



SUSTAINABILITY REPORT 2023



Farming Technology. Since 1927.

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MESSAGE TO THE STAKEHOLDERS

Dear stakeholders,

we present the second edition of the SDF Sustainability Report, which illustrates the results achieved in 2023 with regard to economic, environmental and social sustainability and describes the initiatives that involved the entire company organisation.

SDF is firmly committed to pursuing its objectives through a management strategy that promotes corporate social responsibility, in harmony with the communities and environments in which it operates. The creation of shared value, with a focus on health, safety, environmental protection and respect for human rights, is the principle on which SDF bases its economic development.

Our journey towards sustainability is the result of a collective commitment firmly rooted in our corporate identity and growth strategy.

We believe that sustainability must be based on a careful and balanced use of resources and we are committed to ensuring that today's decisions can create a sustainable future for tomorrow's generations.

Innovation remains at the heart of SDF's activities, which constantly invests in research and development of technical solutions aimed at the agricultural sector, with the aim of expanding its offer with machines that are increasingly efficient, productive, safe, comfortable and environmentally friendly, as well as easier to use.

The Sustainability Report 2023 reflects the joint efforts of the entire Group, highlighting achievements and the will to implement sustainable practices in all production facilities, and represents a significant step in the commitment to transparent communication and alignment of stakeholder interests, which are key elements for the creation of sustainable value.

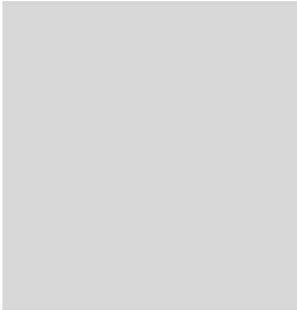
Sincerely yours,

Lodovico Bussolati
SDF CEO



HIGHLIGHTS

2,031
 TURNOVER
 (MILLION EUROS)



170
 NET PROFIT
 (MILLION EUROS)



80
 ROBOT



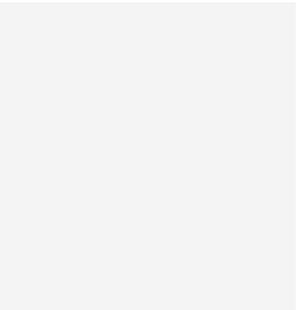
36,771
 TRACTORS



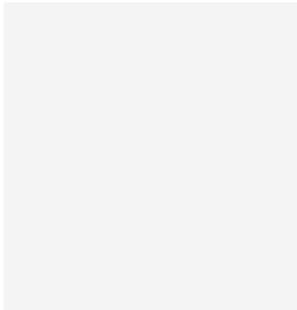
322
 EBITDA
 (MILLION EUROS)



2,221
 HARVESTING
 MACHINES



4,446*
 NUMBER OF
 EMPLOYEES
 (AS AT 31/12/2023)



59
 INVESTMENTS
 (MILLION EUROS)

* The number of employees refers to the entire group.



CREATING VALUE FOR CUSTOMERS AND STAKEHOLDERS



1. CREATING VALUE FOR CUSTOMERS AND STAKEHOLDERS

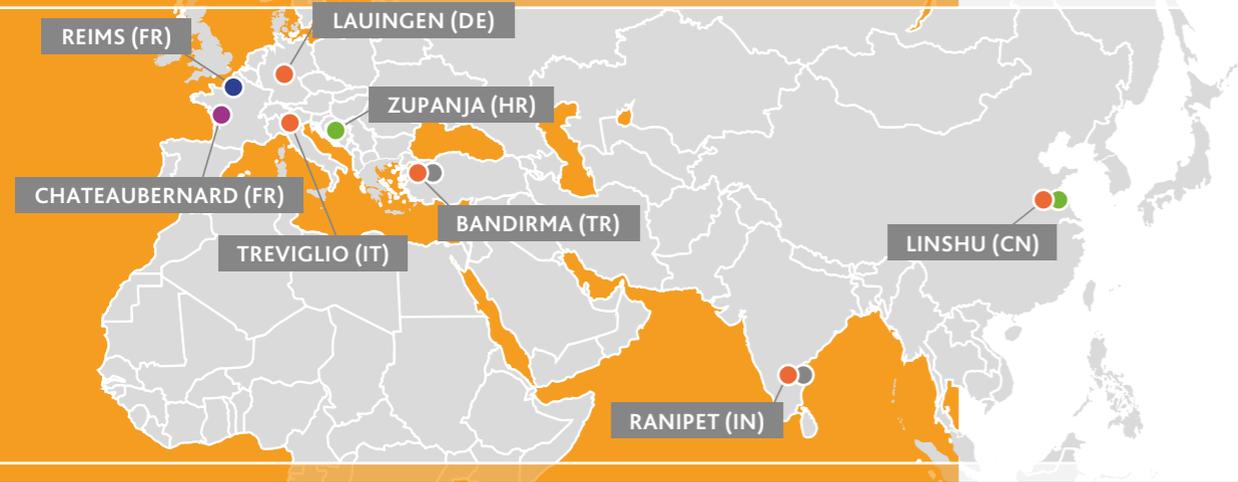
1.1 The Group's History

SDF is one of the largest tractors, harvesters, electric tractors and diesel engines manufacturers in the world. Its products are commercialised under the brands SAME, DEUTZ-FAHR, Hürlimann, Grégoire and Vitibot, including the Lamborghini special edition as part of the DEUTZ-FAHR brand.

The company headquarters are located in Treviglio, northern Italy, where the company was founded in 1927, when brothers Francesco and Eugenio Cassani created the Cassani tractor, one of the world's first examples of a tractor with a diesel engine.

Product development, production, sales, after-sales and parts distribution are handled by 9 production sites (in Europe and Asia), 13 sales subsidiaries (in Europe, Asia and America), 2 joint ventures, 155 importers and over 3,100 dealers in the world.

- TRACTORS
- ENGINES
- COMBINES AND HARVESTING MACHINES
- AUTONOMOUS ELECTRIC ROBOT FOR VINEYARD
- MACHINES FOR GRAPE AND OLIVES HARVESTING



1927
THE CASSANI TRACTOR
The Cassani tractor: one of the world's first tractors with a diesel engine

1952
SAME D.A. 25
The world's first tractor with four wheel drive is manufactured

1979
ACQUISITION OF HÜRLIMANN IN SWITZERLAND



1942
SAME IS ESTABLISHED
(Società Accomandita Motori Endotermici)



1973
ACQUISITION OF LAMBORGHINI TRATTORI IN ITALY



1995
ACQUISITION OF DEUTZ-FAHR IN GERMANY



2011
JOINT VENTURE WITH CHINESE PARTNER

2014
SDF IN TURKEY IS ESTABLISHED



2014
ACQUISITION OF AGRICULTURAL EQUIPMENT IN CHINA

2016
MAJORITY ACQUISITION AND CONTROL OF CHINESE ACTIVITY

2011
ACQUISITION OF GRÉGOIRE IN FRANCE

2005
SDF COMBINES IN CROATIA IS ESTABLISHED

1996
SDF IN INDIA IS ESTABLISHED

2017
NEW PLANT DEUTZ-FAHR LAND IN GERMANY

2022
MAJORITY ACQUISITION OF VITIBOT IN FRANCE



1. CREATING VALUE FOR CUSTOMERS AND STAKEHOLDERS

1.2 Governance [GRI 2-1]

SDF is present in several markets through sales and production companies to ensure a global approach to business. SDF S.p.A., the company's headquarters, are located in Treviglio, northern Italy, where the company was born and has developed since 1927. SDF's governance structure is based on a set of principles that the company adheres to in order to conduct its activities in an ethical and transparent manner. A sound governance framework is fundamental to the effective management of its businesses, prioritising the enduring interests of all stakeholders. The governance strategy is based on the control of technological know-how through the in-house development of core components, the expansion and continuous improvement of the product range, the internationalisation of production capacity and the expansion of the sales network in key and emerging markets. Until 2023, the governance system of SDF S.p.A. provided for a Management Board and a Supervisory Board. In 2024 SDF S.p.A. changed its governance system, opting for a so-called traditional system, with a Board of Directors and Board of Statutory Auditors. Within the Board of Directors Vittorio Carozza holds the position of Chairman Emeritus, Lodovico Bussolati is Chairman and Chief Executive Officer, Fabio Gaggini has the role of Vice Chairman, while Alessandro Maritano and Filippo Simonetti hold the position of Members. The Board of Statutory Auditors is composed of Andrea De' Mozzi (Chairman), Emanuele Chieli and Aronne Colombo. The Group organisation of SDF's business units, reporting directly to the CEO, comprises the functions Purchasing, Quality and Service,

Research and Development, Sales, Human Resources, Accounting Finance and Control, Product and Business Development, Production & Logistics, Communication and Sales Administration. To these are added the India, Turkey and China Business Units, as well as Gregoire and VitiBot. The values and principles that guide the Company's activities are summarised in the Code of Ethics, which describes the rules of conduct that all members of the Board of Directors and the Board of Auditors, employees, consultants and suppliers must abide by. This document is therefore a fundamentally important tool with which the company defines its ethical and social responsibilities towards all stakeholders, both internal and external, and prevents misconduct or behaviour that does not comply with company ethics. The Code of Ethics governs the general principles and standards of behaviour, relations with third parties, information systems, communication obligations and the procedures for implementing the Code. The Code constitutes the document through which SDF specifies its ethical and social responsibilities towards the various internal and external stakeholders. SDF S.p.A. and Same Deutz-Fahr Italia S.p.A. (hereinafter referred to as SDF Italia) are equipped with the "Organisation, Management and Control Model" (hereinafter referred to as the "MOGC") provided for by Legislative Decree 231/2001 (also Model 231), which allows the Company to structure itself internally in such a way as to reduce the risk of wrongdoing and to foster transparency. SDF Italia has updated all contractual relations with collaborators

and suppliers of goods and services operating on its behalf, supplementing the contracts to indicate the principles of ethics and diligence that must be observed in the performance of contractual services on its behalf. The task of supervising the effectiveness of the Model in preventing the risk of committing offences and administrative offences and compliance with the provisions of the Model itself, as well as that of updating it, has been entrusted to a body with powers of initiative and supervision. In accordance with the provisions of Model 231, SDF Italia has adopted a Whistleblowing Procedure for the management of whistleblowing, adapting its Organisation, Management and Control Model to the legislative changes that have occurred. This procedure aims to introduce the "right to whistleblow" into national laws, regulating the protection of those who make reports through the introduction of common minimum standards. The 231 Model thus brings together in a single regulatory text the entire discipline of whistleblowing channels, giving the whistleblowing tool primary importance in the prevention of regulatory violations. Whistleblowing is in fact the instrument through which it is possible to report alleged unlawful conduct committed by other parties and is therefore a tool that contributes to the emergence and prevention of risks and situations harmful to the company and, by extension, to the collective public interest. The procedure prepared by the Company therefore defines the operating methods by which reports are received, analysed, assessed and processed.

In addition, SDF is committed to promoting the creation of long-term sustainable value for all stakeholders, with the deep conviction that respect for fundamental human rights and basic working conditions is essential to realise these aspirations. The mission of governance, in line with the main objective, is to maintain standards of excellence in the sector in which SDF operates, always ensuring continuous improvement in terms of social responsibility and environmental protection.

1. CREATING VALUE FOR CUSTOMERS AND STAKEHOLDERS

1.3 Group Certifications

SDF has adopted several Management Systems endorsed by the adoption of certifications and standards recognized at both national and international levels. The goal of these practices is to demonstrate the Company's commitment to delivering safe and high-quality products while simultaneously ensuring the safety and well-being of its employees and the protection of the environment. Each individual plant publishes its own QHSE Policy at local level in line with the Group's strategies and is responsible for defining the certifications to be adopted and therefore the specific internal procedures. As represented in the table below, it is possible to view which management systems have been implemented in each plant. SDF Italia has implemented an integrated system based on ISO 9001, ISO 14001 and ISO 45001. SDF Germany works in accordance with ISO 9001 and ISO 50001. SDF India, SDF Turkey and SDF Croatia are certified by ISO 9001. SDF China follows an ISO 9001- and ISO 14001-based management approach. SDF Italia has also obtained the AEO 'Authorised Economic Operator' certification, which is issued in relation to border authorities as it complies with all regulations.

The adoption of International Management System represents the starting point for a company to achieve high levels of performance, according to predefined international standards. By adopting an integrated system, as the Italian plant in Treviglio decided to do, it is possible to increase the overall effectiveness and efficiency of operations. This approach is based on meticulous internal and external analyses of the context and expectations of interested parties, as well as risk analyses and relative correcting actions implementation. Thanks to these tools and to the use of inter-functional processes, an integrated management allows to better monitor business activities and hence to achieve better performances, also according to sustainability criteria. In particular, the Quality, Health, Safety, and Environment (QHSE) integrated system applies to SDF Italia in relation to the design and manufacturing of agricultural tractors and related engines and parts, through mechanical processing, assembly, welding and painting processes, and assembly testing and inspections; but also in relation to after-sales services and marketing of spare parts for tractors.

The certifications obtained by SDF are described below:



ISO 9001

International standard for quality management systems, which helps organisations improve their performance, meet customer expectations and demonstrate their commitment to quality.



ISO 14001

International standard for environmental management systems, demonstrating proactivity in minimising the environmental footprint, complying with legal requirements and achieving environmental objectives.



ISO 45001

International standard for health and safety management systems, which provides organisations with a framework for managing risks and improving health and safety performance, preventing injuries and health problems.



ISO 50001

International standard for energy management systems, which enables companies to integrate energy management into their overall efforts to improve quality and environmental management.



AUTHORISED ECONOMIC OPERATOR (AEO)

International partnership programme between the customs authority and economic operators that demonstrates the company's compliance with standards set by the World Customs Organisation or equivalent supply chain security standards.

	Same Deutz-Fahr Italia S.p.A. (Italy) ¹	Same Deutz-Fahr Deutschland GmbH (Germany) ²	Same Deutz-Fahr India (P) Ltd (India) ³	Same Deutz-Fahr Traktor Sanayi ve Ticaret A.Ş (Turkey) ⁴	Same Deutz-Fahr Machinery Co. Ltd (China) ⁵	Same Deutz-Fahr Zetelice d.o.o. (Croatia) ⁶
ISO 9001	✓	✓	✓	✓	✓	✓
ISO 14001	✓				✓	
ISO 45001	✓					
ISO 50001		✓				
AEO	✓					

(¹) In the following pages also referred to as SDF Italy.
 (²) On the following pages also referred to as SDF Germany.
 (³) In the following pages also referred to as SDF India.

(⁴) In the following pages also referred to as SDF Turkey.
 (⁵) In the following pages also referred to as SDF China.
 (⁶) In the following pages also referred to as SDF Croatia.

1. CREATING VALUE FOR CUSTOMERS AND STAKEHOLDERS

1.4 Sustainability Material Topics [GRI 3-3]

In 2023, SDF reaffirmed its dedication to comprehensively document and communicate the environmental, economic, and social impacts stemming from its operations. This commitment underscores the Group's resolve to foster transparent and effective engagement with all stakeholders. As a result, in 2023, the SDF unveiled its second Sustainability Report, expanding the scope of reporting to encompass the entire Group. Additionally, the Report was compiled in accordance with the most recent version of the Global Reporting Initiative (GRI) Sustainability Reporting Standards. The Materiality Analysis guides the selection of the topics to report in the Sustainability Report by identifying current, potential, and relevant impacts generated or likely to be generated by the Company itself on the economy, the environment, and people, including impacts on human rights, through all the Company's activities and business relationships. These impacts, defined as any effect produced by the organisation on the surrounding context, can be negative, positive, short and long term, actual and potential, reversible and irreversible. The process used to conduct the Materiality Analysis and identify SDF's material topics was structured in involving the SDF team of professionals and developed in four phases:

Phase 1. Understanding the context in which the Group operates and its value chain:

an integral part of the process of identifying and prioritising the impacts generated lies in understanding the context in which the company operates, through an analysis of the Agritech sector, taking into account different sources, both internal and external to the company.

Recognising the structure of the value chain through which SDF's direct activities extend is another crucial element in measuring the company's impacts. SDF's value chain encompasses a series of processes that contribute to the provision of services and underpin the company's ability to create value. This chain is segmented into three distinct phases:



- The Upstream phase: includes activities that are not directly managed by the company and are upstream in the value chain. For SDF, these activities include the sourcing of incoming components and the extraction of raw materials, their processing and transformation into semi-finished products, as well as the management of transport for procurement.
- The Direct Phase: includes activities managed internally by SDF, including all product development processes and quality improvement purchase, production and assembly activities carried out at the plants, sales activities to dealers, and after-sales support and maintenance for product management.
- The Downstream phase: refers to the activities managed by third parties, downstream in the value chain. This phase includes the sales activities carried out by dealers to individuals or companies and, finally, the use and disposal of the product.

Phase 2. Identification of actual and potential impacts of SDF:

the second step of the Materiality Analysis process involves distinguishing between impacts that have occurred over time (actual impacts) and those that may occur in the future (potential impacts).

Phase 3. Evaluation of the significance of impacts:

all impacts were evaluated through a process of assessing the level of significance developed according to their degree of severity and likelihood of occurrence. The relevance of an actual impact is determined by its severity, while the relevance of a potential impact is determined by both the severity and likelihood of the impact occurring. Specifically, the severity of an impact was assessed by considering three aspects:

- The scale: how severe is the impact and the external context in which the impact occurs, including geography.
- The scope: how widespread is the impact along the company's value chain.
- The irreparable character: how difficult it is to remedy the damage caused by the impact.

The likelihood of potential impacts has been assessed by considering all policies, procedures and activities implemented by the company to prevent and mitigate identified negative impacts

Pahse 4. Prioritisation of the most significant impacts for reporting:

Finally, the most significant impacts are prioritised for SDF and the impacts considered most relevant are determined to identify the material issues listed below.

MATERIAL TOPICS

GREENHOUSE GAS EMISSIONS

IMPACTS

SDF, in carrying out the procurement, production and distribution of its products, implements processes that require the use of energy resources, which result in the emission of greenhouse gases into the atmosphere, potentially contributing to climate change and generating negative global impacts. Emissions can be classified as direct emissions from the use of fossil fuels (Scope 1), indirect emissions from the purchase of electricity (Scope 2) and other indirect emissions from value chain activities (Scope 3).

Contribution to climate change caused by energy consumption and the release of greenhouse gases

MATERIAL TOPICS

WASTE MANAGEMENT

IMPACTS

The industry operations during the extraction, distribution, production, and usage stages can lead to the generation of industrial and municipal waste. This includes an assortment of mixed packaging materials and residues from the processing of materials. On a smaller scale, there is waste associated with the testing of manufactured machinery and discards from office activities. If not properly managed, waste disposal can lead to contamination and environmental damage in the affected areas. Additionally, when the machinery produced by SDF enters the end-of-life stage of its lifecycle, environmental degradation can occur due to the materials not being recycled or the improper disposal of the products.

Damage caused by the production of hazardous waste

MATERIAL TOPICS

BIODIVERSITY

IMPACTS

SDF operates globally and in a multiplicity of heterogeneous contexts with different natural characteristics; activities that generate pollution and contribute to climate change, together with the exploitation of land for the extraction of raw materials, can have a negative impact on the state of local biodiversity and lead to the progressive degradation of ecosystems.

Contribution to biodiversity loss along the value chain due to production activities

MATERIAL TOPICS

WATER CONSUMPTION

IMPACTS

Although the company's activities do not consume large amounts of water, SDF operates in water-stressed areas. The withdrawal and use of water in these areas could affect the surrounding territories where the company operates, reducing the availability of the resource for local populations.

Contribution to water stress from water use along the value chain

MATERIAL TOPICS

CIRCULARITY

IMPACTS

The company can reduce the negative environmental externalities generated by its production cycle by implementing resource optimisation policies consistent with circular economy principles (innovation, ecodesign, reuse, upcycling, etc.).

Waste recycling, raw material recovery and circular economy

MATERIAL TOPICS

HUMAN RIGHTS

IMPACTS

SDF operates globally and in contexts that may be characterised by a higher frequency of episodes of poor human rights protection, discrimination, lack of respect for diversity and freedom of association of workers, exposing itself, along with the companies in the value chain, to the risk of abuses and disputes in the workplace. Such conditions can lead to poor working conditions and episodes of conflict with the community, employees and collaborators.

Violation of workers' human rights due to unfair labour practices

MATERIAL TOPICS

OCCUPATIONAL HEALTH AND SAFETY

IMPACTS

Occupational health and safety risks may arise from various situations along the value chain: for example, there are hazards related to mechanical or electrical processes, risks related to the use of work machines and handling equipment, as well as hazards from falls and physical injuries. Therefore, workers may be exposed to occupational accidents and illnesses that could cause temporary or permanent injuries.

Damage to workers' health and safety due to inadequate working conditions

MATERIAL TOPICS

CONSUMER HEALTH AND SAFETY

IMPACTS

The safety and health of end consumers may be at risk in the event of inadequate checks on end products.

Damage to consumer health and safety due to unfair production practices

MATERIAL TOPICS

ECONOMIC IMPACTS

IMPACTS

SDF contributes to creating jobs and supporting local industries in the territories in which it operates, thanks to its preference to involve mainly local suppliers, promoting the logic of industrial districts and networks of local companies. In addition, the company contributes to the tax system, which is essential for the development and growth of the context in which it operates. Lastly, SDF sponsors projects and initiatives in the local contexts in which it operates, thus establishing strong ties with the community and promoting sustainable growth.

Value distribution to stakeholders and contribution to the local economy and community

MATERIAL TOPICS

PRODUCT QUALITY AND INNOVATION

IMPACTS

The importance of product quality and innovation is key to ensuring the sustainability of SDF's business. High-quality products not only meet customer expectations, but also tend to have a longer lifespan, reducing the need for frequent replacement and thus minimising waste. Innovation is equally crucial, allowing SDF to continuously improve its products and processes, potentially reducing environmental impact and increasing efficiency. The absence of company policies and plans aimed at sourcing more sustainable materials can generate an increase in the environmental impact of production processes and the use and disposal of machinery.

Environmental and social damage resulting from insufficient development of sustainable products.

The implementation of initiatives focusing on infrastructure innovation and digital transformation is crucial for the technological advancement of the sector, along with a marked improvement in the effectiveness of safety systems. In this way, the sector improves its efficiency, contributing to the reduction of environmental impact during operations. It also achieves greater compliance with safety and security protocols, providing safer working environments and better protection against potential hazards. The integration of advanced technologies and digital tools not only streamlines processes, but also supports sustainable practices and strengthens resilience against various risks.

Enhancement of production efficiency through digitisation of production processes

MATERIAL TOPICS

RESPONSIBLE SUPPLY CHAIN

IMPACTS

The sourcing of raw materials necessary to produce components required by the company can cause negative effects on surrounding ecosystems, as well as the possible exploitation of local communities in terms of human rights violations.

Impacts from unsustainable purchasing practices

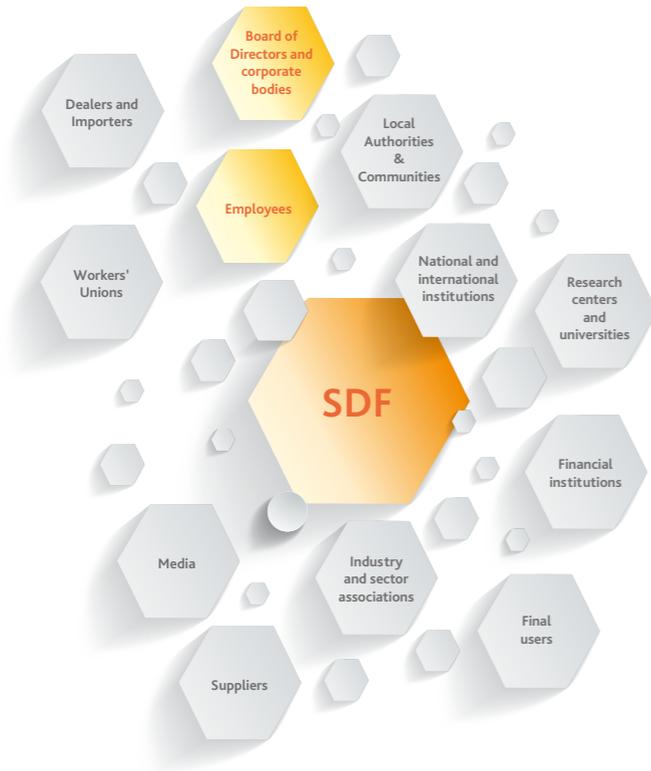
The main SDF's functions participated in a specialized workshop aimed at validating the identified material impacts and topics, as well as their assigned significance. Additionally, the workshop served as a platform to introduce major developments in sustainability reporting.

The overall outcome of SDF's Materiality Analysis led to the identification of 11 material topics. GHG emissions, Waste management, Biodiversity, Water consumption, and Circularity refer to the organization's impacts on the environment; Human rights, Occupational health and safety, Consumer health and safety, and Economic impacts represent impacts on people; Product quality and innovation and Responsible supply chain refer to the company's impacts on the economy. For the year 2023 SDF has decided to include in its reporting scope the impacts related to the supply chain.

The Group conducts assessments of suppliers from social and environmental standpoints using specialized questionnaires. Specifically, suppliers must carry out self-evaluations focused on Environmental, Social, and Governance (ESG) criteria, confirming their compliance with the Group's responsible practices and their alignment with SDF's sustainability objectives.

1. CREATING VALUE FOR CUSTOMERS AND STAKEHOLDERS

1.5 Stakeholders



- internal stakeholders are people whose interest in the company derives from a direct relationship (e.g. employees, Board of Directors, etc.)
- external stakeholders are those who do not work directly with the company but are in some way influenced by its actions and results (e.g. customers, suppliers, etc.).

SDF is committed to fostering continuous communication with all stakeholders, recognising the fundamental importance of cultivating relationships based on mutual trust, dialogue and collaboration. The Group's interactions with most stakeholders are long-standing and consolidated, rooted in a spirit of cooperation and active listening, and constitute an essential pillar of its

activities. SDF also strives to respect the unique characteristics of each stakeholder, employing tailored engagement approaches and communication channels that meet their specific needs and aspirations. In addition, the Group is determined to provide high quality products to its consumers who, increasingly demanding and informed, seek innovative offers that meet strict standards of social and environmental responsibility.

SDF recognises that stakeholders act as an incentive to promote innovative technological and procedural solutions that are increasingly sustainable. They play a key role in nurturing the skills of conscious future leaders. Consequently, the careful management of a company and the harmonisation of stakeholder interests are

fundamental to its lasting success and positive impact on society. In pursuing its objectives, SDF recognises the crucial importance of engaging with partners who share its philosophy and are committed to actively collaborating to achieve common goals. Alignment and collaboration are prerequisites for creating and cultivating partnerships with the company. Upholding the principle of stakeholder inclusiveness, SDF is committed to strengthening ties at every stage of operations, seeking to fully involve all stakeholders in its sustainability journey.

Stakeholders include individuals, groups or entities with a direct or indirect interest in the activities of an organisation, project or policy. Their involvement is crucial, as they have the potential to be influenced by or directly affect outcomes. Consequently, their commitment and perspectives carry significant weight in strategic and operational decision-making processes, as they require careful coordination to align different interests with common goals.

Stakeholders may be internal or external:

EXTERNAL STAKEHOLDERS	INVOLVEMENT
National and international institutions	Awareness-raising, communication and incentives. Integration of sustainable corporate policies. Socio-economic development.
Trade Unions	Participation in industry meetings and events. Protection of personnel. Social Dialogue.
Financial institutions	Risk assessment. Corporate growth.
Trade and industry associations	Periodic Communications. Information meetings. Integration of sustainable corporate policies.
Media	Periodic Communications. Awareness-raising events and projects. Press releases.
Dealers and Importers	Participation in industry meetings and events. Regular dedicated meetings. Skills development and innovations.
Suppliers	Participation in industry meetings and events. Qualitative and quantitative responsibilities.

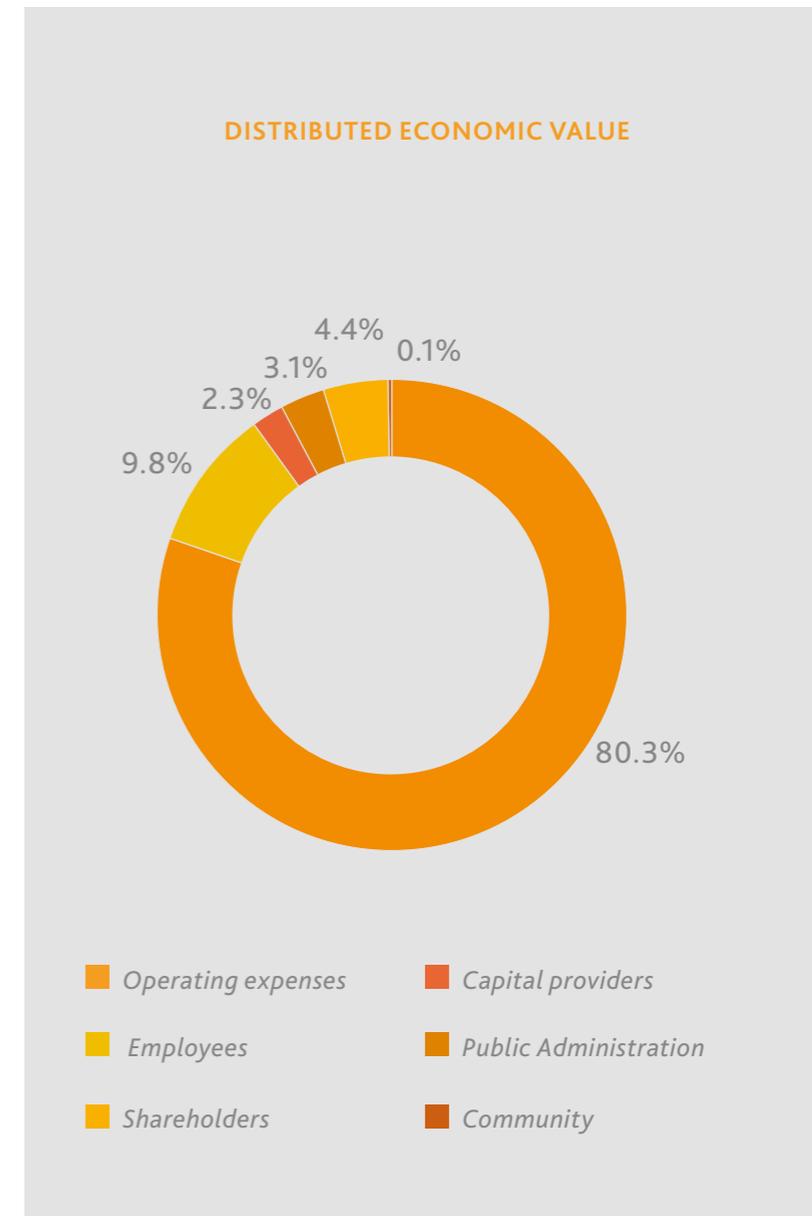
EXTERNAL STAKEHOLDERS	INVOLVEMENT
Final Customers	Communication campaigns. Awareness-raising events and projects. Press releases. Regular dedicated meetings. Company website.
Local authorities and communities	Institutional website. Periodic Communications. Involvement/awareness-raising events and projects. Regular dedicated meetings. Socio-economic development. Code of Ethics. Corporate Social Responsibility (CSR).
Research centres and universities	Research & Development. Awareness-raising events and projects. Press releases. Regular dedicated meetings. Dissemination. Social and employment development.
EXTERNAL STAKEHOLDERS	INVOLVEMENT
Employees and collaborators	Code of Ethics. Training. Institutional website. Regular dedicated meetings.
Board of Directors and Corporate Bodies	Shareholders' Meetings and Periodic Communications. Sustainability Report. Code of Ethics. Direction and management of activities.

1. CREATING VALUE FOR CUSTOMERS AND STAKEHOLDERS

1.6 Economic value generated and distributed [GRI 201-1]

SDF plays an important role in the markets in which it operates and contributes to creating value that benefits all the stakeholders with whom it interacts. The creation of shared value between the company and the territory is a fundamental factor in defining a sustainable and lasting business model, as it focuses not only on economic growth but also on the development of neighbouring communities and the territory. In this sense, SDF has based its strategy on creating partnerships with local suppliers, carrying out research and development projects in the area and implementing Corporate Social Responsibility policies, with the aim of establishing profitable and lasting relationships with the local community. In terms of economic performance, SDF has recorded significant growth over the past three years, despite the socio-economic dynamics that have characterised the recent scenario, such as the Russian-Ukrainian conflict, high levels of inflation and the implementation of restrictive monetary policies, which have caused significant uncertainties for the global economy. In 2023, SDF generated an economic value of approximately EUR 2 billion, an increase of 14% compared to the previous year. In 2023, 93% of the economic value generated by SDF was distributed to the various stakeholders with whom it interacts and only the remaining 7% was retained within the company. Looking at the trend over the years, the economic value distributed by the company has seen a growth of 10% since 2022.

Most of the distributed value, 80.3% and approximately EUR 1.5 billion, was allocated to operating expenses, in particular to suppliers for the purchase of raw materials and services related to the company's activities. In this area, the company invests in long-term relationships with suppliers and strives to build strategic partnerships that benefit both parties. 9.8% of the distributed value (equivalent to approximately EUR 190 million) was allocated to employees in the form of salary, benefits, social security costs and severance pay. This item increased by 7% compared to 2022. The remaining 9.9 per cent was distributed to the public administration through the payment of taxes and fees (about EUR 59 million), to capital suppliers (about EUR 45 million), to shareholders (EUR 85 million) and to the community through donations, contributions and sponsorships (about EUR 2 million). SDF therefore contributes to the growth of the social fabric, building solid relationships and supporting the economic development of the area in which it operates.



	2022	2023
Economic value generated	1,834,020,670	2,089,035,073
Distributed economic value	1,761,611,252	1,937,134,159
Operating expenses	1,447,601,703	1,555,266,257
Value distributed to employees	177,732,944	190,693,366
Value distributed to capital providers	46,120,919	44,853,316
Value Distributed to the Public Administration	38,491,835	59,337,672
Value distributed to shareholders	50,000,000	84,979,840
Value distributed to the community	1,663,851	2,003,708
Economic value retained	72,409,418	151,900,913

1. CREATING VALUE FOR CUSTOMERS AND STAKEHOLDERS

1.7 Community support: SAME Foundation



FONDAZIONE SAME

Enthusiasm. ”
Humility.
Tenacity.

These three core values passed on by Francesco Cassani continue to inspire the activities of the SAME Foundation.

The second Social Report is testimony to the Foundation's commitment over the past year. Despite the continuing global uncertainty, there was an increase in its activity, with overall contributions worth approximately €1.5 million made in support of new and existing projects, compared to around €1 million in 2022. In 2023, the most significant intervention in Italy was in Milan. It involved funding for research into antiviral medicines conducted by Prof. Luca Guidotti, Deputy Scientific Director and Head of the Immunopathology Research Unit at the city's San Raffaele Hospital. As the Ukrainian refugee crisis persisted, the Foundation continued its commitment in the province of Varese to reception and integration projects co-ordinated by Don Giuseppe Tedesco. In 2023, a contribution from the Foundation also led to FAI beginning restoration work at Fontana Secca in the Monte Grappa massif to restore pasture by rehabilitating the grassland and forest areas.

Tanzania was once again at the core of the Foundation's development projects. In the northwest of the country, in the Same region, the collaboration with the local diocese was strengthened: work is soon to be completed on the buildings of the St. Jacobus agricultural institute, which will host around 400 students, with activities continuing to implement secondary-school-level education. Collaboration with a local university to roll out a three-year course on agriculture and economics also began. The "Safe Water for Same" project marked the Foundation's attempt to help the local population by building various wells, four of which have already been constructed. In the same geographical district, work began on a project for local cooperatives aimed at developing knowledge and agricultural techniques in rural communities with an increasing focus on sustainable development. Further support for the local communities will come from another recently launched project, "Trees for Same", which will introduce

plants that diversify the environment and make a more varied range of foods available to the local population, who still suffer too frequently from malnutrition.

The SAME Foundation is also working to provide financial and logistics support to Mama Kevina Hope Centre, a key hub for 600 children from rural villages in the Same and Mwanga districts who live with various disabilities.

At the same time, efforts were intensified in the Zeneti area to provide a vast range of medical services, including those dedicated to the care of children, the elderly and pregnant women and in support of local communities.



1. CREATING VALUE FOR CUSTOMERS AND STAKEHOLDERS

1.8 Local suppliers [GRI 204-1, GRI 308-1, GRI 414-1]

SDF pays special attention to working with suppliers that provide high quality raw materials and are committed to sustainable production practices. The approach adopted by the Group in 2023 indicates that a key factor in supplier selection is the principle of territoriality.

The Group gives strategic priority to sourcing materials from local suppliers in the vicinity of its various facilities. This means that European facilities tend to work with European suppliers and, likewise, non-European facilities, such as those in China, Turkey and India, prefer to work with suppliers from their local markets. In 2023, a substantial part of the supplier expenditure of the facilities in Italy, France, Germany and China went to local suppliers. In particular, the Gregoire plant turned exclusively to local suppliers for its needs. The Indian factory also showed a strong inclination towards local sourcing, with the majority of supplier spending going to local suppliers. This strategy not only supports local economies, but also supports the Group's commitment to sustainability and operational efficiency in its supply chain.

The Group has a thorough 'supplier qualification' process that defines methods and criteria for selecting and evaluating new and existing suppliers. This process includes the assessment of a supplier's ability to meet specific SDF requirements and is also used to re-evaluate suppliers in the event of major issues.

The evaluation includes an examination of the supplier's existing products, the target markets, and whether the products are intended for industrial use or the aftermarket. It also checks the supplier's organisational structure and production methods to ensure that it is able to supply the required product quality. In order to ensure the protection of workers also in activities upstream in the SDF value chain, a quality entity carries out checks

on potential new suppliers to the Group.

This procedure has been established to provide the basic methods and parameters for qualifying a new supplier and to define the objective ways of detecting the capacity of those already active to meet SDF's needs. Specifically, preliminary questionnaires are proactively sent to suppliers, allowing SDF to gather valuable information about the company and to verify the presence of a certified management system. The results of the questionnaires are then shared with the HSE department for evaluation. If any parameter does not meet expectations, the HSE team interfaces directly with the supplier for clarification. At the same time, the questionnaires make suppliers more aware of the topics that will be addressed during the plant visit. In fact, once the completed questionnaires have been received, the SDF audit team carries out an assessment at the supplier's site, whereby the company is given an overall score based on precise parameters, such as the quality system, documentation, corrective actions implemented, etc. If the supplier obtains an adequate score and is introduced into the SDF supplier pool, it will be monitored monthly through dedicated KPIs. Furthermore, in the Treviglio and Lauingen plants, an indicator called 'Supplier Balanced Scorecard' (SBS) is monitored monthly, while in all other plants the supplier is monitored on the basis of the quality of deliveries.



PRODUCTS



2. PRODUCTS

2.1 The Product Range

Treviglio. Research & Development activities were mainly focused on completing the Stage V emission regulation compliance of SDF's product portfolio. These developments include the offerings of the TTV 4WS (four-wheel steer), 5DS/DV Ecoline, 5 TB orchard ranges and the tracked platform (both open field and F and M versions). Completing the list of new products is the introduction of the hydraulic power shuttle on the Stage V flatbed orchard range and the expansion of the 6C range offering in the EPA markets of North America with Tier 4 Final engines.

Lauingen. Product development is linked to two macro areas: introduction of the new 6.4 RVshift | TTV models and updating of the 6.4 | 6 PS | RCshift range. The new 6.4 range, from 130 to 150 hp, available in RVshift and TTV versions, is equipped with components developed entirely using SDF know-how. On the other hand, the update of the 6.4 | 6 PS | RCshift range, from 160 to 230 hp, offers new functions for engine-transmission management, an increase in maximum permissible load (for the 6210 and 6230 models), new tyre combinations and cab improvements for greater overall comfort.

Bandirma. The activities on this production plant can be grouped into three macro-categories: regulatory adaptation in Stage V of vehicles for the domestic market, completion of the release of the 5E/5 Keyline product platform, and the introduction of technologically advanced transmissions with hydraulic shuttle and power-shift on the 5D Keyline platform. The Stage V regulatory adaptation of vehicles for the Turkish market involved the 4E, 5D Keyline, 5DF Keyline and 5E product families. The release of the 5E platform (a process that started in 2022 with the offer of a Stage IIIB/IV vehicle for the Turkish market only) was completed in 2023 with the offer of specific versions for Stage V regulated markets,

North American Tier 4 Final markets and non-regulated markets. The installation of the hydraulic shuttle on the 5D Keyline Stage V platform significantly increased the range of specifications offered to the European, Turkish, EPA and export markets. Ranipet. Activities focused on the one hand on the regulatory adaptation in Trem IV of vehicles for the domestic market, and on the other hand on the development of more sophisticated transmissions with subsequent installation in the 4E footstep product range (the latter phase will be completed in 2024).



2. PRODUCTS

2.2 Quality assurance

Product quality is a crucial element for success in the global market, especially for a group like SDF, a leading manufacturer of tractors and agricultural machinery.

SDF stands out for its commitment to pursuing excellence through a responsible governance strategy that is attentive to social and environmental dynamics.

PRESENT AND FUTURE QUALITY OBJECTIVES

Every year, SDF sets quality improvement targets compared to the previous year in order to increase the quality of processing, reduce the percentage of defective components and guarantee the consumer the best possible product. The commitment to continuous process improvement and waste reduction in the various production areas led to the following most significant results in 2023:

- In the area of product quality control, also thanks to improved monitoring of the supply chain, some of the set targets were achieved, which made it possible to keep defects and cases of untestable machines under control; in fact, the result of the evaluation of sampled products among those ready to be shipped to dealers improved by 20%;
- In terms of customer satisfaction, there was an improvement over the previous year with a rating of over 4 (on a scale of 0 to 5, where 5 is excellent);
- In the environmental field, the targets of recycled waste out of the total waste produced were met;
- the number of incidents, their frequency and severity have been significantly reduced, mainly due to training and reporting activities at all levels;
- In the area of research and development, Stage V compliance of the SDF product portfolio was completed, hydraulic shuttle was introduced for some product ranges, and new product families will be introduced.

In general, SDF has defined new targets to be achieved in 2024 with regard to the following aspects: to implement the product range, to produce with fewer defects, to increase production efficiency, to increase sales, to increase customer satisfaction, to limit the environmental impact and to improve occupational safety.

SDF is dedicated to developing innovative technical solutions specifically designed for the agricultural mechanisation sector, with the aim of enriching its product range and offering machines that are increasingly efficient, productive, safe, comfortable and easy to use. The whole Group considers the health of its workers and well-being in the workplace a priority, which are as fundamental components for increasing the quality of the end product, in line with ISO 9001, a globally recognised standard for quality management that also helps organisations of all sizes and sectors improve their performance, meet customer expectations and demonstrate their commitment to quality. Its requirements define how to establish, implement, maintain and continuously improve

a quality management system. Quality control at SDF is a meticulous process that begins with material selection and extends to after-sales service. Each product undergoes rigorous testing to ensure that it meets the high standards set by the company. In addition, SDF adopts a holistic approach to quality management, which includes continuous employee training, preventive maintenance of equipment and a feedback system to collect and analyse customer opinions in order to constantly improve the products and services offered. Maintaining these standards of excellence is SDF's primary objective, which translates into a constant commitment to continuous improvement, not only in terms of products, but also in terms of social responsibility and environmental

protection. SDF is committed to defining and implementing corrective actions to eliminate factors that may negatively affect the quality of the final product and services, as well as the processes within the QHSE System. These actions are established following a thorough root cause analysis and an assessment of their impact in relation to the company's policy and objectives. Product non-conformities during production or operation are systematically analysed, monitored and resolved by the Quality Management with the involvement of the relevant departments. Identified non-conformities are followed by documented corrective actions. Inspections may also be carried out by Certification Bodies that directly manage the process.

The evaluation process also includes SDF suppliers. The assessors notify the supplier of the need to implement the required corrective actions. These actions are then reviewed, including direct audits of activities and related documentation, to ensure their effectiveness and to prevent the recurrence of non-conformities.

2. PRODUCTS

2.3 Research and Development

THE STRUCTURE OF THE FUNCTION:

In 2023, SDF continued the process of consolidating the R&D department, where customer orientation remains at the core of the strategies, along with product improvement, which aims to provide technical content with improved performance and reliability. To better understand the needs of the market, SDF's R&D is organised according to a platform-based approach. This platform is a key element in project and workflow management, as it integrates processes between the various company functions, oversees the entire product life cycle, from conception to industrialisation and maintenance, and emphasises quality and reliability at every stage.

The Research and Development department is divided into two macro-areas: design and validation. The design macro-area is made up of functional groups. In this context, coordination and control are key elements to ensure synergy between internal R&D and corporate functions.

The platform is based on a matrix characterised by project leaders, who oversee and monitor the product lifecycle, and by vehicle and function managers who implement the technical solutions. In order to ensure that the vehicle meets performance standards, collaboration is required between all function managers involved (e.g. cab, transmission, engine, etc.).

The reorganisation of the platform allowed SDF at the same time to improve internal communication between the various departments and foster synergies to help increase product performance, quality and reliability.

MAIN OBJECTIVES FOR THE FUTURE

To date, target setting is centralised at the Treviglio headquarters.

Although each Group plant has its own specific know-how, coordination and collaboration between them is always guaranteed. In fact, SDF's objective is to implement a more standardised management of the Research and Development sector, in order to increase collaboration and coordination between teams all over the world.

With regard to sustainable development, SDF aspires to improve materials management. The ambition is to implement a more conscious decision-making system that analyses the environmental impact of materials before deciding which ones to use.

Furthermore, in line with this perspective, SDF is working to make its products more reliable and durable. In this sense, the Group is increasingly moving towards the possible use of artificial intelligence (AI).

In fact, SDF Smart Farming Solutions assists farmers with a wide range of customisable digital solutions, enabling them to make the best business decisions independently, work faster and more accurately, reduce waste and optimise their profitability.

With the introduction of software that allows communication with the vehicle's equipment, it is possible to coordinate the management of the fleet and collect data and information that is essential for field work and vehicle use. The use of sensors would then allow the user to limit the use of pesticides and fertilisers only to situations of real need. The aim is, therefore, to use artificial intelligence to optimise the management and maintenance of the vehicle at every stage of processing.

PARTNERSHIP

SDF has entered into various types of partnerships and collaborations with universities and higher education institutions, as well as private entities.

As far as universities are concerned, the Group has always cultivated relationships with professors and faculties in engineering and mechanics, as well as economics, concentrating collaborations in the areas of digitisation and innovation.

SDF also interacts with secondary schools in relation to school-to-work projects.

In addition, the Group organises several meetings with students from various high schools and universities to

explain the vehicle production process and introduce them to the world of tractors.

Finally, the Group maintains collaborative relationships with suppliers and other entities, including companies that support and develop technical components.



2. PRODUCTS

2.4 Business Units and Production Sites

TREVIGLIO

In 2023 the site produced 9,240 tractors, 12,101 transmissions and 12,731 axles.

The activities implemented and the continuous industrial investments are mainly focused on three guidelines: improving the ergonomics and safety of workstations, increasing the reliability of products for end customers, and the progressive digitisation of processes. Over the past year, several projects have therefore been implemented, such as, for example, the development of a new software in the machining area, which, in addition to digitising work cycles and recording and tracing tool changes, has made it possible to better monitor all machine parameters, such as Overall Equipment Effectiveness. Also in the machining area, another key project was the digitisation of dimensional checks at the end of machining, which, with the use of digital gauges and instruments, allowed the timely collection of data in a dedicated database.

All testing activities of the main sub-assemblies are carried out with the support of tablets and the DigiTest software, which guides operators through the various checks to be performed during the final tests and also allows the traceability of any anomalies found. At the same time, the new SmartLabel project is also being developed to better identify the production progress of subassemblies in their respective buffers.

In support of the production processes, continuous activities related to workstation organisation such as Kaizen workshops have been implemented in parallel, which allow optimisation of workflows and components used.

Finally, the mechanisation of the second cab line was

completed, due to the growth in volumes, and of the first transmission line, due to the increase in technological content. The replacement of the tilters on the first cab line further improved the safety and ergonomics of the various operations carried out in that area.

SAME CAMPUS PROJECT

The SAME Campus project was designed to increase the wellbeing of workers and improve the functionality and accessibility of the existing facility, as well as city traffic, by enhancing the urban and landscape elements already present in the area with the creation of new green spaces. The project, which was launched at the end of 2022 and started at the beginning of 2023 with planned completion by 2027, has been realised in its first part with the construction of the new building with changing rooms and infirmary, equipped with photovoltaic systems, and the new employee car park, a large covered area for motorbikes and bicycles, and charging stations. A new bicycle path was also created to promote alternative and sustainable micro-mobility.

The next steps include a new roundabout that will relieve the city's daily traffic congestion, the construction of an office building, some green pedestrian areas, and the modernisation of the 'Academy' technical training centre.



LAUINGEN

In 2023, the Lauingen site achieved important milestones in both production and sustainability. The plant produced a total of 4,899 tractors, showing a steady increase over the previous year and demonstrating continuous operational improvements.

ENERGY EFFICIENCY AND SUSTAINABILITY INITIATIVES

A notable advance this year was the installation of a 50 kWp photovoltaic (PV) system for the newly constructed offices. This system provides a substantial part of the energy needs, while excess energy is efficiently redirected to the production facilities, improving the overall sustainability of the site.

The new building was designed to meet German building efficiency standards 40 EE, incorporating high quality insulation, modern LED lighting and a ventilation system with heat and cold energy recovery. In addition, a high-efficiency heat pump was installed to handle heating and cooling needs, contributing to significant energy savings.

PRODUCTION IMPROVEMENTS AND PROCESS OPTIMISATION

The Lauingen plant continued to focus on operational excellence and sustainability with several major improvements. This year saw the successful modernisation of the existing booth painting system, including a new tank for post-painting treatment and new recirculation pumps. The heating system was also upgraded with more efficient heat exchangers and ventilation systems, optimising energy management throughout the site.

The site's idea management programme continued to drive improvements, focusing on productivity growth and environmental performance through employee-led initiatives.

FUTURE PERSPECTIVES

Looking forward, the Lauingen site is committed to building on its achievements by further integrating sustainable practices and technological advances into its operations. The commitment to energy efficiency, combined with continuous innovation, positions Lauingen as a leader in sustainable production within the Group.



BANDIRMA

In 2023, 13,058 tractors were produced, a significant increase of more than 27% over the previous year, and 10,329 transmissions, an increase of more than 70%. The total tractor market in Turkey grew by 17% and reached 77,800 total units, a new record. Against this backdrop of constant expansion in terms of the number of products placed on the market, SDF significantly increased its local market share to 13.8%, thus consolidating its position as the second largest player in the Turkish market, thanks also to the modernisation of the plant and improvements in the production capacity of the Bandirma plant. During the past year, construction work was completed on the new 10,000 m² plant for the production of engines and tractors. With regard to the development of the production facility, the six Mazak machining centres went into operation and the machining of front and rear gearboxes for SAME Explorer Natural and DEUTZ-FAHR 5E Series started in December 2023. Meanwhile, the assembly line for FARMotion Stage V engines was completed in early 2024 and full-scale production and engine homologation began in the first quarter of the same year.



LINSHU

In 2023, the Linshu plants produced 6,153 tractors, 5,994 transmissions, 1,596 combines and 378 high-end cabs for the domestic and export markets.

Last year, the tractor and combine plants launched the China IV range for the domestic market and, at the same time, introduced some new models, including the 280 hp 4W PS and 8W PS tractors and the 4F and 4K combines. The continuous improvement approach applied to production lines has led to increased efficiency and productivity. One important project was the complete implementation of the torque monitoring system for safety-critical screw connections, which significantly increased production efficiency and finished product quality. In addition, the introduction of the transmission test bench has minimised detected faults.

A comprehensive series of operator training courses has significantly improved the skills of the workforce, increasing flexibility between workstations and production lines. Furthermore, no work-related accidents have been recorded thanks to the strict application of safety regulations in all plants.



RANIPET

In 2023, the tractor plant produced 3,164 CBU and 2,436 SKDs (Semi Knocked Down). During the same period, 22,102 engines were produced. Both the tractor and engine plants successfully implemented the necessary technological and infrastructural changes to meet the highest operational and quality standards, as well as the launch of new products.

Strategic investments are being made to upgrade the infrastructure of the tractor plant with the aim of benefiting from the new centralised warehouse with optimised material flow and expanded production lines with a completely revised layout to respond with maximum flexibility and efficiency to increased product specifications.

In 2023, significant investments were made to further improve efficiency, safety and working conditions at the plant, confirming SDF's commitment to achieving operational excellence and employee welfare. To streamline the production flow, a new transmission assembly line is being completed with the aim of optimising productivity and minimising operator fatigue. In order to improve the logistical flow of goods within the plant, a new material entry and reception area was developed, which efficiently facilitates the loading and unloading of goods. Internal material handling and assembly line feeding systems were implemented, along with improved storage facilities, to facilitate operations and better stock management. Electric overhead cranes with hoists have been installed to

ensure efficient handling of heavy loads and improve the speed and safety of operations.

In addition, the factory floor was treated with an epoxy coating to ensure a safe, clean and organised workplace, along with an HVLS fan system to improve air circulation and temperature control for the benefit of operator comfort throughout the year.

All these plant improvements not only increase productivity, but also contribute to long-term corporate sustainability and employee welfare in the various production activities.



CHATEAUBERNARD

2023 was a particularly challenging year for the Cognac plant, as it was necessary to work in parallel to achieve three primary objectives:

- carry out reconstruction after the fire that occurred in 2022, which affected part of the production departments;
- renovate the entire facility and implement a new industrial layout, new changing rooms, new offices and the creation of a 1,000 m2 showroom, including a dedicated space for sales and service training;
- manage the start of production of the new GSE harvester model.

All of these challenges had an impact on production volumes but, thanks to the projects and activities implemented, allowed the total volume of grape harvesters to increase from 234 units in 2022 to 315 in 2023. These new projects and challenges have, however, provided the opportunity to review and test most of the production processes from a lean manufacturing perspective, activities that will continue to be developed and implemented during 2024.



NATURAL CAPITAL



3. NATURAL CAPITAL

3.1 Energy and greenhouse gas emissions [GRI 302-1, GRI 302-3, GRI 305-1, GRI 305-2, GRI 304-1, GRI 304-2]

SDF products are designed under the banner of continuous technological innovation, marked in recent years by an extraordinary development of software and digital interconnection. Continuous investment in R&D leads to increasingly efficient and productive technical solutions, with the design of machines that are safe and comfortable, more environmentally friendly and easier to use. The prototyping phase of new models involves extensive testing to verify the reliability and safety standards required by the market. The industrialisation process involves the identification of suppliers, with the approval and approval of components, and the subsequent definition of the procurement method. The products then pass through the production lines, starting with the mechanical machining carried out by in-house machining centres, to the special processes of welding the cabin frames and painting the bodywork, then to the assembly process of engines, transmissions, axles, cabs and the final completion of the products. These processes include quality checks (quality gates) to verify conformity. At the end of the production process, there is a functional testing phase, complemented by configuration, functionality and performance checks. This testing phase includes the use of diagnostic tools and manual checks to ensure that all components meet SDF specifications.

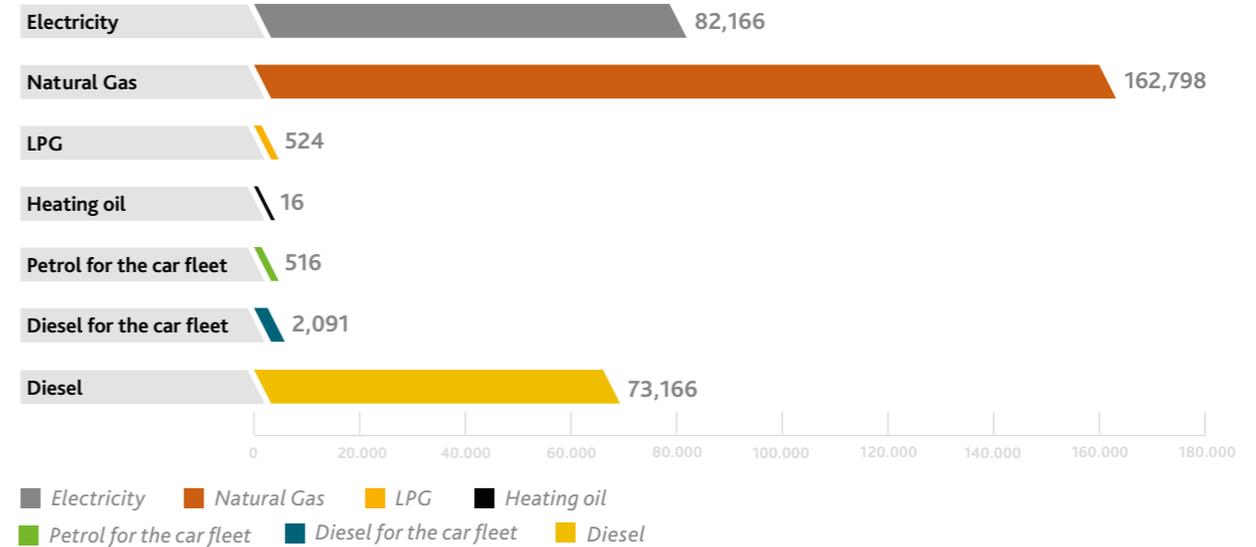
Once the production process is complete, the machines are distributed through SDF's sales network to dealers and customers. After delivery, SDF provides after-sales support, including warranty services, spare parts and maintenance.

The SDF production process generates emissions from various sources, mainly from the consumption of electricity and natural gas during production. Other sources include district heating and the use of liquid fossil fuels such as diesel, biodiesel and fuel oils used both internally for R&D and testing, and externally during transport to the site.

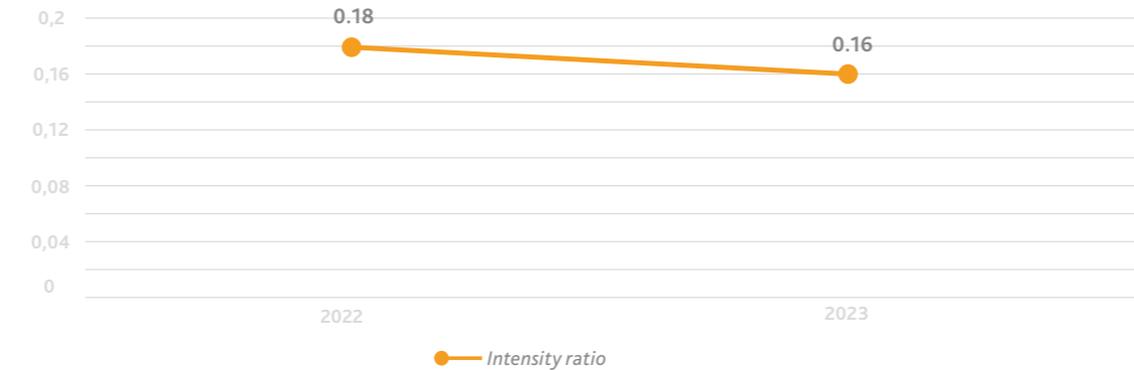
SDF monitors and works to reduce its environmental impact through energy optimisation, the exploration of renewable energy and the implementation of environmental management practices. These efforts are part of SDF's commitment to minimise its ecological footprint while continuing its manufacturing activities.

The graph illustrates SDF's energy consumption for the year 2023, showing a predominant use of natural gas, with 162,798 GJ, mainly used for heating. Electricity is also an important energy source for SDF, while the consumption of petrol used for the car fleet is considerably lower, slightly higher is the consumption of diesel used for the car fleet. Heating oil is used to an even lesser extent, with a minimal impact on SDF's overall energy consumption. Liquefied gas (LPG) shows modest growth and slightly exceeds the consumption of petrol and heating oil. Diesel, which stands out as a major energy source, is used mainly for diesel-powered equipment, but also for the operation of electricity generators.

ENERGY CONSUMPTION 2023 IN GJ



ENERGY INTENSITY, IN GJ/NET REVENUE IN '000€

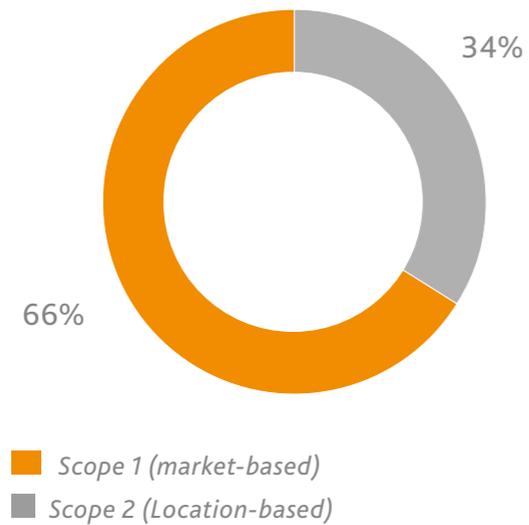


The SDF Group's energy intensity is a key indicator of the company's operational efficiency, particularly with regard to the management of energy consumption in relation to financial performance. This ratio, calculated by dividing total energy used in Gigajoules (GJ) by net revenue, quantifies the energy required for SDF to generate one unit of revenue, measured in euros.

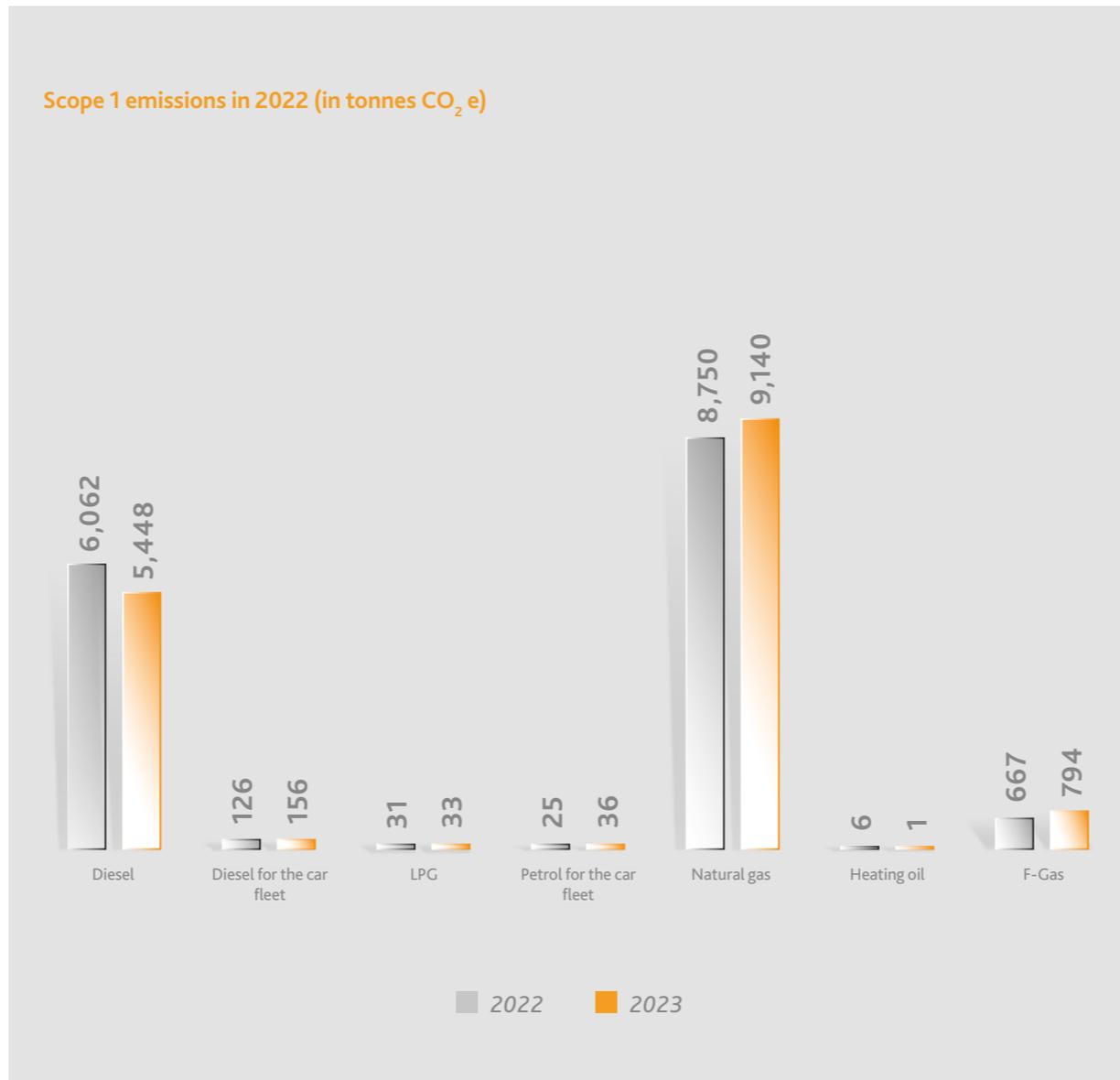
Energy intensity is a key parameter for SDF, as it is directly related to operating costs and has implications for the company's environmental impact and sustainability profile. It is also a factor in regulatory compliance and can influence the company's competitive position in the market. Monitoring and managing energy intensity is part of SDF's strategy to optimise energy use with respect to financial performance.

The operation of such complex production processes, however, inevitably involves the generation of emissions. Emissions from SDF activities can be divided into two different groups, to properly align with the methodology defined by the GHG Protocol⁸:

GREENHOUSE GAS EMISSIONS (2023) - COMPOSITION



- Direct emissions - Scope 1: Emissions from the consumption of natural gas and other fossil fuels, emissions of refrigerant gases and emissions from fuel consumed by the car fleet under the Group's control.
 - Indirect energy-related emissions - Scope 2: Emissions from the consumption of electricity purchased from the national grid.
- Energy consumption corresponds to direct (Scope 1) greenhouse gas (GHG) emissions from emission sources owned or controlled by SDF, and indirect (Scope 2) emissions from the consumption of purchased electricity or thermal energy.



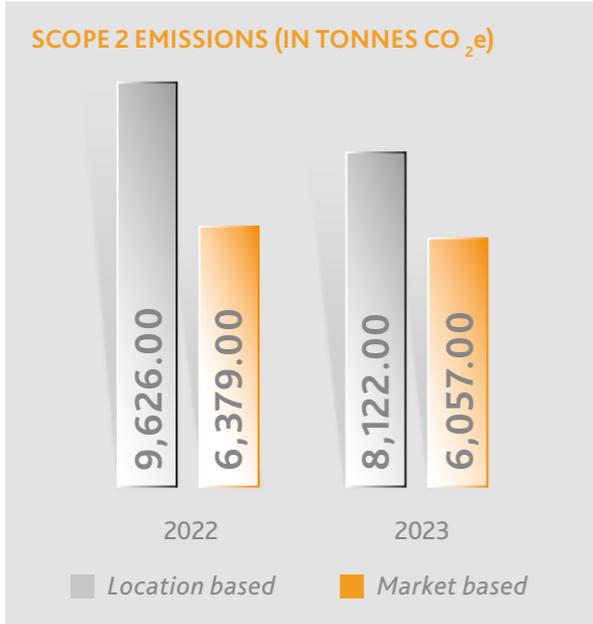
⁸ The GHG Protocol establishes a comprehensive and standardised global framework for measuring and managing greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions.

Scope 1 emissions decreased slightly from 15,679 in 2022 to 15,608 tonnes of CO₂ in 2023.

In fact, the reduction in Scope 1 greenhouse gas emissions is mainly due to a 10% decrease in diesel consumption.

For Scope 2, the emissions associated with electricity purchased by the organisation from the grid were calculated in two different ways, according to the GHG Protocol:

- The location-based method reflects the average emission intensity of the networks where energy consumption occurs.
- The market-based method considers the emissions from electricity that companies have deliberately chosen, specifically for their purchasing geography, reflecting the market choices the Group undertakes.



The values vary depending on the calculation methodology used: using the position-based approach, there is a small decrease of 21% in greenhouse gas emissions, while following the market-based approach the decrease is 7%. In fact, in both 2022 and 2023, SDF Italia purchased 100% of its total electricity consumption from renewable sources, ensured by Guarantees of Origin (GO), allowing the company to reduce the environmental impact of its Italian sites and, together with the renewable electricity produced by photovoltaics at the Chinese site, allowed the Group to avoid the emission of 5,470 tonnes of CO₂ and in 2023. SDF's commitment to reducing emissions and protecting the environment is intrinsically linked to its dedication to preserving natural habitats. Globally, the company's operating sites are located far from protected regions or areas of significant biodiversity value, with the sole exception of the plant in India. SDF India's operating

site, located in Tamilnadu and active in the production of tractors and engines, covers an area of 128,528 square metres near a protected area. The Nilgiri Biosphere Reserve (NBR) is part of the Western Ghats, an area famous for its biodiversity. The NBR is home to a large population of tigers, elephants and other large mammals and is rich in plant diversity, including many endemic species. The proximity to this reserve underlines the importance of sustainable activities to ensure minimal impact on these ecologically sensitive areas. The company's focus on these places reflects the recognition of the need to consider environmental conservation in operational planning.

SDF is aware of the impact its business activities have on biodiversity and each plant is committed to recognising these effects as part of its environmental responsibility. SDF China, for example, identifies two main sources of impact on biodiversity: the construction and use of production facilities, which reduce the space available for wildlife species living nearby, and pollution from noise and exhaust emissions, which can affect the migration of wildlife. These impacts suggest that plant operations may have a more direct influence on local biodiversity, particularly in terms of habitat alteration and pollution. SDF India identifies several pollution-related impacts on biodiversity, such as soil and water contamination, water shortage and air pollution. The plant has an effluent treatment plant (ETP) to treat and recycle wastewater, with the objective of preventing soil and water contamination and preventing groundwater depletion. In addition, hazardous waste from the paint shop is treated and disposed of through certified agencies to reduce soil and water pollution. The plant also recognises its indirect contribution to greenhouse gas emissions due to the use of energy from thermal power plants. Initiatives such as the installation of solar panels, solar street lamps or wind turbines are evaluated in order to reduce dependence on conventional energy and increase the use of renewable energy.



3. NATURAL CAPITAL

3.2 Responsible waste management [GRI 301-1, GRI 301-2, GRI 303-5, GRI 306-1, GRI 306-2, GRI 306-3]

The selection of materials and the effective disposal of waste generated by production activities are essential to ensure high quality, environmentally friendly and eco-responsible products. The materials used in production not only affect the quality perceived by customers, but also have a significant environmental impact associated with the company's industrial operations.

SDF is committed to selecting the most suitable resources, pursuing long-term sustainable economic viability and ambitious sustainability goals.

The procurement process within SDF is a globally coordinated activity involving numerous purchasing managers, who work to maintain efficiency and effectiveness throughout the organisation.

The Treviglio headquarters is crucial in this framework, as it has direct supervision of the European facilities, ensuring a unified and efficient management strategy. In other regions, such as India, China and Turkey, SDF has established local purchasing offices, which operate within the strategic framework and guidelines set by Treviglio, but with a certain level of autonomy to adapt to local market conditions and manage operations effectively.

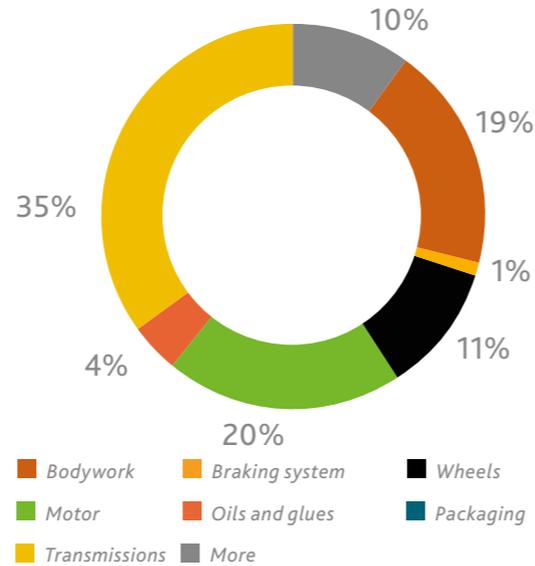
Suppliers are evaluated on the basis of their commitment to sustainability. This approach highlights the Group's commitment to promoting sustainable practices within its supply chain.

In 2023, as in the previous year, most of the materials purchased were used for the assembly of transmissions and gearboxes. In addition, another significant portion of components was used for tractor and engine assembly.

For Italy, Germany, China, components are mainly purchased to produce gearboxes, cabs, bodies, hydraulic lifts, etc. in-house, then assembled to produce the final tractors, or with functional units produced in other SDF plants (e.g. engines) or purchased completely from third-party suppliers.

For Turkey, in addition to the above, components are also purchased

MATERIALS USED IN 2023



to produce engines on site. For India, components are purchased for the above uses, except for the cabs, which are not produced in the Indian factory. For Gregoire, everything needed to produce the machines in-house is purchased. The overall range of components purchased from suppliers remained stable compared to 2022. However, the management of materials and raw materials in a company is a process that goes beyond the selection and purchase of quality resources. To ensure a sustainable and responsible approach, it is essential to integrate effective and environmentally friendly waste management practices.

This means that the materials selection approach must be accompanied by a waste management strategy such as waste minimisation, which involves reducing the amount of waste generated through optimisation of production processes, efficient use of raw materials and designing products that require less material or are more durable.

TOTAL WASTE PRODUCED IN TONNES



SDF India identifies waste generated during the assembly, testing and shipping of tractors and engines. In particular, the Indian plant has a robust recycling programme, involving almost all waste, to minimise environmental impact. Residual waste is disposed of responsibly through accredited public agencies.

SDF China produces waste from various activities, which is managed directly by the company. The use of water-based paints in painting operations generates various types of waste, including paint and activated carbon residues. Assembly operations involving the use of sealants and mineral oil contribute to the non-recovery of pipes and mineral oil. In addition, wastewater treatment processes produce sludge. Electrophoresis operations using coating and phosphating solutions generate electrophoretic sludge and phosphating residues. This indicates a complex waste stream that requires careful management.

The following graph shows the amount of SDF waste produced in the two-year period 2022-2023:

SDF places significant emphasis on the development and implementation of specific waste management strategies for its various plants.

At SDF Turkey, solid waste generated by personnel is handled by a contracted waste collection company, while liquid waste is handled through the sewerage line of the local industrial area, for which it has a sewerage connection certificate.

SDF Italia is a registered member of CONAI, CONOU and COBAT, three important Italian consortia that play a crucial role in sustainable waste management.

CONAI	<p>National Packaging Consortium</p>
	<p>It works with companies to manage the recovery and recycling of packaging waste in Italy. By joining CONAI, SDF Italia contributes to the consortium's efforts to reduce the environmental impact of packaging, ensuring that materials such as plastic, glass and paper are properly recycled and reused.</p>
CONOU	<p>National Consortium of Used Oils</p>
	<p>Dedicated to the collection, treatment and regeneration of used mineral oils. SDF Italia's membership of CONOU demonstrates its commitment to the responsible disposal and recycling of waste oils, in order to prevent pollution and promote the circular economy.</p>
COBAT	<p>National Consortium for the Collection and Recycling of Batteries and Accumulators</p>
	<p>It focuses on safe disposal and recycling. By joining COBAT, SDF Italia ensures that this potentially hazardous waste is managed in an environmentally friendly manner, protecting natural resources and contributing to the sustainability of the battery supply chain.</p>

Together, these memberships demonstrate SDF Italy's proactive approach to sustainable waste management, in line with national efforts to protect the environment and conserve resources through effective recycling and recovery initiatives.

In summary, although each SDF plant operates within its own regional context and regulatory framework, they all demonstrate a commitment to waste management and reducing environmental impact. The differences between the plants lie in the types of waste produced, the extent of recycling efforts and the specific measures taken to prevent pollution and comply with environmental regulations.

SDF is also strongly committed to mitigating the significant impacts associated with waste by adopting circularity initiatives. These measures aim to reduce waste generation within the organisation's operations and along the entire value chain. In fact, each SDF plant has adopted customised strategies to minimise waste generation and manage its impact. These strategies range from outsourcing waste management, training employees, implementing circularity measures in packaging, ensuring proper storage and disposal of hazardous waste, active recycling and reducing resource use.

SDF Germany outsourced its waste management to an external certified body, ensuring compliance with current waste regulations through the use of specialised waste management services rather than in-house processes.

SDF France focuses on educating employees, training them to correctly sort waste to facilitate more effective recycling processes, thus emphasising the importance of human behaviour in reducing waste and improving recycling efforts.

SDF India has taken significant steps towards circularity by introducing recyclable metal and plastic pallets/crates, replacing polyethylene with packing paper, and using recyclable corrugated boxes instead of cardboard boxes. These initiatives aim to reduce packaging waste and improve the recyclability of materials received from suppliers. All waste generated is managed by third parties, as required by the statutory bodies.

SDF China has set up a hazardous waste warehouse equipped with measures to prevent corrosion, seepage and spills. Hazardous waste is regularly transferred to approved disposal units. General solid waste is sorted by a third party, while non-recyclable waste is transferred to municipal sanitation units for incineration. This demonstrates a structured approach to the management of different types of waste.

SDF Italia generates almost all the waste from production activities, with the exception of organic waste from the canteen, which is managed with a special differentiation and collected in special containers placed along the line and adapted to the different types of waste to

be disposed of. The containers are easily distinguishable thanks to the different colours and signage. In 2023, a project was launched to improve waste separation in the coffee areas of the production lines. All waste generated by the Treviglio site is collected and conveyed to special areas to be subsequently pressed and compacted, with particular attention to the recovery of plastic, paper and wood. They are then collected and sent for recovery or external disposal, after being sorted into about 50 different waste identification codes. Hazardous waste, on the other hand, is collected in a dedicated area and its disposal managed with the support of third-party organisations.

With regard to the collection and monitoring of waste data, each plant employs a separate method, adapted to its specific operational and regulatory environment.

SDF Germany collects waste on a weekly basis in several defined containers. Large containers are then collected by a third party for recycling and detailed reports are provided monthly for archiving purposes.

SDF France adopts a digital approach, using a specially designed website to track hazardous waste, while non-hazardous waste is tracked through invoices. This method enables a centralised online tracking system, which simplifies the monitoring process.

SDF India has a more hands-on approach, with waste bins from the various areas being collected in a waste depot. A waste management committee oversees the disposal process. Waste is weighed and processed for recycling or disposal by authorised agencies and transactions are recorded and accounted for through a management system that ensures data integrity and accessibility.

SDF China has a three-tier system for waste management: hazardous waste is weighed in and out of the storage warehouse and a register is kept for traceability; non-hazardous recyclable waste is sorted and processed by a third party; and non-recyclable, non-hazardous waste is collected daily by the municipal sanitation service and the company pays an annual disposal fee. This structured approach enables precise monitoring and financial planning for waste management.

SDF Italia manages the loading and unloading of registers and the filling in of forms in a timely manner. All activities related to waste management are carried out using a software called PrometeoRifiuti. In addition, since mid-2023, a 'dashboard' with a Business Intelligence tool has been implemented, which makes it possible to visualise, by means of graphs, the monthly trend of disposals and the costs and revenues related to waste management activities.

In summary, each plant has developed a system in line with its specific operational needs and local regulations. Differences between plants are evident in the level of digitisation, involvement of third parties, granularity of data collection and compliance mechanisms in

place. These processes reflect the commitment to responsible waste management and the importance of accurate data monitoring to support environmental sustainability efforts.

All these initiatives resulted in a total amount of waste recovered of 15,892 tonnes, which corresponds to 99% of the 16,046 tonnes of waste produced by all plants during 2023. This percentage remained constant compared to 2022, when the amount of waste produced was 13,473 tonnes, of which 13,325 tonnes were diverted from disposal.

Another critical component of environmental impact is the effective management of water resources.

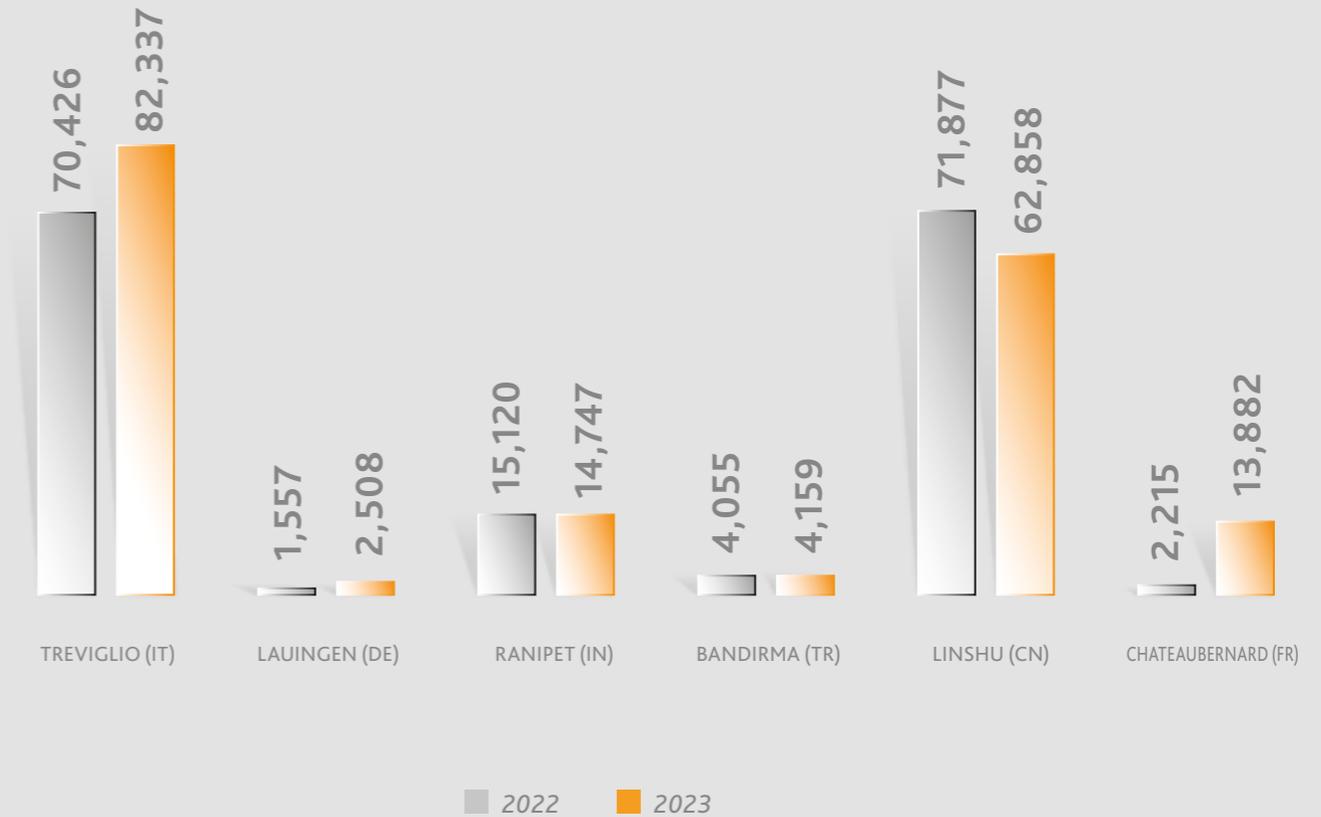
SDF uses water mainly for various industrial purposes and the Group's goal is to improve water efficiency in all its production activities.

In 2023, the Group's water consumption was 180,491 m³, used in various stages of the production cycle, including painting, cooling, cleaning and processing. The amount of water consumed is slightly higher than in 2022 (165,250 m³). In particular, the Italian and Chinese plants have the highest quantities of water.

WASTE RECOVERED IN 2023



WATER CONSUMPTION (M³)





HUMAN CAPITAL

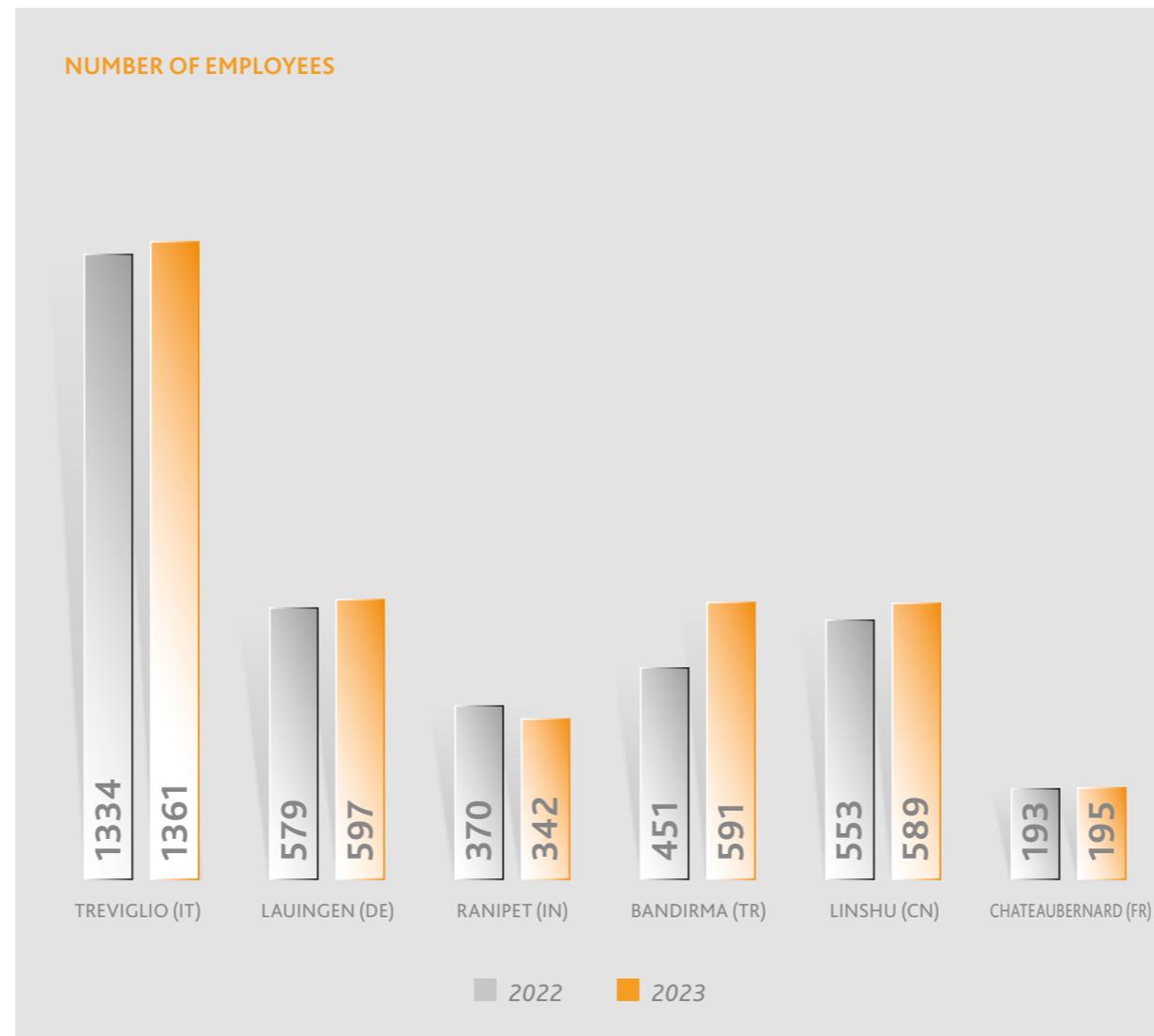


4. HUMAN CAPITAL

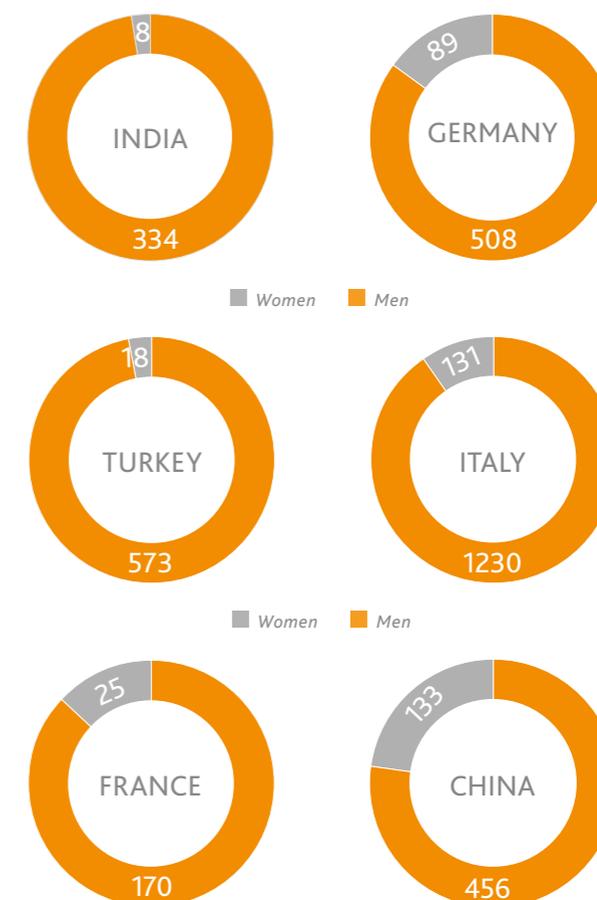
4.1 Employees [GRI 2-7, GRI 2-8, GRI 401-1, GRI 405-1, GRI 406-1]

SDF attaches primary importance to the health, safety and general well-being of its employees, recognising that they represent the fundamental element on which the Group's results are based. The company is committed to fostering a sense of community among its employees, understanding that a supportive environment is the key to collective success and individual fulfilment. Management continues to prioritise the investment of resources and skills to protect the health and safety of employees, while also focusing on improving their well-being and career opportunities. SDF is committed to creating a work culture developed in accordance with ethical and sustainability principles, ensuring that the professional and personal needs of each employee are respected, and promoting a work-life balance that contributes to a fair and inclusive working environment.

By the end of 2023, the number of employees in SDF's six production plants had increased from 3,480 to 3,675 within one year, a slight increase of 5.6% compared to 2022. This trend highlights the evolution and progress of SDF, which continues to invest in its human capital, which is considered essential, consolidating the concept of a working environment based on mutual respect, team spirit and professional expertise



Of these 3,675 total employees, 404 are women. In fact, SDF operates in a sector that traditionally sees a greater presence of men, particularly in operational positions within the production plants.

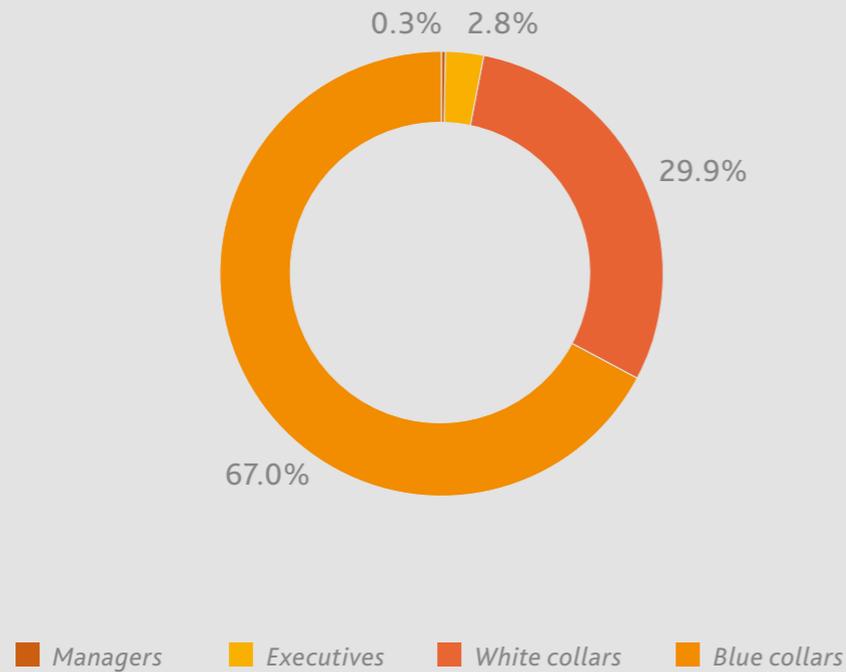


The company's blue and white-collar workers make up 97% of the total workforce. Blue-collar workers, often engaged in manual operational and production tasks, make up 67% of the workforce, while white-collar workers make up 30%. The remaining 3% are managers and middle managers.

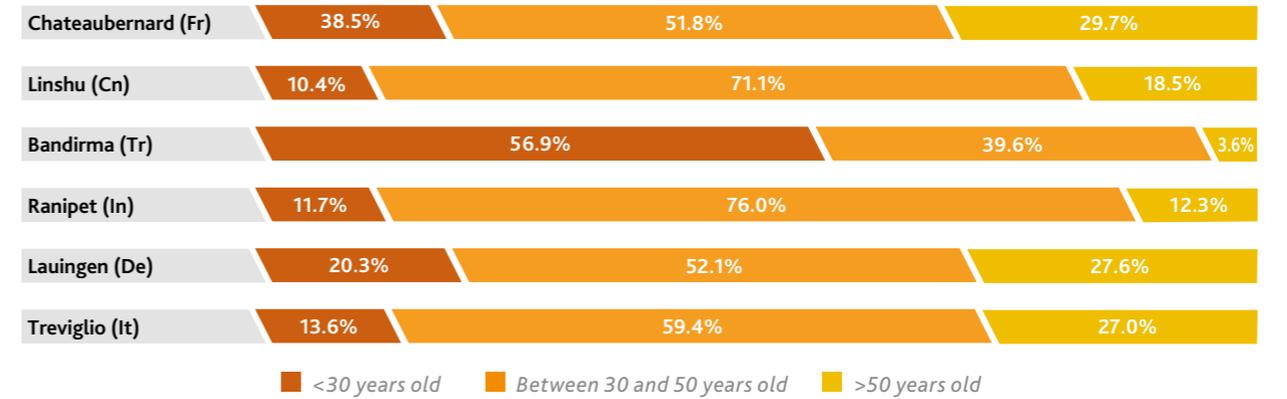
The composition of SDF's workforce is also characterised by a

prevalence of people between the ages of 30 and 50 (58%), 21% are under 30 and 21% are over 50. This indicates that the organisation employs a workforce that effectively combines skills and professional maturity, underlining the company's commitment to promoting a balanced and cohesive working environment. In this context, different generations have the opportunity to learn

EMPLOYEES BY JOB CATEGORY IN 2023 (%)



TOTAL EMPLOYEES BY AGE GROUP IN 2023

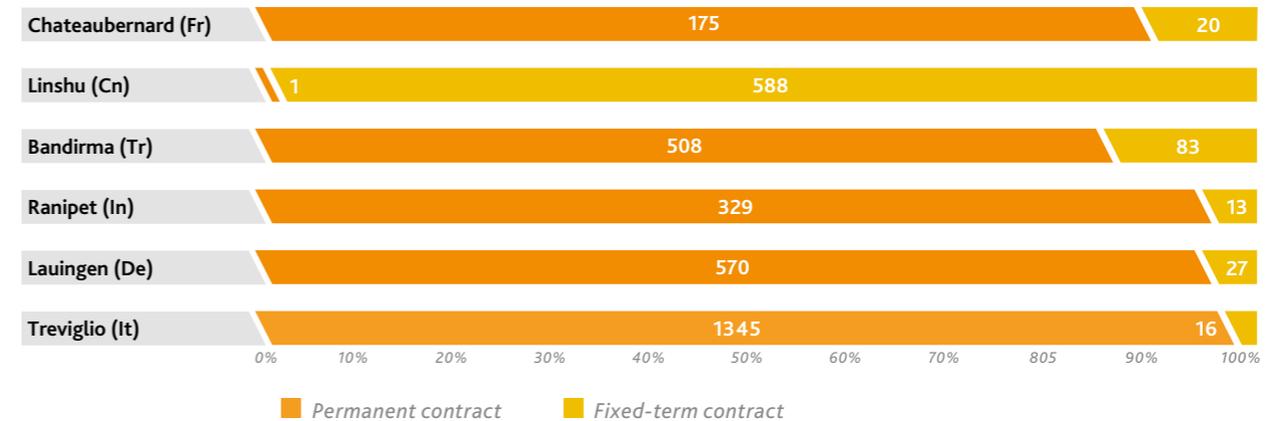


from each other, exchanging skills and knowledge and collaborating synergistically to achieve the company's objectives.

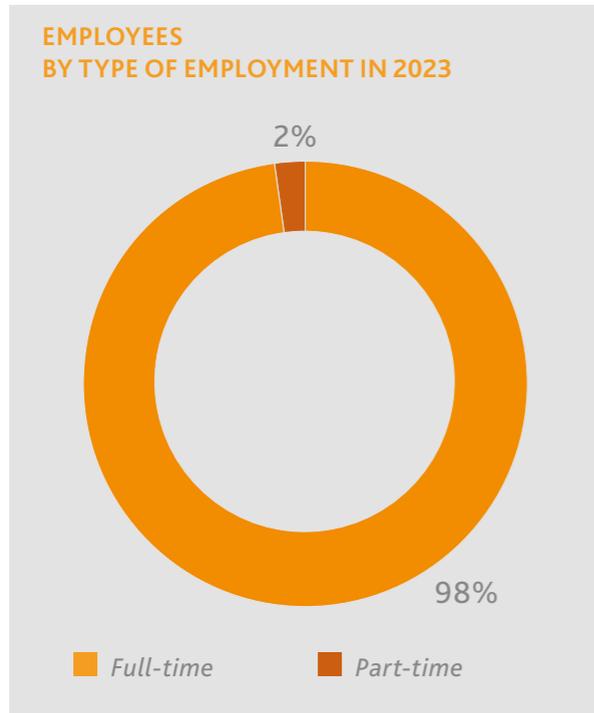
Looking at the composition of staff by type of contract, it can be seen that the majority of employees are employed on permanent

contracts (80%), compared to a minority (20%) on fixed-term contracts.

EMPLOYEES BY TYPE OF CONTRACT IN 2023

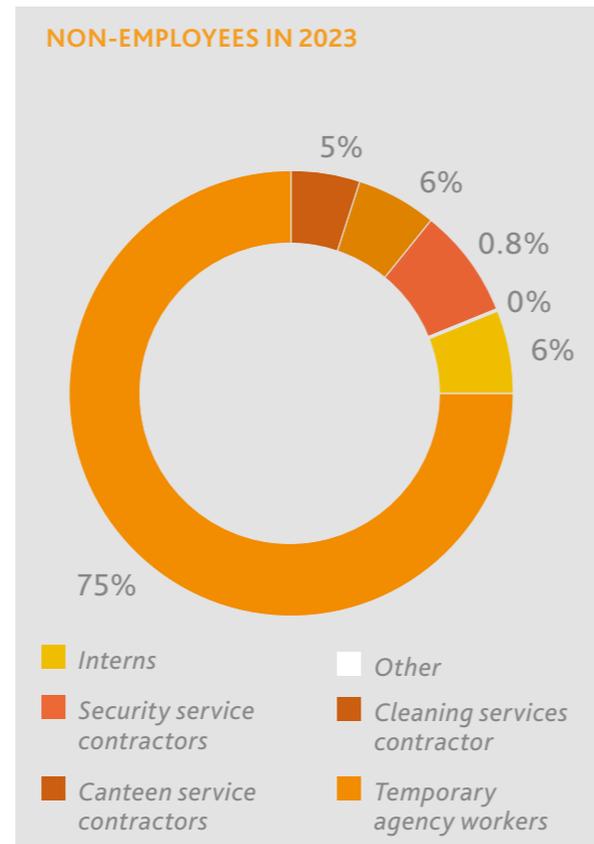


This demonstrates the commitment adopted by SDF which, in an era characterised by an increasingly uncertain and precarious labour market, stands out by guaranteeing its employees stability and job security. This dedication is in line with the company's ethos, which places strong emphasis on making the most of human capital, considering employees a crucial element for results, growth and innovation.



There is also very little use of part-time contracts (2%), requested by employees to reconcile personal and business needs, while the vast majority of workers are employed on full-time contracts (98%).

Over the past two years, the Group has experienced a moderate increase in its workforce. In fact, the total number of new hires (644) exceeded the number of terminations (559), signalling steady organisational growth.



As far as recruitment is concerned, SDF is committed to investing in the potential of young talent, as evidenced by the recent recruitment of recent graduates. However, the Group also recognises the need to recruit more experienced people, to guide and train new recruits.

In any case, a welcome programme is activated at the Treviglio production plant, which includes follow-up meetings during the first year, technical and general training, and the possibility of receiving support from a dedicated psychologist. After the first year, a multidisciplinary training programme is started, with programmes focusing on leadership, communication, emotional

intelligence and, later, financial training.

With regard to terminations, there was a rather natural turnover involving various age groups.

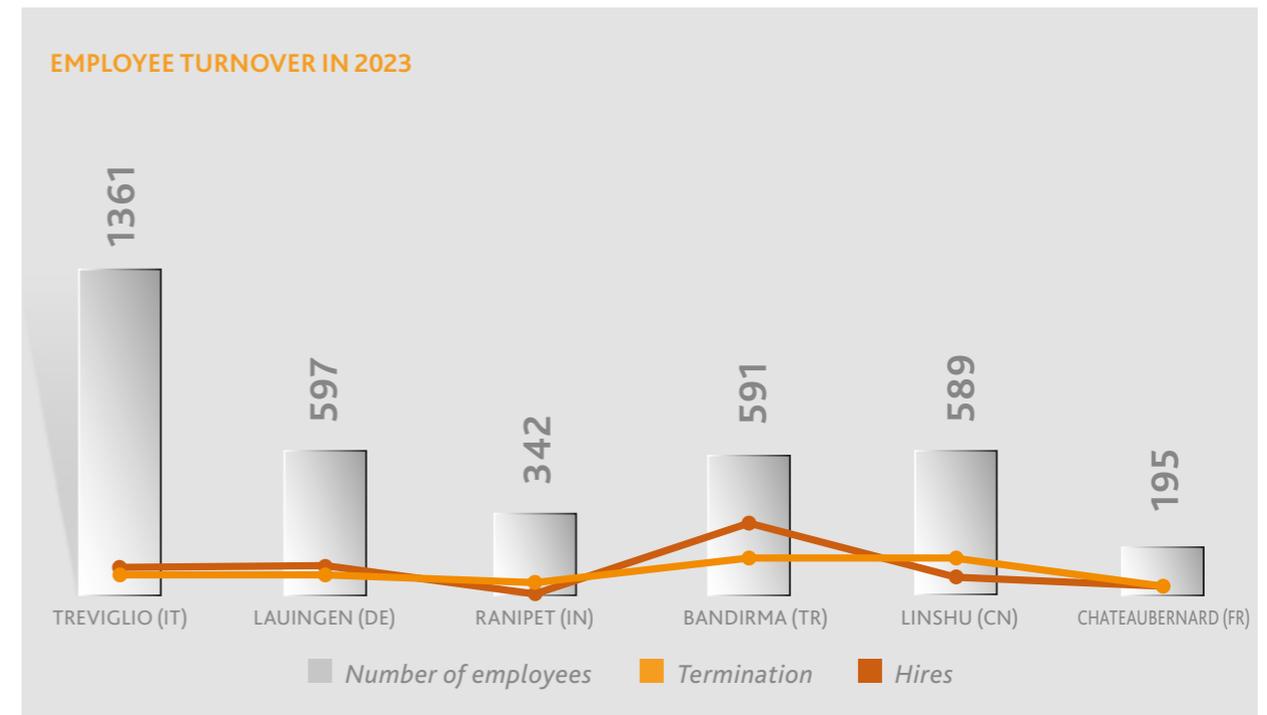
SDF is committed to attracting and retaining talent by ensuring compliance with legal and industry standards on employee benefits and protections. The company offers competitive salaries that reflect market rates, with a remuneration policy that incorporates fixed and variable components. These components are designed to be measurable and aligned with company objectives, supporting a culture of fairness and equal opportunity.

In 2023, SDF launched the L&P Scorecard in Treviglio, an evaluation process for all employees focusing on performance and leadership.

Both areas focus on four pillars:

- Leadership: emotional intelligence, learning agility, motivation and promotion of innovation.
- Performance: Responsibility, adaptation to change, results orientation and humility.

The L&P Scorecard is compiled by managers, who also set annual targets with employees to promote professional development. This tool is being continuously reviewed for effectiveness and will be expanded to include employees of the German plant.



4. HUMAN CAPITAL

4.2 Well-being and professional development [GRI 404-1, GRI 401-2, GRI 401-3, GRI 2-30]

Recognising the potential of each person through training and professional development opportunities, SDF is committed to improving the technical and soft skills of its workforce and promoting a continuous learning environment. This approach not only enriches people professionally, but also contributes to

a stimulating and productive work environment. The Group's initiatives are part of an integrated approach to organisational well-being, where investment in human capital and skills development are considered fundamental pillars for the creation of a harmonious and dynamic working environment.

In 2022, SDF invested in the professional development of staff by providing a total of 43,444 hours of training. The company continued to emphasise the importance of employee training and development, further increasing the total hours to 49,626 in 2023. In particular, SDF's subsidiaries in Italy, China and Turkey demonstrated a strong commitment to promoting the personal and professional development of their employees.

a more sustainable lifestyle, changing daily routines to reduce waste and environmental footprint, and moving towards more ethical and sustainable actions. Other first aid training courses were organised, with the aim of explaining what to do in an emergency, how and when to call for help, what to do while waiting for medical intervention and what techniques to use.

In 2023, SDF Italy held training courses on diversity and inclusion. The company organised group sessions aimed at harmonising the different characteristics of individuals and encouraging employees to reflect on current issues. In particular, the 'Generations in the company' course aimed to make employees aware of the opportunities arising from operating in a multigenerational context made up of different values, experiences and aspirations.

In addition, the Italian plant offered all employees the opportunity to voluntarily enrol in language, digital and technical training courses.

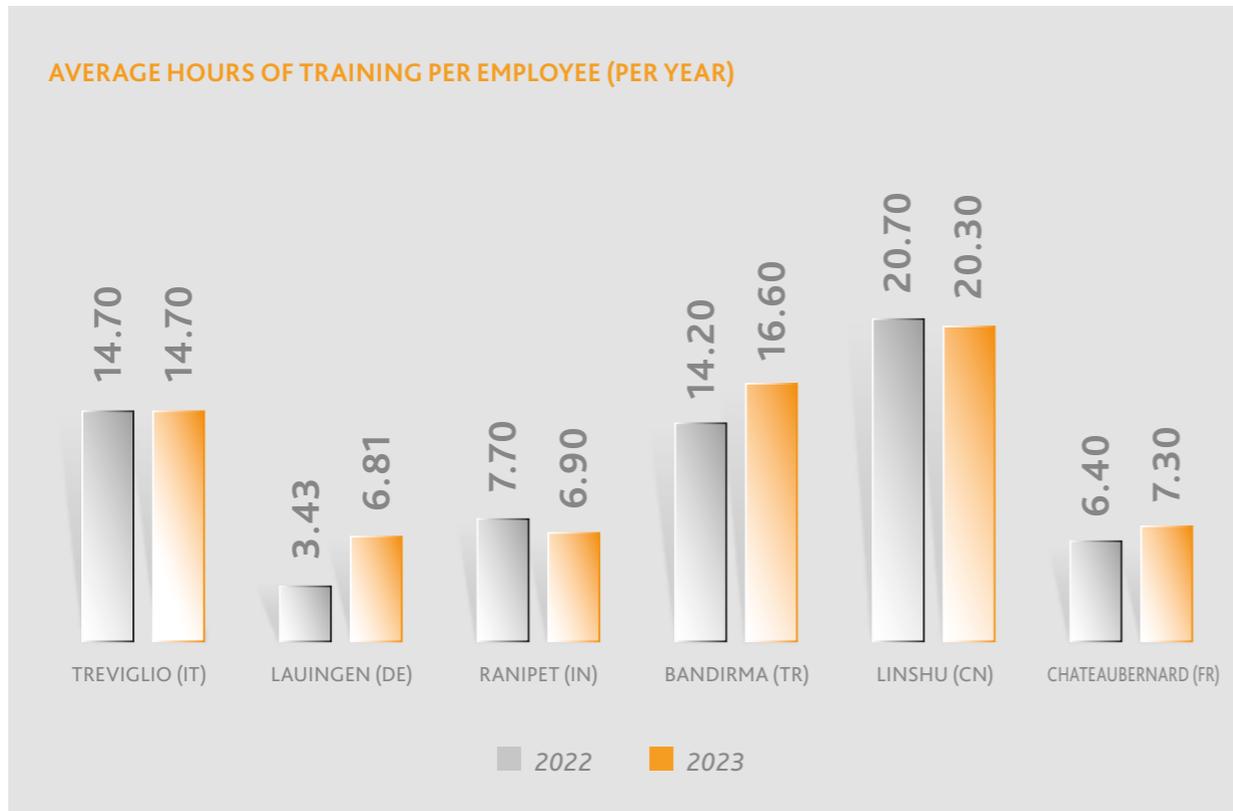
SDF places a high priority on the well-being of its employees, recognising that a positive and supportive working environment is crucial to increasing productivity and nurturing balanced working relationships. For this reason, employee well-being is a strategic milestone for the company.

Another training project was 'Working Together, Working Better', which addressed the issue of gender inequality, with the aim of stimulating reflection on promoting a fairer future by sharing effective strategies for creating a positive working environment. Sustainability training sessions were organised at the Treviglio headquarters for SDF staff. For example, the seminar 'Sustainability: water, a precious commodity' was designed to promote the concept of water as a precious resource that must be preserved, as well as to appeal to responsible daily practices to avoid its misuse. The session offered recommendations for making informed decisions to minimise water wastage and improve its sustainable management. In addition, the seminar 'Sustainability: Energy and Sustainable Mobility' focused on protecting the environment and raising awareness of its importance in daily life. These meetings offered participants the opportunity to understand how to contribute to the fight against climate change by adopting

In support of this vision, SDF has launched a series of initiatives aimed at improving the well-being of its employees.

Parental leave is an important tool offered by all Group companies, demonstrating a deep-rooted commitment to stand by employees at crucial stages of life. In 2023, a total of 145 employees used parental leave, 83% of whom were men. All employees returned to work at the end of their leave, with a 100% return-to-work rate for all countries.

AVERAGE HOURS OF TRAINING PER EMPLOYEE (PER YEAR)



In some regions, such as France, India and China, Group companies further extend their support by offering disability and invalidity insurance, providing an additional layer of protection for those who may experience unexpected health problems.

Retirement planning is also a key component of the Group's comprehensive pension package. Many Group companies provide pension benefits, which can range from full retirement plans to partial provisions. The inclusion of such benefits confirms the Group's investment in the prosperity and long-term security of its employees, emphasising the value placed on financial stability and peace of mind in retirement.

SDF's approach to employee benefits is characterised by a holistic and empathetic view. The company strives to create a work environment that is not only safe and supportive, but also attuned to the diverse needs of its workforce, ensuring that each individual has the resources and support they need to grow both professionally and personally. As of 2023, employees in Treviglio were offered the opportunity to consult a company psychologist. This role was introduced with the idea of supporting, in particular, workers belonging to protected categories, new employees and new parents; however, any employee can use the service on a voluntary basis.

This initiative underlines the company's proactive stance on mental health and its commitment to fostering a supportive work environment that addresses the well-being of all staff.

In 2023, SDF Italy scheduled a series of sessions during the lunch break, focusing on topics such as sustainable well-being and stress management. Local experts led these sessions, offering participants the opportunity to personally engage with them for further discussion or assistance if they wished.

In particular, a meeting dedicated to 'sustainable' wellbeing and stress management was held in March 2023, led by a psychologist and a psychotherapist, with the aim of helping workers ease daily tensions and promote a psycho-physical balance that allows them to live in more peaceful conditions.

Furthermore, at another meeting in June 2023, a gastroenterologist shared his knowledge on the topic of the microbiota and good practices to achieve and maintain balance through proper nutrition and aspiring to a healthy lifestyle.

In addition, SDF Germany launched a bicycle leasing programme for its employees.

For some years now, SDF Italia has been introducing more flexibility for its employees, allowing them to organise their work on the basis of a short week, in order to promote wellbeing in the company, encourage work-life balance, improve the organisation's productivity and positively motivate workers. The average working time is 38 hours per week, with 8.5 hours a day from Monday to Thursday and 4 hours on Fridays. Short week hours can vary from a minimum of 34 hours per week (with 0 hours on Fridays) to a maximum of 42 hours (with 8 hours on Fridays). In 2023, this initiative was extended to more industrial employees.

For all other non-industrial areas, e.g. sales - purchasing - HR - AFC ..., also from 2023, the short week with 39 fixed hours per week, working half days on Fridays, has been implemented.

Employees are also eligible for a performance bonus based on the achievement of targets related to business continuity, the

company's EBITDA ratio and the objectives of each department. Finally, most employees are covered by a collective bargaining agreement and supplementary company agreements, which are administered locally by each plant. In fact, the percentage of employees covered varies from country to country, depending on national laws.



4. HUMAN CAPITAL

4.3 Employee and consumer health and safety [GRI 403-9, GRI 403-10]

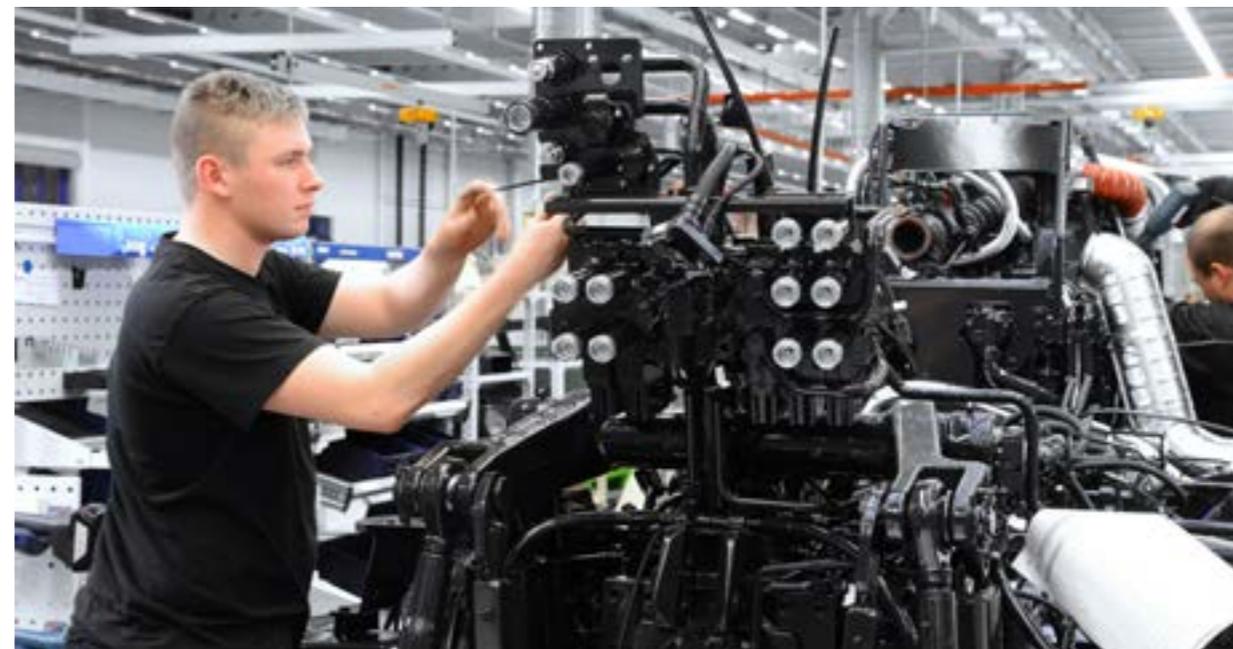
SDF has developed a comprehensive and unified Health, Safety and Environment (HSE) process that is implemented throughout the Group. In line with its ongoing commitment to health and safety, SDF has adopted a Health and Safety System, which for SDF Italia complies with ISO 45001:2018, which contributes to creating safe workplaces by preventing accidents and occupational diseases. For this reason, SDF Italia conducts annual internal audits that examine both safety and environmental aspects in each area of the company. These audits are meticulously carried out by a cross-functional team including HSE officers, the department manager, a maintenance representative, a worker safety representative and the department technologist. A dedicated database manages all compiled health and safety reports including accidents and near misses. These are systematically reviewed and discussed during monthly safety team meetings, which are attended by all relevant personnel, including the workers' safety representatives. The results of these meetings are thoroughly documented and contribute to the analysis of data and monitoring of trends. In addition, a 'dashboard' keeps track of all open and resolved reports, broken down by department and type, and includes accident indices. The aim is to ensure that all reports recorded in the database are resolved. Each meeting is also minuted in the database and, upon resolution, the closure of the report is recorded with all relevant details. In 2023, the analysis of safety alerts led to the implementation of several corrective actions. These included the redevelopment of production area layouts for narrow or inadequate work spaces and the improvement of both Personal Protective Equipment and the handling of loads with new lifting equipment. Further improvements were also made, such as the resurfacing of industrial flooring in some critical areas, the widening of aisles, the installation of lifelines, the revision of signage, and the modification of internal roadways to increase worker safety.

SDF Italia also reports on the number of training hours provided and the main health and safety (HS) topics covered. Since 2021, in addition to compulsory training, '30-minute training breaks' focusing on specific health and safety topics have been implemented in production departments. In 2023, this type of training covered topics such as the use of goggles, ladders, accident management procedures, traffic and signposting, the use of safety shoes and gloves, the role of the supervisor and a commentary on some examples of accidents that occurred.

In general, training ensures that workers are continuously made aware of the correct use of personal protective equipment and the correct working methods. Safety teams also deal with all situations to resolve the technical and organisational causes that led to accidents.

In 2023, employee working hours totalled 6,820,206. In 2023, SDF recorded 67 accidents at work, none of which resulted in accidents with serious consequences, mainly attributable to lack of caution and prudence in the workplace..

EMPLOYEE HEALTH AND SAFETY	2022	2023
Hours worked by employees	6,921,977.9	6,820,206
Total number of recordable occupational accidents	59	67
of which accidents en route (only if transport was organised by the organisation)	0	0
of which occupational accidents with serious consequences (>6 months absence)	1	0
of which victims	0	0
Recordable work accident rate	8.52	9.82
Rate of occupational accidents with serious consequences	1.4	0
Mortality rate	0	0



APPENDIX



APPENDIX

3.1 Energy and greenhouse gas emissions

GRI 302-1 ENERGY CONSUMPTION WITHIN THE ORGANISATION	UoM	2022	2023
Fuels for the car fleet	GJ	2,045	2,602
Fuels for production and heating	GJ	236,439	236,504
Electricity	GJ	88,641	82,276
Of which from renewable sources	GJ	41,760	37,375

GRI 302-3 ENERGY INTENSITY	2022	2023
Energy intensity ratio	0.18	0.16



APPENDIX

3.2 Responsible waste management

GRI 301 - MATERIALS	Italy		Spare parts		Germany		India		Turkey		China		France		TOTAL	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Bodywork	2,840	1,766	270	226	1,831	2,007	332	242	428	635	35,571	27,363	0	0	41,273	32,240
Braking system	1,001	872	24	29	984	623	697	549	101	167	0	0	0	0	2,808	2,239
Wheels and tyres	9,222	8,336	88	67	4,507	5,478	1,471	1,217	3,226	3,788	0	0	0	0	18,515	18,885
Motor	12,036	6,455	811	874	5,450	5,156	4,470	4,008	16,100	17,819	0	0	0	0	38,866	34,312
Oils and glues	2,000	1,719	5	3	1,008	1,033	1,184	1,647	711	720	752.92	891.35	1	0.97	5,662	6,014
Packaging	282	165	0	0	4	3	4	3	59	68	97	121.08	69	73	515	433
Transmission and gearbox	24,227	22,581	719	576	10,763	14,309	16,301	14,683	4,491	7,448	0	0	0	0	56,501	59,597
More	8,932	6,859	201	169	3,725	4,651	2,699	1,961	2,146	4,132	0	0	0	0	17,704	17,773

GRI 303 - WATER AND EFFLUENTS	Treviglio (Italy)		Lauingen (Germany)		Ranipet (India)		Bandirma (Turkey)		Linshu (China)		Chateaubernard (France)	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Water consumption (GRI 303-5) in m³												
Total water consumption	70,426	82,337	1,557	2,508	15,120	14,747	4,055	4,159	71,877	62,858	2,215	13,882

GRI 305-1 DIRECT EMISSIONS (SCOPE 1)	Units of Measurement	2022		2023	
		Car fleet	tCO ₂ e	151.55	191.77
Refrigerant gas refills for cold rooms and air conditioning	tCO ₂ e	668	794		
Fuels for boilers, heating and cogeneration and trigeneration systems	tCO ₂ e	14,859.41	14,622.38		

GRI 305-2 INDIRECT EMISSIONS (SCOPE 2)	Unità di misura	2022		2023	
		Indirect emissions (Scope 2) - Location-based	tCO ₂ e	9,626	8,122
Indirect Emissions (Scope 2) - Market-based	tCO ₂ e	6,379	6,057		

GRI 306 - WASTES AND WASTE	Treviglio (Italy)		Lauingen (Germany)		Ranipet (India)		Bandirma (Turkey)		Linshu (China)		Chateaubernard (France)	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Waste generated (GRI 306-3) in tonnes												
Total hazardous waste sent to landfill	1	6	6	6	0	0	0	0	52	55	7	8
Total non-hazardous waste sent to landfill	0	0	0	0	0	0	0	0	0	0	82	79
Total waste sent to landfill	1	6	6	6	0	0	0	0	52	55	89	87
Total hazardous waste diverted from disposal	639	605	140	2,984	10	7	67	97	0	0	48	51
Total non-hazardous waste diverted from disposal	7,943	7,281	1,204	1,570	1,244	1,159	748	786	1,225	1,272	57	80
Total waste diverted from disposal	8,582	7,886	1,344	4,554	1,254	1,166	815	883	1,225	1,272	105	131
TOTAL WASTE	8,583	7,892	1,350	4,560	1,254	1,166	815	883	1,277	1,327	194	218

APPENDIX

4.1 Employees

GRI 2-7	Treviglio (Italy)		Lauingen (Germany)		Ranipet (India)		Bandirma (Turkey)		Linshu (China)		Chateaubernard (France)	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Employees by type of contract												
Employees with permanent contracts	1,304	1,345	576	570	336	329	308	508	0	1	185	175
Employees with fixed-term contracts	30	16	3	27	34	13	143	83	553	588	8	20
Employees with non-guaranteed hours	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	1,334	1,361	579	597	370	342	451	591	553	589	193	195

Employees by type of contract	Treviglio (Italy)		Lauingen (Germany)		Ranipet (India)		Bandirma (Turkey)		Linshu (China)		Chateaubernard (France)	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Employees with full-time contracts	1,297	1,325	544	564	370	342	451	591	553	589	190	192
Employees with part-time contracts	37	36	35	33	0	0	0	0	0	0	3	3
TOTAL	1,334	1,361	579	597	370	342	451	591	553	589	193	195

GRI 2-8	Treviglio (Italy)		Lauingen (Germany)		Ranipet (India)		Bandirma (Turkey)		Linshu (China)		Chateaubernard (France)	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Non-employees												
Interns	5	1	10	7	0	0	15	18	14	4	13	23
Temporary workers	152	30	185	283	120	147	0	0	0	0	92	153
Cleaning contractors	0	0	0	0	33	33	1	1	4	4	3	3
Canteen service contractors	0	0	6	6	15	13	12	18	8	8	2	2
Security Service Contractors	0	0	8	8	39	35	7	10	12	12	1	1
More	0	0	0	0	0	0	3	3	0	0	0	0
TOTAL	157	31	209	304	207	228	38	50	38	28	111	182

GRI 405 - DIVERSITY AND EQUAL OPPORTUNITIES	Treviglio (Italy)		Lauingen (Germany)		Ranipet (India)		Bandirma (Turkey)		Linshu (China)		Chateaubernard (France)	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Employees by age group (GRI 405-1)												
< 30 years	172	185	106	121	64	40	271	336	66	61	30	36
Between 30 and 50 years	809	808	291	311	262	260	161	234	384	419	102	101
> 50 years	353	368	182	165	44	42	19	21	103	109	61	58
TOTAL	1,334	1,361	579	597	370	342	451	591	553	589	193	195

APPENDIX

4.2 Well-being and personal development

GRI 401 - EMPLOYMENT	Treviglio (Italy)	Lauingen (Germany)	Ranipet (India)	Bandirma (Turkey)	Linshu (China)	Chateaubernard (France)
Parental leave (GRI 401-3) in 2023	2023	2023	2023	2023	2023	2023
Number of employees who took parental leave in 2023	50	28	1	41	17	8
Of which women	5	11	1	0	6	1
Of which men	45	17	0	41	11	7
Number of employees returning to work in 2023 after the end of parental leave	50	28	1	41	17	8
Number of employees to return to work after parental leave	50	28	1	41	17	8
Rate of return to work	100%	100%	100%	100%	100%	100%
For women	100%	100%	100%	\	100%	100%
For men	100%	100%	\	100%	100%	100%



APPENDIX

4.3 Health and safety of employees and consumers

GRI 403 - HEALTH AND SAFETY IN THE WORKPLACE	Treviglio (Italy)		Lauingen (Germany)		Ranipet (India)		Bandirma (Turkey)		Linshu (China)		Chateaubernard (France)	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Accidents at work (GRI 403-9)												
Hours worked by employees	2,378,591	2,125,510	915,854	1,198,917	904,257	634,419	825,596	1,110,088	1,590,569	1,441,635	306,811	309,637
Total number of recordable occupational accidents, including fatal accidents	21	17	5	10	1	0	27	30	0	2	5	8
of which accidents en route (only if transport was organised by the organisation)	0	0	0	0	0	0	0	0	0	0	0	0
of which occupational accidents with serious consequences (absence >6 months), excluding deaths	1	0	0	0	0	0	0	0	0	0	0	0
of which victims	0	0	0	0	0	0	0	0	0	0	0	0
Recordable work accident rate	8.83	7.99	5.46	8.34	1.11	0	32.70	27.02	0	1.39	16.30	25.84
Rate of occupational accidents with serious consequences	0.427	0	0	0	0	0	0	0	0	0	0	0
Mortality rate	0	0	0	0	0	0	0	0	0	0	0	0

METHODOLOGICAL NOTE



METHODOLOGICAL NOTE

Non-financial performance [GRI 2-2, GRI 2-3]

The SDF Sustainability Report includes a description of the initiatives and activities carried out from 1 January to 31 December 2023, as well as the related key performance indicators of the Group presented for the period 2022-2023, where available. The activities of data collection and publication of the report take place periodically.

The Report was prepared in accordance with the GRI Sustainability Reporting Standards 2021 defined by the Global Reporting Initiative, using the "with reference" option. The content of the document reflects the results of the materiality analysis, as described in detail in the section 'Material Sustainability Issues'.

This Report takes into account the main environmental, social and economic aspects that characterise SDF. The reporting boundary is SDF, based in Treviglio (BG), Viale F. Cassani, 14, 24047.

The perimeter of the report includes the production facilities of Same Deutz-Fahr Italia S.p.A. (Italy), Grégoire SaS (France), Same Deutz-Fahr Deutschland GmbH (Germany), SDF Traktor Sanayi Ve Ticaret (Turkey), Same Deutz-Fahr India (P) Ltd (India), Deutz-Fahr Machinery (China).

This document contains information on both the Annual Financial Report and the Sustainability Report.

As at the date of publication of this Annual Report, no significant events have occurred, except as already mentioned in the text.

This document has not been audited by independent third parties.

The topics described in the GRI Content Index and covered in the SDF Sustainability Report are based on the results of the materiality analysis carried out by the company, through which the actual and potential impacts generated on the economy, the environment and people were identified, considering possible human rights violations in terms of negative impacts and assessing the contribution to sustainable development in terms of positive impacts.

The material issues obtained from the materiality analysis and the related reporting boundary are depicted below:

MATERIAL THEMES FOR SDF	GRI Material Themes
Greenhouse gas emissions	GRI 302: Energy
	GRI 305: Emissions
Waste Management	GRI 306: Waste
Biodiversity	GRI 304: Biodiversity
Water consumption	GRI 303: Water and wastewater
Circularity	GRI 301: Materials
	GRI 401: Employment
	GRI 404: Training and development
Human Rights	GRI 405: Diversity and Equal Opportunities
	GRI 406: Non-discrimination
Employee health and safety	GRI 403: Occupational Health and Safety
Consumer health and safety	GRI 416: Consumer health and safety
Economic Impacts	GRI 201: Economic performance
	GRI 204: Procurement practices
Quality and product innovation	NOT GRI
Responsible supply chain	GRI 308: Environmental assessment of suppliers
	GRI 414: Social evaluation of suppliers

REPORTING PRINCIPLES

In line with the requirements of the GRI Standards 2021, the general principles adopted by SDF in this Sustainability Report include:

- Accuracy: information is reported correctly and in sufficient detail to enable the assessment of the organisation's impacts.
- Balance: positive and negative impacts are presented objectively and fairly.
- Clarity: information is presented in a comprehensible and accessible manner.
- Comparability: information is selected and reported in a consistent manner to allow analysis of changes in the organisation's impacts over time and to compare them with those of other organisations.
- Completeness: the information reported is sufficient to enable the assessment of the organisation's impacts during the reporting period.
- Context of sustainability: information on the organisation's impacts is reported in the overall context of sustainable development.
- Timeliness: the Sustainability Report is prepared on a regular basis, so that information is available in time for users to make decisions.
- Verifiability: data must be collected, recorded, compiled and analysed so that the quality of the information reported can be assessed.

REPORTING PROCESS AND CALCULATION METHODOLOGIES

The qualitative and quantitative social, environmental and economic/financial information contained in the Sustainability Report was collected through interviews with the heads of various company functions and through the sending of special data collection forms. Below are the main methodologies and calculation assumptions for the performance indicators reported, in addition to those already indicated in the Report:

- For the calculation of the materials used, the quantity used was classified into clusters that make up the final product. Where precise data could not be obtained, estimates were made on the basis of the proportion of size and weight in relation to similar products.
- Regarding the health and safety of employees, ,
 - The recordable work accident rate is calculated as the ratio of the total number of recordable work accidents (including any fatal accidents) to the total number of hours worked in the same period.
 - The rate of accidents at work with serious consequences is calculated as the ratio between the total number of accidents at work with serious consequences (including any fatal accidents), which resulted in an absence from work of more than 180 days, and the total number of hours worked during the same period.
- Employee figures are represented as the number of employees on 31 December of the reference periods and not as FTE (Full-Time Equivalent) figures.
 - The incoming turnover rate was calculated by considering the number of hires in relation to the total number of employees.
 - The exit turnover rate, expressed as a percentage, corresponds to the number of terminations in relation to the total number of employees

Scope 1 emissions were calculated as follows:

GREENHOUSE GAS EMISSIONS - SCOPE 1

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GLOBAL WARMING POTENTIAL (GWP)
Car fleet	Fuel consumption (petrol and diesel)	UK Department for Environment, Food and Rural Affairs (DEFRA), Conversion Factors - full series 2022, 2023	The CO ₂ equivalent was considered.
Fuels for painting, heating	Fuel consumption (natural gas, fuel oil, CNG and LPG)	UK Department for Environment, Food and Rural Affairs (DEFRA), Conversion Factors - full series 2022, 2023	The CO ₂ equivalent was considered.
Refrigerant gas refills for cold rooms and air conditioning	Losses (kg)	-	Global Warming Potentials (GWP) are taken from the IPCC's Sixth Assessment Report (AR6).

Scope 2 emissions from the consumption of electricity purchased from the national grid are calculated according to two different methodologies: the location-based approach reflects the average emission intensity of the grids where energy consumption occurs; the market-based approach reflects the emissions of the electricity source that companies have explicitly chosen. Avoided emissions Scope 2 - market-based: for self-generated electricity from

renewable sources, the emission factor is from the Ministry of Ecology and Environment of the PRC, while for purchased renewable electricity it is from AIB - European Residual Mixes, 2021 edition (for 2022), 2022 edition (for 2023).

Scope 2 emissions were calculated as follows:

GREENHOUSE GAS EMISSIONS - SCOPE 2

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GLOBAL WARMING POTENTIAL (GWP)
Electricity purchased from the national grid - based on location	Electricity consumption (kWh)	Terna's international comparisons based on Enerdata, 2019 Ministry of Ecology and Environment of the PRC European Environment Agency	Only CO ₂ emissions were considered.
Electricity purchased from the national grid - Market-based	Electricity consumption (kWh)	AIB, European Residual Mixes, 2021, 2022 Terna's international comparisons based on Enerdata, 2019 Ministry of Ecology and Environment of the PRC	The CO ₂ equivalent was considered.

For information and questions regarding this document, please contact: SAME DEUTZ-FAHR ITALIA SpA - Phone 0363 4211 - mail@sdfipec.telecompost.it



GRI TABLE OF CONTENTS



GRI TABLE OF CONTENTS

The material in this Sustainability Progress Report refers to the following GRI disclosures.

DECLARATION OF USE
SDF reporting refers to GRI Standards for the period 1.01.2023 - 31.12.2023
GRI 1 USED
GRI 1: Foundation 2021
APPLICABLE GRI SECTOR STANDARDS
Not available at present.

GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 2: General Information 2021	2-1 Organisational Details	1.2 Governance	
	2-2 Entities included in the organisation's sustainability reporting	Methodological note	
	2-3 Reporting Period, Frequency and Point of Contact	Methodological note	
	2-4 Information Adjustments	-	No adjustments were made in the period under review.
	2-5 External Warranty	-	The report was not subject to external verification.
	2-6 Activities, Value Chain and Other Business Relations	1.4 Material issues of sustainability	There were no significant changes in the organisation's supply chain during the period under review.
	2-7 employees	4.1 People in the company	
	2-8 Non-employees	4.1 People in the company	
	2-22 Sustainable Development Strategy Statement	Message to stakeholders	
	2-26 Mechanisms for Requesting Advice and Reporting Problems	1.2 Governance	
	2-29 Stakeholder Engagement Approach	1.5 Stakeholders	
	2-30 Collective Labour Agreements	4.2 Well-being and professional development	
GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 3: Material issues 2021	3-1 Process for Determining Material Subjects	1.4 Material issues of sustainability	
	3-2 List of material topics	1.4 Topics in the material topics of sustainability	



ECONOMIC IMPACTS

GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 3: Material Themes 2021	3-3 Managing Material Themes		
GRI 201: Economic performance 2016	201 -1 -1 Direct economic value generated and distributed	1.6 Economic value generated and distributed	
GRI 204: Procurement Practices 2016	204-1 Percentage of expenditure on local suppliers	1.8 Supporting local communities and suppliers	

CIRCULARITY

GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 3: Material Themes 2021	3-3 Managing Material Themes		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	3.2 Responsible waste management	
	301-2 Recycled input materials	3.2 Responsible waste management	

GREENHOUSE GAS EMISSIONS

GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 3: Material Themes 2021	3-3 Managing Material Themes		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	3.1 Energy and greenhouse gas emissions	
	302-3 Energy intensity	3.1 Energy and greenhouse gas emissions	
GRI 305: Emissions 2016	305-1 Direct greenhouse gas emissions (Scope 1)	3.1 Energy and greenhouse gas emissions	
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	3.1 Energy and greenhouse gas emissions	

WATER CONSUMPTION

GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 3: Material Themes 2021	3-3 Managing Material Themes		
GRI 303: Water and Wastewater 2018	303-5 Water consumption	3.2 Responsible waste management	

BIODIVERSITY

GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 3: Material Themes 2021	3-3 Managing Material Themes		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased or managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	3.1 Energy and greenhouse gas emissions	
	304-2 Significant impacts of activities, products and services on biodiversity	3.1 Energy and greenhouse gas emissions	

WASTE MANAGEMENT

GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 3: Material Themes 2021	3-3 Managing Material Themes		
GRI 306: Waste 2020	306-1 Waste generation and significant impacts associated with waste	3.2 Responsible waste management	
	306-2 Management of significant impacts associated with waste	3.2 Responsible waste management	
	306-3 Waste generated	3.2 Responsible waste management	

RESPONSIBLE SUPPLY CHAIN

GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 3: Material Themes 2021	3-3 Managing Material Themes		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers selected on the basis of environmental criteria	1.8 Supporting local communities and suppliers	
GRI 414: Social evaluation of suppliers 2016	414-1 New suppliers selected on the basis of social criteria	1.8 Supporting local communities and suppliers	



HUMAN RIGHTS

GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 3: Material Themes 2021	3-3 Managing Material Themes		
GRI 401: Employment 2016	401-1 New recruitments and employee turnover	4.1 People in the company	
	401-2 Benefits provided for full-time employees that are not provided for fixed-term or part-time employees	4.2 Well-being and professional development	
	401-3 Parental Leave	4.2 Well-being and professional development	
GRI 404: Training and Development 2016	404-1 Average hours of training per year per employee	4.2 Well-being and professional development	
GRI 405: Diversity and Equal Opportunities 2016	405-1 Diversity of corporate bodies and employees	4.1 People in the company	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective action taken	-	No incidents of discrimination occurred in 2023

EMPLOYEE HEALTH AND SAFETY

GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 3: Material Themes 2021	3-3 Managing Material Themes		
GRI 403: Employee Health and Safety 2018	403-9 Accidents at work	4.3 Health and safety of employees and consumers	
	403-10 Occupational Diseases	4.3 Health and safety of employees and consumers	

CONSUMER HEALTH AND SAFETY

GRI STANDARDS	INFORMATION	RELATED PARAGRAPH	NOTE
GRI 3: Material Themes 2021	3-3 Managing Material Themes		
GRI 416: Consumer Health and Safety 2016	416-2 Incidents of non-conformity relating to health and safety impacts of products and services	-	No incidents of non-compliance relating to health and safety impacts of products and services were recorded during the reporting period

