location-based*.

The first method, *market-based*, requires determining the GHG emissions deriving from the purchase of electricity, considering the specific emission factors communicated by the suppliers, therefore the emission factors published by the Association of Issuing Bodies (AIB) were used) "European Residual Mixes" for each reporting year for EU offices and Terna 2019 for non-EU offices. These factors consider the residual mix of the various production sources of the electricity purchased, net of the portion certified by the Guarantee of Origin. The second method, *location-based*, instead involves accounting for the emissions deriving from electricity consumption, applying emission factors calculated on the basis of a mix of national energy with respect to the country in which the company operates. In fact, for the offices located in Italy, the emission factors published by Ipsra in report 386/2023 "Indicators of efficiency and decarbonisation in Italy and in the largest European countries" were used. It is also specified that the emission factor for 2022 is estimated in a preliminary one, and for the international offices, the Terna 2019 conversion factors were used..

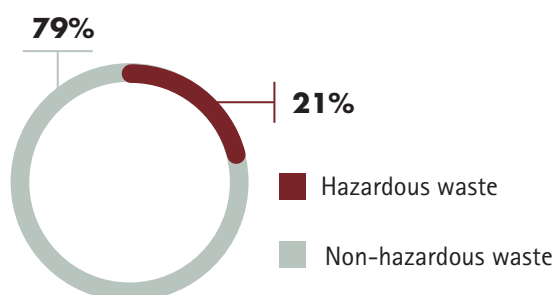
3. Due to the lack of certified renewable energy within the electricity purchased, the Scope 2 emissions calculated according to the *Market-based* method are higher than the *Location-based* ones.

During 2022, Marsilli generated a total of around 280 tons of waste, 37% more than the previous year, an increase that was a result of the growth trend in production since the end of the pandemic period. Almost all of this (79%) is non-hazardous production waste.

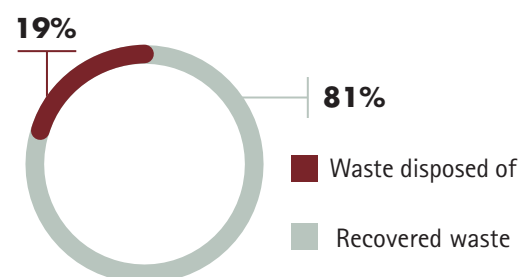
Marsilli is however committed to an informed and responsible waste management. In fact, in 2022, 81% of the waste generated was sent for recovery.

	2022			2021			2020		
Waste (t)	Waste produced	Waste recovered	Waste disposed	Waste produced	Waste recovered	Waste disposed	Waste produced	Waste recovered	Waste disposed
Total hazardous waste	59,01	19,25	39,76	40,84	26,83	14,02	29,16	16,97	12,19
Total non-hazardous waste	221,57	207,14	14,43	163,42	158,41	5,01	115,76	109,08	6,68
Total waste	280,58	226,38	54,20	204,26	185,23	19,03	144,92	126,05	18,87

WASTE BY CATEGORY 2022



WASTE MANAGEMENT FOR 2022



Water consumption is not particularly high. The water Marsilli uses is mainly dispensed for sanitary uses and therefore based on the number of people present in the company. Only a small share of the water is used in production process: metal degreasing, painting and metalworking with machine tools that use oil emulsion (water and oil). The sanitary water which needs to be disposed of is sent to the municipal sewer, while the water used in the production process is disposed of completely as special waste.

6.3 Environmental impact

Marsilli is actively committed to pursuing a virtuous balance between environmental protection, social progress and economic growth, with the aim of promoting long-term sustainable development. We recognize that these three factors are closely interconnected and interdependent, and we are committed to adopting policies and practices that take into account all three.

The quantitative estimate of environmental impact is a particularly complex topic as it links the consumption of natural resources with the resulting change of the Earth's climate. Marsilli plans to start a process of evaluating its environmental impact, both from a qualitative and quantitative point of view, in order to set its own objectives as part of a multi-year plan.



7. SUPPLY CHAIN

Responsible management of the supply chain is a key priority for Marsilli. In addition to considering efficiency and profitability, the company aims to ensure that the supply chain carefully considers environmental, social and governance (ESG) aspects.

7.1 Marsilli's supply chain

Marsilli's production system entails broad involvement of companies external to the Group that are active in various product sectors. Specifically Marsilli avails itself with the cooperation of numerous companies specialized in the fields of mechanical machining for manufacturing of special equipment and components, as well as commercial companies for the supply of electromechanical, pneumatic and electronic equipment. In choosing its partners, Marsilli favors local companies with which Marsilli manages to establish close relationships of cooperation necessary to achieve the high quality standards required by the industry.

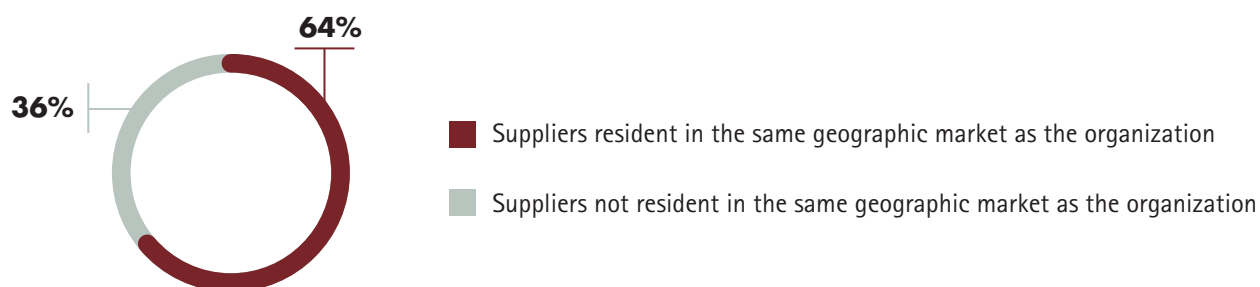
Marsilli's supply chain spans a total of 2116 suppliers of goods and services, with a 64% predominance of local suppliers. This data significantly highlights the local factor in the business context along the entire supply chain.

Expenditure with local suppliers (€ mm)	u.m.	2022	2021	2020
Purchases from suppliers that reside in the same geographic market as the organization ⁴ .	€ mm	39	27	21
Purchases from suppliers that are not in the same geographic market as the organization.	€ mm	17	13	8
Total purchases	€ mm	56	40	29
Expenditure with local suppliers (%)	%	70%	67%	71%

4. "The same geographical market as the organization" means the Lombardy region and the Emilia provinces neighboring the province of Cremona.

Number of local suppliers (n.)	u.m.	2022	2021	2020
Suppliers resident in the same geographic market as the organization	n.	1350	1418	1507
Suppliers not resident in the same geographic market of the organization	n.	766	831	905
Total suppliers	n.	2116	2249	2412
Percentage of local suppliers (%)	%	64%	63%	62%

SPREAD OF SUPPLIERS BY ORIGIN



7.2 Responsible management of the supply chain

In order to maintain a high level of involvement of its suppliers on the quality aspects of procurement, over time Marsilli, has equipped itself with an in-house structure, aimed at constantly monitoring these aspects.

Recognizing the importance of promoting high ethical and social standards within its supply chain, the company undertakes to promote the concepts of sustainability through the development of its own Code of Conduct for the Supplier, the dissemination and application of which is expected next year. The Code will be based on guaranteeing the sustainability aspects – the suppliers shall verify the application by employing a team of technical auditors who have undergone adequate training and are currently already operational.

7.3 Dissemination of sustainable practices

Given the small and medium size of the companies involved in the supply chain, Marsilli believes it is necessary to adopt, towards these companies, a gradual approach in promoting sustainable practices. In order to allow the companies involved to develop the awareness of their role in sustainability issues and, therefore, encourage, through this process, a gradual but concrete and stable acceptance of these principles in their production organizations



8. LOCAL COMMUNITIES

People have always played a key role in Marsilli. Therefore, the company wishes to maintain solid and productive ties with the communities from where its employees come from by implementing initiatives and projects that generate shared value.

8.1 Social development

Marsilli operates in a field with high technological content subject to constant innovation and development. This is the reason and the basis on which Marsilli engages various contacts with high schools and universities in the area. This is aimed mainly at an exchange with the academic staff and at welcoming young students for educational and training purposes. In fact, there are well-established opportunities offered to dozens of teachers and students to visit the departments and participate in training internships alongside specialized personnel or aimed at developing exam theses for obtaining degrees.

There is also a great deal of attention paid to local charities of social, artistic and environmental nature, towards which Marsilli directs its financial support.

APPENDIX

Environment

Total energy consumption	u.m	2022	2021	2020
Total for Marsilli Group Direct and indirect energy consumption	Gj	28.534	23.494	18.994
Total consumption of direct energy	Gj	15.090	12.244	10.600
Non-renewable sources	GJ	6.967	7.748	7.051
Natural Gas (e.g., energy used for heating)	m3	175.202	195.090	177.934
From company cars	GJ	7.316	3.645	2.740
Petrol	l	1.580	-	-
Diesel	l	190.161	95.445	71.904
Renewable sources – self production	GJ	807	852	810
Solar energy sold to the grid	kWh	133	339	4.746
Solar energy consumed	kWh	224.187	236.607	224.917
Total consumption of indirect energy	Gj	13.444	11.249	8.393,82
Electricity – purchased	kWh	3.734.532	3.124.834	2.331.617
Non renewable sources	kWh	3.734.532	3.124.834	2.331.617

Total energy consumption	u.m	2022	2021	2020
Total consumption of direct energy	Gj	15.090	12.244	10.600
Total consumption of indirect energy	Gj	13.444	11.249	8.393

People

Employees by type of contract	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total Marsilli Group			677			634			598
Permanent employees	551	89	640	511	83	594	498	82	580
Temporary employees	34	3	37	38	2	40	16	2	18
Employees with non-guaranteed hours (on call)	-	-	-	-	-	-	-	-	-

Employees by type of contract	2022			2021			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total Marsilli Group	585	92	677	549	85	634	514	84	598
Full time workers	581	78	659	544	70	614	510	71	581
Part time workers	4	14	18	5	15	20	4	13	17

Employees by age group (no.)	2022				2021				2020			
	Men	Women	Total	Age share	Men	Women	Total	Age share	Men	Women	Total	Age share

Directors

<i>Directors under the age of 30</i>	-	-	-	0%	-	-	-	0%	-	-	-	0%
<i>Directors between the age of 30 and 50</i>	5	2	7	1%	5	2	7	1%	4	2	6	1%
<i>Directors over 50</i>	12	-	12	2%	13	-	13	2%	13	-	13	2%

Managers

<i>Managers under the age of 30</i>	1	1	2	0%	-	1	1	0%	-	1	1	0%
<i>Managers between the age of 30 and 50</i>	28	5	33	5%	30	6	36	6%	33	4	37	6%
<i>Managers over the age of 50</i>	40	2	42	6%	38	2	40	6%	27	2	29	5%

White collar employees

<i>White collar under the age of 30</i>	77	22	99	15%	67	20	87	14%	58	23	81	14%
<i>White collar between the age of 30 and 50</i>	132	41	173	26%	127	37	164	26%	129	36	165	28%
<i>White collar over the age of 50</i>	52	14	66	10%	47	14	61	10%	40	13	53	9%

Blue collar employees

<i>Blue collar under the age of 30</i>	81	1	82	12%	63	-	63	10%	59	-	59	10%
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<i>Blue collar between the age of 30 and 50</i>	105	4	109	16%	114	3	117	18%	108	3	111	19%
<i>Blue collar over the age of 50</i>	52	-	52	8%	46	-	46	7%	44	-	44	7%
Total	585	92	677		550	85	635		515	84	599	
Age share	86%	14%			87%	13%			86%	14%		

Number of Employees evaluated based on results and career growth (no.)	2022				2021				2020			
	Men	Women	Tot.	Age share	Men	Women	Tot.	Age share	Men	Women	Tot.	Age share
Directors	6	-	6	6%	4	-	4	4%	3	-	3	4%
Managers	14	1	15	15%	10	3	13	14%	7	3	10	12%
White collars	43	16	59	60%	46	13	59	63%	43	12	55	65%
Blue collars	18	1	19	19%	17	1	18	19%	16	-	16	19%
Total	81	18	99		77	17	94		69	15	84	

Total number of newly hired employees (no.)	2022			2021			2020		
	Men	Women	Tot.	Men	Women	Tot.	Men	Women	Tot.
Total Marsilli Group	98	15	113	68	7	75	28	3	31
<i>Under the age of 30</i>	57	5	62	31	4	35	15	1	16
<i>Between the age of 30 and 50</i>	33	9	42	28	2	30	13	1	14
<i>Over the age of 50</i>	8	1	9	9	1	10	0	1	1

Employees that left the company (no.)	2022			2021			2020		
	Men	Women	Tot.	Men	Women	Tot.	Men	Women	Tot.
Total Marsilli Group	63	8	71	32	7	39	36	6	42
<i>Under the age of 30</i>	19	1	20	8	4	12	12	2	14
<i>Between the age of 30 and 50</i>	30	5	35	16	1	17	18	0	18
<i>Over the age of 50</i>	14	2	16	8	2	10	6	4	10

INDEX OF CONTENTS GRI (Global Reporting Initiative)

Declaration of use Marsilli S.p.A. reported the information cited in this GRI Content Index for the period 01/01/2022-31/12/2022 in accordance with the GRI standards.

GRI 1 used GRI 1: Foundation 2021

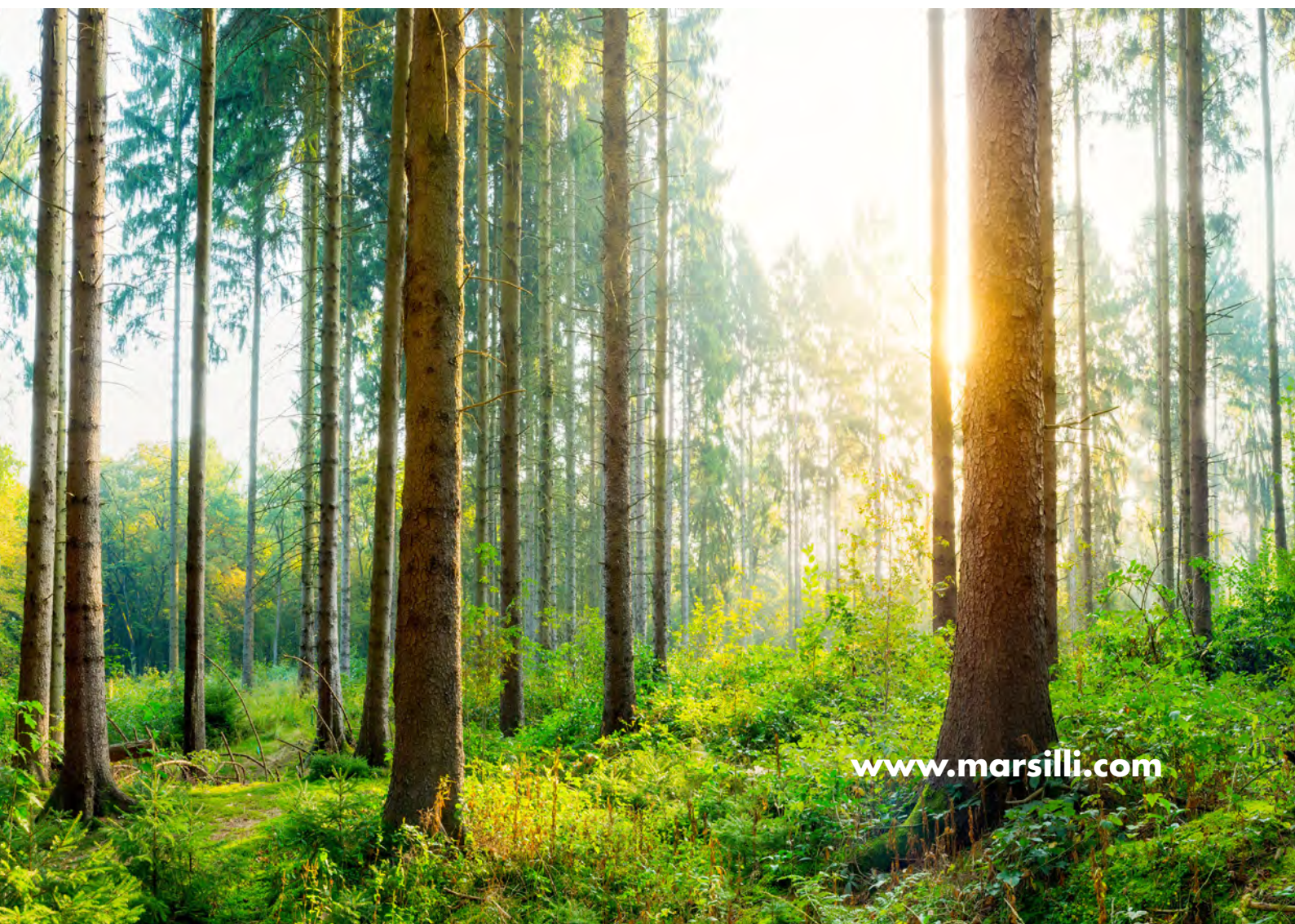
GRI ID	Informative	Chapter / Description	Omissions
General			
2-1	Details of the organization	1. Marsilli Identity	
2-2	Companies included in organization's sustainability reporting	Methodological note 1. Marsilli Identity	
2-3	Reporting period, frequency, and contact person	Methodological note	
2-4	Adaptation of information	Methodological note	
2-5	External audit	-	Not Applicable: This Sustainability Report will not be subject to external audit.
2-6	Activities, chain of values and other commercial relationships	1. Marsilli Identity	
2-7	Employees	4. People Appendix	
2-8	Workers who are not employees	7. Supply chain	
2-9	Governance structure and composition	2. Corporate governance	
2-10	Appointment and selection of the highest governing body	2. Corporate governance	
2-11	President of the highest governing body	2. Corporate governance	
2-12	Role of highest governing body in the control of impact management	2. Corporate governance	
2-13	Mandate of responsibility for impact management	The highest governing body has not formally nominated any employee for that role.	
2-14	Role of highest governing body in sustainability control	2. Corporate Governance	
2-15	Conflicts of interest	An organized system aimed at managing conflicts of interest is not in effect.	
2-16	Communication of critical issues	This activity is carried out by the Chief Executive Officer	

2-17	Collective knowledge of the highest governing body	No activities have been planned for such purposes yet.	
2-18	Performance evaluation of the highest governing body	A structure process for such purposes is not in effect yet.	
2-19	Regulation regarding remuneration	All members of the highest administrative body receive fixed annual remuneration based on their role, established by the body itself. There are no bonuses or variable compensation.	
2-20	Procedure for determining remuneration	The company does not have a formal remuneration policy. Remuneration are defined by the Chief Executive Officer with the support of in-house management. There is no involvement of the stakeholders. There is involvement of consultants.	
2-21	Total annual remuneration report		Unavailable/ incomplete information: the company has decided not to share information regarding remuneration.
2-22	Statement on the sustainable development strategy	The statement is under preparation	
2-23	Commitment to policy	2.2. Ethics and integrity	
2-24	Integration of commitments in terms of policy	2.2. Ethics and integrity	
2-25	Processes aimed at remedying negative impacts	2.2. Ethics and integrity	
2-26	Procedures to request clarifications and raise concern	A structured system is not operational	
2-27	Compliance to laws and regulations	There are no fines or other sanctions imposed in the reporting period	
2-28	Memberships to associations	Marsilli is not present with significant roles in any organization or association.	
2-29	Approach to stakeholder involvement	A structured system having such purposes is not operational.	
2-30	Collective agreements	4. People	

Governance			
205-2	Communication and training on anti-corruption laws and regulations	Marsilli has not yet issued and disseminated its own anti-corruption Policy and related procedures.	
205-3	Confirmed incidents of corruption and measures implemented	Marsilli has not yet issued and disseminated its own anti-corruption Policy and related procedures.	
418-1	Substantiated complaints regarding violations of customer privacy and loss of customer data	In the reporting period of this report and in those referred to in the tables above, no complaints for violation of the privacy have been received.	
201-1	Economic value generated and distributed	1.4 Economic value generated and distributed	
Environment			
302-1	Energy consumed within the organization	6.1 Energy consumption and emissions	
305-1	Direct GHG emissions (Scope 1)	6.1 Energy consumption and emissions	
305-2	Indirect GHG emissions of energy consumption (Scope 2)	6.1 Energy consumption and emissions	
305-5	Reductions of greenhouse gas (GHG) emissions	6.1 Energy consumption and emissions	
306-1	Production of waste and significant impacts connected to waste	6.2 Responsible management of materials, waste and water resources	
306-2	Management of the significant impacts related to waste	6.2 Responsible management of materials, waste and water resources	
306-3	Waste produced	6.2 Responsible management of materials, waste and water resources	
306-4	Waste not intended for disposal	6.2 Responsible management of materials, waste and water resources	
306-5	Waste intended for disposal	6.2 Responsible management of materials, waste and water resources	
303-1	Interaction with water as a shared resource	6.2 Responsible management of materials, waste and water resources	
303-2	Management of impacts related to discharge of water	6.2 Responsible management of materials, waste and water resources	
303-3	Water use	6.2 Responsible management of materials, waste and water resources	

Social			
401-1	Hiring of new employees and employee turnover	4. People Appendix	
401-2	Benefits for full-time employees that are not available for temporary or part-time employees	4.1 Diversity, inclusion and equal opportunities	
404-1	Average hours of training per year per employee	4.2 Training and professional growth Appendix	
404-2	Programs to update employees' skills and assist them in the transition	4.2 Training and professional growth	
404-3	Percentage of employees who receive their performance and professional growth evaluation regularly	Appendix	
405-1	Diversity of employees and governing bodies (in terms of age, gender, protected categories)	4.1 Diversity, inclusion and equal opportunities	
405-2	Ratio between basic wage and women's wages compared to men		Unavailable/incomplete information: the company has decided not to share information regarding remuneration.
406-1	Episodes of discrimination and corrective measures adopted	No episodes of discrimination were registered	
403-01	Occupational health and safety management system	4.3 Health and safety at work	
403-2	Identification and assessment of risks and accident investigation	4.3 Health and safety at work	
403-3	Health services at work	4.3 Health and safety at work	
403-4	Participation, reference and communication with workers on health and safety at work	4.3 Health and safety at work	
403-5	Training of employees on health and safety at work	4.2 Training and professional growth	
403-6	Promoting workers health	4.3 Health and safety at work	
403-7	Prevention and mitigation of impacts related to health and safety at work directly linked to business relationships	4.3 Health and safety at work	
403-8	Employees safeguarded by an occupational health and safety management system	4.3 Health and safety at work	
403-9	Injuries at the workplace	4.3 Health and safety at work	
403-10	Occupational illness	4.3 Health and safety at work	
Community			

	Further qualitative information on managing relationships with customers	8. Local communities	
413-1	Activities carried out with the involvement of the local community, impact assessments and development programs	8. Local communities	
Supply Chain			
308-1	New suppliers selected using environmental criteria	7. Supply chain	
414-1	New suppliers selected using social criteria	7. Supply chain	
204-1	Percentage of spending with local suppliers	7. Supply chain	
Product			
301-2	Recycled input materials used	5.3 Innovation of products and services and circular economy	
301-1	Materials used based on weight or volume		Information not available
416-1	Evaluation of impacts on health and safety of categories of products and services	4.3 Health and safety at work	
416-2	Incidents of non-compliance relating to health and safety impacts of products and services	5.2 Quality and safety of products	



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