



# Sustainability Report 2022



Farming Technology. Since 1927.

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Dear readers,

With this document, SDF formalises its Sustainability Report, which summarises the organisation's objectives, activities, impacts and results in relation to its stakeholders, both in terms of economic, environmental and social sustainability.

Attentive to the needs of the global market, the company is firmly committed to pursuing its objectives through a corporate social responsibility management strategy, in harmony with the areas in which it operates, as an economic player for development, generating shared value and focusing on health, safety at work, the environment and human rights.

In parallel with strengthening its market position, SDF has also intensified its efforts in the area of sustainability, which remains a core value and a pillar of its growth model. A sustainable world is based on a balanced and responsible use of resources that does not lead to a progressive deterioration of living conditions. The choices we make today must not affect the lives of future generations. The "2030 Sustainable Development Goals (SDGs)" have called the world to action, and we at SDF want to be an active part of this process.

SDF constantly invests in interpreting the needs of the market and developing all those technical solutions specifically designed for the agricultural machinery sector that can broaden the product range and offer future generations of machines that are even more efficient and productive, as well as safer, more comfortable, more environmentally friendly and easier to use.

This Sustainability Report is an important first step towards improving the exchange of information and aligning the interests of the various stakeholders that we see as drivers of sustainable value creation.

Happy reading.

**Lodovico Bussolati**  
CEO

# Foreword.

## Aims of the document

With this edition of the Sustainability Report, SDF formalises an annual sustainability communication path. This document is the primary management and reporting tool for ongoing activities in the field of economic, environmental and social sustainability. It is also a transparent way of informing and engaging with stakeholders.

Sustainability is key to how SDF works. This requires the adoption of precise, measurable and repeatable Key Performance Indicators (KPIs), the achievement of which requires the involvement of all business functions and the definition of guidelines to create a systemic process.

## Scope of the sustainability report

The Sustainability Report was prepared in 2022 and the reporting scope includes the Company's headquarters in Treviglio.

The Report focuses on the impact that SDF's decision-making processes and strategies can have on stakeholders and their expectations, as well as the impact that the Company's operations have on the economy, the community, people and the environment.

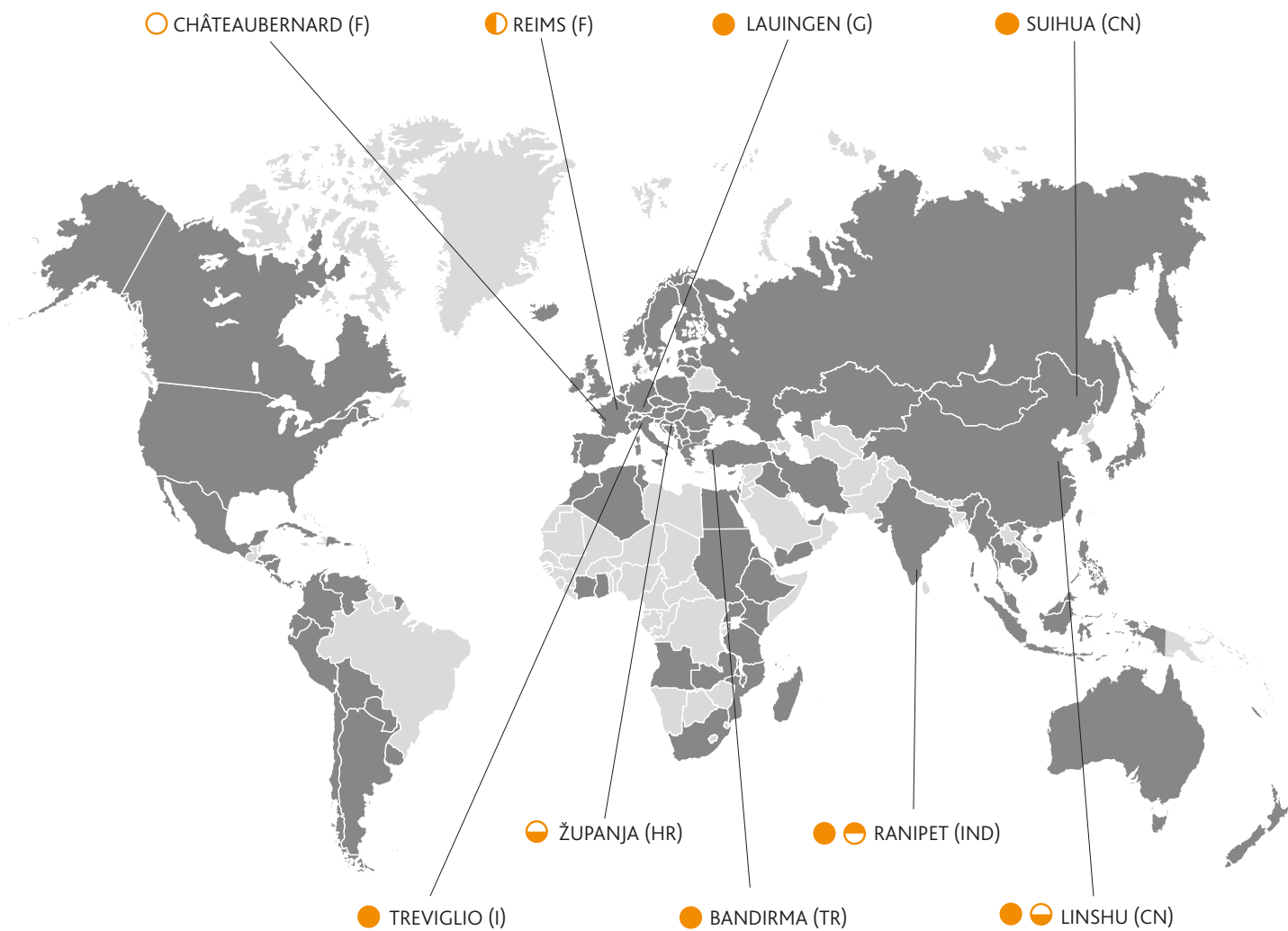
## Collection and reporting of sustainability data

For the SDF Sustainability Report, data was collected for the period January - December 2022.

The technical-methodological reference used is the Global Reporting Initiative Sustainability Reporting Standards (hereinafter GRI Standards) issued by the Global Reporting Initiative, integrated with the Sustainable Development Goals (hereinafter noted as SDGs) of the United Nations 2030 Agenda.



# The Company and the group.



## Production sites

- Tractors
- ◐ Engines
- ◑ Combine harvesters
- Grape and olive harvesting machines
- ◕ Autonomous electric robots

## Sales network

- Dealers / Importers



*Our mission is to supply  
customers worldwide with tractors,  
diesel engines and agricultural equipment  
of acknowledged reliability,  
quality and performance.  
Our strategy is focused on improving  
both productivity and the well-being  
of the end users.*

# The organisation

## *Supervisory Board.*



**Vittorio Carozza**  
*Honorary Chairman*



**Aldo Carozza**  
*Chairman*



**Luisella Cassani Carozza**  
*Deputy Chairman*



**Fabio Gagini**  
*Deputy Chairman*



**Francesco Carozza**  
*Director*



**Dario Righetti**  
*Director*

# The organisation

## *Management Board.*



**Lodovico Bussolati**  
*Chairman and CEO*



**Alessandro Luciani**  
*Director*



**Alessandro Maritano**  
*Director*



**Filippo Simonetti**  
*Director*

# The organisation

## Management.



**Lodovico Bussolati**  
*Chief Executive Officer*



**Alessandro Luciani**  
*Chief Operating Officer*



**Alessandro Maritano**  
*Chief Commercial Officer*



**Filippo Simonetti**  
*Chief Financial Officer*



**Cédric Bache**  
*Vitibot CEO*



**Alberto Bellini**  
*India Business Unit  
Director*



**Giampaolo Cameli**  
*Turkey Business Unit  
Director*



**David Causse**  
*Grape Harvester Machinery Business  
Unit Director*





**Massimo Cornaggia**  
*Sales Administration*  
*Group Director*



**Alberto Fietta**  
*Human Resources*  
*Group Director*



**Paolo Ghislandi**  
*Corporate Communication &*  
*External Relations*  
*Group Director*



**Massimo Pensa**  
*Purchasing*  
*Group Director*



**Alessio Pulcini**  
*China Business Unit*  
*Director*



**Massimiliano Tripodi**  
*Parts & Service Business Unit*  
*Director*

# Key indicators.

## Key economic and financial data (In thousands of euros)

|  | 2022        | 2021      |
|--|-------------|-----------|
| Net revenues   | 1,803,319   | 1,481,015 |
| EBITDA   | 199,465     | 159,257   |
| EBIT   | 149,837     | 111,160   |
| Adjusted net profit for the period                     | 100,200 (1) | 62,610    |
| Cash flow (net profit + depreciation and amortisation) | 119,835     | 106,027   |
| Net financial position                                 | (75,483)    | (121,960) |
| Shareholders' equity                                   | 436,715     | 377,341   |
| Net earnings per share (€)                             | 2.35        | 1.96      |

(1) Net earnings, excluding revaluation effects due to hyperinflation (IAS 29)

## Performance indicators (% of net revenue)

|  | 2022    | 2021    |
|--|---------|---------|
| Gross industrial profit  | 19.81   | 20.94   |
| EBITDA   | 11.06   | 10.75   |
| EBIT   | 8.31    | 7.51    |
| Net profit for the period  | 4.17    | 4.23    |
| Cost to sell   | 80.19   | 79.06   |
| Commercial expenses  | 6.85    | 7.50    |
| General and administrative expenses                              | 2.42    | 3.43    |
| Research and Development expenses (excluding capitalisation)     | 2.05    | 2.65    |
| Operating cash flow (net profit + depreciation and amortisation) | 6.65    | 7.16    |
| Working capital (trade receivables + stock net of suppliers)     | 15.07   | 17.65   |
| GG credit rotation   | 60      | 74      |
| Stock rotation   | 3.6     | 3.7     |
| Net revenue per employee (€ / 000)                               | 404.15  | 356.22  |
| Labour costs (€ / 000)   | 180,818 | 168,502 |
| Labour costs per employee (€ / 000)                              | 40.52   | 40.24   |
| Number of employees as at 31/12                                  | 4,462   | 4,187   |

Net revenues  
(Million euros)

**1,803**

EBITDA  
(Million euros)

**199**

Net profit for the period  
(Million euros)

**100**

Investments  
(Million euros)

**36**

**4,462**

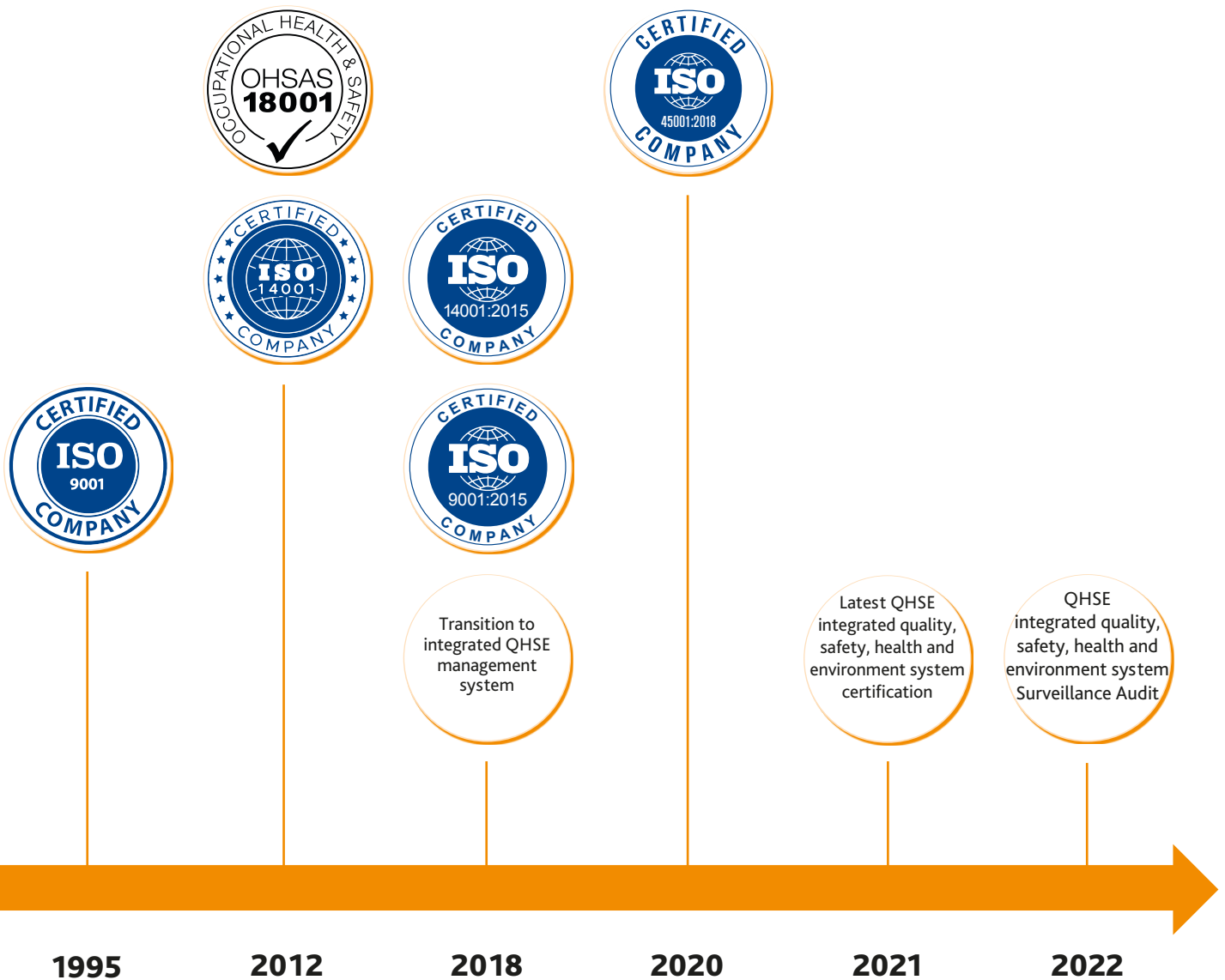
Number of employees  
(as of 31-12-2022)

**40,207**

Tractors and harvesting  
machines produced

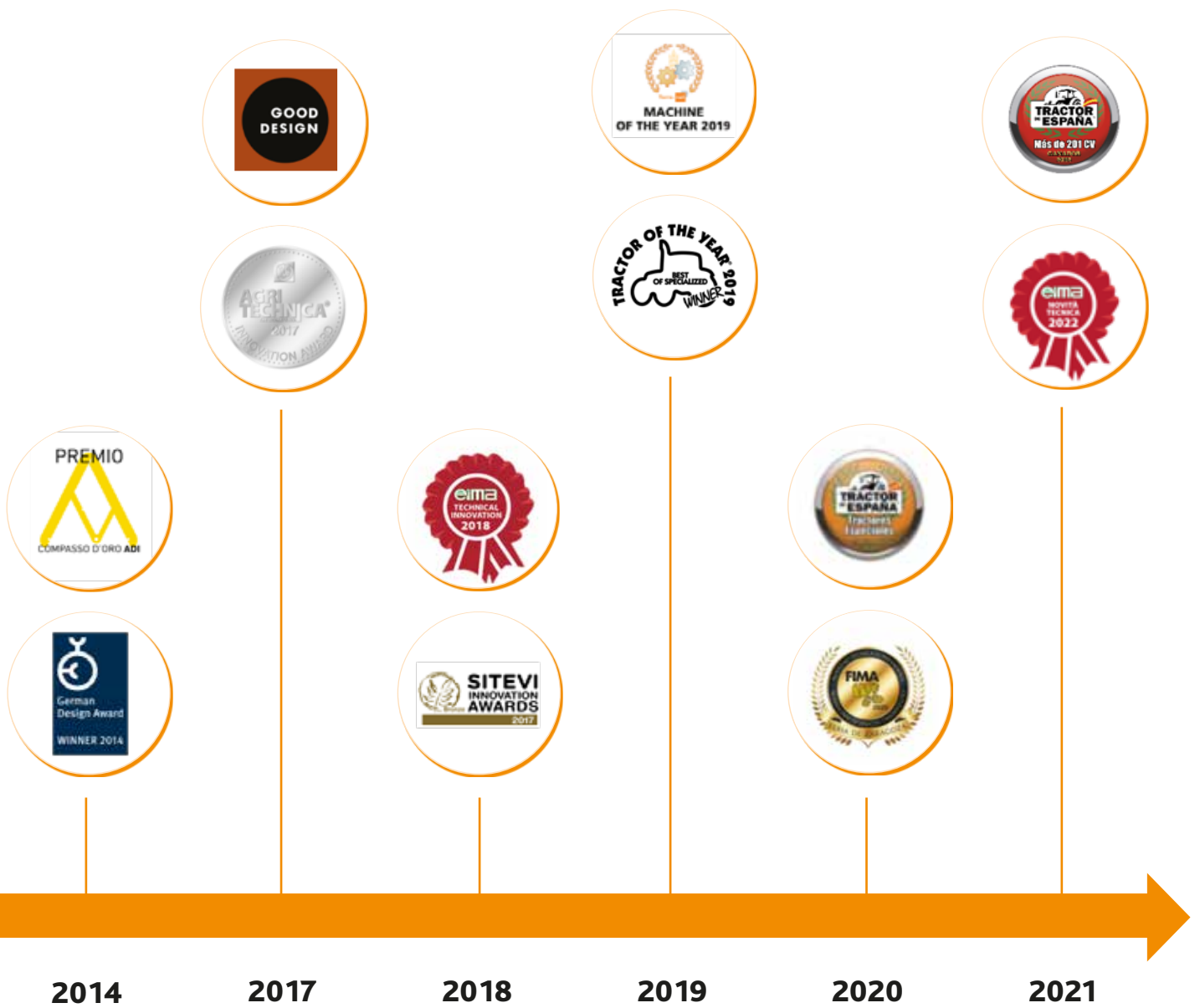
# Company certifications.

SDF's QHSE system is guaranteed by the adoption of voluntary national and international certifications and standards covering both management systems and the product itself.





## Prizes and awards.



# Who we are.

## Our history.



Switzerland Branch



Lamborghini Trattori Acquisition



Germany Branch



SAME Foundation



Spain Branch



Hürlimann Acquisition



Portugal Branch



France Branch



Great Britain Branch

1940 - 1949

1950 - 1959

1960 - 1969

1970 - 1979

1980 - 1989



## What we do

SDF is one of the largest tractor, harvester and diesel engine manufacturers in the world. Its products are commercialised under the SAME, DEUTZ-FAHR, Lamborghini Trattori, Hürlimann, Grégoire and Vitibot brands.

Production, sales, after-sales and the distribution of spare parts are overseen by nine production sites (in Europe and Asia), 12 sales branches (in Europe, and Asia), two joint ventures, 155 importers and over 3,100 dealers around the globe.

The strategy of the company is based on extending the product range, expanding the sales network in key and emerging markets, internationalising production capacity, controlling technological know-how and developing core components in-house.

## How we do it

"Our mission is to supply customers worldwide with tractors, diesel engines and agricultural equipment of acknowledged reliability, quality and performance. Our strategy is focused on improving both productivity and the well-being of the end users".

The main objective is to maintain the standards of excellence in the sector in which SDF operates, always ensuring continuous improvement in terms of social responsibility and environmental protection.

National and international visibility and presence are important factors for the company, as is competitiveness in the market, always in compliance with regulations and in the constant search for sustainable investments.

The protection of personal safety, freedom and individual personality is one of the SDF's core values. To this end, it undertakes to adopt the most appropriate control and supervisory measures to prevent any behaviour that could be used to commit offences against persons, the community and the environment. These concepts and values are all included in the Company's Code of Ethics.



## Integrity and company ethics

SDF has created and shared an official document with all employees, which outlines important ethical and behavioural guidelines.

Its Code of Conduct recommends, promotes or prohibits certain behaviour and also provides for sanctions which are commensurate with the severity of breaches.

The SDF Code of Conduct consists of the following parts:

- General ethics
- Corporate ethics
- Governance
- Ethics in relations with personnel
- Ethics in dealing with third parties
- Compliance with ethics and sanctions and the disciplinary system

All addressees are required to comply with the Code of Ethics, which sets out the principles of conduct for fair and correct business management. The document is given to all new employees and a training course is available to reinforce the content and topics covered.

The division of tasks and responsibilities between the decision-maker, the person carrying out the activity and the supervisor makes it possible to organise all decision-making and approval processes, thus ensuring an integrated and transparent way of working.

The SDF Code of Ethics applies to company bodies, co-workers and outsourcers, consultants and suppliers of goods and services.



Equità  
Trasparenza  
Correttezza  
Lealtà  
Responsabilità  
Consapevolezza

## SAME Foundation

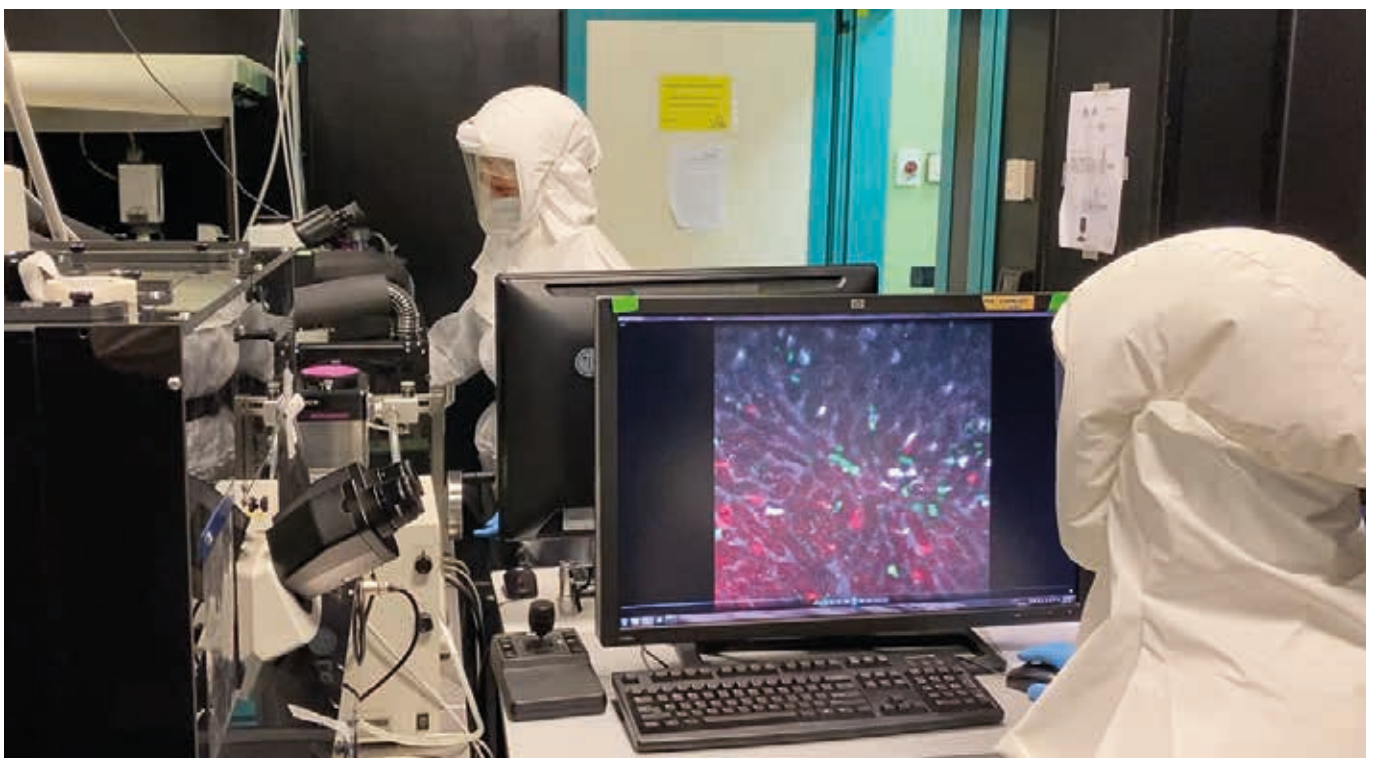
The SAME Foundation was established by SAME DEUTZ-FAHR Italia S.p.A. in 2017, on the ninetieth anniversary of the institution of the company by Francesco and Eugenio Cassani, founders of SAME, from which the current SDF Group derives.

Enthusiasm. Humility. Tenacity. These three core values, handed down by Francesco Cassani, continue to inspire the activities of the Foundation, which on 4 October 2022, at the end of a process that began in December 2020, was included as a Philanthropic Entity in Italy's Third Sector Single Register (RUNTS), and consequently drew up its first Social Report.

In a general climate made very uncertain by the war in Europe, the Foundation's activities have nevertheless expanded, and the contributions made to support new projects and to complete those already under way approached 1 million euros in 2022.

The two main initiatives in Italy were in Milan, one led by the San Raffaele Hospital to fund research into anti-viral drugs to combat Covid-19, and the second being a social housing project led by the Don Gino Rigoldi Foundation, which will provide apartments at subsidised rents for families and young people affected by the socioeconomic crisis. Other recipients of funding include 'Associazione Comunità Nuova', another Don Gino Rigoldi scheme aimed at supporting children aged 5-13 from disadvantaged backgrounds; associations helping vulnerable groups through educational and social inclusion programmes, and the Bergamo Science Festival.

In the province of Varese, the Foundation has also been working to assist with the Ukraine refugee crisis, with a number of inclusion and socialisation programmes offering accommodation, financial support and – most importantly for children – recreational and leisure opportunities to support the work of Don Giuseppe Tedesco.



At Treviglio, funding has been received to complete the works at Cascina Ganassina, the site of a major restructuring project financed by the Foundation. A contribution has also been made to the food programme and the purchase of kitchen equipment for the "Quercia di Mamre" canteen. Tanzania has again been at the core of the Foundation's development projects. In the Same region in north-western Tanzania, the cooperation with the local Diocese has been stepped up. Further investment has been made in order to complete the buildings at the St. Jacobus agrarian institute, which will accommodate approximately 400 students and is set to become a national landmark for the study of agricultural science with a view to enabling students to attend university. The institute was inaugurated on 3 November 2022, in the presence of a group of teachers and students from the G. Cantoni Institute of Treviglio, as part of a cultural exchange programme. 104 students have enrolled in the year since the institute opened, and work is continuing in order to build new classrooms, laboratories and dormitories to accommodate the new pupils and teachers.

Other initiatives in the Same region include the 'smart developing farming' project, the aim of which is to develop agricultural knowledge and techniques among rural communities.

In parallel with this project, in the Zeneti district, the work has also been stepped up in order to expand the local hospital by building accommodation for medical staff and setting up and equipping a clinic for HIV patients.

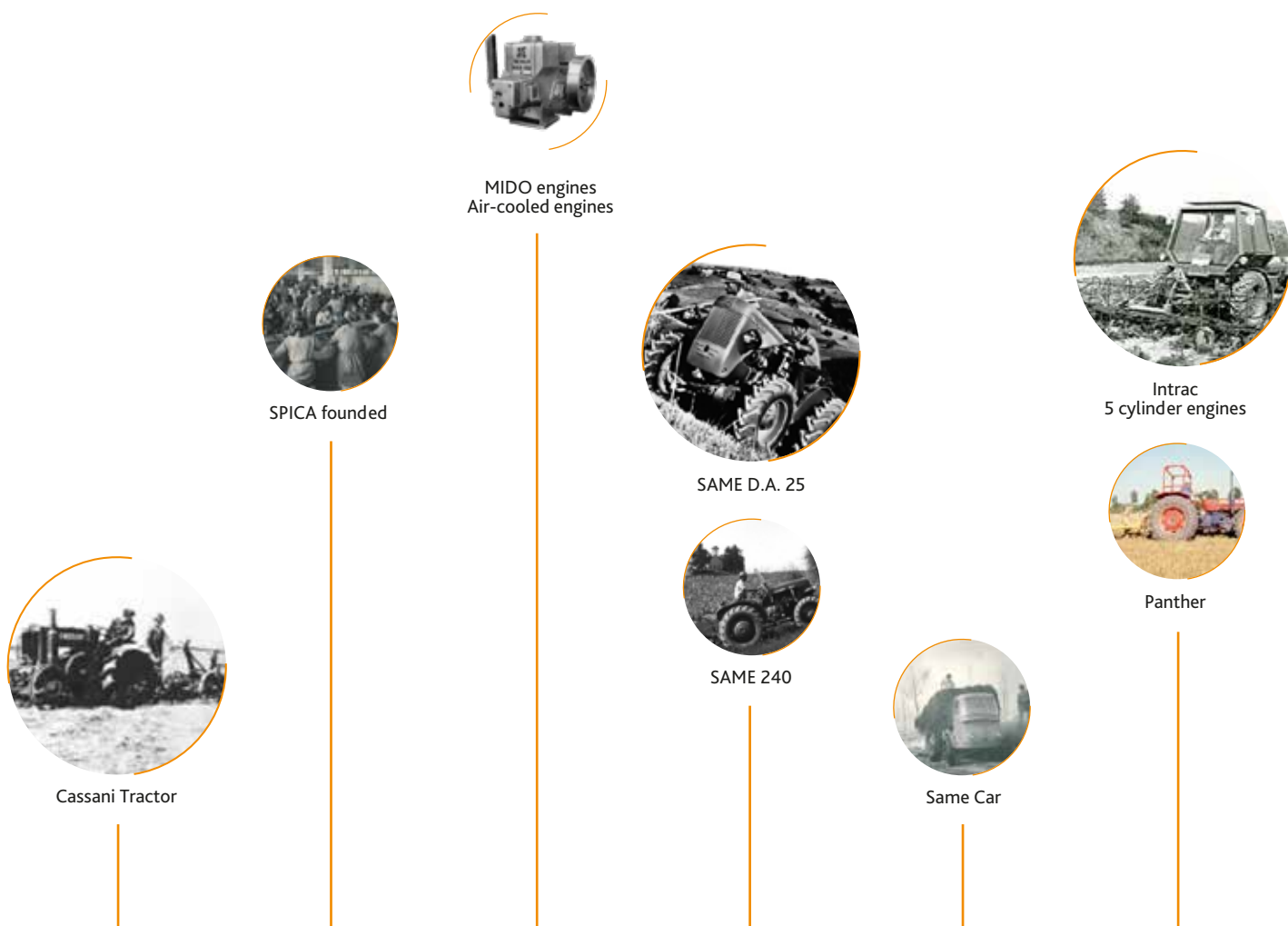
The SAME Foundation would like to thank anyone wishing to contribute to these and other important projects in the future, providing support where it is vitally needed.

Details of how to support the Foundation can be found at [www.fondazionesame.it](http://www.fondazionesame.it).

Thanking you in advance.



# Our products.



1920 - 1929    1930 - 1939    1940 - 1949    1950 - 1959    1960 - 1969    1970 - 1979





8 Series TTV



Related services



RVshift transmission



New FARMotion engine



ActiveDrive system



FARMotion engine



ActiveSteer System



RCshift Series 6



Agrotron TTV



Stop & Go system



Titan



Agrotron



Explorer

1980 - 1989

1990 - 1999

2000 - 2009

2010 - 2019

2020 - ...

## The range

The SDF product range includes tractors covering a power range from 35 to 336 HP and harvesting machines up to 395 HP. It is divided into three different platforms: the specialised range, the mid-power range and the high-power range. Each platform is, in turn, divided into sub-groups according to the specific characteristics of the models in question.

### *Specialised Tractors*

SDF has long been one of the leading manufacturers of specialised tractors, machines whose shape and compactness make them particularly suitable for agricultural work in vineyards and orchards. The models with Stage V engines currently available cover a wide range of applications to meet the needs of every potential customer, from the entry-level Frutteto Natural to the high-spec Frutteto CVT Active Steer. The specialised range includes all models whose technical specifications and positioning make them particularly suitable for use in orchards or for a specific, dedicated area of application.

The new Frutteto Stage V range, introduced from 2020, is a step forward in terms of configurability, comfort and performance compared to the previous generation of specialised products.

The new engines, equipped with high tech solutions such as the 2000 bar common rail fuel injection, the PowerCore air filtration system and a viscostatic fan, which help these engines deliver impressive performance while minimising fuel consumption and emissions (meeting the stringent Stage V regulations). The exhaust management system has been integrated into the vehicle layout in such a way as to maintain a tapered, sloping bonnet profile for excellent visibility.



## *Mid-Power Range Tractors*

The mid-power range includes "open field" tractors with 60 to 130 HP. This platform includes the product families SAME Argon – DEUTZ-FAHR Series 4E, SAME Dorado Natual - DEUTZ-FAHR Series 5D Keyline, SAME Dorado - DEUTZ-FAHR Series 5D, SAME Explorer - DEUTZ-FAHR Series 5, SAME Virtus – DEUTZ-FAHR Series 6C.

The product families are fitted with components developed in-house by SDF (front axle, transmission and engine). The development of tailor-made solutions for the agricultural sector results in efficient, perfectly integrated and uncompromising systems. Powerful, fuel efficient FARMotion 35 and 45 engines matched perfectly with highly efficient transmissions ensure outstanding performance, superlative fuel economy and unbeatable comfort.

The new SAME Virtus - DEUTZ-FAHR 6C Series range offers the new RVshift transmission with 20 forward and 16 reverse gears, all of which can be engaged without the clutch and without interrupting engine torque. Developed entirely in-house at SDF, it is designed for maximum simplicity and efficiency, making the tractor easy to use for all.





## *High-Power Range Tractors*

The high-power range completes the product platform featuring "open field" vehicles with increased power of up to 340 HP. The DEUTZ-FAHR 6, 7, 8 and 9 Series product families make up the majority of this platform.

SDF has developed the new generation of DEUTZ-FAHR Series 6, 7, 8 and 9 TTV tractors to optimise results and offer improved comfort, reduced fuel consumption and lower operating costs. The development of a new continuously variable SDF transmission (T7788), capable of handling greater tractive effort while maintaining a high vehicle speed, is one of the main innovations in this range.

The development of the new DEUTZ-FAHR 6 Series PS/RCshift has also been guided to meet the product specifications of the market, and the introduction of a new electronic control platform. Optimisation of SDF technologies has also resulted in improved comfort, reduced fuel consumption and vehicle operating costs.

The new DEUTZ-FAHR 6.4 TTV and RVshift Series has been developed to excel in the market segment for medium to high-powered 4-cylinder machines using fully developed SDF components (engine, transmission, front axle). The FARMotion 45 engine has been designed with a variable geometry turbine capable of maintaining excellent levels of performance over the widest engine utilisation range and reducing "turbo lag" in transient use, all while reducing exhaust backpressure with consequent reduction in fuel consumption.



## Development initiatives

SDF is constantly investing in understanding market needs and the development of all the technical solutions specifically designed for the agricultural sector, capable of expanding the range of products offered and making the next generations of agricultural machinery even more efficient and productive, safer and more comfortable, more environmentally friendly and easier to use. Technical expertise is further strengthened through collaboration with Europe's top universities and polytechnic institutes, the world's leading research centres for the development of automotive components, and a network of qualified suppliers with a global reputation for reliability and innovation.

In addition to the development of traditional hardware components, the Company also offers software products. The technology changes associated with digitalisation demonstrate the need for services for the end user to optimise the use of the machines and thus to increase productivity. Thanks to the digital solutions on offer, farmers can access their machines' historical data remotely and plan their best possible use. Other solutions offer modular precision farming packages designed to optimise the yield of fields of different sizes and needs.

Remote fleet management makes it possible to optimise the use of vehicles, thus enabling greater productivity in agricultural activities. Connectivity between tractors and other digitalised systems ensures the best synergy between machines and equipment. Digitising information also enables the timely and organised return of the data needed to refine knowledge of product behaviour, both in the field and during development.

These solutions enable the evolution towards Agriculture 4.0, i.e. the development of the concept of "precision agriculture", which is used to define targeted and efficient measures in agriculture based on data such as the physical and biochemical characteristics of the soil. This set of tools and strategies allows the farm to use advanced technologies in a synergised and integrated way to make production more efficient and sustainable.

Adopting 4.0 solutions in agriculture means, for example, being able to accurately calculate the requirements of a particular crop and avoid wastage. It can also be used to predict the onset of certain plant diseases or detect pests that might attack crops, effectively reducing waste.

In addition to the economic and environmental benefits, there is also an impact on product quality. And with that product quality comes health benefits.

In essence, the result is optimisation of the quality and quantity of what is produced, more judicious use of treatments, more effective prevention of plant diseases and more precise organisation of harvesting times.

## Practical examples

SDF Smart Farming Solutions supports farmers and contractors with a comprehensive and customisable suite of digital solutions, empowering them to make the best business decisions, according to their needs.

Safeguarding the future of our customers and future generations is one of our priorities. At the same time, we understand the value of independence and want our customers to be self-reliant and unfettered in their business. SDF Smart Farming Solutions enable autonomous, sustainable and forward-looking farming.

### 1. CONNECTED

Work processes can be easily optimised by connecting all digital equipment, whether machinery, office or any other sources. The benefit is always being able to access data, wherever and whenever. Most importantly, the user remains the focus!

### 2. EFFICIENT

Efficiency is not a goal itself but helps us achieve the goals we consider most vital. With the goal to produce maximum outcome with a minimum amount of input, SDF Smart Farming Solutions helps customers save time, wear and of course money. Different products and services make operations with our machinery faster, more precise and more efficient. Also, thanks to the data exchange platform Agrirouter, data are interchangeable throughout different brands and platforms.

### 3. PRECISE

With smart tools and guidance systems, users can trust in utmost accuracy. The result is accurate control of all production equipment and avoiding gaps or overlaps in various operations like sowing, fertilisation, treatment and many others. This helps farmers and contractors to increase their productivity by saving inputs, which is better for the environment!



**4. EASY**

Field work is facilitated by Smart Farming products and applications. All electronically assisted operations can be controlled from the convenient iMonitor interface. In one single terminal drivers can control all important tasks such as the tractor settings, guidance, implements control and data management. All this assists in doing the job in the simplest way possible!

**5. CONVENIENT**

SDF Smart Farming Solutions supports the operator all day long during all different types of operations. Whatever the conditions, the electronic components and their applications work reliably with consistently high levels of accuracy.







## **ESG - ENVIRONMENTAL SOCIAL GOVERNANCE.**

# The ESG reporting path

The standards for ESG reporting and the preparation of this report are both process and content driven.

ESG is an acronym that stands for Environmental, Social, and Governance, i.e. the three key factors of sustainability: the three key factors for verifying, measuring and maintaining the sustainability commitment of a company or organisation. Linking the 3 pillars makes developing economic activity and protecting the environment compatible: Environmental Sustainability, Social Sustainability and Economic Sustainability.

The key factors in the reporting process were:

- the materiality principle: the Company identified and reported on those aspects of its business that have a significant impact on stakeholders ("material" topics);
- involvement: the selection of material topics was developed through the involvement of key stakeholders, both internal and external.

The reporting process was developed through 6 main stages:

## 1. STAKEHOLDER MAPPING

In this stage, the organisation's main stakeholders were analysed in order to assess the recipients of the survey used to draw up the materiality matrix.

## 2. INTERNAL MATERIALITY ANALYSIS

At this stage, the topics that the organisation considers material were defined with Top Management: these topics were the focus of the survey submitted to the identified stakeholders.



### 3. EXTERNAL MATERIALITY ANALYSIS

The third stage involved the structured involvement of key stakeholders through a survey based on the key topics identified in the previous stage, in order to obtain an assessment of the relevance of sustainability issues. The materiality matrix is the result of the Company's reflection process involving stakeholders to identify the most relevant topics to be reported in the Sustainability Report. The aim was to guide the Company towards a reasoned selection of the most important issues to focus on, both in terms of reporting and strategic direction.

The materiality matrix is therefore a representation of the Company's and stakeholders' views on the material topics for the business.

### 5. DATA COLLECTION

The data collection process involved all corporate functions and areas, each of which contributed to the processing of data and information useful for the Sustainability Report within its own area of responsibility.

### 4. DASHBOARD INDICATORS

Starting from the set proposed by the GRI standards, each relevant topic was described through:

- presentation of the management approach (policies and procedures);
- the presentation of qualitative and quantitative indicators;
- the description of specific initiatives.

### 6. DATA PRESENTATION

The data is presented and described in this annual report, which has been prepared for the use of all stakeholders. This document is therefore:

- a communication tool, geared towards responding to stakeholders' requests for information on relevant topics/areas;
- a management tool, giving the Company the opportunity to measure its results in order to define medium- to long-term improvement paths.

## Stakeholder involvement

The willingness of individual organisations to identify, assess and measure the impact of their activities on sustainable development is growing, driven by global voluntary initiatives, government regulations and the expectations of investors and stakeholders.

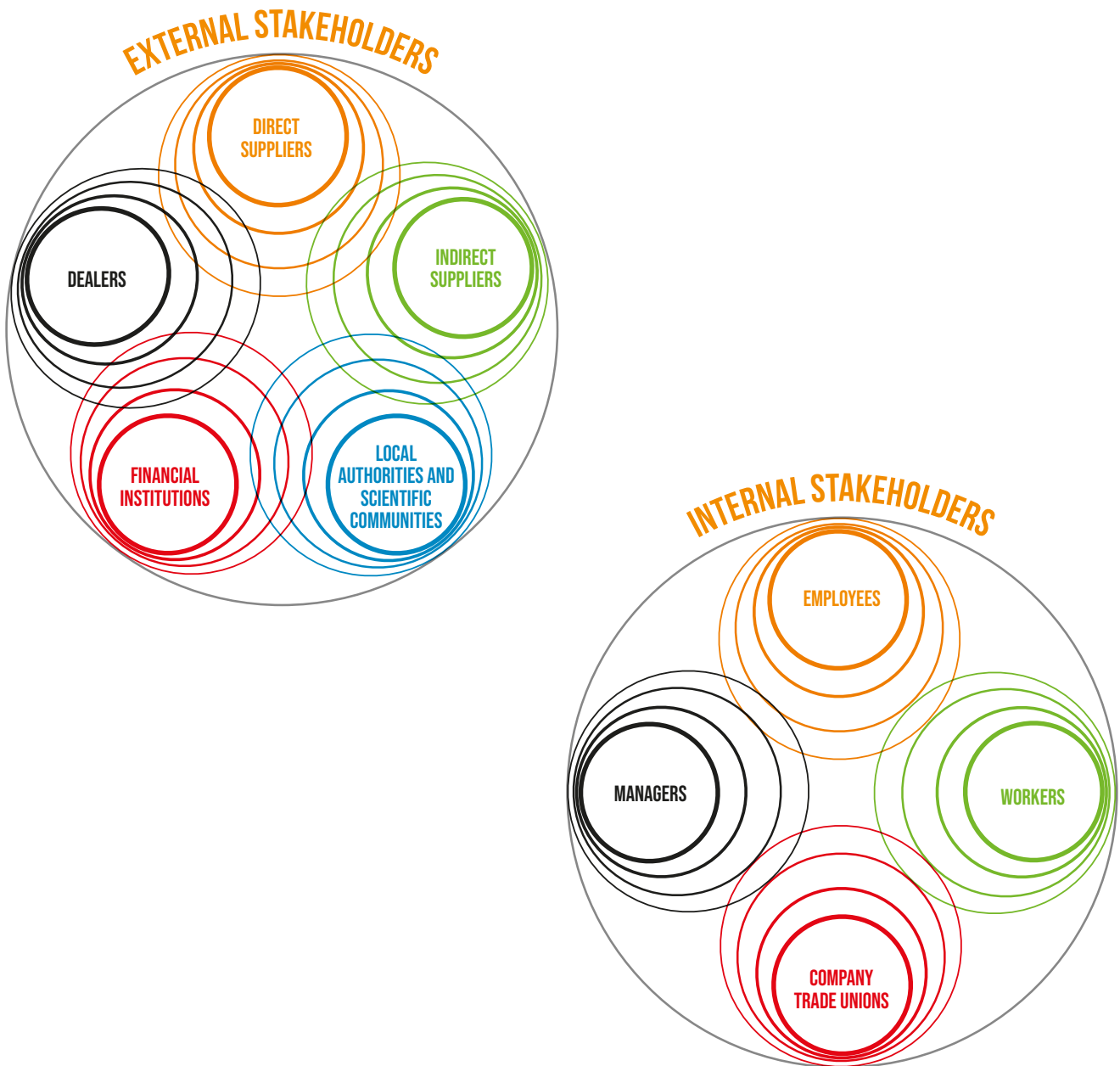
SDF's stakeholder engagement is the involvement and simultaneously the commitment, promise, obligation and duty between the stakeholder and SDF.

For SDF, participation implies an obligation to listen to the expectations of stakeholders and to provide transparent answers that are in line with reporting standards and comparable with those of other similar companies.



## Our stakeholders

In order to carry out the materiality analysis, a stakeholder mapping exercise was carried out, which helped to ensure that the various groups inside and outside the company were appropriately involved. Thanks to the results of the materiality matrix analysis, this mapping also helped in the implementation of the strategic sustainability plan to assess the priority of actions to be implemented in the short, medium and long term.



# Materiality matrix.

SDF's materiality matrix is the result of a multi-stage process, starting with a study of the external context and involving management in defining the company's priority topics.

## Process stages

Materiality analysis is the key process underlying the preparation of the Sustainability Report and aims to identify and assess those economic, environmental and social topics that are both most relevant to the organisation and likely to influence the decisions of key stakeholders.

The structured Materiality Analysis process undertaken enabled the identification and targeting of the content to be reported as it was defined as relevant to both SDF and stakeholders.

This process was structured by starting with the involvement of internal and external stakeholders and presenting them with a reasoned and designed survey on 23 topics that the company considers important for the organisation, its employees, the environment and the outside world.

## Identification of material topics

Identification of potentially material topics for the Company and stakeholders through:

**Benchmark analysis:** analysis of sustainability and social responsibility documents and reports published by companies in the same sector to identify topics deemed relevant by comparable companies.

**Analysis of industry trends:** mapping of non-financial/sustainability topics highlighted as relevant for companies in the sector.

**Analysis of stakeholder expectations:** analysis of documents attesting to the interests of corporate stakeholders and identification of priority topics.

**Analysis of the company's internal priorities:** analysis and reading the company's main documents and identifying the main topics in which the company invests resources, has a greater focus, has made commitments or which may pose a risk to the company.

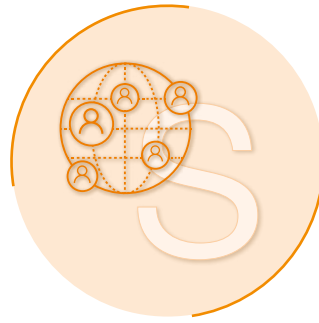
The topics arising from the above analyses were considered as material for the company and then merged into macro-topics.

Below are the material topics, by ESG area, that the Company has shared with its stakeholders and asked them to comment on their importance.



## ENVIRONMENTAL

1. Environmental and social compliance
2. CO<sup>2</sup> and other emissions
3. Pollutant emissions and air quality
4. Waste management
5. Responsible supply chain management
6. Process and product innovation
7. Circular economy
8. Raw materials: auxiliary and direct
9. Water efficiency



## SOCIAL

10. Anti-corruption
11. Focus on local communities
12. Employee welfare and safety
13. Training and human capital development
14. Human resources management
15. Employee Involvement
16. Employment, health and well-being of workers
17. Safety in the workplace
18. Product quality and safety
19. Trade, regulation and political debate



## GOVERNANCE

20. Ethics and Governance - Business Integrity
21. Financial independence
22. Product quality and customer satisfaction
23. Investments in self-driving vehicles

## The Matrix

The main objective is to determine which topics are considered relevant and enable SDF to create value for all its stakeholders in the short, medium and long term. The analysis was carried out using a matrix showing, along the two axes (x, y), the expectations and priorities of external stakeholders on the one hand, and the impact of these aspects on the Company on the other.

Through the process described above, we were able to select 11 sustainability topics that were considered relevant to both SDF and its stakeholders, and we have included them in our materiality matrix in the upper right quadrant.

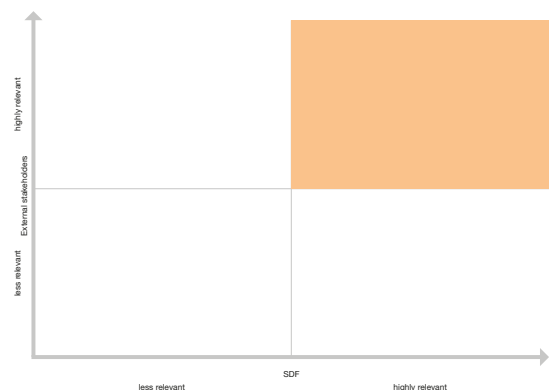
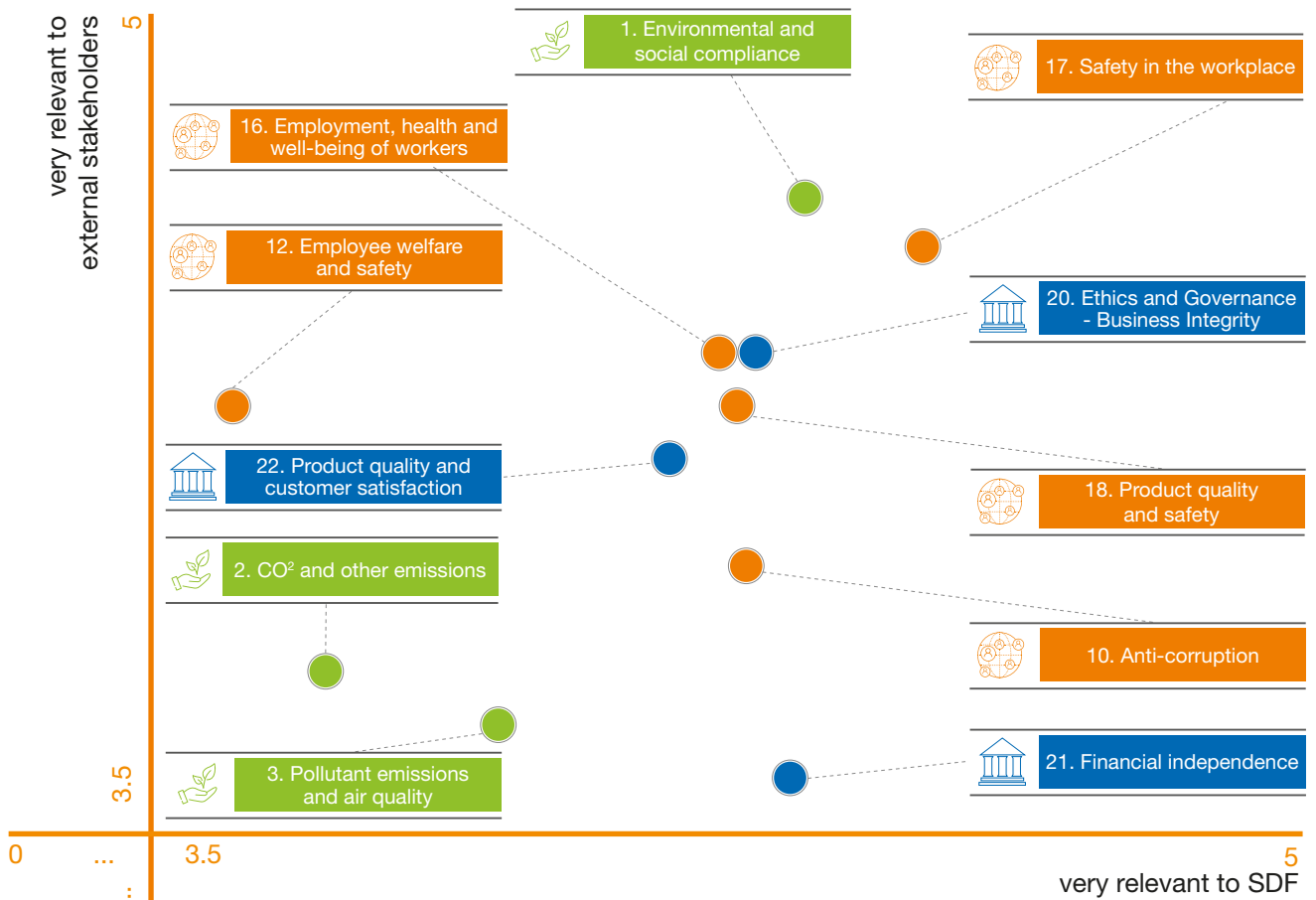
The materiality of each topic is represented in the materiality matrix as follows:

- the arrangement of topics along the y-axis represents the views of external stakeholders
- the arrangement of topics along the x-axis represents the relevance for SDF's internal stakeholders

The materiality matrix therefore provides a summary and overview of the topics in relation to their impact and the views and interests of internal and external stakeholders.

The matrix shows the topics that have passed the Company's defined materiality threshold i.e. those that received an average rating of more than 3.5 on a scale of 1 (negligible topic) to 5 (highly relevant topic) on both axes.

For a quicker reading we have highlighted within the matrix below those topics that were material.



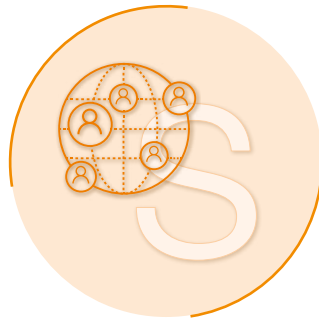
## Topics that have passed the "Materiality Threshold"

By analysing the materiality matrix, it was possible to divide the topics into the Environmental, Social and Governance areas according to their importance.



### ENVIRONMENTAL

1. Environmental and social compliance
2. CO<sup>2</sup> and other emissions
3. Pollutant emissions and air quality



### SOCIAL

10. Anti-corruption
12. Employee welfare and safety
16. Employment, health and well-being of workers
17. Safety in the workplace
18. Product quality and safety



### GOVERNANCE

20. Ethics and Governance - Business Integrity
21. Financial independence
22. Product quality and customer satisfaction

## Management Approach

For each topic found to be relevant by the materiality analysis, the organisation must:

Describe the actual and potential positive and negative impacts on the economy, environment and people, including on their human rights.

With respect to economy, environment and people, the organisation must:

- report whether it is involved in negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;
- describe the policies and commitments made with respect to the material topic.

Describe the actions taken to deal with the topic and related impacts, including:

- actions to prevent or mitigate potential negative impacts;
- actions to address actual negative impacts, including actions to provide or help provide a solution;
- actions to manage actual and potential positive impacts.

Report the following information on the monitoring of the effectiveness of the actions undertaken:

- processes used to track the effectiveness of actions;
- objectives and indicators used to assess progress;
- the effectiveness of actions, including progress achieved against objectives and targets;
- lessons learnt and how these have been incorporated into the organisation's policies and operating procedures;
- describe how discussions with stakeholders influenced the actions taken.



# The Sustainable Development Goals (SDGs) and the commitment to their achievement

The 17 Sustainable Development Goals are interlinked and indivisible, balancing the three dimensions of sustainable development: economic, social and environmental dimensions, with the aim of stimulating decisive action for humanity and the planet over the next 15 years.



The 17 Goals relate in particular to five macro-areas, grouped together under the acronym "5Ps".

- People
- Planet
- Prosperity
- Peace
- Partnership

### SDGs relevant results

The targets of our Sustainability Plan contribute to the global effort to achieve the Sustainable Development Goals (SDGs), which were unveiled by the United Nations in September 2015 and are designed to guide the activities of sustainable businesses until 2030.

The organisation is committed to ensuring that what is outlined in the Sustainability Plan is aligned with the relevant outcomes of the SDGs, not only to demonstrate the Company's contribution to achieving the global goals, but also to ensure transparency in its communication with stakeholders, detailing its responsibility to build a sustainable future.

This process has enabled the organisation to focus its efforts more effectively on achieving its goals. A total of four SDGs were identified as the most relevant.







**ENVIRONMENTAL**

# Natural Capital - esg ENVIRONMENTAL

## Context analysis

SDF is committed to helping to look after the environment, a vital resource for us all. To this end, an environmental management system has been put in place in accordance with UNI EN ISO 14001:2015.

The environmental management system allows the Company to plan, carry out, and monitor its operations, as it pursues a balance between economic and environmental needs according to rules and regulations, while always trying to protect the environment more effectively.

SDF's commitment to environmental protection is not limited to compliance with minimum regulatory or legal requirements: compliance is only the starting point, a fundamental guarantee of consistency that cannot be disregarded.

In addition to pursuing progressive optimisation in the use of energy resources and materials and the consequent reduction of the negative impact in terms of equivalent emissions, SDF has been committed for years to establishing the same standards in its products. Continuous investment in research and development and bringing innovative, high-performance products to market that enable our customers to maximise their efforts in limiting their environmental impacts has long been a constant in company policy.

Ambitious goals that translate into practical action that can be implemented in the medium and long term: consumers demand responsible choices from the agri-food producers who are our customers, and our commitment is not limited to being accountable for our actions and capabilities, but also looks at the needs of our customers, who have to cope with a challenging and rapidly changing climate situation on one hand, and be accountable to increasingly aware and demanding consumers on the other.



## Material topics

### ENVIRONMENTAL AND SOCIAL COMPLIANCE

Fulfilment of requirements and compliance with national, regional and local legal obligations, as well as the adoption of international and national standards relating to environmental, health and safety matters where applicable.

### CO<sup>2</sup> AND OTHER EMISSIONS

Continuous implementation of activities to improve energy efficiency and reduce CO<sup>2</sup> emissions and other pollutants in the following areas: production processes, building management and maintenance, logistics processes, product development and utilisation.

### POLLUTANT EMISSIONS AND AIR QUALITY

Continuous monitoring of pollutant gas emissions generated directly or by its suppliers during the industrial processing and distribution and use of its products, aimed at the progressive reduction of their specific and overall magnitude.

### *Other environmental matters considered important by SDF*

### RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Continuous assessment of suppliers' environmental impacts and social compliance along the entire supply chain with the aim of sharing and spreading the culture of sustainability throughout the supply chain, including ensuring compliance with minimum requirements and commitment to continuous improvement by its suppliers.

### CIRCULAR ECONOMY

Commitment to the rational consumption of raw materials through the development of recycling and reuse strategies, up to the recovery and reuse of materials, particularly at the end of the product life cycle, with the aim of progressively reducing the residual quantity of waste and the resulting negative impacts on the environment.



## Performance

SDF is at the forefront of ensuring transparency with respect to its environmental performance and supporting its customers to operate with the same approach.

Atmospheric gaseous emissions from the Same Deutz - Fahr Italia S.p.A. plant can be divided into:

- channelled emissions from production-related chimneys (washing/degreasing, painting, engine combustion gases, welding, methane burners for production activities),
- channelled emissions from the plant heating (thermal plants).

All emissions are monitored annually and have been duly reported to and authorised by the relevant authorities as required by current legislation.

In addition to the chimney-level measurement of emissions described above, as part of the European Emission Trading Scheme, the company has also monitored CO<sup>2</sup> quotas over the years.

The CO<sup>2</sup> emitted by our plant comes almost entirely from the thermal systems used for ambient heating, as well as from the two boilers used to power the painting plant.

Waste generated by production activities is deposited in the collection areas, located within the Company area, or in containers at the perimeter.

Each area is equipped with one or more containers, appropriate for the types of waste to be disposed of.

Each container is dedicated to a specific type of waste and is identified by appropriate signage.

Each sign has a colour and a description of the materials that can be placed in the container.

The areas are divided into production, office and catering, with waste production mainly in the production departments.

All these measures should be considered with a view to maximising the recycling of waste and an optimal sorting of waste types.

The waste generated by the plant's activities is collected from its production points and conveyed to a special "Ecological Island" set up inside the plant and then collected and sent for recovery/disposal.

The management of loading and unloading registers, the filling in of forms, the MUD and all activities related to waste management are carried out using software called PrometeoRifiuti.

In order to improve efficiency, an additional cardboard press located in the Predelivery area will soon be introduced and the disposal process for CER 150103 will be changed.

In addition, a project is being launched to change the layout of the canteen areas, with the addition of bins with slotted lids that only allow waste with specific shapes to be deposited. This is to ensure that waste arrives at the ecological island as sorted as possible.



## Key indicators currently monitored

### Energy consumption within the organisation.

The primary sources of non-renewable energy consumed within the organisation are methane and diesel fuel. As far as electricity is concerned, 100% of the energy consumed comes from renewable sources.

|   | HEADQUARTERS   |
|---|--|
| Total fuel consumption within the organisation from non-renewable sources | Methane 2,047,597 m <sup>3</sup><br>Diesel 703,319 l |
| Total fuel consumption within the organisation from renewable sources     | 11,943,390 kWh                                       |
| Total electricity consumption   | 11,943,390 kWh                                       |
| Total consumption for heating   | 1,603,135.75 m <sup>3</sup>                          |

### Water

|  | HEADQUARTERS          |
|--|-----------------------|
| Total water use (input)  | 41,818 m <sup>3</sup> |
| Total volume of water withdrawn from the aquifer   | 41,818 m <sup>3</sup> |
| Total volume of water withdrawn from the municipal aqueduct or other public or private water services. | 0                     |

### Waste

|  | HEADQUARTERS      |
|--|-------------------|
| Total Waste  | 8,506 tons        |
| <b>Total hazardous waste</b>                           | <b>636 tons</b>   |
| of which sent for recovery                             | 636 tons          |
| of which sent for recycling                            | 0                 |
| <b>Total non-hazardous waste</b>                       | <b>7,870 tons</b> |
| of which sent to landfill                              | 0                 |
| of which sent for recovery, including energy recovery  | 7,870 tons        |
| of which sent to incineration, without energy recovery | 0                 |
| of which recycled                                      | 0                 |

## Improvement projects

SDF has launched practical projects to pursue ambitious goals for each material topic, i.e. for each area that emerged as a priority from the discussion with its stakeholders:

- First and foremost, in order of time rather than importance, the energy diagnosis according to the requirements of UNI CEI EN 16247-1:2012 is already underway, in compliance with the legal compliance scheduled for 2023. This diagnosis is a fundamental component within the energy efficiency programme, an indispensable step to subsequently certify the energy management system according to UNI CEI EN ISO 50001:2011
- In the medium term, SDF will carry out a detailed analysis of the emissions of the company's sites in order to identify the variables that contribute to the overall CO2 footprint (GHG), but above all to proceed with the progressive and systematic reduction of this footprint, targeting the influencing variables that can be reduced through a new approach, more prudent choices and more responsible behaviour on the part of all stakeholders.
- As widely noted, SDF's focus is not limited to directly improving its own performance, but also to helping its partners, and in particular its customers, achieve the same goals. That is why in the medium to long term we will carry out Carbon Footprint Analysis on most of our products: both to ensure transparency and provide users with an additional tool in their environmental management, and to give further impetus to research and development efforts in moving in the direction of energy optimisation and CO2 footprint reduction.

As these initiatives mature, they will lead to certification of the performance achieved, where appropriate and possible.

In the meantime, we cannot be truly committed to our sustainability goals if we do not demand progressive alignment of our suppliers to the same standards; we will therefore require our suppliers to carry out a self-assessment on ESG issues.

In anticipation of the forthcoming application of the CSRD (Corporate Sustainability Reporting Directive) and the new EFRAG (European Financial Reporting Advisory Group) standard that will make it a specific requirement, SDF is initiating Life Cycle Assessments of its products.

## Specific SDGs

**Goal 15:** protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

*The conservation and sustainable use of biodiversity is vital for social and economic development, as well as for the survival of mankind. Biodiversity and forests contribute to poverty reduction and underpin food security and human health, as they provide clean air and water, absorbing CO2 emissions as well as environmental development. Goal 15 is aimed at the conservation, restoration and sustainable use of ecosystems, to stop deforestation*

In pursuit of this goal and in line with this mission, we are now devoting significant resources to equipping our tractors with the latest technology and tools in the field of connectivity and the consequent intelligent use of data, while at the same time striving to make it all user-friendly for the end user. In this way, we can make our contribution and provide an important boost to the spread of sustainable agriculture, both in terms of the use of natural resources and the reduced use of substances that are potentially harmful to the environment.

The result of continuous R&D efforts is an optimisation of the quality and quantity of what is produced, a more judicious use of treatments, more effective prevention of crop diseases and more precise organisation of harvesting times.







**SOCIAL**



# Human capital - esg SOCIAL

## Context analysis

Human capital is the set of skills and relationships established between the people working in a company. In this context, the foundation of any organisation is a team culture based on professional competence, passion, reliability and a sense of belonging. The Company supports its employees throughout their working life, listening to their needs, maximising their abilities, promoting their growth through activities and training courses, and helping them to develop and discover their talents and skills.

The working environment that SDF has fostered in recent years is dynamic and stimulating, thanks in part to the promotion of health and safety initiatives and efforts to prevent and resolve any conflict dynamics that might be detrimental to the creation of a good working climate.

These initiatives lay the groundwork for continuously improving and increasing people's satisfaction and motivation.

## Material topics

### ANTI-CORRUPTION

Identification of corruption risks, implementation and maintenance of policies and practices to prevent corruption and extortion. Awareness-raising actions among its employees, representatives, contractors and suppliers on the dangers of corruption and how to prevent it.

### EMPLOYEE WELFARE AND SAFETY

Promoting a welcoming, stimulating and positive working environment aimed at ensuring psychophysical health, including through welfare programmes for all employees, ensuring working conditions that guarantee full respect for the right to health and the protection of individual and collective well-being.

### EMPLOYMENT, HEALTH AND WELL-BEING OF WORKERS

Promoting a consistent and proactive approach to accident prevention and awareness throughout the company, adopting high standards and best practice in addition to complying with legal requirements.

### SAFETY IN THE WORKPLACE

Disseminating the safety culture in all its sites and production facilities through specific training initiatives and awareness-raising activities, in compliance with local and sectoral laws and regulations. Constant focus on prevention and protection of its employees to make the activity totally safe and eliminate any exposure to work-related risks.

### PRODUCT QUALITY AND SAFETY

Continuously improve the quality and safety of products and services in accordance with technical regulations at every stage of the production process to meet the high standards required by the business, including research and development, testing and monitoring compliance with adopted standards.

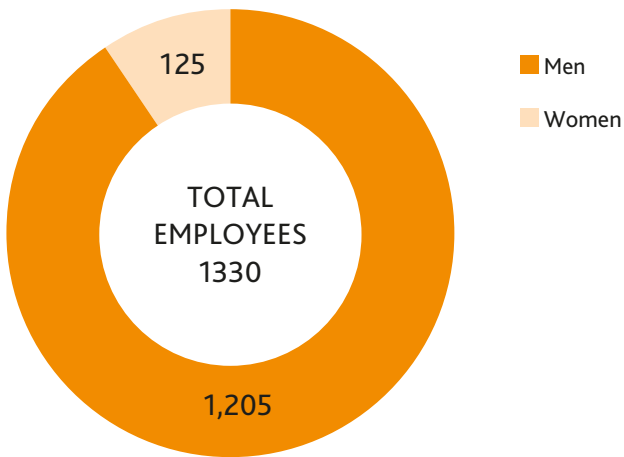


## Performance

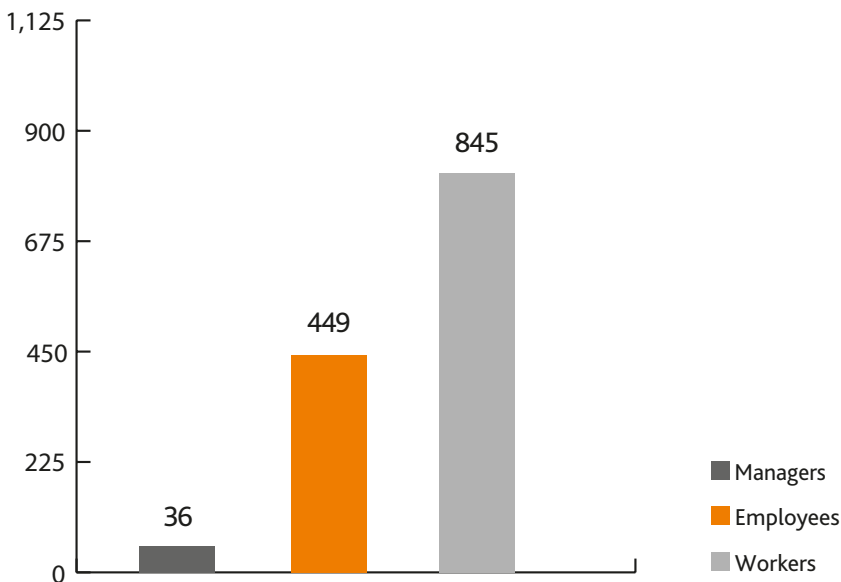
Within the plant, workstation safety measures were implemented and the digitisation of quality data was completed. At the same time, the area dedicated to the management of material flows with the subsidiaries that supply materials of European origin via Treviglio has been revised and expanded.

## Staff composition and distribution

Breakdown of employees by gender



Breakdown of employees by qualification

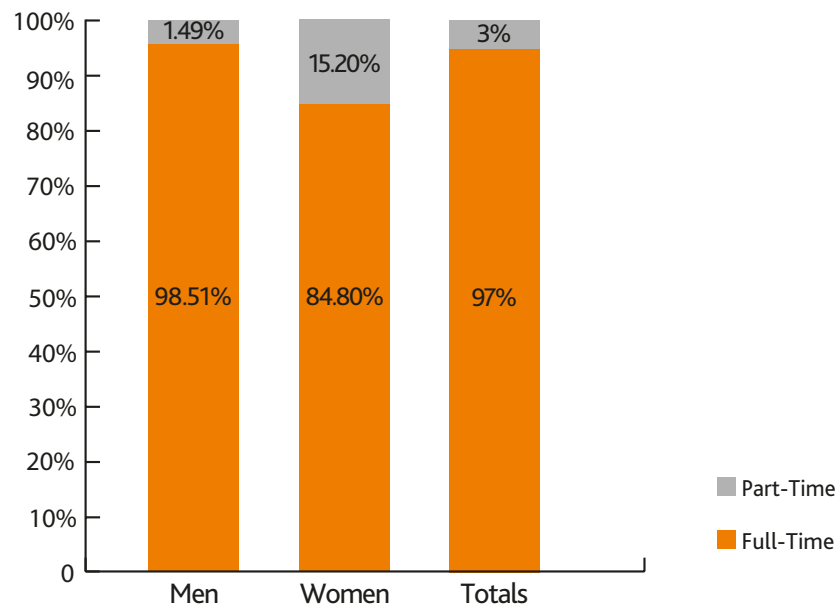


**SOCIAL**

### Type of contracts

The absolute majority of contracts are unlimited term (92%) and almost all employees (97%) work under full-time contracts. Part-time work, as provided for in current employment contracts, is recognised as a useful tool for responding flexibly to the needs of those who require it and to the organisation of work.

*Breakdown of employees by gender and type of contract*



*Breakdown of workers by employment contract*

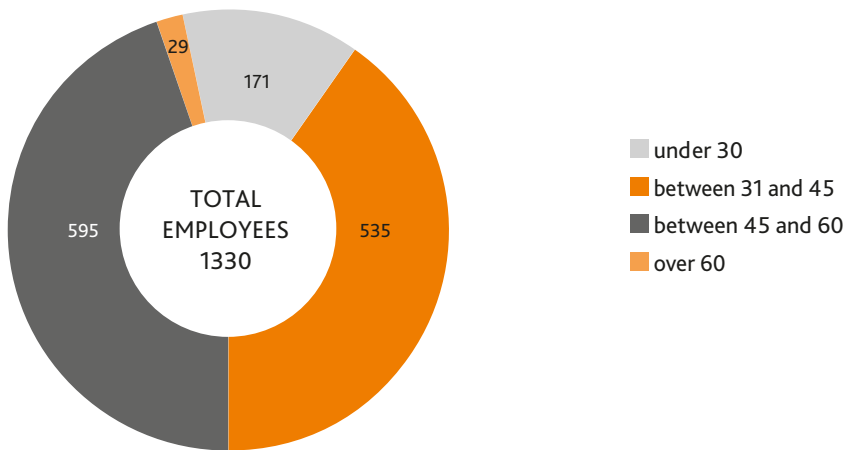


**Personnel**

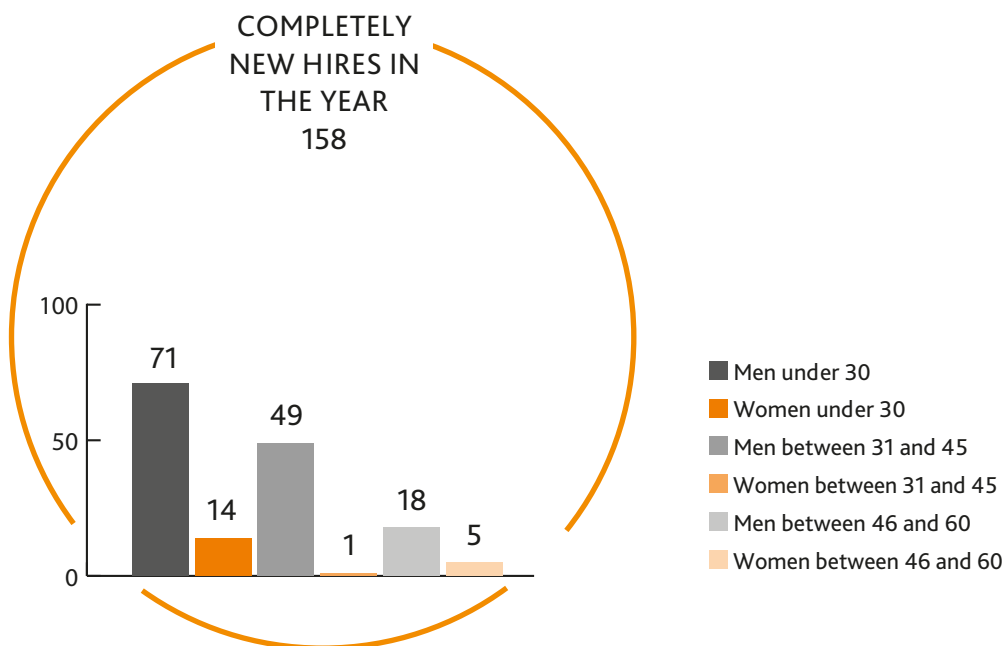
Young people are a key resource for generating new energy and ideas within the company, which is why SDF wants to increase their presence and provide space for the younger generation.

At present, the majority (45%) of the business population is between 46 and 60 years old, which in the future will require an appropriate business management tool to replace those who retire. The number of workers aged between 31 and 45 is also significant, representing 40%.

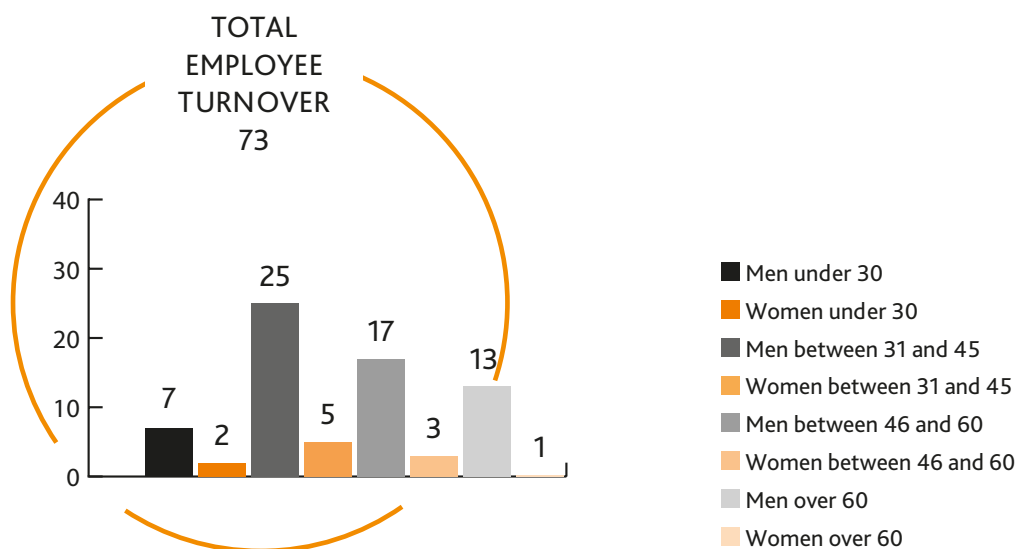
*Breakdown of employees by age group*



*Breakdown of new employees hired during the year by gender and age group*



Turnover by gender and age group



In 2022, SDF continued to pursue and implement all the measures for the prevention and protection of occupational health and safety and environmental protection, which have always been considered priorities for the development of a sustainable industrial project by the Company.

With regard to the previously planned activities for the continuous improvement of the company's safety and environmental standards, it has implemented numerous and differentiated initiatives, ranging from the constant monitoring of compliance with legal requirements and the dissemination of and adherence to the internal management, safety and environmental system, to structured activities of a technical, organisational and procedural nature.

To this end, SDF fulfils the commitments set out in its corporate policy through a systematic and organised approach and a clear definition of roles.

In particular, within the management system, activities are now standardised and shared between the various production sites of its subsidiaries, ensuring common protection measures and compliance with legal obligations such as: the risk assessment process, the adoption of the necessary technical, organisational and procedural maintenance and improvement measures to ensure high quality and effective prevention and protection systems, cross-cutting training and information of workers, and participation and awareness-raising initiatives.

Accident trend indices are constantly monitored and periodically submitted to the administrative and control bodies and the supervisory body for analysis, as are improvement initiatives and projects. Individual incidents and near misses are reviewed on a timely basis to inform continuous improvement projects.

Workers' health is protected not only by all the preventive measures taken to avoid the risks of exposure to chemical, physical and postural factors, but also by a programme of periodic health checks carried out by the company's occupational health organisation, which is made up of two occupational physicians and a professional nurse who keep the company's clinic open every day.

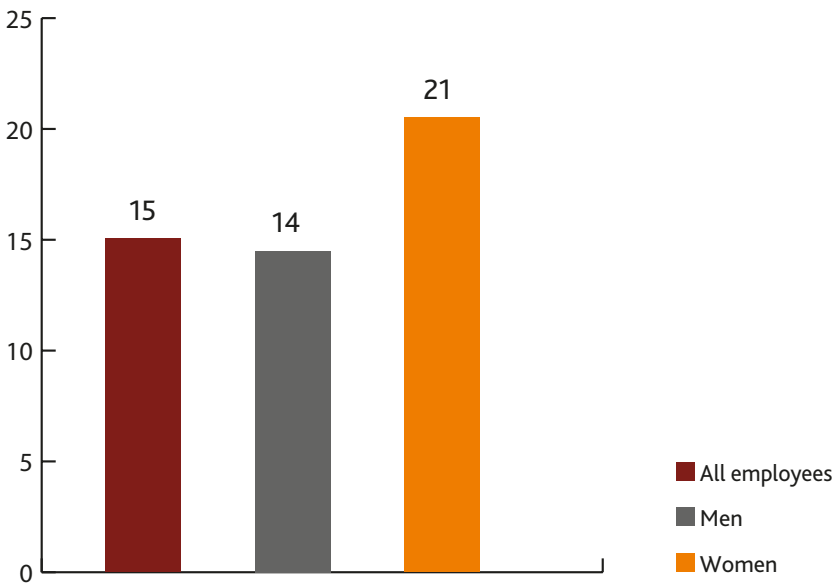


### Education

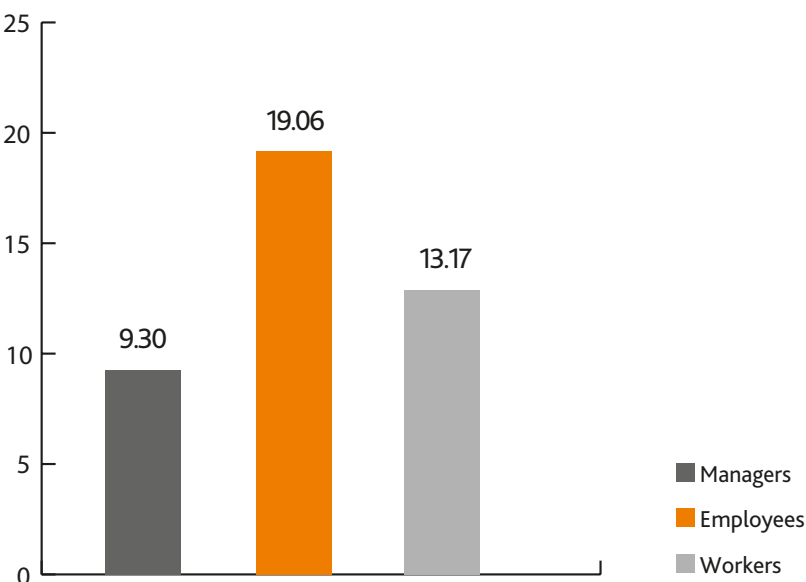
SDF invests in training and development to develop new skills, motivate people and encourage debate and initiative. The Organisation offers numerous opportunities to develop one's talent and acquire new skills and knowledge useful for professional growth and to create value in the Company.

A total of 19,996 hours of training were provided to employees during the year, broken down as follows.

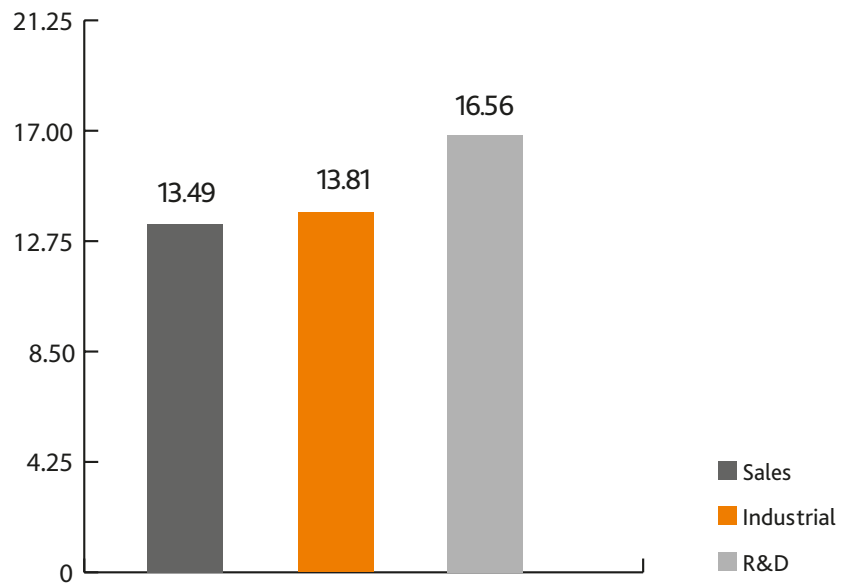
*Average hours of staff training by gender*



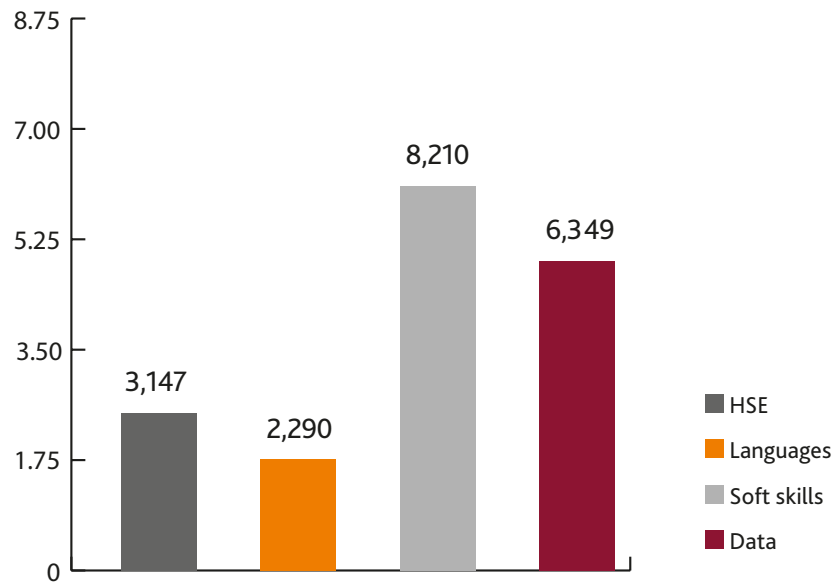
*Average hours of training per level*



*Average hours of staff training per area*



*Total hours of staff training by type of courses offered*



### Health and safety

For SDF, occupational health and safety are essential factors in designing a fair and sustainable development that respects people.

To achieve this goal, we have a Health and Safety Management System that meets the international ISO 45001 standard, by which we are committed to ensuring the health and safety of our employees and all other stakeholders who interact with the Company.

Our Health and Safety Management System is based on accurate risk mapping, outlined in the Risk Assessment Document. This document is drawn up by the Employer and the Head of the Prevention and Protection Service, with the support of the Occupational Physician, and is shared with the workers' safety representatives. Risk assessment allows us to highlight the severity and likelihood of risky events for each business role and for all activities performed by our employees.

The protection of workers and all those who work with SDF is ensured through constant monitoring of the working environment and the development of numerous training programmes to promote a culture of safety.

#### Total number of accidents at work of employees

|  |              |
|--|--------------|
| Number of deaths as a result of accidents at work  | 0            |
| Rate of occupational accidents with serious consequences<br>(Number of accidents at work with serious consequences/Number of hours worked x 1,000,000) | 2.67         |
| Rate of recordable accidents at work<br>(Total accidents at work/Number of hours worked x 1,000,000)   | 13.33        |
| Number of hours worked   | 2,250,528.80 |

|  |       |
|--|-------|
| Days of work lost due to accidents by male workers<br>(counting calendar days excluding the day of the accident) | 1,015 |
| Accident Frequency Rate (AFR)<br>(Total accidents at work/actual hours worked x 100,000)                         | 1.33  |
| Accident Severity Rate (ASR)<br>(Total days lost due to accidents/actual hours worked x 1,000)                   | 0.46  |

## Covid

With regard to the Covid-19 emergency, SDF considered it appropriate to maintain a high level of vigilance from the point of view of prevention and protection within the Company, in terms of general awareness of the correct conduct to be followed by all employees. To this end, it has maintained the effectiveness of the tools already adopted in the previous year, directing its human, technical and organisational resources to prevent and contain the spread of infection as much as possible, also through the timely and progressive updating of the company's anti-Covid-19 protocol in accordance with local, regional and national regulations.

The company's Covid-19 committee, which meets regularly with the active participation of all key company functions, including top management, occupational physicians and trade union representatives, has kept up to date with the company's needs and evolving legislation.

Finally, still on the Covid-19 emergency front, at the request of the ATS and ASST and under the direction of the IML volunteer vaccinators, the company's vaccination centre for the local population has been kept active, with some 55,000 vaccinations carried out by 31 December 2022.



## Improvement projects

- As part of the continuous reduction of occupational risks, SDF prevents biomechanical overloads resulting from residual activities such as manual handling of loads, transport, pulling and pushing and repetitive movements, which are considered to be among the main possible causes of work-related musculoskeletal disorders, not only by means of appropriate assessments and analyses using reference standards and methods, but also by implementing improvement plans aimed at the continuous reduction and elimination of risk causes.
- SDF regularly monitors the quality indicators assessed by its dealers in order to continuously improve the performance of its products, not only by investing in research and development, but also by acting directly on the production processes in order to meet the highest standards.
- In order to raise worker awareness and ensure a high level of worker training, SDF undertook a process to identify the workstations and processes on the production line at the Treviglio plant that were considered relevant to product safety.
- SDF and the Municipality of Treviglio have signed an agreement for the creation of the SAME Campus: a redevelopment project aimed at increasing the well-being of workers, improving the functionality and accessibility of the existing facility in Treviglio, as well as the city's road system. The creation of new green spaces will improve the urban and landscape elements already present in the area. The SAME Campus project, curated by Studio Valle Architetti Associati, envisages a flexible and progressive planning of works to be carried out during 2023 and completed in 2027, with a total investment of 25 million euros. The first areas of work will see the building of a new car park and the relocation of the entrance for workers on Via Isser, two new buildings for changing rooms, and a modern infirmary consisting of several outpatient clinics for the medical centre, at the same time as the creation of a roundabout between Viale Cassani, Via Magenta and Via Isser. These activities will immediately free up daily traffic on Viale Francesco Cassani. Constructing a cycle path to promote alternative and sustainable micro-mobility will further accentuate the positive effects on Treviglio's road system. Regarding the SDF headquarters in Viale Francesco Cassani in particular, the project includes a 4,000 square metre office building, a multifunctional centre, changing rooms, clinic, training area and green areas.

The works planned for the SAME Campus project are therefore varied and also include the construction of a new office building on Viale Cassani, directly linked to the production plant and equipped with a multi-purpose room; the extension of the Academy, SDF's technical training centre; the renovation of the canteen, with the creation of social spaces and new green areas; and finally, the renovation of the interiors of the historic building that houses the Management offices.

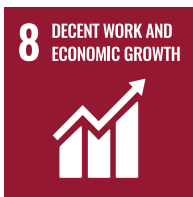


## Specific SDGs



### Goal 3: Ensure healthy lives and promote well-being for all at all ages.

*In order to achieve sustainable development, it is essential to ensure healthy lives and promote well-being for all at all ages. Great progress has been made in increasing life expectancy and reducing some of the most common causes of death related to infant and maternal mortality, but the results have failed to meet expectations. Significant progress has been made in access to clean water and sanitation, in reducing malaria, tuberculosis, polio and the spread of HIV/AIDS. Goal 3 continues along the same lines as the Millennium Development Goals, e.g. with regard to child and maternal mortality, as well as communicable diseases, and also includes provisions on combating non-communicable diseases, such as diabetes, and the prevention of road and non-road accidents and various types of abuse.*



### Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

*More than 200 million people worldwide are unemployed, mainly young people. Employment and economic growth play a significant role in the fight against poverty. The promotion of sustainable growth and the creation of sufficient decent jobs that respect human rights are of paramount importance not only for developing countries but also for emerging and industrialised economies.*

*Goal 8 includes targets on supporting economic growth, increasing economic productivity and the creation of decent jobs. Sustainable economic growth must not be at the expense of the environment, which is why Goal 8 also aims at improving the efficiency of global resource consumption and production by preventing environmental degradation linked to economic growth. The creation of quality jobs remains a major challenge for almost all economies.*

In pursuit of these results, SDF is committed to maintaining its personal development goals internally and externally by implementing the following strategies and projects:

- Human capital is one of the factors that determine our success. All workers are guaranteed equal treatment and freedom of association. We try to create the best working conditions so that our employees can realise their full potential. The Group is very sensitive to the needs of the company community. We actively support local communities through initiatives and projects in the fields of education and health.
- The focus on people's safety and well-being has always been a priority for SDF: numerous projects aimed at making workstations safer and better performing in terms of quality and reducing waste.
- The company continued to invest in the development of its people, offering a wide range of courses to workers, employees and managerial staff, based on the training needs identified at the beginning of the year by the headquarters and international branches. The development envisaged by SDF goes beyond the professional growth of employees. For this reason, at the Treviglio headquarters, courses were held for the development of the individual and their civic role.
- SDF has always had respect for human dignity as a guiding principle, in addition to compliance with the laws and regulations of the countries in which it operates. To this end, the Company has adopted its own Code of Ethics, which aims to reconcile market competitiveness with the correct and responsible use of resources in terms of social responsibility and environmental protection, and has for years implemented an integrated and certified Quality, Safety and Environment Management System and an Organisational and Management Model 231.
- "Driver Extended Eyes": For the first time ever, a system has been introduced on a tractor to increase the safety of machines, with a specific focus on high-powered and large models, reducing accidents caused by lack of visibility in vehicle blind spots. The system is based on a series of cameras, and not only actively detects the presence of people in the tractor's blind spot, but also broadens the driver's view to the left and to the right.





# GOVERNANCE

# Financial economic capital and customer commitment - esg GOVERNANCE.

## Context analysis

Still faithful to the values handed down by its founders, and inspired by the spiritual testament of Francesco Cassani, SDF has always kept a distance from commercial and financial speculation, always focused on the quality of its products and the growth of its human capital, cautious about sudden expansions, and focused on financial autonomy and the ability to cope with moments of crisis. Management is committed to fairness with employees by putting merit at the heart of their growth.

Transparent procedures are used to appoint Corporate Bodies act to take decisions in an informed, independent manner, pursuing in total transparency the creation of value in accordance with the principles of legality and fairness.

The Company encourages openness and keeps its shareholders regularly updated, following all relevant laws and rules.

The interests of all shareholders are promoted and protected by rejecting any special or partisan interests, and by promoting conscious and informed shareholder participation in corporate decisions.

Every operation and transaction is correctly recorded, authorised, verifiable, legitimate, consistent and congruous. There is adequate written evidence of each transaction, in order that checks may be carried out at any time designed to certify the characteristics and reasons for the transaction, and to identify the person(s) authorising, carried out, recorded and verified the transaction itself.

SDF understands the mechanisms by which economic activity generates direct and indirect impact on the environment in which it operates and on society. It has therefore defined its responsibilities towards its stakeholders – employees, customers, suppliers and the community – through a shared corporate culture that complies with current legislation and is aligned with international best practice.



## Material topics

### BUSINESS INTEGRITY

Ability to pursue business activities through ethical and responsible conduct in constant compliance with applicable laws, regulations and conventions using the Code of Ethics and the application of Legislative Decree 231/01.

### FINANCIAL INDEPENDENCE

Implementation of corporate strategies, long-term planning, scenario analysis and decision-making processes aimed at ensuring financial independence over time.

### PRODUCT QUALITY AND CUSTOMER SATISFACTION

Constant commitment to ensuring high product quality and efficiency in terms of performance and durability through the implementation of sustainable, state-of-the-art technologies that improve product tracking and reduce fuel consumption, pollution and emissions.

## *Other governance aspects deemed important by SDF*

### INVESTMENT IN SELF-DRIVING VEHICLES / ELECTRIC VEHICLES

Continuous investment in research and development aimed at adopting cutting-edge technologies in vehicle driving, including self-driving/electric vehicles.



## Performance

The Company boasts an integrated QHSE certification according to ISO 9001, ISO 14001 and ISO 45001 and operates according to the VDA Volume Product Integrity (Automotive) in the area of Product Conformity and Safety. In 2022, the Research & Development and Quality Department introduced the concept of a "platform" in project and workflow management, the responsibility for which lies with the Platform Manager, who covers the entire life cycle of a product, taking care of all quality aspects in order to integrate the processes of the different company functions.

In 2022, SDF's product development was guided in two ways:

- by the new emission regulations, both for European markets and for some international markets such as Turkey and China.
- by digitisation and the provision of end-user services to optimise machine performance.

SDF invests in the development of products that are more efficient and productive, safer and more comfortable, more environmentally friendly and easier to use, working with the best universities and technical institutes in Europe and research centres around the world.

Low availability of steel and semiconductor products caused supply chain disruptions and delays in component procurement.

SDF addressed these critical issues with containment actions and the development of alternative solutions to ensure business continuity in its plants, reducing production interruptions to a minimum.

In a complex and unstable global situation, SDF managed to keep its global market shares virtually unchanged.

In 2022, 10,850 tractors and 14,390 transmissions were produced at the Treviglio plant.

The Company responded to the needs of new farmers by activating a strategic focus on customer service and developing digital systems for farm management.

During 2022, SDF improved and expanded its portfolio of digital solutions and services to support customers. The SDF Smart Farming Solutions offer was completed with the vehicle management tool in the SDF Data Platform for managing preventive, routine and extraordinary maintenance of machinery; expanding the range of services, such as SDF Fleet Management, which monitors fleet utilisation in real time; SDF Farm Management and SDF Field Management.

The new CRM (Customer Relationship Management) service, developed by SDF in cooperation with its dealers, was a major effort in 2022 to expand its digital communication.

A great boost to the digital transformation process was made possible by the launch of the new DEUTZ-FAHR brand website, which has an improved user experience and has been redesigned to meet the needs of mobile device browsing.

In 2022, SDF also consolidated its range of services related to extended warranties. Through the dedicated SDF Compass portal, dealers receive immediate support: in 2022, more than 70% of product service requests were resolved within 24 hours.

Finally, 2022 marked SDF's return to trade fairs, with renewed participation in EIMA International.

In 2022, the sale of spare parts recorded significant growth in turnover, reaching 263 million euros, accompanied by an improvement in margins, despite the uncertain global scenario.

All business lines contributed to the growth in turnover: original spare parts were up +7.6 %, lubricants +16.2 % and complementary parts-accessories +4.8 % compared to 2021. In addition to the traditional business lines, Services, related to connected and non-connected vehicles, also contributed to the result with revenues of 7.9 million euros and a growth of 7% over the previous year.

## Improvement projects

SDF proactively identifies possible corruption risks on an ongoing basis, applying prevention and assurance policies and good practice. In addition to vigilance and zero tolerance, corruption is fought above all by spreading the culture of legality, which is why SDF is stepping up projects to raise awareness and inform its employees, representatives, contractors and suppliers about corruption and everyone's responsibility to prevent and combat it in the collective interest. The Company has adopted:

- Its own Code of Ethics, which aims to reconcile market competitiveness with the correct and responsible use of resources in terms of social responsibility and environmental protection, and has for years implemented an integrated and certified Quality, Safety and Environment Management System and an Organisational and Management Model 231.
- The introduction of low-consumption and high-performance equipment to limit environmental impact, optimise production processes and create better working conditions.
- SDF ExtraCare, the extended warranty: offered and managed directly by SDF, and maintenance packages are now available on a wide range of tractors that will be expanded in the course of 2023 with further models.



## Specific SDGs

**Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.**

*Investments in sustainable infrastructure and scientific and technological research increase economic growth, create jobs and promote prosperity. Objective 9 therefore aims to build resilient infrastructure, promote industrialisation and foster innovation. Increased resource efficiency and increased adoption of clean, environmentally friendly technologies and industrial processes needed to make infrastructure and industries sustainable. Objective 9 aims to support the development of technology, research and innovation. Without technology and innovation, there will be no industrialisation, and without industrialisation, there will be no development.*

In pursuit of this goal, SDF is committed to the following projects and strategic focus:

- The technology changes associated with digitalisation demonstrate the need for services for the end user to optimise the use of the machines and thus to increase productivity. The introduction of low-consumption and high-performance equipment to limit environmental impact, optimise production processes and create better working conditions.
- Thanks to the digital solutions on offer, farmers can access their machines' historical data, also remotely, and plan their best possible use. Other solutions offer modular precision farming packages designed to optimise the yield of fields of different sizes and needs. Remote fleet management makes it possible to optimise the use of vehicles for greater productivity in agricultural activities. Connectivity between tractors and other digitalised systems ensures the best synergy between machines and equipment. Digitising information also enables the timely and organised return of the data needed to refine knowledge of product behaviour, both in the field and during development. The quality data digitisation project was then completed, extending its implementation to the end of each line.

# Methodological note

The SDF Sustainability Report was prepared in accordance with the GRI Sustainability Reporting Standards, published by the Global Reporting Initiative (GRI), and its first publication presents the results achieved in the financial year 2022 (1 January to 31 December). The Sustainability Report, drawn up on an annual basis, aims to illustrate SDF's sustainability strategies, its organisational and management model, the results of the Company's activities and objectives and their quantitative and qualitative impact on the economic, social and environmental context.

The 2022 Sustainability Report was prepared in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" (2016) defined in 2016 by the Global Reporting Initiative (GRI), according to the "in accordance-Core" reporting option. The GRI is the most widely used international reference for sustainability reporting; is an independent international association that promotes the development of voluntary reporting on economic, environmental and social performance.

An appendix to the document contains the "GRI Content Index", detailing the qualitative and quantitative information reported in accordance with the above-mentioned guidelines.

Consistent with the materiality principle of the GRI Standards, the drafting process of the document included the identification of the most significant topics ("material topics") through materiality analysis, which allowed for the assessment of the most relevant sustainability issues for SDF and its stakeholders.

The development of the document was a participatory process with input from the CFO, Sales, marketing, R&D and Quality functions. The Sustainability Report was submitted for review by the Chairman and the Managing Directors.

The qualitative and quantitative information contained in this Report was collected with the cooperation of the different departments of the Company. The data were processed by means of extraction, aggregation and point calculations and, where specifically indicated, by the use of estimates. No specific activities were excluded from reporting. No significant changes in the nature of the business were reported in the reporting period.

The appendix contains the table of GRI indicators reported with references to the paragraphs of the document and a table linking the material topics, GRI related aspects, which serve as an index for readers.

The 2022 Sustainability Report was not audited by an independent third party.



