

 **sisme** Group  
electric motors

INTEGRATED REPORT  
2021

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# Letter to *Stakeholders*



One year ago we published our first sustainability report, in which we addressed our stakeholders on how we were reacting to covid-19. The emergency is not over and the virus is not defeated yet but the world is responding and Sisme Group too, with great determination, professionalism, self-sacrifice and willpower.

Sisme is a global group operating in the electric motors field, with vision and objectives that go beyond the short-term financial results, truly focusing on company's sustainability. Sisme is also a family company and part of its DNA is to create a better society for the future generations.

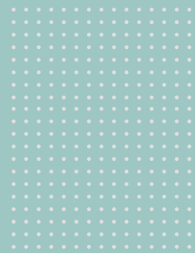
We should be aware that our motors impact on millions of people routine. The challenge is to understand how Sisme can improve people daily lives, granting for example the availability of fresh food products in every part of the planet while reducing the energy consumed.

It is with great pride that we present the 2021 Sisme Sustainability Report through which we want to highlight how the company maintained most of the commitments undertaken with the 2020 Sustainability Report in term of value creation over time.

Sustainability is often an abused term but Sisme is authentically committed in sustainability and this is reflected in our products, in our productions, in the whole organisation. We want to share with our stakeholders our sustainable vision to introduce this Report which represents for us more than a summary of numbers and comments on the performance of the year.

Despite 2021 was another year characterized by variability and uncertainty, Sisme recorded a significant growth in turnover and important financial results. Numbers are a reflection of our business performance, but what really matter, is the way we reached our goals, acting upon our sustainability strategy.

## *A special thanks*



goes to all Sisme colleagues, also on behalf of the Costantini's family, not only for the achieved results, but also for the determination with which they have faced the last two difficult years.

This Sustainability Report should be considered as the story of a complex year that stressed the entire corporate structure but it also enhanced the importance of the team in identifying new opportunities. One of the most important issue emerged is our team resilience, a true symbol of Sisme's desire to grow even though the difficulties.

A long-term process started that will carry out to the development of important projects strongly focused on R&D of innovative products such as highly efficient motors for the food "cold chain", motors for electric mobility, household and ventilation new appliances, cooperating with important Italian universities and research institutes.

### *- Board of Directors*





# 1. THE DRAFTING METHOD



## 1.1 The limits of the integrated report

This integrated report examines the way in which the company operates to create value, strategies and goals aimed at maintaining the sustainability over time, the performances related to ESG issue that the organization considers relevant for the value creation over time.

The time frame is 2019-2021 for the accounting data, while the perspective overview (strategic vision, goals and actions) refers to the three-years period 2022-2024. The information contained in the report are referred to the Sisme Group.

We have reviewed and recalculated the data in this report for 2020 and 2019, when compared to the one presented in the 2020 report, due to calculation inaccuracies made last year.

## 1.2 The drafting principles

The report drafting method is based on the principles proposed by the Integrated Reporting Framework

(<IR>) published by the International Integrated Reporting Council (IIRC): corporate strategy focus, orientation to the future, information connectivity, relationship with stakeholders, materiality, brevity, reliability and entirety, consistency and comparability.

Some of the reported information refers to the disclosures offered by the Global Reporting Initiative (GRI) and to the Sustainable Developments Goals (SDGs) of the United Nations.

## 1.3 Stakeholder engagement

Last year Sisme has triggered a listening process of the stakeholders in order to edit its own sustainability strategy. The Company's stakeholders were identified by the department managers who, in collaboration with the Company Governance, select the following categories: employees, advisers, customers, communities, suppliers and credit institutions.

The reporting project, the material topics and the voting methodology were explained to stakeholders through dedicated meetings. The result of these meetings enriched the corporate sustainability issues and the stakeholders' readiness to interact and collaborate.



## 1.4 The materiality matrix

As previously mentioned, the approach used consists in the materiality analysis. The analysis was carried out in 2020 and its has a validity of a three-year period.

The materiality analysis allow to identify the company's most significant issues among the full list.

Stakeholders assigned a vote based on minor or greater issue's impact on company's ability to produce value in the medium-long term.

The materiality matrix represents the votes expressed by the Management Team on the horizontal axis and the Stakeholders' votes on the vertical axis.



Material issues defined by the vote:

## ***Corporate governance***



Sustainability-oriented corporate governance strategy (MBO, BUs To-Be situation, formalized procedure, shared plans and budget, sustainability audit ...)

## ***Human Capital***



Development of an environment aimed at: encouraging employees' active participation, strengthening internal and external communication, activation of listening mechanism, attractiveness of "new talents" and developing internal resources

## ***Business Skills***



Mapping and development of internal skills

## ***Research & Development***



Incremental products research and development to accomplish market needs changing and a competitiveness advantage for the Company

## ***Production Efficiency***



Production and operations waste reduction through a cost-quality-time optimization all along the supply chain

## ***Technological Innovation***



Digitalization process (implementation of software to support the Operations) vulnerability assessment and creation of IT synergies with clients and suppliers

## ***Health and Safety***



Compliance with current health and safety regulations and "zero accidents" target



## 2. THE COMPANY'S SYNTHESIS FRAMEWORK



### 2.1 Vision, mission, values

***We are working to build a future in which electric motors will be the main sustainable consumption driver. We continuously try to reduce wastes, minimizing the impact of our business on the environment.***

We produce and sell a wide range of electric motors and rotostators.

The constant commitment is to provide our customers excellent products using modern design procedure and the best production methods.

We believe in long-term partnerships with our customers and with countries hosting our production sites.

Sustainability is the key and a strategic concept for Sisme. Sustainability means facing change process managed in recent years with a responsible use of resources, investment plan, push for technological development and change in corporate governance as factors that harmoniously enhance current and future company's corporate value. Sustainability issues are clear and endorsed at all the company's levels. These concept guides and determines company's vision.

***Our business is based on innovation and human values.***

Our vision is **fully aligned with the current global policies on energy efficiency**, in which product sustainability and energy consumption have acquired fundamental importance.

Sisme owes internally the know-how to manage the strong points that allow us to stand out in the worldwide panorama of the electric motor field. The competitive-benchmark values are:



## ***Technology***

Production systems digitalization to facilitate the introduction of innovative solution



## ***Quality***

To create products that meet all the customer's requirements by using the best raw materials and by submitting the final manufactured products to rigorous and methodical checks.



## ***Production footprint***

Strong presence in Europe; consolidated reality in one of the most auspicious countries in terms of growth, China, Sisme has the ideal footprint in conformity with major customers' needs.



## ***Supply chain***

Focus on suppliers' sustainability and performance, development of an internal PMS and logistics productivity/efficiency and inventory accuracy are the most important supply chain goals

## The added value for customer

Constant research and innovation in materials, technologies and components

Long-term agreements

Strong electromechanical internal competence



Co-designing products with clients

Direct connections with market leaders of Sisme business

Global market presence

## 2.2 Ownership structure and operational structures

Sisme Group can rely on three different production sites contributing to the manufacturing process' stages: research and development, products and production engineering, control and validation.



### SISME SLOVAKIA



APAC, US, LATAM  
Local markets supplier,  
production of rotostators

### SISME ITALY (headquarters)



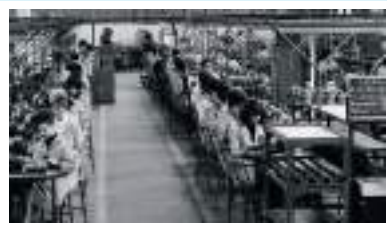
EMEA & US  
High-value and technologically  
advanced products

### SISME CHINA



APAC, US, LATAM  
Local markets supplier,  
production of rotostators

## 2.3 History



The first plant of the current SISME was born in Olgiate Comasco (Como) on January 31st, 1957 with the initiative of the American multinational Ranco.



SISME achieves a role of absolute leadership in the field of electrical motors for household appliances, industrial and civil ventilation and rotostators for compressors. At this stage Cavalier Antonio Costantini, at the top of the company, gives a modern imprint to the organization based on attention and optimal use of internal resources in a perspective of globalization markets and product differentiation.

**1957**

**1975**

**1961**

The Company moves to the new headquarters in via Achille Grandi, thus starting the mechanization process and the production capacity of engines increase. The flagship product is the rotostator for refrigeration compressors.



**80s second half**

Origin of the first automated machines for coils controlled wrapping. 80% of the product reaches markets around the world.



**1995**



Goal achieved: 10.000.000 dishwashers engines sold to Bosch-Siemens group.

**1999**  
---  
**2001**

Sisme ranked among the top 500 European companies that have increased both the turnover and the number of employees in the previous 5 years. In 2000 Sisme has been recognized as best electric motor supplier by the major customers.



**2004**



Sisme China was established.





































**2008**



New facility opened in Malj Krťiš, Slovakia.

***We face great challenges such as the market, globalisation, quality, security and the ecosystem, with an effective involvement of all the professional key figures and in the constant search for solutions allowing to anticipate future trends.***

## 2.4 Summary group data

	2019	2020	2021
<b>Turnover</b>	 97.645.567	 96.433.775	 131.020.415
<b>EBITDA</b>	 5.842.054	 8.362.570	 8.333.470
<b>Production Site</b>	 3	 3	 3
<b>Employees</b>	 640	 618	 636
<b>Women</b>	 155	 151	 164
<b>Men</b>	 485	 467	 472
<b>Average age</b>	 41	 42	 42
<b>Business</b>			
<b>Household appliances</b>	 11%	 13%	 14%
<b>Ventilation</b>	 7%	 7%	 4%
<b>Rotostators</b>	 72%	 73%	 75%
<b>Hoods and ovens</b>	 10%	 9%	 7%
<b>Markets No. / Type</b>	 EMEA, US, APAC, LATAM	 EMEA, US, APAC, LATAM	 EMEA, US, APAC, LATAM

Our customers



B/S/H/



frascold



TEKA





# 3. CORPORATE GOVERNANCE

The company has adopted the traditional governance model. The board of directors consists of external members, company’s managers and ownership representatives, the whole in order to have the right balance of professionalism and skills.

Differences are enhanced within the board of directors, where comparison and discussion find their synthesis becoming a corporate strategy.

The goals dictated by the board of directors are appropriately reflected in the three-year plan which constitutes the guide for all the management. A lean and flat organizational chart make the internal discussion simple and effective, with the advantage of a short decision chain and a very high speed of action.





### 3.1 Governance structure

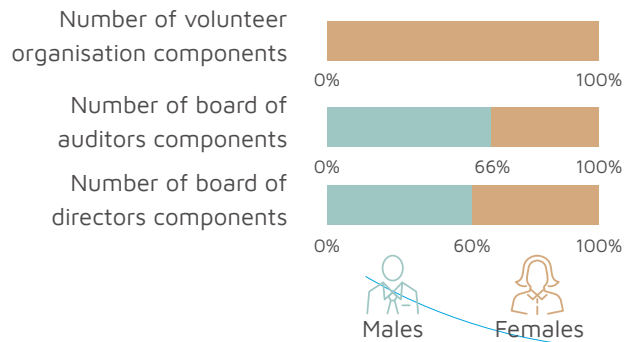
## ***The Board of Directors decides the strategic guidelines and the organization of the company***

Sisme Group adopted a set of rules and organizational structures in order to ensure a correct and efficient Corporate Governance system, the rights and interests of all the stakeholders. Sisme adopted an approach inspired by international best practices in compliance with laws and regulations. The Company has a traditional administration structure, complying with the Italian Civil Code control system which comprises the following corporate parts:

- Board of Directors consists of five directors. The Board deals with the management of the company, defines strategic direction and evaluates the organizational structure of the company;
- Board of Auditors consists of three auditors that monitor the compliance with laws, the articles of Association compliance and the principles of correct administration;
- Shareholders' meeting: responsible for appointing members of the Board of Directors and the Board of Auditors besides the approval of the Financial Statements.



## ***Board's gender***





**Board of Directors**

**Board of Auditors**  
**Supervisory board**  
 EX D. Lgs. 231/2001

**Top Management**  
 Serena e Luca Costantini

**General Management**  
 Luca Costantini

**RSPP**

***The sustainability team***

In 2021 was established The Sustainability Team to promote corporate sustainability value creation and manage ESG issues. The team is composed by two young Sisme's employees being part of different BU.



## 3.2 Code of Ethics

Sisme's Code of Ethics defines the guidelines and basic principles of corporate management daily activities, supporting a sustainable growth while protecting reputation. The Code of Ethics represents a milestone for employees and stakeholder and it is available at the following web-site address:

[https://www.sisme.it/modello\\_231/](https://www.sisme.it/modello_231/)

The Code of Ethics is part of the Organization, Management and Control Model adopted voluntarily by Sisme Group in line with the Legislative Decree 231/2001. The compliance with the Code of Ethics and the Organizational Model is guaranteed by the Supervisory Body, a collegiate body.

### *Human rights*

Sisme firmly believes in the respect of the essential rights of each person. Code of Ethics defines the principles for respecting the rights of the individual in his activities, as well as the commitment to ensure equal opportunities for the development of the people and for the protection of privacy.

The Group's values are based on the international pillars:

1. The UN Universal Declaration of Human Rights;
2. The International Labor Conventions and Recommendations issued by the International Labor Organization - ILO
3. The Earth Charter drawn up by the Earth Council.

Sisme Group has also introduced a **whistleblowing** policy; methods and operative instructions for the usage of this reporting channels - Whistleblowing - are indicated in a specific policy. The Company is committed to guarantee maximum confidentiality in the management of reports and does not tolerate any form of retaliation that may be a consequence of the report and the related corrections. No reports were collected in 2021.

The Group constantly monitors the risks associated with corruption and fraud offenses, adopting a "zero tolerance" approach towards any kind of unethical attitudes.

For these reasons, Sisme Group has voluntarily adopted specific governance tools aimed at identifying, preventing and controlling risks related to corruption (e.g. A maximum value threshold above which no gifts are allowed, received or offered by employees or collaborators, consultants).

In order to increase awareness about corruption issue, Sisme Group launched a project of continuous monitoring and documentation of the managers work. The Group develop specific checklists that each manager must adopt to document their significant operations performed. These checklists will then be provided to the Supervisory Body which could carry out random checks.

## 3.3 Tax policy

Sisme Group based his tax management on the principles of accuracy and transparency in order to prevent the initiation of any tax disputes.

The principles that Sisme Group adopts in this area are the following:

1. Request for the **adoption of behavioural models** based on the highest level of transparency, honesty, correctness, accuracy and compliance with the law;
2. Guaranteeing **rigorous compliance** with tax obligations and the correct determination of taxes, respecting deadlines and legal requirements;
3. Principles of **good faith and transparency** in relations with the tax authorities;
4. **Risk control** and management also to protect the Company's reputation.

### 3.4 Covid-19 Emergency

Sisme immediately reacted to the Covid 19 emergency, protecting the health of workers and ensuring production activities continuity.

The first step was to issue a protocol for workers safety with stringent hygiene procedures. The protocol and its subsequent updates were shared through periodic communications shared to all the employees through the Sisme intranet.

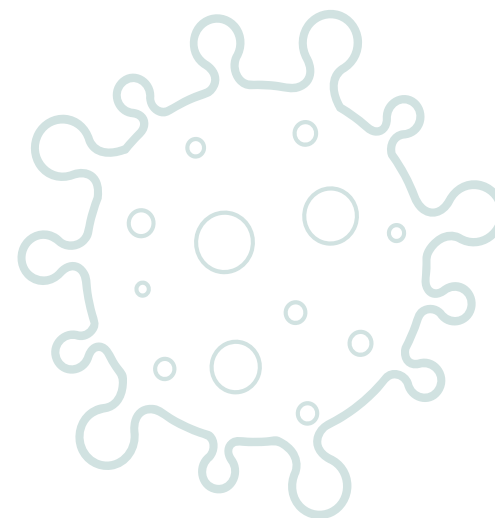
Remote work was made only during the first lock down period (March 2020). In the subsequent phases, daily access to the offices was allowed in according with the maximum capacity that guaranteed the appropriate spacing.

Thanks to these measures, the medium level of contagion in Sisme was decidedly lower than the national average. Finally, a global insurance coverage was activated to guarantee compensation in the event of contagion with related hospitalization.

Sisme also expressed great closeness to local communities by providing, in the period of Covid, devices that are difficult to find such as surgical masks.

Sisme Group did not encounter major problems related to the operational continuity of its factories or its supply chain, however, in order to provide and mitigate possible interruptions, the Group took action by drastically reducing the communication gap with its suppliers, introducing some alternatives, minimizing single source and increasing stock levels.

SISME, facing of Covid 19 emergency, with the presence of its internal operating unit called "Comitato Tecnico", has continued to update and improve the internal anti-contagion protocol in order to maintain a high degree of prevention and protection of health of its employees.





# 4. BUSINESS MODEL



## 4.1 Description of the external context

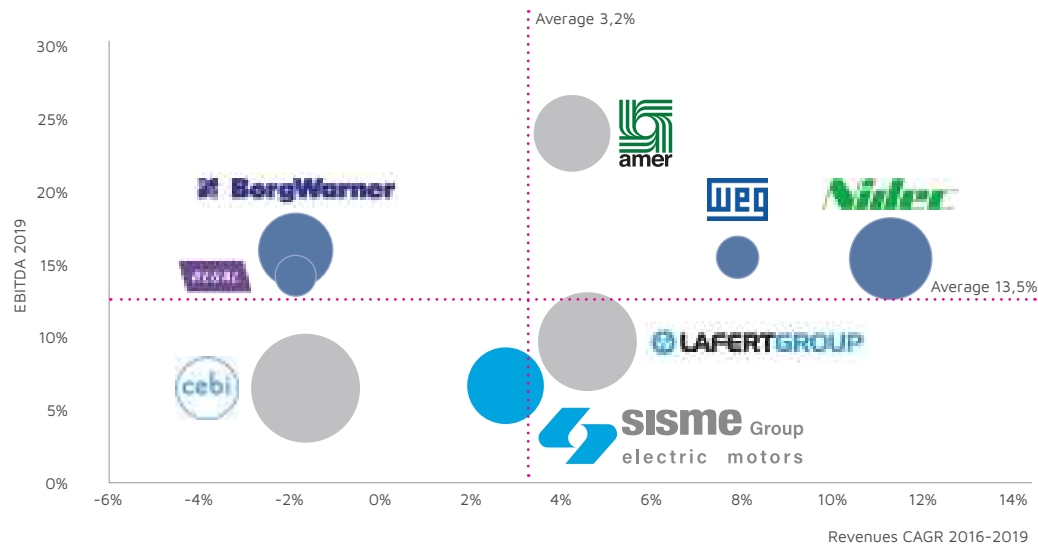
The external context is characterised by two types of competitors:

- 1

**Internartional companies**  
characterised by a dimensional factor completely different from Sisme's one;
- 2

**Italian companies**  
with turnover levels comparable to Sisme's ones.

Although Sisme is smaller than most of its competitors, it has proportionally profitability and financial indicators compared to the big names in the market particularly in terms of investment rate and margin trend.



Source: Cerved

Sisme is distinctly characterized well-positioned in its sector thanks to:



High investments



Differentiation of productions



Worldwide presence

## Strong points



Solid revenue stream due to a great diversification of served markets;


High investments to keep market competitiveness;

Propensity for export: approximately 75% of turnover achieved abroad; international group with foreign production sites in Slovakia and China.

## 4.2 Input

CAPITALS	FINANCIAL	PRODUCTIVE	RELATIONAL	HUMAN	INTELLECTUAL	NATURAL																
<b>Input</b> Key elements feeding the business model	Clear improvement in credit rating: direct access to the main credit lines and close collaboration relationships with the main local banks.	<b>23 productive lines</b> <b>2</b> eldom fully-automatic lines: <b>1</b> piece every <b>17</b> seconds	Skill of establishing long-term relations with customers, suppliers and banks	Know-how standardization and internal competence development	Software, organization, licenses, 231	Raw materials: Copper, steel, aluminum																
	<table border="1"> <thead> <tr> <th></th> <th>PFN (thousands of €)</th> <th>Debt to equity</th> <th>PFN EBITDA</th> </tr> </thead> <tbody> <tr> <td><b>2019</b></td> <td>23.330</td> <td>0,47</td> <td>3,99</td> </tr> <tr> <td><b>2020</b></td> <td>14.568</td> <td>0,44</td> <td>1,74</td> </tr> <tr> <td><b>2021</b></td> <td>17.147</td> <td>0,46</td> <td>2,06</td> </tr> </tbody> </table>						PFN (thousands of €)	Debt to equity	PFN EBITDA	<b>2019</b>	23.330	0,47	3,99	<b>2020</b>	14.568	0,44	1,74	<b>2021</b>	17.147	0,46	2,06	<b>13</b> manual lines
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	<b>2019</b>	23.330					0,47	3,99														
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<b>2021</b>	17.147	0,46	2,06																			
	<b>7</b> semiautomatic: <b>1</b> piece every minute																					
	R/S fully automatic line: <b>1</b> piece every <b>97</b> seconds	<b>FIRST PRODUCTION 2022</b>																				

### 4.3 Business activity

ACTIVITY	DESCRIPTION
<b>R&amp;D</b> 	<p>High electromechanical competence in constant research of technological innovation.</p> <p>The internal R&amp;D center analyzes products reliability and validates processes. It develops, integrates and tests software and hardware.</p> <p>The crucial point of the research process is the simulations phase and experimental tests. A well-equipped and cutting-edge laboratory carefully examines any critical issue.</p>
<b>Quality</b> 	<p>Control and analysis checks to ensure raw materials, processes and finished products accomplishment of pre-defined quality standards.</p>
<b>Logistics</b> 	<p>Planning, organization and control of all handling operation and goods storage, from raw materials procurement, through internal distribution process, up to the shipments to final customers.</p>
<b>Commercial</b> 	<p>The strong disposition of our account managers to customer satisfaction is demonstrated by the close, consolidated and long-term relationships with major customers.</p>
<b>Product engineering</b> 	<p>Know-how for flexibility of our products and the production lines to the specific needs of our customers.</p>
<b>HR</b> 	<p>The quality of our human capital is the asset allowing us to be market leader</p>
<b>Production</b> 	<p>We reached a technological knowledge on manufacturing processes allowing us to express our value by integrating new production methodologies, joining the lean techniques and the “zero waste” philosophy</p>

### 4.4 Output

We offer a wide products range designed for the following applications:

Dishwashers, convection ovens, vending machines, professional coffee machines, osmosis devices, hermetic and semi-hermetic compressors (scroll and hermetic compressors) LSPM compressors, industrial and domestic ventilation and different applications for e-mobility field.



#### Rotostators

LSPM/IPM  
Hermetic  
Semi-hermetic



#### Air

Cassettes  
Fancoil  
Kitchen hoods  
Professional ovens



#### Water










Dishwashers motor pumps  
Rotary vane pumps



#### E-Mobility

Motorbike  
Scooter  
E-bike








## 4.5 Impacts

CAPITALS		IMPACTS (key factors feeding the business model)		
<b>Financial</b> 	<b>Salaries</b> 	<b>2019</b> <b>8.867.690</b>	<b>2020</b> <b>8.215.757</b>	<b>2021</b> <b>9.362.883</b>
	<b>Taxes</b> 	<b>367.631</b>	<b>-879.058</b>	<b>197.703</b>
	<b>Cash flow</b> 	<b>933.198</b>	<b>2.199.026</b>	<b>-778.183</b>
<b>Productive</b> 	Production line revamping and modernization projects.			
<b>Relational</b> 	<p>Sisme has been recognized as a strategic partner for the supply of electrical equipment by the main field leaders.</p> <p>Received many awards over the past years from main customers.</p>			
<b>Human</b> 	<p>Our company goal is to develop our employees' loyalty and a favorable internal climate: the turnover rate was 15,95% in 2021.</p> <p>Sisme is looking for skilled workers and aims to improve its attractiveness to new talents: over the last three years the number of employees with a degree has increased by two percentage points (13% of workers in 2021).</p>			
<b>Intellectual</b> 	Sisme participates to national and European announcement within the electric mobility and circular economy.			
<b>Natural</b> 	<p>Lower energy and raw material consumed in our manufacturing processes.</p> <p>The trade-off between these two goals makes Sisme efficient, oriented to reduce costs and wastes. Sisme supply chain is working for reducing scope 1 and 2 emissions starting from 2023 and continuously improving the mix of measures by 2030. Lowering absolute scope 3 CO2 emissions by 10 percent by 2030</p>			



## 4.6 Risks/Threats and opportunities

We periodically monitor our exposure to market risks and opportunities through a SWOT analysis. With the process that led to the identification of material issues, the medium-long term risks falling within the scope of sustainability emerged.

CONTEXT	RISK
<b>Economic</b> <b>Financial</b> 	<p>The economic situation is not in favour for the production sectors to which our products are destined to.</p> <p>Increase in financial exposure.</p> <p>Cash problems: customers have very long due dates.</p>
<b>Environmental</b> 	<p>Failure to comply with environmental legislation during the hazardous waste disposal and transport.</p> <p>Failure to comply with the environmental requirements for the activities in our plants.</p>
<b>Social</b> 	<p>Risk of loss of essential authorizations for the plant.</p> <p>Interdictions / sanctions for non-regular payment of contributions and taxes.</p> <p>Failure to comply with obligations regarding the absence of discrimination, protection of child labor and maternity, regulation of night work.</p> <p>Damage to reputation / image resulting from disputes or claims of defective products.</p>
<b>Suppliers</b> 	<p>Excessive purchases from single exclusive suppliers.</p> <p>Risks tied to the use of exclusive and/or patented products/services.</p> <p>Risks tied to the quality of essential supplies.</p> <p>Risks tied to the reliability of our current suppliers.</p> <p>Increases in the cost of components.</p>
<b>Health and safety in the workplace</b> 	<p>Inadequate assessment and control of health and safety risks in workplaces.</p> <p>Inadequate training and information for health and safety in workplaces</p>
<b>Logistics</b> 	<p>Incorrect identification / traceability of products in internal processes.</p> <p>Incorrect identification / traceability of products or semi-finished products by our suppliers.</p> <p>Incorrect shipments delivered to our customers.</p>
<b>Market</b> <b>Customers</b> 	<p>Slowness/difficulty in identifying and acquiring new customers.</p> <p>Inadequate sales network for market coverage.</p> <p>Very competitive competitors just now or ready to enter our target market.</p> <p>Qualifications/certifications required by the market that we do not have.</p> <p>Risks tied to the concentration of orders on a few customers.</p> <p>Risks tied to contractual clauses with possible penalties included in the contracts.</p> <p>Risk of insolvency.</p>

Our company's best **opportunity** is certainly given by the growth of the **vehicle electrification market**.

We are engaged in Research & Development projects in the field of:



**Trucking refrigeration**



**Electric scooters, bicycles and motorbikes**

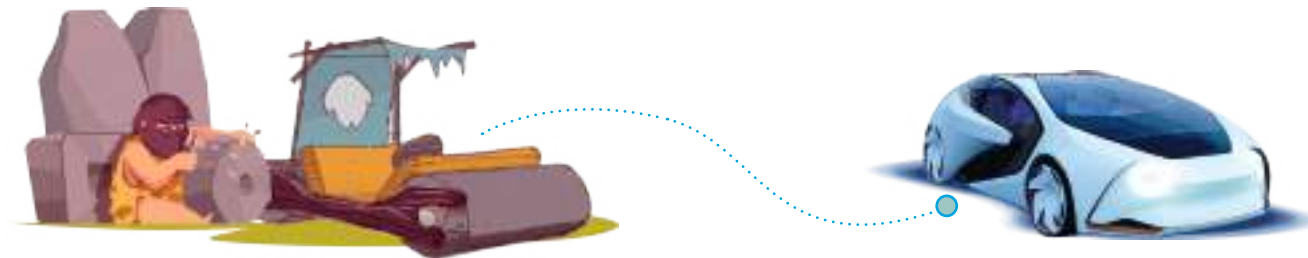


**Electric motors cooling systems**



**Other industrial applications**

As the projects are very innovative, the first results are expected in the medium/long term (2-4 years).



## *Less expensive and more efficient motors*

Over the years, Sisme's ventilation motor has experienced an evolution passing from the classic multi-speed single-phase motor produced on manual lines to a brushless motor with onboard electronics produced on automatic lines.

In the future, this trend will consolidate more and more.





In the field of rotostators, the company owns as available technologies induction motors with basic efficiency and LSPM IPM or reluctance motors with premium efficiency; these differences also affect the sale price and the production.




Sisme is committed to the research and development of suitable motors to cover market ranges requiring high efficiency levels with very competitive prices (4 points/avg upon the working range).

# 5. CAPITALS

The summary of our strategic commitments



SUBJECT	POLICY	GOAL	PROGRESS 2021
 <b>T1 - Corporate Governance</b>	Adoption of efficiency-oriented corporate governance tools (definition of objectives, roles, responsibilities ...)	Improvement of the MBO system	25%
		Change management logic	NEW
		Code of Ethics / MOG 231	100%
		Sharing of three-year plan objectives	NEW
		Check promptly if the governance system is adequate at all levels (processes, procedures and delegations)	NEW
 <b>T2 - Human Capital</b>	Development of a corporate climate aimed at encouraging the active participation of collaborators, the development of potential and the attractiveness of "new talents"	Develop an active listening mechanism	25%
		Identification of methods of attracting new talents	50%
		Introduce internal resource development	25%
 <b>T3 - Business skills</b>	Coverage and development of internal skills (gap analysis)	Identification of training to fill the identified gap	25%
		Definition of new company profiles to be integrated into the organization to facilitate the achievement of company objectives	80%
		Maintaining strategic skills (retention policy)	NEW
 <b>T4 - Research and development</b>	The development of incremental innovation to ensure product availability in line with market needs	Performance improvement with focus on energy efficiency	50%
		Material consumption reduction	25%
		Identification of opportunities related electrification increase	25%

SUBJECT	POLICY	GOAL	PROGRESS 2021
 <b>T5 - Production efficiency</b>	Planning and optimization of production resources that combine quality - time - costs	Increase in plant reliability	75%
		Optimization of production and exchange planning techniques	50%
		Optimization of spaces and work environment	25%
		Fulfillment of goods receipt checks (SAP lines)	<b>NEW</b>
		Supplier quality	25%
		IDR/IDS	25%
		Customer claims	50%
		Carbon footprint	<b>NEW</b>
		Suppliers' sustainability	25%
		Suppliers' performance	25%
		S&OP and SC PMS	25%
		Lean Journey	<b>NEW</b>
 <b>T6 - Technological innovation</b>	Development of information systems to support decision-making and industrial processes	Developing systems to support logistics (WMS)	100%
		Developing systems to support Production (MES)	10%
		Developing systems to support maintenance (CMMS)	10%
		Continuous IT security monitoring	<b>NEW</b>
 <b>T7 - Health and safety</b>	Compliance with current health and safety regulations	Aim to "zero" (zero accidents, occupational diseases, near misses ...)	75%
		Development 45001	10%
		Continuous improvement of the safety features of machinery	25%



## 5.1 Financial Capital



ECONOMIC VALUE DIRECTLY GENERATED AND DISTRIBUTED (GRI 201-1)		2019	2020	2021
<b>A</b>	<b>Economic value generated: revenues</b>	<b>58.711.768</b>	<b>53.936.361</b>	<b>81.536.332</b>
<b>B</b>	<b>Economic value distributed:</b>			
<b>B1</b>	Operating costs	44.375.465	39.213.057	65.794.672
<b>B2</b>	Employee's salaries and benefits	9.443.145	8.809.529	10.271.214
<b>B3</b>	Payments to capital providers	453.580	402.405	381.885
<b>B4</b>	Payments to the Public Administration	213.448	216.972	269.303
<b>B5</b>	Investments in the community	0	3.312	0
<b>C</b>	<b>Economic value withheld (A-B)</b>	<b>4.225.890</b>	<b>5.291.075</b>	<b>4.798.049</b>



## **Membership of associations**

(GRI 102-13)

Since 2003 Sime has an association called «CRAL-SISME» with the aim of promoting cultural, sporting, social, humanitarian and recreational initiatives among the members.

The registration into the CRAL SISME system is open to employees, former employees, relatives or friends of employees.

Sime is also member of Confindustria Como, an organization that represent and protect the interests of the associates towards local authorities with direct intervention or national and international public institutions.

A representative of our top management is also acting as advisor in charge (Internationalization and the European Union) for Confindustria and appointed as president of the Metalworking Group.



FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT (GRI 201-4)		2019	2020	2021
<b>A</b>	Tax relief	6.171	26.738	0
<b>B</b>	Subsidies to R&D and investments	92.570	216.888	193.403



## 5.2 Productive capital

### Search for product efficiency



The search for quality and operational excellence to increase company competitiveness must necessarily be combined with production efficiency.

Our Group has decided to undertake a process of continuous improvement and reengineering of some production processes in order to maximize performance and reduce costs.

## *Foster continuous improvement*

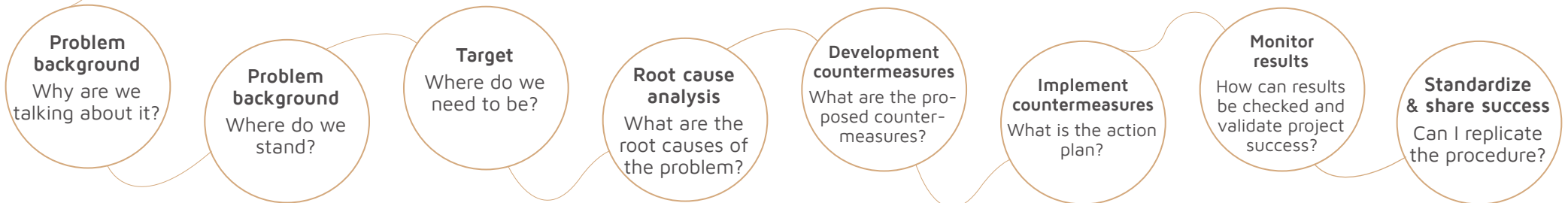
2021 was a year of great changes for the Sime group. The birth of the “Continuous improvement department” is one among the most important. Continuous improvement (referring to “kaizen” method) is one of the pillars at the base of Lean, a philosophy that Sime decided to embrace in recent years. For this reason, Sime decided to start collaborating with the Politecnico di Milano “Lean Excellence Center”. Two projects have been implemented to date: “lean thinking for downtime reduction” and “maintenance process and task analysis for CMMS implementation assessment”.

Both projects followed the A3 framework as a basic structure.

The A3 can be seen at two different perspectives: a tool supporting problem setting and problem solving and a managerial approach to foster and develop a continuous improvement culture. It is based on the Deming Cycle, a process method composed by four main activities: Plan (P), Do (D), Check (C), Act (A).



In detail A3 sections are:



**This type of problem solving approach should become a standard for all the BUs in the Company.**





This path must be monitored through the use of indicators, keeping into consideration the principle that everything that is measurable can be improved.

The starting point for increasing efficiency in organizations that undertake a path of continuous improvement is the OEE (Overall Equipment Effectiveness) monitoring, an indicator offering the possibility of systematically discovering the potential for plant or production lines optimization.

The value of the OEE consists in the multiplication of three factors:



### Availability

Percentage of time worked in relation to available time.

The ratio is between the time during which the plant has produced value manufacturing parts or semi-finished products compared to the plant available working time. Availability is closely related to systems reliability and therefore to breakdowns that generates downtime.



### Efficiency

The efficiency is the ratio between the real output and what the line could theoretically produce. In the planning phase, planners take into consideration the average efficiency of the different lines. Delays are in this way highlighted through the on-time production.



### Quality

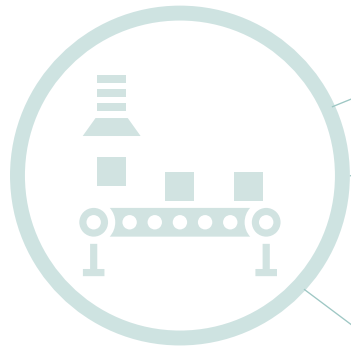
It is the percentage ratio between the compliant parts compared to the total of the parts produced. In this way, drops in production related to waste or rework are so highlighted.

## Revamping, machine installation and new line development

In order to foster the implant efficiency, Sisme has always been committed with its industrialization team to the investment analysis needed for innovating or creating new opportunities for the company.



## ***In 2021, projects were activated for:***



Revamping of old machines;

Consumption production, purchase of a new induction rotor heating system, that replace an old gas system;

New products, installation of a new production line, a project that started in 2020. The new line includes of elements for industry 4.0 in order to be able to communicate with the Sisme management system (SAP) and obtain data on the efficiency and productivity of the machinery itself.

## 5.3 Relation capital

### Supply chain

The SC strategy aims to define the contribution of Supply Chain to a

## *successful implementation of Corporate goals*

highlighting key elements already addressed in the past, yet also sets some new priorities and raises new requirements from Supply Chain at SISME:

- Rising requirements to define and upgrade logistics service offering (i.e. consignment stock);
- Business development and focus on engaged customers require new logistics solutions;
- Supply Chain needs establishing a global team to be ready for our growth path and at the same time, needs to continue to drive operational excellence.



## *What cost and revenue?*

## *Can customer segmentation help us drive engagement?*

## *Carbon footprint*

CO2 emissions are generated by the operation of our plants, administrative buildings, warehouses and our vehicle fleet (Scopes 1 and 2). Moreover, they are generated through our supply chain (Scope 3). This year, Our climate goal relates to emissions within our own sphere of influence: our own direct (Scope 1) and indirect emissions (Scope 2) as well as emissions from our business travel (part of Scope 3). In the next two years we are going to introduce additional measures to reduce our Scope 3 emissions.

# SUPPLY CHAIN



## Suppliers' sustainability

Our global supplier network contributes significantly to the added value, quality, and innovative strength of our company as well as to the overall sustainability performance along the complete value chain.

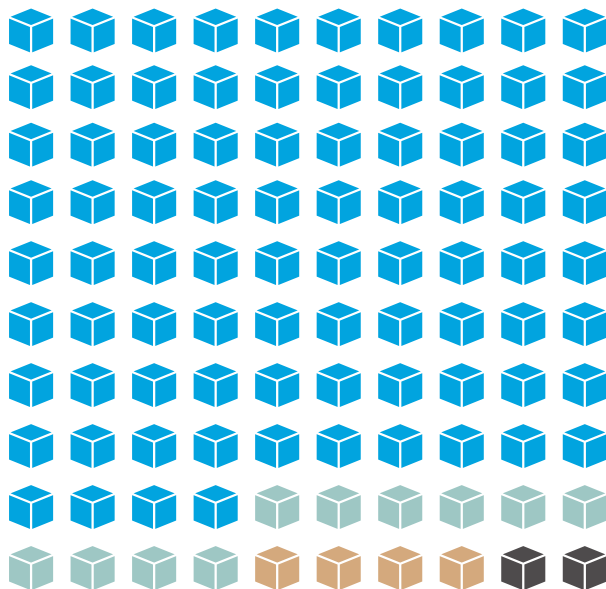
Consequently, our suppliers have a vast influence on whether we achieve our sustainability goals.

They remain strong partners who make a positive contribution to both the ecological and social aspects of our business activities.

We work with

***roughly 500 suppliers***

to purchase the material that goes directly into our products or consumed in our facilities.



Our direct suppliers need to agree to our Code of Conduct for Suppliers in order to start a business relationship. Alternatively, they may have their own codes in place meeting the Company's requirements.

### Our suppliers' are located in

- Italy (84%)
- Europe (10%)
- Asia/Pacific (4%)
- Western Hemisphere outside Europe (2%)



## Suppliers' performance

Market pressure forces the industry to deal with increased innovation speed, to cope with shorter product lifecycles, to source for best possible suppliers, so automate operational procurement becomes a competitive key. Sisme is structuring his own processes and systems to drive a transformation to fully digitalized source to pay process in order to let a new level of efficiency and responsiveness.

We might get connected with almost all our roughly 500 core suppliers.

***The 500 projects***  
***handle more than***  
***90 percent of our***  
***total purchasing volume***  
***of components and***  
***raw materials.***

Our goal is to make a digital transformation of procurement to have the contract documentation and communication of all suppliers on our ERP. This enables us to document standards, product compliance statements, agreements and audit results, helping to support us in systematically cultivating our supplier relationship.

## Sales & Operation Planning and Performance Measurement System

SISME operates on the entire end-to-end supply chain, from raw materials to the end-customer. The SC intends to steer the entire end-to-end Supply Chain with its integrated Sales & Operation Planning (S&OP) program to contribute at the value creation of the company, by improving NWC (inventory), Cost (productivity) and Revenue.

The transformation to a centralized S&OP process stands for difficulties in measuring and understanding Supply Chain Performance. As the transition plan – operations is now of cross- departmental responsibilities, it is essential to design a Performance Measurement System (PMS) that effectively captures the process holistically. The PMS framework supports the identification and clustering of performance indicators. This clustered set of performance indicators in turn supports cause-effect analyses on varying drill-down dimensions.

## Quality policies and management systems

For Sisme, the concept of quality is a milestone of all the processes: the goal is not only to create products that meet all the customer's requirements, but also to use the best raw materials and subject the manufactured products to rigorous and methodical checks.

With a quality management system compliant with the ISO 9001 standard, Sisme constantly manages and monitors quality throughout the organization, promoting the culture of "risk based thinking" preventing and reducing risks within of each business process. The priority objective is "zero defects", this is necessary to ensure compliance with the requirements and expectations of customers.

Sisme is focused on the continuous improvement of its products and processes by committing itself to manage:

- Supplier performance in terms of quality of materials and service
- Improvement of the effectiveness and efficiency of production processes,
- Reduction of waste and non-quality costs,
- Maximum customer satisfaction

The annual results of each Business Unit are monitored through specific indicators elaborated by the Quality function and periodically presented to the Management.

In order to demonstrate the ability to face the challenges in product's development, the company considers the perspective of the whole life cycle, always keeping into considerations technical assistance, packaging and transport conditions, settings of the technical-managerial interfaces to facilitate relationships and make communications efficient.

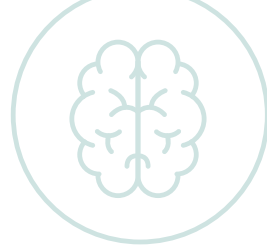
All the motors produced by SISME are designed and manufactured to ensure maximum protection for the environment, starting from the components used in the production process to the material used for packaging. Suppliers and collaborators are also empowered and monitored in order to ensure the necessary quality performance and are maintained in the perspective of full compliance with customer requirements and legal requirements.

## Certifications



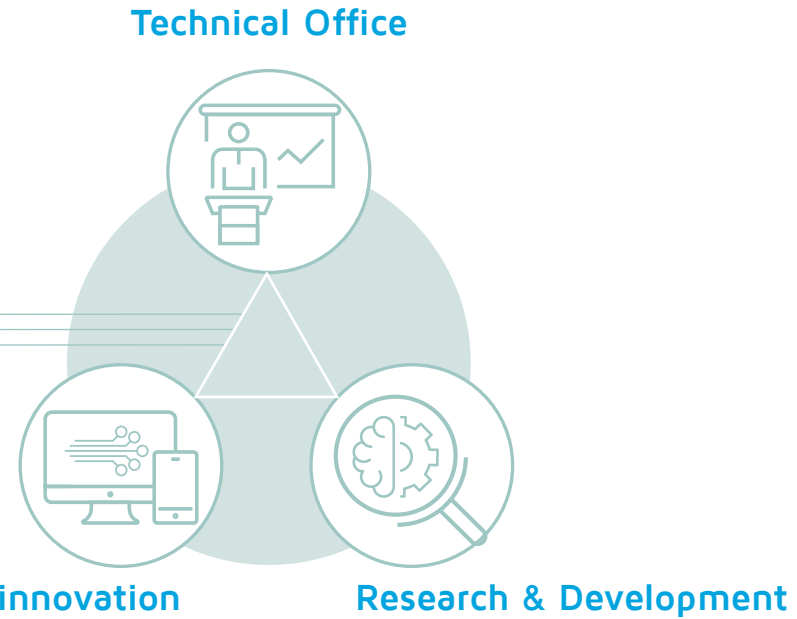
Sisme motors are produced in full compliance with the European regulations in force governing the matter, respecting their limits accordingly to the different belonging categories.

## 5.4 Intellectual capital



Over the years, Sime has continued and will continue to invest in tools and initiatives oriented to increase its intellectual capital, i.e. the system of intangible resources contributing to the value creation.

For us these resources are attributable to 3 categories:



### Research and development (R&D) and Technical Office

Sime produces electric motors of many types. Since its introduction on the market, electric motors have experienced an incessant spread in all sectors, expanding possible fields application and significantly increasing the demand in various markets.

We are committed to innovation and improvement, starting with Research & Development, technological innovation and also corporate governance oriented to organizational efficiency.





## Research & Development

Sisme operates with a R&D function working in cooperation with product engineering in order to have a dedicated structure, capable of interfacing and collaborating effectively with universities, research institutes, start-ups, customers, suppliers and all company functions.

The main objectives of the R&D function are:

1

**Increase the Portfolio of product expansion and development**, also with unexpected technologies, to guarantee client market needs coverage, reducing costs and wastes



In refrigerated transport, new motors technologies are being developed with greater efficiency for some of our major customers. In the same field the first motor entered in production in Sisme China.

2

**Partnership** with research institutes and universities



The collaboration with UNIVAQ led to develop a synchronous reluctance motor, a new concept and related patent.

3

New products with **reduced usage of active material**, fostering new technology development



Motor with reduced magnet content has been designed. Next step will be:

- Validate the design; evaluate the motor in the applications
- Evaluate the possibility to use Ferrite instead of NdFeB magnets.





## Technical Office

Sisme has three ways of product development process in which R&D and Technical office are involved:



### 1. Co-design projects with customer

A new project - in partnership with a market leader client - for electric mobility in the MTB sector is under development. Focus on the design and manufacture of a new Drive Unit for MTB. The drive unit integrates a motor, a reduction unit and a drive board. Sisme will supply the roto-stator on the basis of specifications provided by the customer. The first prototype will have to be available by May 2022. The work program is ambitious and foresees an SOP in the first quarter of 2024.



### 2. Projects developed independently (based on current market needs)

This project involves the construction of complete engines for both medium-small size scooters (3-5 KW) and for bicycles / electric scooters (powers around 250-300 W). The engines for scooters are currently being tested on some motorcycles of the end customer to check their performance. The bike engine is currently completing its internal verification tests. The motors for scooters would have a much wider potential market at competitive costs. Possibility to start with the motorbike engine after customer approval.



### 3. Customization for different markets/customers' needs

The project uses the motors designed for motorcycle applications to be developed for different industries where electrification by endothermic engines is under evaluation. These are also low voltage 48-72V battery powered applications and we currently provided some samples to a system integrator who would like to enter in this business. Tests are ongoing.



## Technical innovation

Sisme group is aware that the technological evolution process and in particular the control and interconnection of the operative systems has reached a level of pervasiveness to become an essential element for the effective and efficient management of a modern plant. Today, these aspects are becoming key competitive factors allowing to reduce wastes and costs related to production. This system digitalization process consists in the software implementation to support the company's operations. In 2021 Sisme was involved in three main projects:

- Software to support logistics (WMS)
- Software for maintenance management (CMMS)
- The manufacturing execution system (MES).

All these projects follow fixed milestone phases:

***All these projects**  
follow fixed milestone phases*



The implementation of these software is a part of the target. In the next years IT department will be furtherly involved in two main activities: a **vulnerability assessment** to secure the company perimeter and the creation of IT **synergies with clients and suppliers** with the aim of strengthening and optimizing communication, reducing overprocessed activities and costs.



## 1. Software for logistics management (WMS) and further implementation

In 2021 Sisme has implemented the SAP WM package. The WMS (warehouse management system) is a software supporting logistics from the incoming goods to the location in the warehouse, the material preparation for the production phases or for the Line Supermarkets supply, the preparation of shipments.

The goal for the software implementation:

- Mapping through wm locations of all logistic areas present in Sisme
- Develop strategical loading and picking policy (on the basis of rotation index and ABC clusters)
- Flows (inbound mgmt, distribution to the factory, outbound mgmt) handled through barcode scanner device

The introduced innovation allow increase logistics productivity and efficiency by reducing the time for picking and loading.

The WMS implementation strengthen some processes into the SAP system in order to increase the inbound management accuracy, or an app for HU cross check for the outbound that will be developed to reduce shipping mistakes. WM introduction will change also the way for carrying out the inventories. In 2022, the aim will be managed it through rolling inventories, avoiding the year-end inventory.

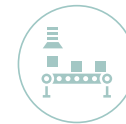
### Wms as an occasion for re-layout WH (and supermarkets for Kanban logic)

The SAP WM package implementation allowed to rethink some logistics areas and the development of new WH. In 2021 Sisme invest in a main central intensive warehouse for small components, but also 15 gravity supermarkets for high runner parts (for household application and RS). The Kanban logic production procurement was something new. it was possible to implement this type of strategy for specific categories of materials thanks to the ROP defined in WM. This logic allows logistics operator in saving time avoiding the count for the materials manually for each production order.



## 2. Software for maintenance management (CMMS)

Maintenance is a strategic factor within operations. For this reason, Sisme invested in a project - in collaboration with Politecnico di Milano - for a CMMS implementation assessment (process and task analysis). The project started in 2021 and will be implemented in 2022, while the "learning and monitoring" phase for further improvement/integrations will begin in 2023.



## 3. Informatic system to support production (MES)

The integration process between Sisme production lines and the SAP environment was achieved through the MES system (Manufacturing Execution System) that provides a real-time "SAP/machinery" interaction enabling the final accounting and reporting stages.

Savings in terms of time for data collection as well as in their accuracy and punctuality are undoubted.

The two pilot lines on which the integration of the MES will be initiated have been identified. The necessary hardware / software investments approved; the integration will be gradually extended to all lines.

## 5.5 Human Capital

### *New talent attraction*

SISME is constantly committed to the development of its human capital and creating a positive work environment oriented to mutual collaboration, teamwork, sharing of objectives and suited to express every single person's potential.

**In 2021 Sisme decided to improve external communication, observing the same principles of transparency and honesty adopted internally.** Transparency in sustainability communication is one of the greatest attraction and natural empathy factors with external stakeholders. The attraction of new talents was the main focus for the HR Dept the last year.

Sisme developed a partnership with Politecnico di Milano, and in particular with the **Talent Development Group** (TDG), for the engagement of students in different kind of project which were the subjects of their university thesis. It's a win-win cooperation for students and for Sisme for a talent's evaluation on a real problem-solving case.

In 2021 this collaboration was divided into three projects that allows HR to hire two new Sisme employees.



One of the most important Company's goal is to create an effective and proactive communication system with its collaborators based on principles of truthfulness, respect and fairness.













































Locally the companies operate according to the Headquarter's guidelines, however organizing initiatives dedicated to local employees thanks to the procedural body in place.

The recruitment process is based on candidates' specific range of skills referred to the internal requesting BU needs always respecting peers opportunities for all the stakeholders.

Sisme, regardless of gender and location, offers remuneration in line with the market, benefits and incentive systems in order to improve the quality of people's life.

### *Business skills*



	2019	2020	2021
<b>New hires and turnover</b> (GRI 401-1)			
Number of new hires	4 	3 	13 
Males	3 	3 	7 
Females	1 	0	6 
<b>Benefits expected for employees</b> (GRI 401-2)			
% of employees covered by standard benefits			
Life insurance -	 5,8%	 6,4%	 6%
Health care -	 100%	 100%	 100%
Stock options -	-	-	-
<b>Parental leave</b> (GRI 401-3)			
Total number of employees with the right to the p.l.	 Males  Females <div style="border: 1px solid black; padding: 2px; text-align: center; width: fit-content; margin: 0 auto;">ALL</div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> 193</div> <div style="text-align: center;"> 81</div> </div>	 Males  Females <div style="border: 1px solid black; padding: 2px; text-align: center; width: fit-content; margin: 0 auto;">ALL</div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> 184</div> <div style="text-align: center;"> 80</div> </div>	 Males  Females <div style="border: 1px solid black; padding: 2px; text-align: center; width: fit-content; margin: 0 auto;">ALL</div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> 177</div> <div style="text-align: center;"> 80</div> </div>
Total number of employees who have benefited from the p.l.	<div style="border: 1px solid black; padding: 2px; text-align: center; width: fit-content; margin: 0 auto;">31</div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> 16</div> <div style="text-align: center;"> 15</div> </div>	<div style="border: 1px solid black; padding: 2px; text-align: center; width: fit-content; margin: 0 auto;">34</div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> 15</div> <div style="text-align: center;"> 19</div> </div>	<div style="border: 1px solid black; padding: 2px; text-align: center; width: fit-content; margin: 0 auto;">22</div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> 12</div> <div style="text-align: center;"> 10</div> </div>
<b>On-the-job-injuries</b> (GRI 403-9)			
Number and rate of deaths from injuries	 -	 -	 -
Recordable number and rate of injuries	 4	 3	 6
Near miss	 4	 4	 4
Number of hours worked	 401.521	 369.766	 394.834



	2019	2020	2021
<b>Occupational diseases (GRI 403-10)</b>			
Number of cases of occupational diseases	0	0	0
Main types of occupational diseases	0	0	0
<b>Average hours of training per year (GRI 404-1)</b>			
	Males Females 16 20	Males Females 16 20	Males Females 21 24
Type	SAFETY / TECHNIQUE	SAFETY / TECHNIQUE	SAFETY / TECHNIQUE
Type Spending on skills development	8.750,00	18.370,00	31.615,20
<b>Percentage of employees receiving a periodic assessment of performance and professional development (GRI 404-3)</b>			
	Males Females 7 1	Males Females 7 1	Males Females 7 1
Tipologia	MBO	MBO	MBO



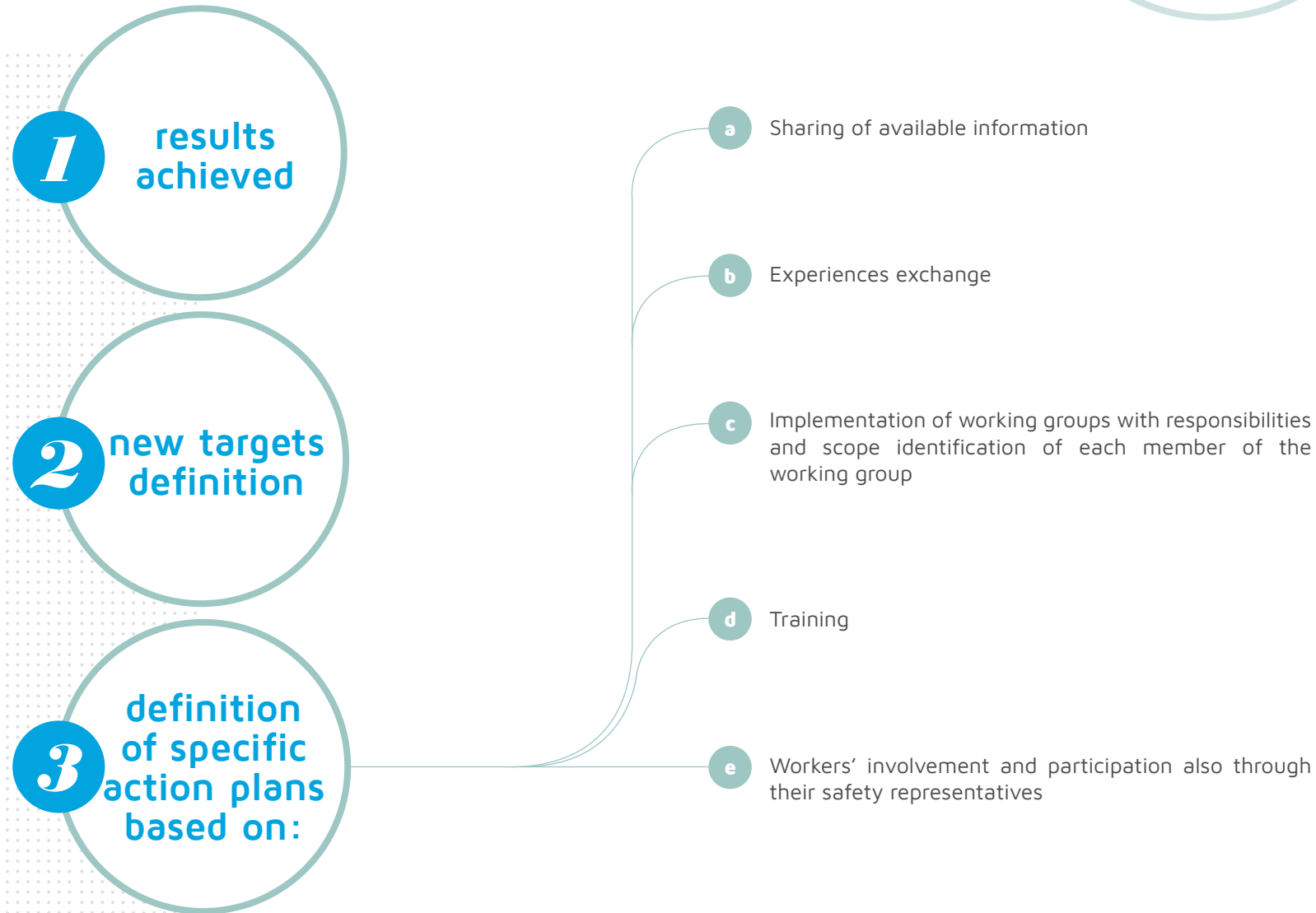
	2019	2020	2021
<b>Ratio of basic salary and wage of women compared to men (GRI 405-2)</b>			
<b>Employee categories</b>			
3rd Level -	100%	100%	100%
4th level -	99%	100%	99%
5th level -	91%	91%	89%
5th S level -	88%	88%	88%
6th level -	97%	99%	100%
7th level -	86%	86%	Just men
8th level -	Just men	Just men	78%
<b>Events of discrimination and corrective measures adopted (GRI 406-1)</b>			
Total number of discrimination events	0	0	0



## Health & Safety

SISME has embarked on a path of prevention and protection systems for workers and the environment, focus on long-term goals that can be achieved through the planning of various intermediate activities.

Sisme management systems are periodically reviewed in order to take into account:







One of the most important target for the company is to reach the “0 accidents” milestone enhancing the personnel awareness. This can be achieved by reviewing or drafting new safety procedures; instructions, information and training activities. The revision of the procedure on the management of accidents, near misses and reports takes a lot of space in this awareness raising process. This has made it possible right from the start to increase the collaboration between the production and RSPP function, helping the prevention and protection service both to collect more information for the updating of the risk assessment document, and to identify alternative solutions.

In 2020, the results achieved in previous years were improved, in fact a first goal evidence of the implemented process effectiveness is shown by the injuries rates recording a reduction in the frequency index of 77% and in the severity index of 90% with no serious injury and only one injury with prognosis of more than 5 days, compared to ones of 2010.

Although the number of injuries and the injury severity index have decreased in recent years, they do not yet represent the

## “0 injury target”

that Sisme intends to achieve, so continuous improvement will be pursued through new goals planned for the next three years, tending to give SISME an integrated safety management system, for this reason it is planned to:



The periodic review and updating of the risk assessment document, together with the ergonomic analysis of the workstations, are a

## ***fundamental step in increasing the degree of safety and comfort in the company.***

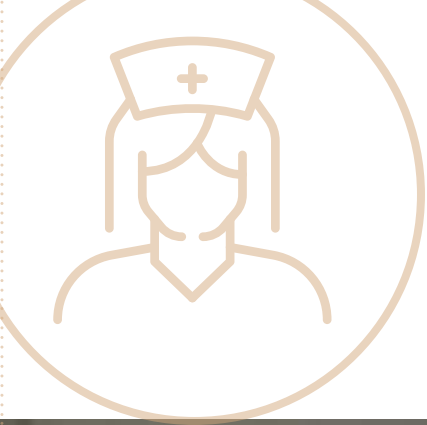
These two activities have become part of the daily routine of SISME with the help of the external collaborators we are going to increase the quality of the workstations.

The other corporate objective is to development an ISO 45001 certification path, that includes various activities such as the expansion and updating of safety instructions on individual workstations, a complete review of company safety procedures and management more effective than personal protective equipment.

The company has objectives of adapting and updating machinery to current safety regulations, investing in new machinery that is increasingly safer, more effective and ergonomic.

Finally, SISME's desire to increase the knowledge of its employees on health and safety issues is very high. In fact, in the year 2021 alone, almost 900 hours of training were achieved including refresher officers, managers, work equipment and internal procedures.



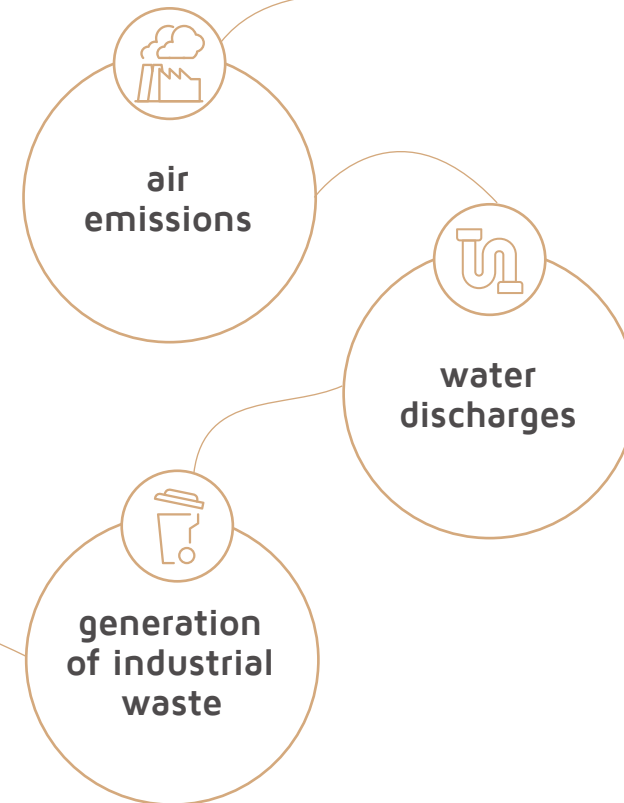


In regards to the health aspect, the medical examinations met the pre-established regulatory deadlines, showing overall a health situation in line with the previous years.

With the purpose of anticipating first aid times, in the event of cardiac arrest in the workplaces, we have considered indispensable and fundamental to strengthen prevention to have a semi-automatic defibrillator (AED) and personnel trained for its use.

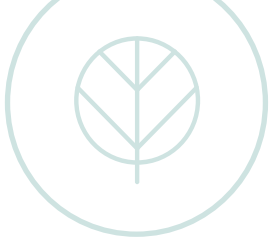


For several years, the company has also been committed to improve industrial practices aimed at reducing the environmental impact with a progressive introduction of more sustainable materials and processes in terms of:



With the ultimate goal of preserving the natural environment and the hygiene of the internal workplaces





## 5.6. Environmental Capital

Reducing the impact on the environment is one of the most important aims of the company, in accordance to a more responsible way of work in the business.

Since many years the company has followed environmental protection practices through proper waste management, continuous monitoring and analysis of atmospheric and water emissions.
















In addition, the company is subject to "Autorizzazione Unica Ambientale" (AUA), an enabling measure issued by the Lombardy Region authorities providing guidelines to limit the impact on the environment.



Sime is committed to identify any energy waste and improving company's energy efficiency levels.
















The increasingly replacement of solvent paints in the production process with water-based paints or self-cementing products is significantly reducing the environmental impact.



	2019	2020	2021
<b>Energy used inside the organization</b> (GRI 302-1)  Total combustible material consumption from non-renewable energy sources inside of the organization (gigajoules)	 <b>55.789</b>	 <b>54.179</b>	 <b>63.312</b>
<b>Energy used outside of the organization</b> (GRI 302-2)  Energy consumption outside of the organization (gigajoule)	 <b>3.216</b>	 <b>2.842</b>	 <b>3.024</b>
<b>Energy intensity</b> (GRI 302-3)  Energy intensity of the organization (Energy in gigajoules used / 1000 pieces produced)	 <b>55,79</b>	 <b>54,18</b>	 <b>63,31</b>
Energy intensity of the external organization	 <b>8,81</b>	 <b>7,79</b>	 <b>8,28</b>
<b>Reduction of energy consumption</b> (GRI 302-4)  Reduction of energy consumption obtained as a direct result of energy saving and initiatives of improvement of efficiency	 <b>2,2%</b>	 <b>0</b>	 <b>6,2%</b>



As shown in the previous table (GRI 302-1) Sisme used 9133 gigajoules more than the last year. But this value should be compared with the considerable increase of the production registered in 2021. considering the ratio between kilowatt used to produce one piece, the value decreased from 0,38 Kwh/pcs to 0,33 Kwh/pcs thanks to the investments to improve the efficiency of the implants. The same calculation was also carried put for the different type of product in sisme’s portfolio.

	2019	2020	2021
<b>Average consumption per goods</b> [Kwh/pcs]	 <b>0,35</b>	 <b>0,38</b>	 <b>0,33</b>
<b>Rotostators</b> [Kwh/pcs]	 <b>0,55</b>	 <b>0,64</b>	 <b>0,53</b>
<b>Hoods and ovens</b> [Kwh/pcs]	 <b>0,34</b>	 <b>0,39</b>	 <b>0,37</b>
<b>Ventilation</b> [Kwh/pcs]	 <b>0,15</b>	 <b>0,21</b>	 <b>0,21</b>
<b>Household Appliance</b> [Kwh/pcs]	 <b>0,34</b>	 <b>0,28</b>	 <b>0,21</b>







## Interaction with water as a shared resource (GRI 303-1)

Description of how the organization interacts with water resources (collection, consumption and sewages) and the impacts caused or tied to.










2019 -



The water used comes from three connections to the municipal water network and is used for drinking, snitary, cooling and processes. Sewages take place through 2 collectors, the fresh water and the waste one, which process waters flow to the external consortium collector.

	2019	2020	2021
<b>Water collection</b> (GRI 303-3)			
Total water collection (megaliters)	↑  11,96	↓  11,49	↓  11,39
Total water collection from water stressed areas	-	-	-
<b>Water sewage</b> (GRI 303-4)			
Total water sewage (megaliters)	↓  1,13	↑  1,20	↑  1,30
Total water sewage from water stressed areas	-	-	-









	2019	2020	2021
<p><b>Water consumption</b> (GRI 303-5)</p> <p>Total water consumption (megaliters)</p>	 <p><b>10,83</b></p>	 <p><b>10,29</b></p>	 <p><b>10,09</b></p>
Total water consumption in water stressed areas	-	-	-
<p><b>Waste produced (i)</b></p> <p>a) total weight in tonnes of waste produced and subdivision of the total weight according to the composition of the waste; (use 1000 kg as a measure for one ton)</p>	 <p><b>800,29</b></p>	 <p><b>726,31</b></p>	 <p><b>1130,51</b></p>
b) context information necessary to understand the data and how to compile it.	<p>The CER codes are attributed by the producer of the waste, in this case Sisme. The company protects itself from this by requesting specific waste characterization analyzes from accredited and authorized laboratories to confirm or modify the attribution of the CER code to be communicated to the disposer and the authorities. The data relating to the weights are initially provided by Sisme by weighing the waste on site, but then the official value is verified at destination and then by the final receiver of the waste. The latter, through the delivery of the 4th copy of the formulation, indicates to Sisme the verified weight of the waste and this data is entered in the Winwaste company management system from which the MUD will be obtained annually.</p>		
<p><b>Waste not destined for disposal</b> (GRI 306-4)</p> <p>Description of waste not destined for disposal</p>	Any S.I.S.M.E. is destined for disposal		
<p><b>Waste not destined for disposal<sup>1</sup></b> (GRI 306-5)</p> <p>a) total weight in tonnes of waste destined for disposal, and breakdown based on the composition of the waste;</p>	 <p><b>800,29</b></p>	 <p><b>726,31</b></p>	 <p><b>1130,51</b></p>



1. Details of the GRI 306-5 are available in the 'References' section, page 65.



	2019	2020	2021
<p><b>Waste not destined for disposal<sup>1</sup></b> (GRI 306-5)</p> <p>b) total weight in tonnes of hazardous waste destined for disposal</p>	 <p><b>91,99</b></p>	 <p><b>72,54</b></p>	 <p><b>106,19</b></p>
<p><b>Waste not destined for disposal<sup>1</sup></b> (GRI 306-5)</p> <p>c) total weight in tonnes of non-hazardous waste destined for disposal</p>	 <p><b>708,3</b></p>	 <p><b>653,77</b></p>	 <p><b>1024,32</b></p>
<p><b>Waste not destined for disposal<sup>1</sup></b> (GRI 306-5)</p> <p>d) for each disposal method listed in Disclosures 306-5-b and 306-5-c, a breakdown of the total weight in tonnes of hazardous and non-hazardous waste destined for disposal:</p> <p>i. on site;</p> <p>ii. at an external site.</p>	<p>All the waste listed above is destined for disposal at various authorized and authorized external sites</p>		
<p><b>Production of waste and significant impacts related to waste</b> (GRI 306-1)</p> <p>Description of inputs, activities and outputs that lead or could lead to these impacts (waste life cycle). An assessment of how materials move into, through and out of the organization can be helpful in understanding where in the value chain these materials become waste.</p>	<p>All the waste produced is the result of controlled production processes (in greater quantities by the die-casting department, then R/S department, the fhp department and minimally the offices) and ordinary and extraordinary maintenance. The production waste is collected and deposited in special baskets in the department to then be emptied in the waste area used for the temporary collection of the same and remain waiting to be taken and disposed of by authorized external disposers. Instead, maintenance waste is immediately collected and taken to the temporary storage as mentioned above. The life cycle of the waste is as follows:</p> <p>1a - waste produced in the department and laboratories 35%</p> <p>1b - waste production from ordinary and extraordinary maintenance activities 65%</p> <p>1c - production of waste produced by offices 5%</p> <p>2a - waste collection in containers in the department</p> <p>2b + 3b - waste collection and immediate transport to the temporary waste storage area</p> <p>2c - waste collection in containers in offices</p> <p>3a - Emptying of the containers in the department into the special bins in the temporary waste deposit area</p> <p>3c - Emptying of the containers in the department in the special bins in the temporary waste deposit area</p> <p>4a + 4b + 4c - Request for collection and disposal to authorized bodies and compilation of the relative forms</p>		



1. Details of the GRI 306-5 are available in the 'References' section, page 65.

	2019	2020	2021
<p><b>Management of the significant impacts associated with waste</b> (GRI 306-2)</p> <p>a) actions, including measures in favor of circularity, undertaken to prevent the production of waste in the activities of the organization and upstream and downstream in its value chain, and to manage the significant impacts deriving from the waste produced</p>	<p>The waste is transported to the temporary waste deposit by specific personnel such as maintenance workers and warehouse workers. The managers of the various areas where the waste is produced communicate to the Prevention and Protection Service that a specific waste has been brought to the temporary deposit and that it is ready to be weighed and classified. once this has been done, the waste collection is periodically organized through the intermediary and the data of the transporters and disposers are updated.</p>		
<p><b>Management of the significant impacts associated with waste</b> (GRI 306-2)</p> <p>b) if the waste produced by the organization in its activities is managed by a third party, a description of the processes used to establish whether the third party manages the waste in line with contractual or legal obligations</p>	<p>Sisme uses an intermediary to identify third party companies for the transport and disposal of waste. The intermediary takes care to provide Sisme with all the data of the third company, including the authorization to process, collect, transport and dispose of the waste</p>		
<p><b>Management of the significant impacts associated with waste</b> (GRI 306-2)</p> <p>c) the processes used to collect and monitor waste data.</p>	<p>The data is collected and monitored in the Winwaste management system. The weights are initially attributed by Sisme by weighing once the waste enters the temporary deposit, but the final weight is given to be verified at destination by the receiver. The latter, through the delivery of the 4th copy of the formulation, indicates to Sisme the verified weight of the waste and this data is entered in the Winwaste company management system from which the MUD will be obtained annually. Sisme makes use of an intermediary for the collection of data and information relating to carriers, transporters and receivers. Waste is assigned CER codes after characterization analysis carried out by accredited and authorized laboratories.</p>		



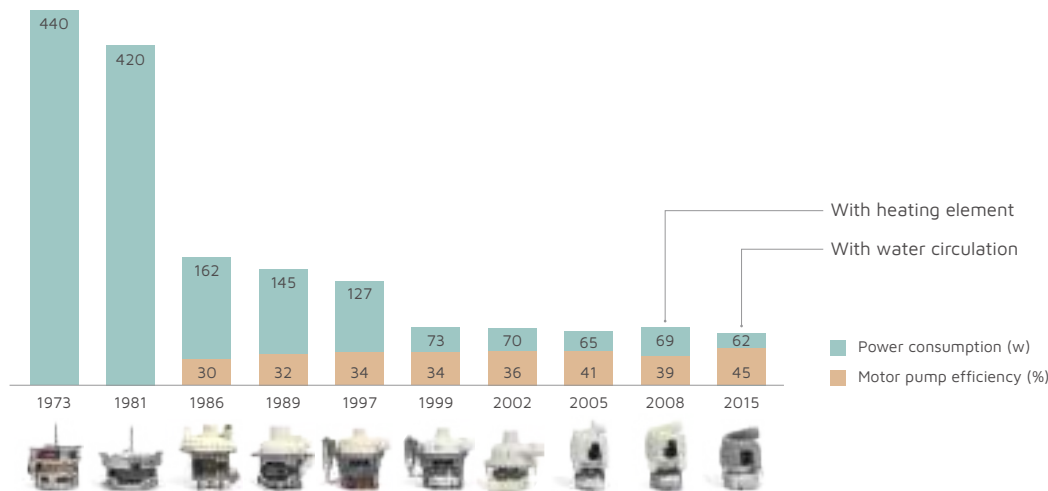
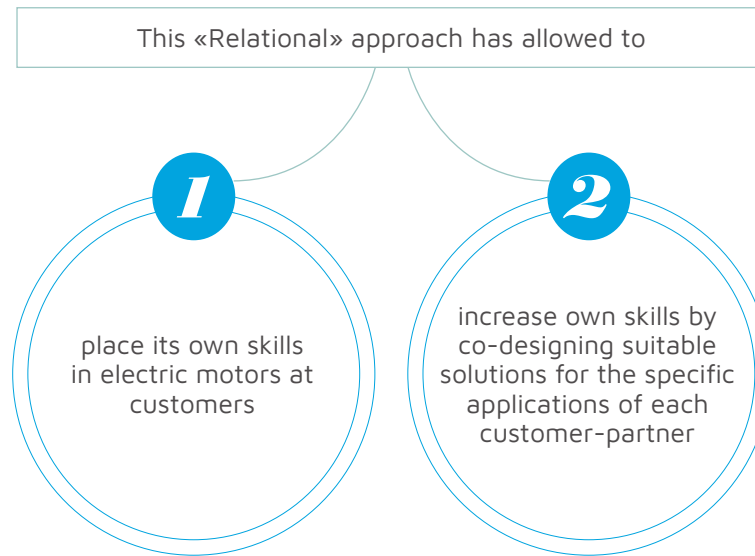


## 5.5 Relational Capital

The relational capital is an “intangible” value and consists in the so-called “trustworthy” resources, centered on the virtuous exchange of flows of information between the company’s internal and external resources. An intangible heritage pertaining to company relations that internally reflect in staff’s motivation and cohesion and externally in corporate credibility (brand strenghten).

Sisme is an historical company that builds long-term relationships with its customers and its suppliers and makes the human factor a key element for its sustainability.

Sisme has always paid great attention and invested in long-term relationships and collaborations, which we can define as partnerships with large multinational companies.



Sisme is still evolving relationship with its customers together with its products, allowing to cultivate and establish a mutual trust heritage over the years. Today, thanks to this approach, Sisme has a electric motors portfolio ranging from 60w to 60kW, with skills ranging from applications to household appliances to those for ventilation, refrigeration and industrial air conditioning.

Client portfolio is made up of large international groups such as BSH, Electrolux, Carrier, Danfoss, Bitzer, Emerson, Trane technologies, just to mention the most important ones whose relationship is governed by multi-year agreements. Relationships ranging from materials planner to the CEO passing through all company departments, Quality, R&D, Purchasing, Operations have been established.

Heritage of relation has nourished a virtuous circle made up of exchanges of “technical” information, knowledge and interpersonal relationships, in a broad sense. Over the years this has made possible not only to maintain but also to increase this capital’s value.

Sisme’s customers are not just the source of its turnover but also a network

***made up of international relationships and skills  
giving the company  
solidity and resilience characteristics***

that go beyond specific dimensions of the company.

This approach towards customers born from Antonio Costantini, the commercial director of Ranco, (whose later became the owner after the “management buy-out” with the name of Sisme), was transmitted to the relationships with other internal and external stakeholders of the company.



# 6. REFERENCES



Link table with GRI indicators (“GRI-Referenced”)

GRI STANDARDS	DESCRIPTION	NOTES
GRI 102: General information 2016	102-1. Organization name	Pp. 6
GRI 102: General information 2016	102-2. Main trademarks, products and services	Pp. 23
GRI 102: General information 2016	102-3. Headquarters	Pp. 11
GRI 102: General information 2016	102-4. Countries of operation	Pp. 11
GRI 102: General information 2016	102-5. Ownership structure and legal form	Pp. 18
GRI 102: General information 2016	102-6. Markets Served	Pp. 14
GRI 102: General information 2016	102-7. Organization size	Pp. 14

GRI STANDARDS	DESCRIPTION	NOTES
GRI 102: General information 2016	102-8. Information on employees and other workers	Pp. 14
GRI 102: General information 2016	102-9. Description of the supply chain including main activities, products, and services	Pp. 35-37
GRI 102: General information 2016	102-10. Significant changes in size, structure, ownership structure or in the supply chain occurred during the reporting period	Pp. 11
GRI 102: General information 2016	102-11. Methods of application of the prudential principle or approach	Pp. 38
GRI 102: General information 2016	102-14. Statement from a senior manager	Pp. 4-5
GRI 102: General information 2016	102-15. Key impacts, risks and opportunities	Pp. 25
GRI 102: General information 2016	102-16. Description of values, principles, standards and rules of conduct	Pp. 16-17
GRI 102: General information 2016	102-18. Description of the governance structure	Pp. 17-18
GRI 102: General information 2016	102-20. Executive responsibility for economics enviromental and social topics	Pp. 18
GRI 102: General information 2016	102-21. Stakeholder Interview for economics enviromental and social topics	Pp. 6
GRI 102: General information 2016	102-22 a. Composition of the highest governance body and related committees	Pp. 18
GRI 102: General information 2016	102-25. Description of the processes used to ensure the absence of conflicts of interest	Pp. 19
GRI 102: General information 2016	102-32. Top Governance Role in sustainability report	Pp. 18
GRI 102: General information 2016	102-40. List of stakeholder groups	Pp. 6

GRI STANDARDS	DESCRIPTION	NOTES
GRI 102: General information 2016	102-41. Collective bargaining agreements	Pp. 48
GRI 102: General information 2016	102-42. Identification and selection of stakeholders	Pp. 6
GRI 102: General information 2016	102-43. . Methods of involving stakeholders	Pp. 6
GRI 102: General information 2016	102-45. Subjects included in the consolidated financial statement	Pp. 14
GRI 102: General information 2016	102-46. Process for defining report contents and their perimeter	Pp. 6
GRI 102: General information 2016	102-47. Material aspects identified in the process of defining the report contents	Pp. 6
GRI 102: General information 2016	102-48. Restatement of information	Pp. 6
GRI 102: General information 2016	102-49. Changes in reporting	Pp. 6
GRI 102: General information 2016	102-50. Reporting period	Pp. 6
GRI 102: General information 2016	102-51. Date of most recent report	Pp. 4
GRI 102: General information 2016	102-53. Contact point for questions regarding the report	Pp. 64
GRI 102: General information 2016	102-54. "In accordance" option chosen	Pp. 6
GRI 102: General information 2016	102-55. GRI Content Index	Pp. 65-69
GRI 201: Economic performance 2016	Management approach as per GRI 103 (v. 2016) related to topic 201 "economic performance" (v. 2016)	Pp. 29
GRI 201: Economic performance 2016	201-1. Direct economic value generated and distributed	Pp. 29

GRI STANDARDS	DESCRIPTION	NOTES
GRI 201: Economic performance 2016	201-4. AFinancial assistance received from the government	Pp. 31
GRI 204: Procurement practices 2016	Management approach as per GRI 103 (v. 2016) related to topic 204 "procurement practices" (v. 2016)	Pp. 37-37
GRI 302: Energy 2016	Management approach as per GRI 103 (v. 2016) related to topic 302 "energy" (v. 2016)	Pp. 56
GRI 302: Energy 2016	302-1. Energy consumption within the organization	Pp. 57
GRI 302: Energy 2016	302-2. Energy consumption outside the organization	Pp. 57
GRI 302: Energy 2016	302-3. Energy intensity	Pp. 57
GRI 302: Energy 2016	302-4. Reduction of energy consumption	Pp. 57
GRI 303: Water and water discharges 2018	303-1. Interaction with water as a shared resource	Pp. 58
GRI 303: Water and water discharges 2018	303-3. Water collection	Pp. 58
GRI 303: Water and water discharges 2018	303-4. Water drainage	Pp. 58
GRI 303: Water and water discharges 2018	303-5. Water consumption	Pp. 59
GRI 306: Affluents and Waste 2016	306-2. Total weight of hazardous and non-hazardous waste according to the different disposal method	Pp. 60
GRI 306: Affluents and Waste 2016	306-3. Transport of hazardous waste	Pp. 60
GRI 306: Affluents and Waste 2016	306-5. Water bodies affected by water discharges and/or run of	Pp. 60
GRI 401: Employment 2016	Management approach as per GRI 103 (v. 2016) related to topic 401 "employment"	Pp. 44-47



GRI STANDARDS	DESCRIPTION	NOTES
GRI 401: Employment 2016	401-1. Total and number of hires and turnover rate	Pp. 48
GRI 401: Employment 2016	401-2. Benefits provided for employees	Pp. 48
GRI 401: Employment 2016	401-3. Parental leave	Pp. 48
GRI 403: Occupational health and safety 2016	Management approach as per GRI 103 (v. 2016) related to topic 403 "health and safety in workplaces" (v. 2016)	Pp. 44-47
GRI 403: Occupational health and safety 2016	403-9. Workplace injuries	Pp. 48
GRI 403: Occupational health and safety 2016	403-10. Professional diseases	Pp. 49
GRI 404: Training and education 2016	404-1. Average training hours per year	Pp. 49
GRI 404: Training and education 2016	404-3. Periodic performances evaluation	Pp. 49
GRI 406: Training and education 2016	405-2. Ratio of basic salary and remuneration of women to men	Pp. 50
GRI 406: Training and education 2016	406-1. Events of discrimination	Pp. 50

Detailed table for GRI 306-5

	2019		2020		2021	
	<i>CER</i>	<i>WEIGHT</i>	<i>CER</i>	<i>WEIGHT</i>	<i>CER</i>	<i>WEIGHT</i>
a) total weight in tonnes of waste destined for disposal, and breakdown based on the composition of the waste;	08.01.12	6.48	10.10.03	14.06	08.01.12	2.82
	08.01.13	3.89	12.01.01	29.76	10.10.03	12.44
	10.10.03	16	12.01.02	204.36	12.01.01	38.28
	12.01.01	30.24	12.03.01	49.98	12.01.02	251.34
	12.01.02	188.6	13.01.05	1.9	12.01.03	5.4
	12.01.03	29.36	13.02.05	7.09	12.03.01	63.88
	12.01.20	10.6	15.01.01	129.2	13.01.05	6.66
	12.03.01	54.08	15.01.06	206.78	13.02.05	9.57
	13.01.05	10.6	15.01.10	7.28	15.01.01	159.84
	13.02.05	5.6	15.02.02	6.29	15.01.03	98
	15.01.01	123.6	16.02.14	6.57	15.01.06	359.42
	15.01.02	3.84	16.02.16	30.64	15.01.10	7.24
	15.01.06	210.22	17.04.01	29.84	15.02.02	13.27
	15.01.10	6.92	17.04.11	2.56	16.02.14	4.2
	16.02.14	5.7			16.02.16	49.46
	16.02.16	42.88			16.05.05	1.2
	16.05.05	1.12			16.06.01	3.83
	17.02.02	2.42			16.06.05	0.8
	17.04.01	40.64			17.02.02	1.4
	17.04.11	5.88			17.04.01	30.12
	17.09.04	1.32			17.04.11	4.64
	20.01.21	0.3			17.06.03	1.44
					17.06.04	4.96
			20.01.21	0.3		
	<b>TOTAL</b>	<b>800.29</b>	<b>TOTAL</b>	<b>726.31</b>	<b>TOTAL</b>	<b>1130.51</b>

Detailed table for GRI 306-5

	2019		2020		2021	
	<i>CER</i>	<i>WEIGHT</i>	<i>CER</i>	<i>WEIGHT</i>	<i>CER</i>	<i>WEIGHT</i>
b) total weight in tonnes of hazardous waste destined for disposal	08.01.13	3.89	12.03.01	49.98	12.03.01	63.88
	12.01.20	10.6	13.01.05	1.9	13.01.05	6.66
	12.03.01	54.08	13.02.05	7.09	13.02.05	9.57
	13.01.05	10.6	15.01.10	7.28	15.01.10	7.24
	13.02.05	5.6	15.02.02	6.29	15.02.02	13.27
	15.01.10	6.92			16.06.01	3.83
	20.01.21	0.3			17.06.03	1.44
					20.01.21	0.3
	<b>TOTAL</b>	<b>91.99</b>	<b>TOTAL</b>	<b>72.54</b>	<b>TOTAL</b>	<b>106.19</b>
c) total weight in tonnes of non-hazardous waste destined for disposal	<b>CER</b>	<b>WEIGHT</b>	<b>CER</b>	<b>WEIGHT</b>	<b>CER</b>	<b>WEIGHT</b>
	<b>TOTAL</b>	<b>708.3</b>	<b>TOTAL</b>	<b>653.77</b>	<b>TOTAL</b>	<b>1024.32</b>
d) for each disposal method listed in Disclosures 306-5-b and 306-5-c, a breakdown of the total weight in tonnes of hazardous and non-hazardous waste destined for disposal: i. on site; ii. at an external site.	All the waste listed above is destined for disposal at various authorized and authorized external sites					



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