

SIMONELLI | GROUP



2022
INTEGRATED
REPORT

SIMONELLI | GROUP

2022 INTEGRATED REPORT

Year 4

LETTER TO STAKEHOLDERS

It is my pleasure to present the Simonelli Group Sustainability Report for the fourth consecutive year, continuing the path started in 2019 towards transparent reporting of the concrete actions that the company undertakes for sustainable development on economic, social and environmental fronts.

We are witnessing historic geopolitical and cultural **transformations** that are having a significant impact on the lives of people and companies and that are necessarily also affecting the specific coffee sector and the entire supply chain.

Although the coffee market continues to grow in numerical terms, new and urgent challenges are emerging: the crisis of the globalization model as we have known it so far; the concentration of the sector in the hands of multinationals in the face of a majority of companies in the medium-small sector; changes in purchasing behaviour and the emergence of new needs to be understood; the strengthening evidence of the climate crisis and an awareness of the consequences in the short and medium term.

Profound economic and social changes that require a substantial rethinking of the **role of companies** and redesign traditional business models based on objectives that are no longer merely economic and financial, but increasingly “**relational**”.

It is the **relationship** – with the community, with stakeholders, with people inside and outside the company – that has become an essential driver of growth and that defines a new assumption of responsibility by the company as an actor in an interconnected system of cause and effect.

In Simonelli Group we continued to work in 2022 to align our **strategic business model** as much as possible within this rapidly changing context. Despite the difficulties that the war has generated globally, the company has chosen to continue investing in those areas that best reflect its founding values: **innovation, education, sustainability**.

For almost one hundred years we have been a point of reference for the local area in which we operate and where we have chosen to remain, contributing to its growth and responding, as far as we can, to its structural and contingent needs.

We cooperate with schools, universities and institutions to promote, through an exchange of knowledge, the cultural development of young people but also to keep our workers and partners updated. The construction of the **Campus**, completed in 2022, is part of this perspective of sharing and supporting **training**: creating an open physical space in which to host courses, events, conferences, is our way of offering an opportunity for qualified and competitive growth to the entire community.

Working together with all operators in the supply chain, we continue to promote **innovation** that for us translates into scientific and technological research towards increasingly advanced solutions capable of progressively improving the **environmental impact** of products. Over the course of 2022, we decreased electricity consumption by 25% and natural gas consumption by 27%. We started the ISO:14001 and ISO:45001 certification process; We progressively increased the involvement of our partners and suppliers because we believe that commitment to sustainability can only be shared and synergistic.

We continued, also in 2022, to invest 1% of profits in social sustainability projects, **which for us means support for initiatives in social-welfare, sports and culture, inspired by favouring diversity and paving the way for inclusion.**

The **economic results** achieved confirm the correctness of these strategies. The 5% increase in sales compared to the previous year, the opening of two new international branches and the good performance of all financial indices represent, for all of us, a driving force in our conviction to continue on the path of ethical and holistic development.

We want to grow well, and we want to do it together.



Marco Feliziani
CEO — Simonelli Group

Summary

- 2 Note on methodology
- 6 Stakeholder engagement and materiality analysis

1.

14 IDENTITY AND GOVERNANCE

- 16 Simonelli Group
- 18 86 years of history
- 20 Vision, mission and values
- 22 Business ethics and integrity
- 26 Recognition and awards received in 2022

2.

28 BUSINESS MODEL AND VALUE CREATION

- 30 Ownership structure
- 31 Corporate governance
- 36 Market presence
- 40 Business model and Value Creation Process

3.

42 FINANCIAL CAPITAL

- 44 Management performance
- 46 Distribution of generated value

4.

50 INTELLECTUAL CAPITAL

- 52 Innovation and Research
- 53 Innovation processes
- 55 Open Innovation Projects
- 56 Simonelli Group technologies and products
- 58 RICH scientific research
- 60 Innovation of production systems
- 62 Product quality and safety

5.

64 HUMAN CAPITAL

- 66 Workforce
- 67 Staff breakdown
- 73 Training and skills development
- 74 Company welfare and wellbeing
- 75 Health and safety in the workplace

6.

78 NATURAL CAPITAL

- 80 Approach to environmental sustainability
- 84 Consumption
- 91 Greenhouse gas emissions
- 94 Responsible waste management

7.

96 MATERIAL CAPITAL

- 98 Simonelli Group assets

8.

100 RELATIONAL-SOCIAL CAPITAL

- 102 Relationship with stakeholders
- 102 Supplier relations
- 105 Customer relations
- 106 Relations with trade associations
- 106 Relations with the community and the local area
- 111 Relations with the coffee community

APPENDIX

- 115 GRI content index

NOTE ON METHODOLOGY

This document is Simonelli Group's second Integrated Report. It contains information on economic, environmental and social issues in order to gain an understanding of the activities carried out by the Company, its performance, its results and the consequent impact.

The Integrated Report was prepared through the reporting of a selection of the *"GRI Sustainability Reporting Standards"* published by the *Global Reporting Initiative* (GRI) in 2021, as indicated in the GRI Content Index at the end of the document, according to the reporting option *"with reference to the GRI Standards"*.

The general principles applied for the preparation of the Integrated Report are those established by the GRI standards (accuracy, balance between positive and negative aspects, clarity, comparability, completeness, sustainability context, timeliness, verifiability) as well as the selected performance indicators, which represent the

specific sustainability areas analysed and consistent with the Integrated Report and the impacts it produces. These indicators were selected on the basis of an analysis of their relevance, as described in the *"Stakeholder Engagement and Materiality Analysis"* section.

This document fully adopts and adheres to the International Framework of Integrated Reporting, issued in December 2013 by the International Integrated Reporting Council (IIRC), and subsequently updated in January 2021 (www.integratedreporting.org).





The Integrated Report is an information tool aimed primarily at highlighting the economic, financial, social, environmental and intangible capital profiles of an organization, highlighting how and on what basis it creates value in the short, medium and long term for its stakeholders.

The document follows the Company's conceptual and operational path, which originates from Simonelli's values, generates strategic thinking, is expressed in the definition of the business model and ends with the evaluation of impacts.

Following this logical-operational process, the topics reported in the document are developed, with the primary objective of providing a complete and coherent overview of the economic, environmental and social effect of the company's activities, through the management and use of material issues specific to Simonelli Group.

The Report is based on the six capitals described below, which identify the primary value reserves for the company:

FINANCIAL CAPITAL

Liquidity flows generated and absorbed by the organization.

INTELLECTUAL CAPITAL

Intangible assets, processes and internal procedures used for business management, based on knowledge and activities aimed at guaranteeing the quality and safety of the products offered.

HUMAN CAPITAL

The wealth of skills, abilities and knowledge of the people who work in the company, including governance bodies.

NATURAL CAPITAL

All the company's activities that have a positive or negative impact on the natural environment.

MATERIAL CAPITAL

The physical infrastructure where operations are conducted (such as buildings, administrative offices and platforms, equipment and machinery), as well as stocks of manufactured products.

RELATIONAL-SOCIAL CAPITAL

The intangible resources attributable to the wealth of relationships made up of the various groups of external stakeholders (customers, suppliers, institutional bodies), as well as the trust and reputation enjoyed by the company (image, customer satisfaction).



The report refers to Simonelli Group SPA. In order to provide the company's interlocutors with further details and information, any changes to the extent of the report or any omissions are specified in the following paragraphs or in the GRI Content Index in the "notes / omissions" column.

The scope of qualitative and quantitative data and information refers to activities up to 31 December 2022.

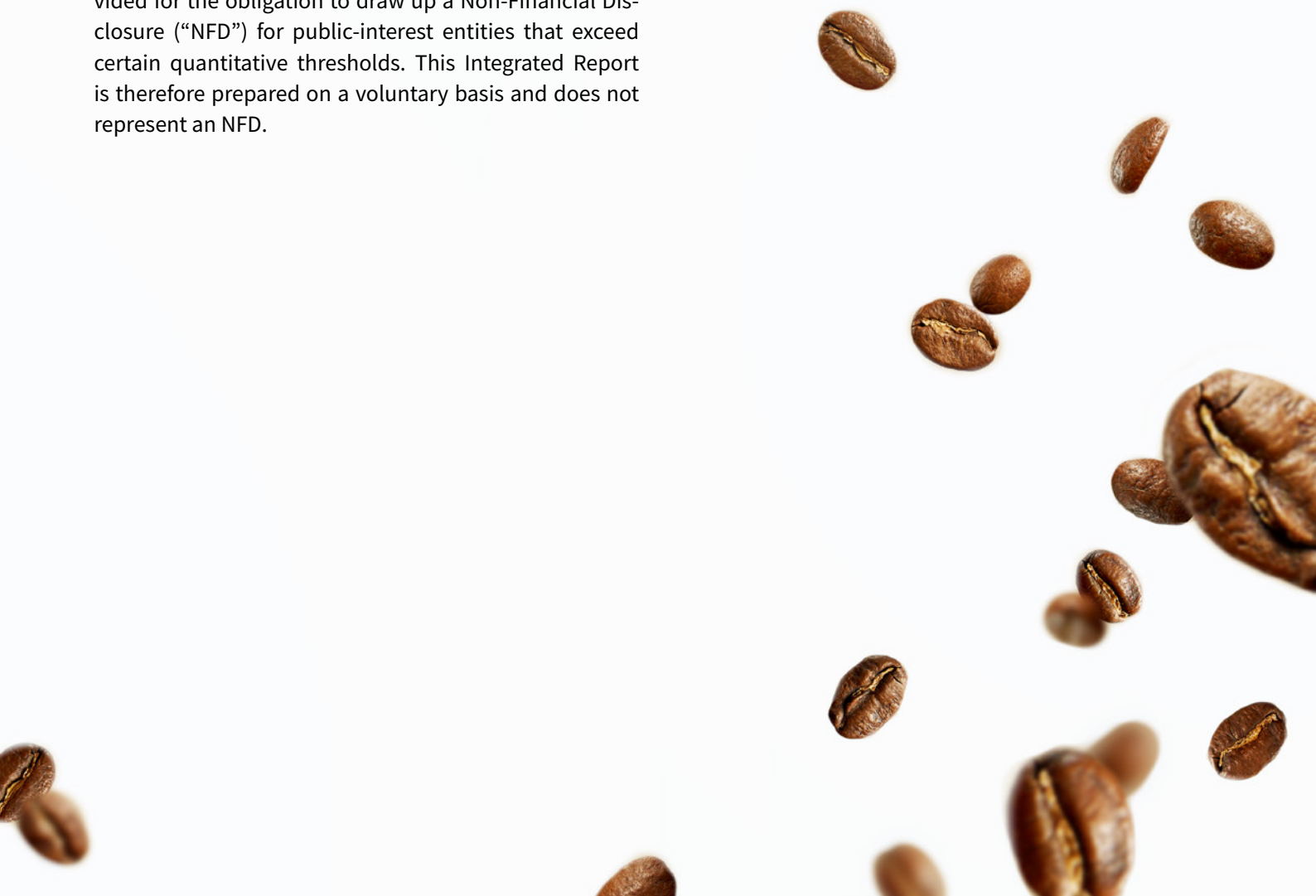
The Integrated Report is prepared annually and, in order to allow the comparison of data over time and the evaluation of the progressive performance of Simonelli Group's activities, the data relating to the previous two years are presented for comparative purposes.

Please note that the company does not fall within the ambit of Legislative Decree n°. 254 of 30 December 2016 which, in implementation of Directive 2014/95 / EU, provided for the obligation to draw up a Non-Financial Disclosure ("NFD") for public-interest entities that exceed certain quantitative thresholds. This Integrated Report is therefore prepared on a voluntary basis and does not represent an NFD.

The document was produced with the guidance of the Sustainability Team and involved the entire organization. It was approved by the Simonelli Group Board of Directors on 15 September 2023 and has not been subject to review by a third party.

The Integrated Report is published on the Simonelli Group institutional website and can be viewed using the following link: www.simonelligroup.com.

For more information, please contact us at the following e-mail address: info@simonelligroup.it



STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

The maintenance of a constant, solid and transparent relationship with stakeholders is a fundamental for the development of business activities and is a measure of the level of accountability that the company assumes towards its economic and social context.

Simonelli Group considers stakeholders to be all those people and groups (institutions, organizations or individuals) that may, more or less directly and to varying degrees, influence or be influenced by the Company's activities. The way in which they are identified is based on three main criteria:

- the level of interest and dependence that they may have for the Company's activities;
- the degree of influence they exert on business decisions and strategies;
- any contractual or legal obligations in the Company's relations with them.

Since the needs and priorities expressed by the different types of stakeholders can be extremely diverse, a full un-

derstanding of them by Simonelli Group is of primary importance in order to:

- manage in advance the emergence of potential critical issues;
- define the actions to be implemented in response to the interests identified;
- identify the most effective communication and engagement channels to interact with the different groups or individuals to involve.

To promptly meet the expectations of its stakeholders, the Organization adopts a proactive approach, by promoting constant dialogue and mutual sharing of needs and requirements. The Company promotes these initiatives, aware that the opportunities for discussion represent an opportunity for growth and enrichment for all those involved.

Through an internal analysis, aimed at identifying the main stakeholders, Simonelli Group has identified different categories of stakeholders.



The commitment to progressively develop a corporate culture focused on creating shared value for stakeholders is evident considering the numerous channels of dialogue adopted by Simonelli Group to interact effectively with its various stakeholders.

The system of approaches, communication and comparison tools put in place by the company enables constant interaction between the parties and monitoring of the issues directly or indirectly related to ESG aspects.

A sustainable organization aims to integrate economic with social objectives (well-being, inclusion, fairness, prosperity and justice) and to protect the environment around us. Simonelli Group has embarked on a path of responsible management of its work, committing itself to incorporating sustainability into its activities and engaging in transparent communications with its stakeholders regarding the company's economic, environmental, social and governance performance.

Main channels of interaction and dialogue with stakeholders

STAKEHOLDERS CATEGORY	MAIN INTERACTION AND DIALOGUE CHANNELS
CUSTOMERS	<ul style="list-style-type: none"> → Internet site → Visits to customer or Simonelli Group premises → Business meetings (live or remote) to share information about the progress of the service → Customer care service → Market research and focus groups → Participation in fairs and events organized by third parties → Organization of events
CONSUMERS	<ul style="list-style-type: none"> → Internet site → Customer care service
SUPPLIERS	<ul style="list-style-type: none"> → Constant interaction (verbal, email, etc.) → Sharing Periodic Reports → Defining and sharing standards → Focus groups
LENDERS	<ul style="list-style-type: none"> → Constant interaction (verbal, via email, via PEC, etc.) with the organizational structures in charge of financial institutions → Sharing of periodic reports to document the performance of economic-financial operations
SHAREHOLDERS	<ul style="list-style-type: none"> → Communication programmes → Ad hoc meetings → Investment projects → Sharing of periodic reports to document the performance of economic-financial operations and from a purely operational point of view (e.g. transfer trends, annual update of Business Plan, etc.)
EMPLOYEES	<ul style="list-style-type: none"> → Internal communication programs → Constant dialogue with the company trade union representatives (RSU) → Training Paths → Onboarding programs for new hires
SOCIETY (Coffee Community, Environment and Community, School and University)	<ul style="list-style-type: none"> → Ad hoc meetings → Participation in events and conferences → Internet site → Organization and/or sponsorship of public events → Participation in fairs and events organized by third parties → Participation in category and institutional meetings → Innovation and research projects

MATERIALITY ANALYSIS

The first step in non-financial reporting consists of identifying, through so-called “materiality analysis”, the sustainability issues of priority interest to the Organization. As defined by GRI 3, these issues are defined as “material” as they are associated with the most significant impacts (positive or negative, actual or potential, short or long term) that the company’s activities are (or could be) able to generate on the economy, the environment and people, including the impacts on their human rights.¹

In order to identify the main impacts that the activities carried out by the company generate or could generate in the ESG field, a structured process was launched to provide a detailed reference context inside and outside the Organization.

This activity was divided into the following steps:

- examination of existing internal documentation (e.g., policies, procedures, management systems, etc.);
- analysis of public documents, articles, statistics, observatories and sector studies;
- evaluation of the main international standards and frameworks adopted in sustainability reporting (GRI Standard, SASB, TCFD, etc.), including those soon to be published (e.g., ERSR etc.);
- benchmark analysis of a sample of 12 competitors, peers and comparables.

Regarding the last point, company websites and public documents identified as “best-in-class” or “comparable” in the context of non-financial reporting were examined. This analysis considered elements such as:

- the presence of non-financial documentation/reporting;
- the type of documentation published (e.g., Sustainability Report, Non-Financial Disclosure, Integrated Report, Social Report, etc.);
- the reporting standards used and their application levels;
- the presence of a materiality matrix or a list of material issues;
- the type of material issues identified for these companies.

Following this internal and external analysis process, 18 relevant issues were identified for 4 different macro-areas:

- Governance and economic responsibility,
- Product and service responsibility,
- Social responsibility,
- Environmental responsibility.

Subsequently, in order to select the truly material ESG issues and impacts, a special online “materiality questionnaire” containing a list of issues arising from the benchmark analysis was prepared and distributed to a group of 253 selected stakeholders (both internal and external). These stakeholders were asked, category by category, to evaluate the various issues based on the significance of the impacts generated (positive or negative, actual or potential, short or long term) that the corporate activities conducted by Simonelli Group generate or could generate on the economy, the environment and people, including the impacts on their human rights.

To determine the significance of an impact, the following parameters should be considered:

- How probable such an impact could be;
- the magnitude of the impact considering the number of stakeholders that could be affected (if the impact is negative) or benefit (if the impact is positive).

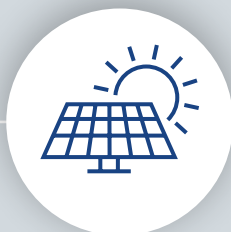
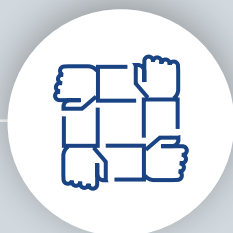
The categories to which the questionnaire was sent were: top management, employees, suppliers and contractors, banks; A total of 103 stakeholders responded to the survey, for a response rate of 41%. This is a positive figure, which denotes an excellent relationship of trust between Simonelli Group and its stakeholders.

¹ This approach, called “impact materiality”, is based on the adoption of an “inside - out” perspective, as it focuses on the impacts that business activities generate on the socio-economic context in which the Organization operates.

SIMONELLI GROUP MATERIAL THEMES



CIRCULAR ECONOMY

RESPONSIBLE ENERGY
MANAGEMENTWORKERS' HEALTH
AND SAFETYWORKING CONDITIONS,
INTERNAL CLIMATE
AND CORPORATE WELFARECOLLABORATIONS AND
PARTNERSHIPS WITH SCHOOLS
AND UNIVERSITIESSUSTAINABILITY
STRATEGYINNOVATION
AND TECHNOLOGYPRODUCT QUALITY,
SAFETY AND REGULATORY
COMPLIANCECUSTOMER SATISFACTION
AND RELATIONSHIP
MANAGEMENT

In line with the requirements of GRI 3 (GRI 2021), the following table describes, for each issue found to be material for the company:

- the **main impacts** generated by corporate activities on the economy, the environment and people, including impacts on their human rights;
- the **main tools** (policies, procedures, management systems, etc.) adopted by Simonelli Group to monitor the issue and prevent or mitigate the negative impacts associated with it;
- the **metrics, KPIs and monitoring processes** adopted to measure the effectiveness of the tools and initiatives implemented.

AREA OF RESPONSIBILITY	MATERIAL THEME	CONNECTED IMPACT (positive or negative)	MANAGEMENT AND MONITORING METHODS	KPIs
ENVIRONMENTAL RESPONSIBILITY	Circular economy	Positive or negative impact on the creation of a circular economy model that contributes to the saving of raw materials and the recycling of waste and products destined for recycling.	ISO 14001 LCA on products	N.A.
		Positive or negative impact on Group customers' ability to benefit from the relative economic advantages generated by the adoption of a circular model that allows the acquisition of refurbished or second-generation products.		
	Responsible energy management	Positive or negative impact on global climate through the implementation of different types of energy management measures.	ISO 14001 Electrical energy from renewable sources Installation of photovoltaic panels	GRI 305
SOCIAL RESPONSIBILITY	Workers' health and safety	Positive or negative impact on the guarantee of personnel safety and health by reducing accident rates within the Group and the levels of work-related stress experienced by company personnel.	DVR Risk Assessment Document ISO 45001	GRI 403
		Positive or negative impact through training and awareness-raising actions on the possibility of exposure to risks related to the work activity of Group employees.		
	Working conditions, internal climate and corporate welfare	Positive or negative affect on the level of psychological and physical wellbeing of employees, with consequent impact on the actual opportunity for each employee to fully realize their potential, through a positive, healthy work environment characterized by a set of programs aimed at improving the work-life balance of employees.	Code of Ethics Welfare Plan	GRI 401 GRI 405

AREA OF RESPONSIBILITY	MATERIAL THEME	CONNECTED IMPACT (positive or negative)	MANAGEMENT AND MONITORING METHODS	KPIs
SOCIAL RESPONSIBILITY	Collaborations and partnerships with schools and universities	Positive or negative influence on the socio-cultural development of the community and local area through the organization of events or training sessions with schools or universities.	Contracts with Universities PhD projects	N.A.
		Positive or negative influence on the creation of a dialogue with the new generations by contributing to their training and education.		
GOVERNANCE AND ECONOMIC RESPONSIBILITY	Sustainability strategy	Positive or negative impact on the promotion of a strategy to define a vision of the future and development focused on sustainability.	Sustainability Plan Sustainability Policy	GRI 2
		Positive or negative impact on future strategic decisions involving different Group functions and units at different management/supervisory levels.		
PRODUCT AND SERVICE LIABILITY	Innovation and technology	Positively or negatively affect the ability to identify new market opportunities and capitalize on them, responding to the real needs of customers.	Collaborations with Universities, Partners and Research Centres Patents	N.A.
		Positively or negatively affect the ability to make prompt and effective transition to low-emission and low-environmental-impact technologies.		
	Product quality, safety and regulatory compliance	Ability to positively or negatively affect the creation of products with high quality and safety performance within company markets and the ability to meet consumer needs.	ISO 9001 LCA Quality Committee	GRI 2-27
		Contribute positively or negatively to meeting and satisfying customer needs in terms of product offer and quality of services.		
	Customer satisfaction and relationship management	Positive or negative contribution to meeting and satisfying customer needs in terms of product offer and quality of services.	Customer Satisfaction CRM Services	N.A.

COMMITMENT TO SUSTAINABLE DEVELOPMENT

The UN 2030 Agenda for Sustainable Development is an action plan for people, planet and prosperity, signed in September 2015 by 193 United Nations countries, including Italy, to share the commitment to guarantee a better present and future for our planet and the people who inhabit it.

The Agenda defines **17 Sustainable Development Goals** (SDGs) to be achieved by 2030, divided into 169 Targets, which represent a guideline for all institutions and companies of all nations in order to put into practice a sustainable model of global evolution.

In 2021 Simonelli Group **formally joined the Global Compact** to testify its commitment to pursuing the 2030 goals, in particular those related to “Health and well-being” (3), “Quality education” (4), “Gender equality” (5), “Clean and accessible energy” (7), “Decent work and economic growth” (8), “Industry, innovation and infrastructure” (9), “Sustainable cities and communities” (11), “Responsible consumption and production” (12), “Climate action” (13), “Partnership for goals” (17).



Consequently, it is possible to identify the different contributions to SDGs, made by the company and, for each of them, the main targets:



3.8

Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.



4.4

By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.



5.5

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.



7.2

Increase substantially the share of renewable energy in the global energy mix by 2030.



8.5

By 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.



9.4

By 2030 upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities.



11.4

Strengthen efforts to protect and safeguard the world's cultural and natural heritage.



12.2

By 2030, achieve the sustainable management and efficient use of natural resources.



13.1

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.



17.17

Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

1.

IDENTITY AND GOVERNANCE



HIGHLIGHTS

MATERIAL ISSUES REPORTED

- Sustainability strategy.

SUPPORTED SDGs

- **SDG 9** Enterprise, innovation and infrastructure.

KEY RESULTS 2022

- Materiality analysis update according to **GRI 3**.

MAIN OBJECTIVES FOR 2023

- Definition of the new Sustainability Plan.



SIMONELLI GROUP

Simonelli Group is a manufacturing company located in Belforte del Chienti in the province of Macerata, dedicated to the design, manufacture and marketing of professional coffee machines and grinders.

Simonelli Group's current profile is the result of a long journey that began in 1936 in the Marche hills, travelled by people who share the same values, passion and commitment to make coffee an increasingly sustainable pleasure.

The company, which in 2022 has 121 employees and a turnover of €105 million, serves the national and international market, proposing a Value Proposition based on innovative products and services, on the growth of knowledge through training and on socio-environmental respect.



Although the Marche region has a strong industrial vocation, it does not have industrial coffee centres. Despite this, Simonelli Group has managed, over time, to develop a solid network with universities, research centres, suppliers and institutions and to create the conditions to develop those innovative processes that distinguish its range of products and services. This network is a distinguishing feature and a strength of the company in the marketplace.

The economy of the Marche region stands out for its strong and broad-reaching industrial vocation, to the extent that it constitutes a sort of national “manufacturing laboratory”.


In fact, of the 141 industrial districts identified by ISTAT in Italy, as many as 19 are in the Marche region, equal to 13.5% of the total.²

The production model is focused on the district economy, whose characteristic feature is the coexistence of considerable industrial agglomerations and a civil settlement structure made up of small and medium-sized towns. The absence of large urban polarizations has made it possible to preserve over time an excellent quality of life (good availability of nearby services, community-type relational systems, high environmental quality) along with notable economic development.


The 19 districts in the region operate mostly in wood and furniture, textiles and clothing, footwear, leather goods, mechanics and the agri-food industry, but not in coffee machines, which sees Simonelli Group as the only player.

² CDP Think Tank from Istat data:
www.cdp.it/resources/cms/documents/L%27economia_marchigiana-le_5_eccellenze_da_cui_ripartire.pdf


86 YEARS OF HISTORY

- 


1936 **SIMONELLI IS FOUNDED**

In a society that was still predominantly rural, a man who was as creative as he was ingenious laid the foundations of a great project. In a small workshop, built under his home in Cessapalombo, a village in the province of Macerata, Orlando Simonelli created the first espresso coffee machine that he designed himself. He called it **1936** and, as any good craftsman, he personally took care of the marketing of the product. The machine was subsequently chosen by Treccani³ to feature among the representative objects of Italian design and culture.
- 


1948 **FROM CESSAPALOMBO TO TOLENTINO**

Defying the difficulties of the post-war period, Orlando Simonelli relaunched his entrepreneurial objectives and decided to move the business to Tolentino where he grew the company by hiring his first co-workers. Years of hard work and further expansion of the market followed, culminating in the opening of a new plant in Tolentino in 1960.
- 


1972 **FROM SIMONELLI TO NUOVA SIMONELLI**

On May 9, 1971, after a long illness, Orlando Simonelli died at his home in Tolentino. The following year, some employees courageously decided to become entrepreneurs themselves by acquiring the business that became a real company and the name was changed: from Simonelli to Nuova Simonelli.
- 


1975 **FIRST STEPS TOWARDS INTERNATIONALIZATION**

In 1975, internationalization began with the first sales in the US market. To carry on the new reconfigured company, it was necessary to agree on wise choices. With an eye on the future and with ambition and awareness, the new partners decided to transfer the business to new headquarters, with adequate space for the construction of a larger plant. So, in 1976 the company moved to Belforte del Chienti.
- 


1993 **FIRST SUBSIDIARY IN THE USA**

In the Eighties and Nineties production expanded, with the development of models that used increasingly advanced technology. The company consolidated its presence on international markets, and this led to the opening in 1993 of its first branch in the USA, the “Nuova Distribution” based in Ferndale, in the State of Washington.
- 

2001 **ACQUISITION OF VICTORIA ARDUINO**

Nuova Simonelli became a multi-brand company and also established itself in the “luxury machines” sector thanks to the acquisition of the prestigious Victoria Arduino brand, a hallmark of Italian quality since 1905.
- 


2003 **FIRST ERGONOMIC MACHINE**

To produce the new Aurelia machine, Simonelli Group made use of studies on coffee machine ergonomics and on the protection of the mental and physical well-being of baristas carried out in collaboration with the Institute of Psychology and Ergonomics of Ancona. The Aurelia was the first machine in the world with an ergonomics certificate. On the occasion of the launch of the new product platforms, the Nuova Simonelli brand was rebranded.
- 


2005 **NEW PRODUCTION CENTRE**

Constant growth made it necessary to further expand production capacity: a new 10,000m2 production centre was opened to offer a comfortable, safe and energy-sustainable working environment.


³ Treccani, 1925-2015, 90 objects: Italian design, excellence and memory in www.treccani.it/90anni/oggetti/1936-Simonelli.html

- 


2008 BECOMES WBC OFFICIAL PARTNER

The Aurelia machine was selected as the official machine of the World Barista Championship for the three-year period 2009-2011. A choice that was then confirmed for the three-year period 2012-2014 with the Aurelia II and in the following two three-year periods with the Victoria Arduino Black Eagle.
- 


2015 OPENING OF SINGAPORE BRANCH

With the aim of strengthening its presence in the growing Asian market, a branch was opened in Singapore with a sales office, a showroom and a training centre, where distributors, customers and technicians could obtain professional training.
- 


2016 ESTABLISHMENT OF SCIENTIFIC COFFEE RESEARCH CENTRE (RICH)

In collaboration with the University of Camerino, the International Hub for Coffee Research and Innovation (which later became the Research and Innovation Coffee Hub) was created, a unique coffee research centre that involved the corporate as well as the university world.
- 


2017 FROM NUOVA SIMONELLI TO SIMONELLI GROUP

The company changed its name to Simonelli Group. This choice was made to best represent the evolution of the company's organization, which is the history of a group of people who have grown over the decades, but who have never lost the creative and ingenious approach of that small laboratory where it all began. In addition, the new 3,000m² business centre was opened which, in addition to offices, showrooms and meeting rooms, is also equipped with an 80-seat auditorium.
- 


2018 NEW BRANCH OPENINGS

In order to give greater impetus to sustainability issues, which have become increasingly central to its strategy, the Company started collaborating with the University of Macerata and set up the Sustainability Team, which aims to define strategies and coordinate activities related to sustainability. At an international level, the first Experience Labs were opened in China and Indonesia, through which the company aims to bring the experience of the two brands to the markets through immersive showrooms and a series of events and training sessions. In 2018, a new branch was also opened in France, based in Lyon.
- 


2019 FIRST SUSTAINABILITY REPORT

The first Sustainability Report was published. The new branch in London for the sale and promotion of Victoria Arduino in the United Kingdom was also opened.
- 

2020 NEW LOGISTICS HUB

The new 6,000 m² logistics hub was opened.
- 

2021 LAUNCH OF THE COFFEE KNOWLEDGE HUB (CKH)

In April 2021 the new global coffee learning platform was launched, offering certification and new opportunities for cultural and professional growth.
- 

2022 OPENING OF THE SUBSIDIARY IN GERMANY SG NORTH EUROPE GMBH

With the aim of strengthening its proximity to customers in northern Europe, Simonelli Group opened a 100% controlled subsidiary in Minden, Germany.

VISION, MISSION AND VALUES

VISION

The company's vision is of a world where innovation comes from creativity and brings wisdom, where growth strengthens ethics, gives value to work and local areas, and respects the environment.

MISSION

Simonelli Group responsibly supports coffee communities to offer an extraordinary experience in the cup. Anytime, anywhere. Simonelli Group products are the last link in the coffee value chain, the one closest to the moment of the final consumer's experience.

The company therefore has the great responsibility of enhancing the value created by farmers, roasters and baristas. Simonelli Group wants to do this responsibly, investing to constantly improve the technical and environmental performance of its products, and also to offer qualified training courses on coffee techniques and culture to the international coffee community.

CORPORATE VALUES



CONTINUOUS AND TRANSVERSAL INNOVATION

We believe in insights that arise from systematic thinking, challenging traditional logic and procedures.



INTEGRATED SUSTAINABILITY

We believe in shared growth, respecting people and the environment. We believe in generating sustainable value over time that involves all of us and our stakeholders.



COFFEE KNOWLEDGE AND CULTURE

We believe in spreading a conscious knowledge of coffee. We encourage customers, partners and co-workers and, more generally, coffee communities to express their full potential.

BUSINESS ETHICS AND INTEGRITY

Simonelli Group, when carrying on its business, acts in full compliance with the law, as well as adhering to principles of loyalty and professional correctness.

The company also promotes a sustainable economy and is committed to respecting human rights, ensuring fair working practices, protecting the environment and advancing research and innovation in its industry.

Ethics and integrity are the basis of Simonelli Group's relations with all the stakeholders with whom it interfaces during its business activities.

The Company has drawn up a **Code of Ethics** that lists and declares the values and rules of conduct to which the company intends to make constant reference in the exercise of its entrepreneurial activity.

The Code is an essential element of the internal control system and allows the company to prevent any irregularities or offences against its internal and external partners.

The text is brought to the attention of everybody who has connections with the company, internal and external, through dedicated communication and through posters in the company offices.

TO VIEW THE CODE OF ETHICS
YOU CAN ACCESS
THE FOLLOWING QR CODE:



THE PRINCIPLES OF CONDUCT CONTAINED IN THE DOCUMENT ARE:

LEGALITY

Simonelli Group reiterates that compliance with the laws and regulations in force in the countries in which the Company operates is an essential condition to be followed by all collaborators in the context of work activities carried out on behalf of or in the interest of the Company.

LIABILITY AND CONFLICT OF INTEREST

Simonelli Group expects its people and partners to behave responsibly and professionally, in full respect of the code of conduct, good faith, ethics, and to act in a spirit of respect and mutual collaboration. The recipients of the document must refrain from performing any act that is in conflict of interest with Simonelli Group and avoid any action or behaviour in conflict of interest with the Company.

HONESTY, FAIRNESS, FAIR COMPETITION AND TRANSPARENCY

The Company requires recipients to operate according to principles of fairness, honest competition and transparency towards colleagues, institutions, suppliers, distributors, customers and all operators on the market.

TRANSPARENCY

Simonelli Group undertakes to provide its stakeholders with clear and transparent information about its economic, financial and management situation, without favouring any interest group or individual person.

INTEGRITY

Collaborators must carry out their activities with the diligence required by the nature of the assignment, with professionalism and reliability. The Company considers respect for ethical principles as the foundation of any action and/or professional relationship. Behaviour that is contrary to current regulations or the Code are not tolerated. The Company deplores all forms of corruption, nepotism and cronyism.

ENVIRONMENT

Simonelli Group is attentive to environmental sustainability and adopts appropriate measures to preserve the environment, reduce harmful emissions, limit energy consumption and, where possible, use renewable energy. It also carries out a prior assessment of the environmental impact of all its activities. The company promotes appropriate actions to raise awareness among its partners by pursuing initiatives aimed at protecting the environment.

SOCIAL RESPONSIBILITY

Simonelli Group takes into account the needs of the community, actively contributing to the economic, social and civil development of the communities in which it works. It is committed to operating through socially and ethically responsible sourcing methods by promoting and safeguarding human rights and the well-being of communities.

EQUAL OPPORTUNITIES, RESPECT FOR DIVERSITY AND NON- DISCRIMINATION (Personnel Management)

Simonelli Group believes that the enhancement and accomplishment of its staff are fundamental for the success of the company. It therefore undertakes to respect the rights of workers of any culture, religion, ethnicity, favouring their multicultural integration in the belief that, by sharing different experiences and visions, it is possible to create a serene corporate climate and enable the full expression of each person's potential.

In particular, Simonelli Group:

- avoids and combats any form of discrimination and/or harassment based on age, sex, sexuality, state of health, ethnicity, nationality, political opinions;
- offers all workers the same opportunities, so that everyone can enjoy fair treatment based on merit;
- manages the selection and recruitment of personnel ensuring compliance with the values of equal opportunities, merit and equality;
- creates a working environment suitable for the human and professional growth of its employees;
- does not employ minors and avoids any kind of labour exploitation;
- ensures the protection of the privacy of personal data;
- undertakes not to enter into any employment agreement with people who are not in possession of a residence permit or who have an invalid residence permit and not to carry out any activity aimed at facilitating the entry of illegal immigrants;
- promotes a culture of health and safety in the workplace.

QUALITY

Simonelli Group pays great attention to the creation of high-performance products that meet the highest quality standards. In this regard, it is committed to constantly improving its processes, products and services, monitoring both the activities carried out internally and those carried out by its suppliers, who are also called upon to guarantee quality standards.

HEALTH AND SAFETY

The company has built its business model around the health and safety of its workers and all external personnel involved in work processes. It promotes the dissemination of a culture of safety that passes through the direct involvement and continuous training of every single member of the organization. Simonelli Group provides detailed information on workplace risks and on the personal protective equipment needed to carry out work activities. It encourages the monitoring of workers' health, with the involvement of the company doctor. Finally, it pursues continuous improvement in line with the specifications contained in Legislative Decree 81/2008.

APPROACH TO SHARING

The company is oriented to promote all means of sharing and development of innovation, training and sustainability, in line with the value system indicated above. Simonelli Group also promotes a positive organizational climate conducive to the expression of individual creativity.

TRANSPARENCY IN BUSINESS MANAGEMENT

Within its organizational structure, the company has provided procedures and processes that allow it to manage any negative impacts arising from its business activities.

Specifically, when it receives a report of a negative impact generated by its work, the company takes action to verify the causes and analyze the consequences that have been produced. If a connection is found between the negative event and the Company's work, Simonelli Group implements specific corrective actions, aimed at eliminating or, at least, containing the negative effects. If this impact is of minor importance and, in particular, if it involves the operation of a single function, the consequent corrective action is assigned to that particular function.

If, on the other hand, the impact is more significant and involves the entire organization, company management intervenes and handles the criticality in question.

There is also a compensation procedure for the victims of negative events.

In order to collect and examine all the reports to understand the causes, the company has set up a special internal **Quality Committee**.

Initially, a communication channel is activated with those who submit the reports, with the aim of identifying the source of the relevant criticality.

Subsequently, all corrective actions to prevent the criticality from recurring are identified.

The Committee also monitors the various reports, using quantitative parameters, with the aim of verifying the percentage of reported critical issues that are resolved.

Simonelli Group involves stakeholders in this process through the collection and analysis of information to help understand the origins of negative events and to verify its possible causes. Stakeholders are also required to submit any proposals for improving the complaint mechanism. The company monitors the effectiveness of complaint mechanisms through KPIs that can provide a summary of company performance in this area.

In addition, through the **Code of Conduct** shared with various collaborators, everyone has the opportunity to report to the members of the Sustainability Team any inconsistencies regarding policies or practices in corporate conduct.

It should be noted that, in 2022, no doubts were raised regarding the proper conduct of company activities.

RECOGNITION AND AWARDS RECEIVED IN 2022

ENTERPRISE CHAMPION - ITALYPOST

In 2022, in a selection made by the ItalyPost Study Centre, Simonelli Group was included among the top 1,000 Italian companies which performed best in the period from 2014 to 2021.

The 800 Champions were selected from from the databases of Aida-Bureau Van Dijk and the Infocamere Business Register, considering companies with a 2018 turnover of between 20 and 120 million euros and with reference to the last six financial statements filed. The analysis was carried out by a team of Corporate Finance expert analysts from Special Affairs Srl, an independent financial advisory company.

The rating was assigned by Modefinance, an independent rating agency.



SUSTAINABILITY AWARD

Simonelli Group has moved up in the ranking, now being one of the 50 most sustainable Italian companies according to the Sustainability Award panel. In 2021 it was included among the top 100 companies.

This initiative, which is promoted by Credit Suisse and the Kon Group agency, enjoys the scientific support of Altis of the Cattolica University in Milan and has Forbes magazine as its media partner.

It is an important recognition reserved for those Italian companies that have distinguished themselves in facing the challenges of the climate emergency, transforming it into an opportunity to express innovation and activate the best energies in the country.



BEST PERFORMANCE AWARD SDA BOCCONI

Simonelli Group, in 2022, won the "Best Performance Award" in the "medium company" category, an award that SDA Bocconi School of Management gives to the best Italian companies that stand out for excellence in creating economic, technological, human, social and environmental value, whilst operating in a sustainable way.

It is aimed at Italian companies with a turnover of between 15 million and 5 billion euros, divided into three categories (Small, Medium, Large), which are evaluated every year by the SDA Bocconi team and its partners on the basis of performance criteria relative to EBITDA, Revenue growth, Capex/Total asset ratio and NFP/EBITDA ratio less than 3.





BUSINESS MODEL AND VALUE CREATION



HIGHLIGHTS

MATERIAL ISSUES REPORTED

- Sustainability strategy.

SUPPORTED SDGs

- **SDG 8** Dignified work and economic growth.

KEY RESULTS 2022

- Start of ISO 14001 and ISO 45001 certification process.

MAIN OBJECTIVES FOR 2023

- ISO 14001 and ISO 45001 certifications.



OWNERSHIP STRUCTURE

Simonelli Group S.p.a. was established in June 2017 on the initiative of Nuova Simonelli S.p.A., through the transfer of the industrial branch of the production of espresso coffee machines and started operations in August of the same year. Subsequently, in April 2018, Nuova Simonelli S.p.A. was incorporated into OMT Belforte S.r.l., which today controls Simonelli Group S.p.A. 100% by means of its ownership of 20,000 ordinary shares equivalent to 20 million euros of share capital. In turn, Simonelli Group S.p.A. participates in other companies:

As highlighted above, the company is not obliged to draw up a consolidated financial statement as it is 100% controlled by another company.

In this regard, it should also be noted that this Report refers to resources, activities, objectives and results relating to Simonelli Group S.p.A. and for the overall economic and financial performance, it refers to the financial statements of Simonelli Group S.p.A. for 2022.

- **NUOVA DISTRIBUTION USA, LLC USA**
(65% stake);
- **SIMONELLI GROUP ASIA PACIFIC PTE Ltd**
Singapore (100% stake);
- **NUOVA DISTRIBUTION FRANCE Sarl France**
(75% stake);
- **VA MACHINERY Ltd United Kingdom**
(55% stake);
- **SG NORTH EUROPE Gmbh Germany**
(100% stake)

CORPORATE GOVERNANCE

Simonelli Group's corporate governance system is based on an organizational model in line with current regulations applicable to the applicable sector.

In particular, the Board of Directors (BoD), as the highest governance body of the company, holds all powers for ordinary and extraordinary administration and has functions of strategic guidance and control of company activities. Through its members, the Board of Directors has the power to convene shareholders' meetings by setting agendas according to the procedures defined by the Articles of Association; the Chairman and the Deputy Chairman legally represent the company when dealing with third parties and in court, with the right to bring legal actions and instances; other directors have additional specific powers of attorney to act.

In addition, the Board of Directors has the function of acknowledging and subsequently managing any critical issues highlighted by the Chief Executive Officer. Specifically, these critical issues are communicated and shared by the department manager, if he deems it necessary, to the people reporting to him.

The Board of Directors is composed of six members who are appointed by the Shareholders' Meeting and remain in office for no more than three consecutive financial years, with the possibility of being re-elected.

The Chairman of the Board of Directors is responsible for the final review and approval of corporate decisions, including those relating to the identification of material issues.

The Board of Directors

NAME	CHARGE	CHARGE TIME
Nando Ottavi	Chairman, Chief Executive Office	Until approval of the 2022 financial statements
Marco Feliziani	Deputy Chairman, Chief Executive Officer	
Fabio Ceccarani	CEO	
Sonia Boldrini	Board member	
Nicola Ottavi	Board member	
Giorgio Ziemacki	Board member	

DIVERSITY IN THE BOARD



5 men

83 %



1 woman

17 %

AGE

33 %

30-50
years

67 %

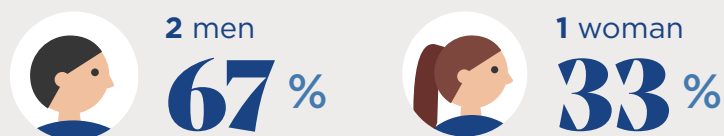
> 50
years

In 2022, the Board of Directors comprised 5 men and 1 woman, of which 2 members are aged between 30 and 50 years (33%) and 4 are over 50 years old (67%).

The Board of Statutory Auditors

NAME	ROLE	DURATION OF ROLE
Francesco Sperandini	Chairman of the Board of Statutory Auditors	Until approval of the 2022 financial statements
Bruno Olivieri	Auditor	
Marina Rocco	Auditor	
Nazareno Minnozzi	Alternate auditor	
Graziano Feliziani	Alternate auditor	

DIVERSITY IN THE BOARD



AGE



In 2022 the Board of Statutory Auditors comprised 2 men and 1 woman, all over the age of 50.

The Board of Statutory Auditors supervises compliance with the law and the Articles of Association, compliance with the principles of correct administration and the suitability of the organizational and administrative structure adopted by the company and its concrete functioning.

In particular, the Board of Statutory Auditors comprises three permanent members and two alternate members, with a term of office of three years and with the possibility of being re-elected.

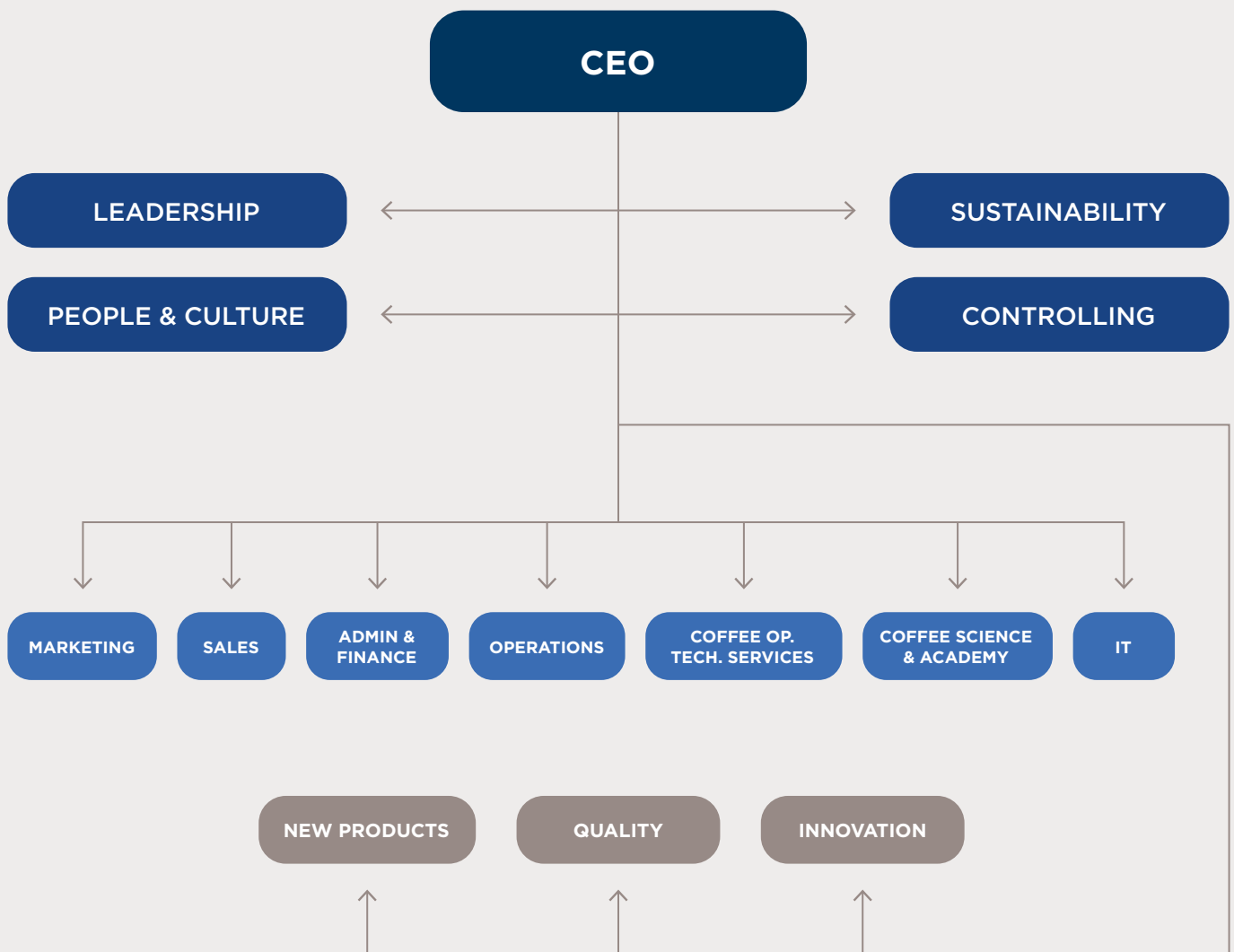
Statutory control of the accounts is exercised by the auditor Dott. Giovanni Marco Borroni.

Simonelli Group's management strategy is divided into specific Departments with managerial and control autonomy and with management and coordination responsibilities aimed at guaranteeing the highest quality

standards through the monitoring of objectives and supervision of the most sensitive areas.

The Departments work closely together to ensure the efficiency of the organization.

Company organization chart



SUSTAINABILITY PROCESSES

Over the years, Simonelli Group's sensitivity to sustainability issues has become increasingly central on a strategic level and it has included sustainability as one of the pillars of its corporate identity. In 2018, the company adopted new governance to achieve its goals, aligned with the United Nations 2030 plan.

In 2019, with the scientific support of Professor Katia Giusepponi of the University of Macerata, it implemented a

sustainability reporting system based on GRI principles that involved the main stakeholders.

In 2021, Simonelli Group highlighted its commitment to sustainability goals by joining the Global Compact.

The company has two specific bodies that serve to support the application of sustainability principles within company operations:

— SUSTAINABILITY TEAM

This represents the main transversal governance body for the implementation of sustainability principles in the company. The team operates in synergy with operations and is responsible for developing and coordinating business strategies and collecting and analyzing the results produced by the organization. The team collaborates with the Sustainability Committee, coordinating the analysis and reporting activities to which the Committee is dedicated.

FABIO CECCARANI	<i>CEO</i>	Strategic direction
MAURIZIO GIULI	<i>Executive for Corporate strategy and business development</i>	Coordination of sustainability strategies
MANUELA FELIZIANI	<i>Social Sustainability</i>	Coordination of social activities
PAOLA BENEDETTI	<i>Sustainability Accounting</i>	Coordination of analysis of period results and planning for the future

— SUSTAINABILITY COMMITTEE

This is a cross-functional body for sustainable strategic development. The Committee is made up of the main function managers, who contribute, within their area of competence, both to the pursuit of the sustainability objectives as defined by the Sustainability Team and to reporting activities.

The members of the Sustainability Committee are also the main contact figures for the analysis of corporate risks and for the materiality analysis presented in the Integrated Report

CLAUDIO CINGOLANI	<i>R&D and Technical Dept.</i>	Contribution to analysis and reporting for R&D and Technical Dept
MARCO FELIZIANI	<i>Vice presidente Sales</i>	Contribution to analysis and reporting for Sales
LAURO FIORETTI	<i>Knowledge and Education</i>	Contribution to analysis and reporting for Coffee Science and Academy
SIMONA GIAMPIERI	<i>Marketing</i>	Contribution to analysis and reporting for Marketing
STEFANO MOGLIANI	<i>C.O.T.S. - Coffee Operations Technical Service</i>	Contribution to analysis and reporting for COTS
MAURO PARRINI	<i>Operations</i>	Contribution to analysis and reporting for Operations
CARLO STORTONI	<i>Human Relations</i>	Contribution to analysis and reporting for Human Relations

DEVELOPMENT STAGES OF SUSTAINABILITY

2003

Study on the ergonomics of the coffee machine for the protection of the barista with the European Institute of Ergonomics and Psychology. Aurelia was the first ergonomic machine.

2009

Study on Ergonomic Machine Disassembling with UNIVPM.

2011

First LCA Product analysis.

2012

Photovoltaic system installation (98 Kw).

2017

New business centre with low impact technical solutions.

2018

Establishment of the Sustainability Team for the coordination and implementation of sustainability activities.
Installation of cooling system with heat pump in the production plant.

2019

Application of thermal insulation systems on all entry-level machines.
First Sustainability Report.

2020

Development of NEO and TERS energy efficiency technology.

Implementation of the Code of Ethics.

Construction of a new logistics centre with 80 Kw photovoltaic system.

ROAD MAP

SUSTAINABILITY FROM 2000 TO TODAY

2025

Energy self-sufficiency target.

2023

ISO 14001 and ISO 45001 certifications obtained.

2022

Allocation of 1% of net profits to social sustainability activities.

Realization of an energy appraisal for the objective of energy self-sufficiency.

Start of ISO 14001 and ISO 45001 certification procedure.

2021

Extension of the photovoltaic system by an additional 90 Kw.

100% electricity supply from renewable sources.

Adhesion to the Global Compact.

Replacement of lighting system with LED technology.

MARKET PRESENCE

Simonelli Group operates in the manufacturing and marketing of espresso coffee machines and related equipment with two brands: “Nuova Simonelli” and “Victoria Arduino”.

With a market share of 10%, the company is a main player in the sector worldwide and exports its products to 130 countries. The share of production destined for the non-European market exceeds three quarters of turnover. Simonelli Group products are distributed to coffee-shop chains, exclusive venues, bars, restaurants and hotels on all continents through a sales network made up of over a thousand people and organizations - including distributors, dealers, importers and specialized retailers – who operate all over the world.

The 2022 financial year was characterized by a series of particularly critical geopolitical and economic-financial challenges. At the end of the pandemic, the conflict in Ukraine had strong repercussions on the markets, especially on the energy and raw materials markets, and triggered an inflationary process that significantly affected consumption dynamics. To mitigate the potential negative effects of this situation of global uncertainty, Simonelli Group adopted organizational, financial and commercial countermeasures: greater proximity to strategic markets, greater flexibility in the supply chain, greater efficiency with the digitalization of most of the primary processes.

These measures, combined with a good level of liquidity and the health of its financial indicators, allowed Simonelli Group to reach the year 2022 without significant difficulties and to attain an EBITDA that is higher than 2021. During the 2022 financial year, the company continued to invest, dedicating 7.3% of turnover to Sales & Marketing, 2% to R&D and 0.5% to Training.

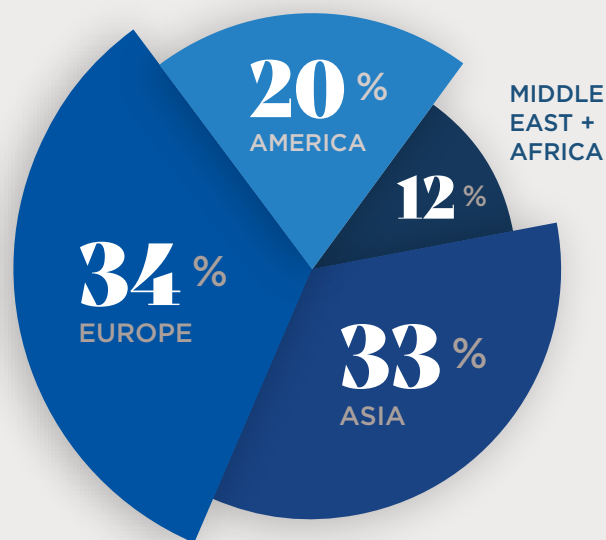
130

COUNTRIES

5

BRANCHES

6

EXPERIENCE
LABS

SALES BY REGION

THE PRINCIPLES OF INNOVATION, SUSTAINABILITY AND DISSEMINATION OF COFFEE CULTURE, INHERENT IN THE COMPANY'S DNA, ARE EXPRESSED BY THE TWO BRANDS OF THE GROUP:

NUOVA SIMONELLI

The brand, on the market for 85 years, represents the functional soul that is embodied in ergonomic machines, effective in terms of performance and efficient in terms of energy saving. They allow everyone to prepare a good coffee, regardless of experience.



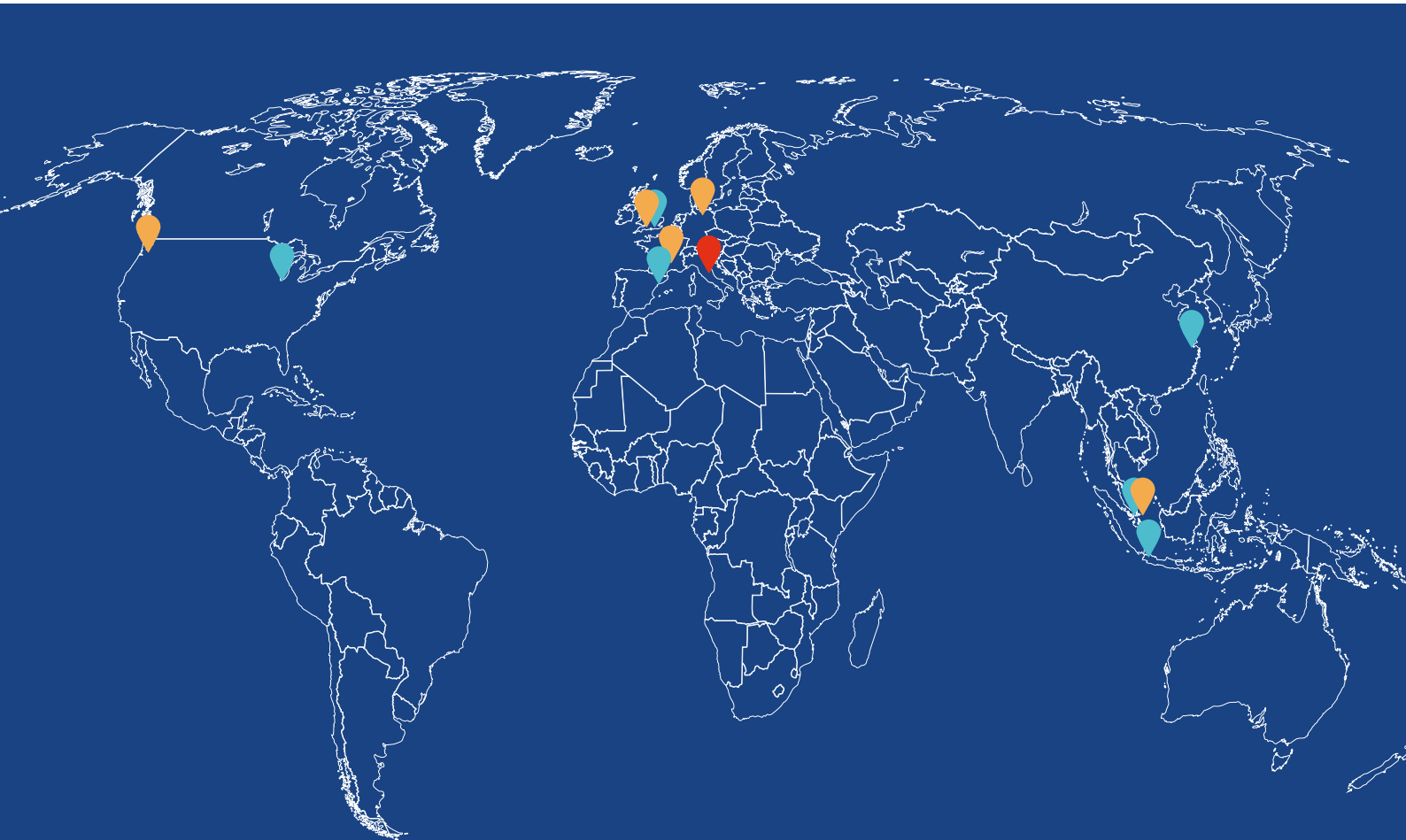
VICTORIA ARDUINO

For 120 years, this brand has represented the sophisticated soul that is embodied in machines with a great historical past, with refined design and advanced technology. They allow each barista to be able to express his professionalism to the maximum.

Victoria Arduino

INSPIRED BY YOUR PASSION.





Over the years, Simonelli Group has created a production and commercial structure that aims to oversee the various markets and identify/implement ad hoc business solutions.

HEADQUARTER

- **SIMONELLI GROUP S.p.a.**
BELFORTE DEL CHIANTI, MC – ITALY
Production plant: **10,000** sqm
Logistics centre: **6,000** sqm
Assembly lines: **6**
Product platforms: **26**
Units produced in 2022: **45,000**

BRANCH OFFICES

- **SIMONELLI GROUP ASIA PACIFIC PTE LTD**
SINGAPORE
- **NUOVA DISTRIBUTION USA, LLC**
FERNDAL (Washington – United States)
- **NUOVA DISTRIBUTION FRANCE**
VIVIERS DU LAC (France)
- **VA MACHINERY LTD**
LONDON (United Kingdom)
- **SG NORTH EUROPE GMBH**
HANNOVER (Germany)

EXPERIENCE LABS

- **JAKARTA – Indonesia**
Powered by PT Toffin Indonesia Jl. Pluit Permai No.4,
RT.1/RW.7, Pluit, Kec. Penjaringan, Kota Jkt Utara,
Daerah Khusus Ibukota Jakarta 1445
- **SHANGHAI – China**
Powered by DKSH Shanghai Ltd Room 502,
No. 13 Building, No. 99 TianZhou road
- **BARCELONA – Spain**
Powered by Vans Iberica Passatge de Casamitjana, 17
- **SINGAPORE**
380 Jalan Besar #06-03-04, ARC 380, Singapore 209000
- **CHICAGO – United States**
1210 W Lake Street, IL 60607
- **LONDON – United Kingdom**
36 Tanner Street London, SE13LD

BUSINESS MODEL AND VALUE CREATION PROCESS

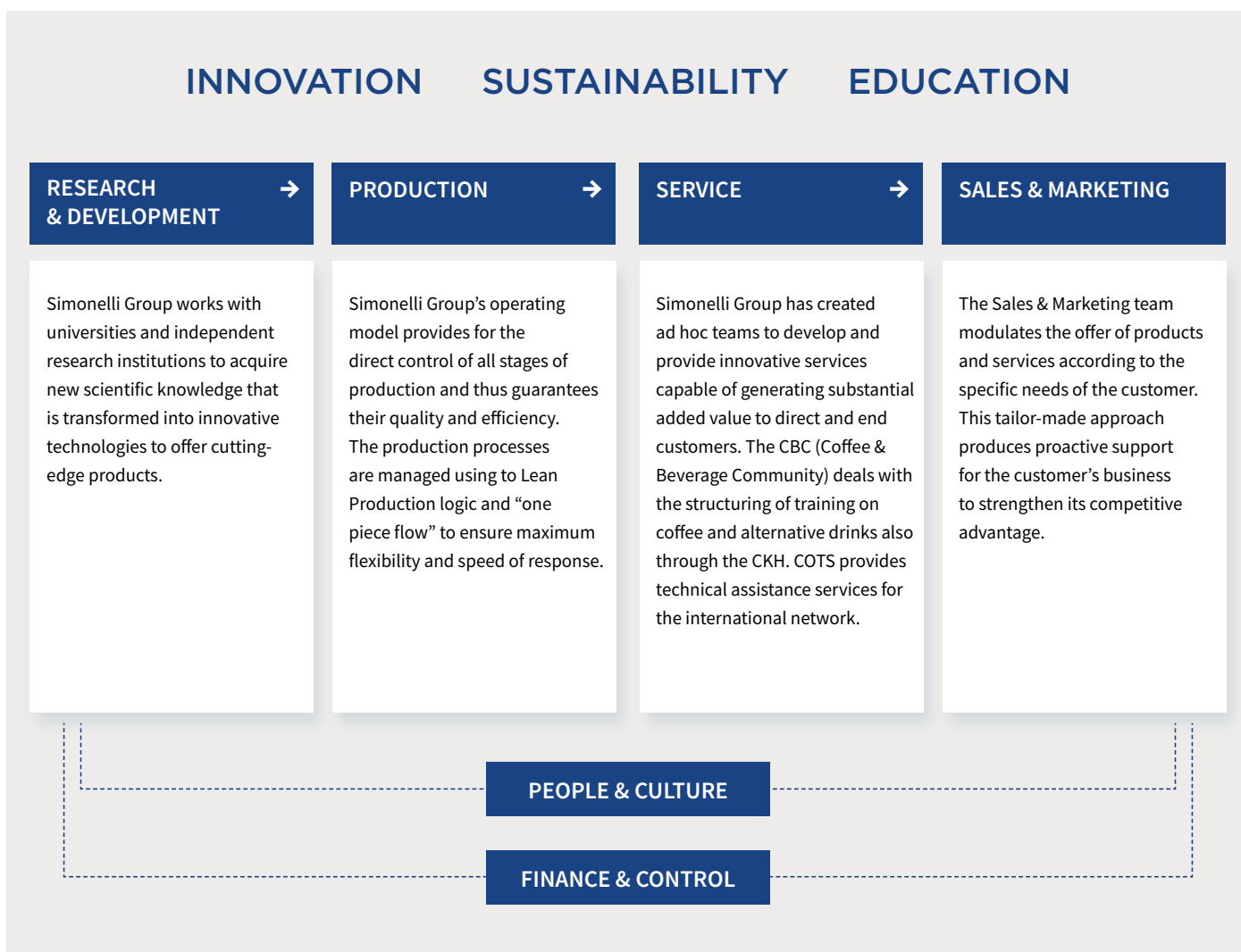
Simonelli Group is developing its business model: from a manufacturer of coffee machines and equipment to a “Solution provider”, capable of providing a complete ecosystem in which products and service platforms are integrated into tailor-made solutions to respond more effectively to the specific needs of customers and put them in a position to improve the customer experience offered. In this sense, the company relies on continuous research, innovation, stakeholder involvement along the entire value chain, digital transformation and production process efficiency.

The process of strategic definition of the business plan and its implementation is accompanied by constant

monitoring of potentially significant risks both for the protection of the business and the reputation of the Company, for the creation of value and for the impact on stakeholders. Solid and transparent Governance integrates the principles of sustainability into business choices, and guides the use of input capital, in line with the Group’s strategy, to produce outputs and outcomes consistent with corporate values and purpose.

Innovation, Sustainability and Education constitute the framework within which the company defines its strategic and operational guidelines and represent the conceptual perimeter of its business model.

BUSINESS MODEL







FINANCIAL CAPITAL



HIGHLIGHTS

MATERIAL ISSUES REPORTED

- Sustainability strategy.

SUPPORTED SDGs

- **SDG 8** Dignified work and economic growth.

KEY RESULTS 2022

- Revenue increase of 2% compared to 2021.
- Improvement in EBIT compared to 2021.

MAIN OBJECTIVES FOR 2023

- Revenue growth of 5%.



OPERATING PERFORMANCE

Pursuing sustainable growth in the long term also from an economic and financial point of view is an essential condition for any business activity. Over the years, Simonelli Group has maintained and consolidated a growth trend that has allowed it to generate the resources necessary to make new investments in technologies, products, services, infrastructures and processes.

The ability to protect the economic-financial balance has allowed the company to be increasingly competitive on the market and to create greater value both for its customers and for other stakeholders, in terms of salaries, interest, taxes and dividends.

Simonelli Group has managed to contain the impact of the increases in raw materials and components that characterized 2022, thanks to a careful procurement and inventory management policy. Attention to process efficiency and a better sales mix, increasingly oriented towards products with greater added value, have made it possible to preserve profitability without the effects of the inflationary spiral to spill over onto list prices.

BALANCE SHEET

From a capital point of view, the level of Invested Capital at 31 December 2022 was confirmed at over €160 million, 75% covered by Own Resources (Shareholders' Equity). There was a further reduction in Consolidated Liabilities deriving from the repayment of loans.

At the same time, the balance in Net Working Capital was observed, with Current Liabilities covering the level of Inventories and Receivables and with a level of Immediate Liquidity of ample security. Consolidated Liabilities decreased further due to the regular amortization of unsecured loans.

Above all, short-term indebtedness decreased, while there was no significant change in the level of stocks and deferred liquidity. The primary and secondary liquidity ratios improved compared to 2021.

Financial statement 2022

	2020		2021		2022	
BREAKDOWN OF ASSETS	€	%	€	%	€	%
Net intangible assets	32,023,666	23.63%	27,073,015	16.28%	21,983,666	13.55%
Net tangible assets	2,028,733	1.50%	1,849,493	1.11%	2,254,743	1.39%
Financial fixed assets and receivables over the year	17,303,475	12.77%	55,066,463	33.11%	65,701,965	40.49%
Consolidated activities	51,355,874	37.90%	83,988,971	50.50%	89,940,374	55.42%
Inventories	13,965,302	10.31%	19,867,578	11.95%	20,251,725	12.48%
Deferred liquidity	18,728,337	13.82%	24,524,895	14.75%	22,263,519	13.72%
Immediate liquidity	51,457,287	37.97%	37,917,318	22.80%	29,825,031	18.38%
Current assets	84,150,926	62.10%	82,309,791	49.50%	72,340,275	44.58%
INVESTED CAPITAL	135,506,800	100.00%	166,298,762	100.00%	162,280,649	100.00%
Equity	100,493,345	74.16%	114,403,242	68.79%	121,495,320	74.87%
Consolidated liabilities	11,363,295	8.39%	6,759,544	4.06%	4,315,017	2.66%
Current liabilities	23,650,160	17.45%	45,135,976	27.14%	36,470,312	22.47%
OWN AND THIRD-PARTY RESOURCES	135,506,800	100.00%	166,298,762	100.00%	162,280,649	100.00%

	2020	2021	2022
NFP Net Financial Position	44,618,165	64,268,854	73,929,656
Liquidity and financial investments	65,160,943	89,383,962	91,892,365
Bank Debt	-20,542,778	-25,115,108	-17,962,709

ACQUISITIONS FOR THE YEAR

During 2022, SIMONELLI GROUP SPA made investments in intangible and tangible assets in the following categories:

FIXED ASSETS	ACQUISITIONS FOR THE YEAR
Intangible assets	438,883
Industrial rights and patents	316,911
Trademarks and similar rights	19,710
Other multiannual expenditure	102,262
Materials	1,037,979
Plant and machinery	80,696
Industrial and commercial equipment	957,283

DISTRIBUTION OF GENERATED VALUE

Income Statement 2022

	2020		2021		2022	
BREAKDOWN OF INCOME	€	% of value of production	€	% of value of production	€	% of value of production
Value of production	69,628,033	100.0%	105,174,681	100.0%	106,041,843	100.00%
Sales revenue	67,542,398	97.0%	103,034,395	98.0%	105,105,243	99.1%
Changes in inventories of work-in-progress, semi-finished and finished products	1,737,180	2.5%	1,617,142	1.5%	531,986	0.5%
Other income and earnings	348,455	0.5%	523,144	0.5%	404,614	0.4%
Intermediate production costs	43,560,815	62.6%	65,285,423	62.1%	66,612,191	62.8%
Consumption of raw materials, supplies, consumables and commodities	32,562,629	46.8%	37,464,974	35.6%	52,175,855	49.2%
Costs for services	8,961,727	12.9%	24,778,690	23.6%	11,518,947	10.9%
Costs for leased assets	1,700,895	2.4%	2,387,491	2.3%	2,556,146	2.4%
Provisions for risks and other provisions	22,613	0.0%	338,935	0.3%	22,717	0.0%
Miscellaneous management charges	312,951	0.4%	315,333	0.3%	338,526	0.3%
Gross value added from ordinary operations	26,067,218	37.4%	39,889,258	37.9%	39,429,652	37.2%
Accessory items	1,023,290	1.5%	2,269,493	2.2%	5,623,945	5.3%
Extraordinary items	861	0.0%	-19,031	0.0%	2,191	0.00%
Gross global value added	27,091,369	38.9%	42,139,720	40.1%	45,055,788	42.5%
Cost of labour	6,238,844	9.0%	7,858,318	7.5%	8,024,197	7.6%
EBITDA (Earnings before interest, taxes, depreciation and amortization)	20,852,525	29.9%	34,281,402	32.6%	37,031,591	34.9%
Depreciation	6,096,390	8.8%	6,160,928	5.9%	6,160,961	5.8%
EBIT (Earnings before interest and taxes)	14,756,135	21.2%	28,120,474	26.7%	30,870,630	29.1%
Interest and other financial charges	266,005	0.4%	297,037	0.3%	860,117	0.8%
EBT (Earnings before taxes)	14,490,130	20.8%	27,823,437	26.5%	30,010,513	28.3%
Taxes	4,494,660	6.5%	5,913,540	5.6%	7,918,435	7.5%
Net Result	9,995,470	14.4%	21,909,897	20.8%	22,092,078	20.8%

Economic value (€)	FY 2020	FY 2021	FY 2022
Revenues	69,279,578	103,034,395	105,105,243
Financial income	1,023,290	2,269,493	5,623,945
Total generated economic value	70,302,868	105,303,888	110,729,188
Operating costs	43,078,257	62,657,187	65,363,376
Compensation to employees	6,238,844	7,858,318	8,024,197
Compensation to lenders	266,005	297,037	860,117
Compensation to investors	8,000,000	15,000,000	15,000,000
Compensation to Public Administration	4,494,660	5,913,540	7,918,435
External donations (community investments)	110,629	168,046	287,307
Total distributed economic value	62,188,395	91,894,128	97,453,432
Depreciation, amortization, and other provisions	6,119,003	6,499,863	6,183,678
Provisions for risk and other provisions	-	-	-
Earnings allocated to reserves (Profit - Distributed dividends)	1,995,470	6,909,897	7,092,078
Retained economic value	8,114,473	13,409,760	13,275,756

The economic value generated and distributed by the company for the benefit of the entire system with which it interacts is a primary indicator of the success and effectiveness of its ESG strategies.

This value is quantified on the basis of the income statement for the reference period, highlighting its distribution to internal and external stakeholders.

Generated Economic Value (€)

120,000,000
100,000,000
80,000,000
60,000,000
40,000,000
20,000,000
0

2020

2021

2022

Distributed economic value

Sustained economic value

In 2022 there was a 5% increase in the Economic Value Generated compared to 2021, fuelled by both the increase in Turnover and Financial Income.

The increase in operating costs was contained to 4% thanks to the careful policy implemented by the company to counteract the inflationary effects and uncertainty

that characterized 2022. Simonelli Group continues to believe and invest in people, as evidenced by the higher personnel costs incurred: about 8 million Euros, +2% compared to 2021.

With regard to the economic value set aside, Simonelli Group continued its careful policy of setting aside resources in 2022.



FISCAL POLICY

Simonelli Group is careful to ensure integrity and fairness in the conduct of its business activities, adopting a transparent approach in the tax field and committing itself to actively responding to any new regulatory compliance. The company operates in full compliance with the relevant tax legislation, as also required by the criteria of

conduct expressed in the Code of Ethics. The continuous comparison with independent professionals guarantees compliance with accounting and tax obligations. In numerical terms, in 2022, Public Administration Remuneration grew by 34%, mainly as a result of the excellent performance recorded by the company in 2021.



INTELLECTUAL CAPITAL



MATERIAL ISSUES REPORTED

- Innovation and technology.
- Product quality, safety and regulatory compliance.

SUPPORTED SDGs

- **SDG 9** Enterprise, innovation and infrastructure.

KEY RESULTS 2022

- Launch of the new products: Eagle Tempo coffee machine, MDXS/MDJ coffee grinder.
- Launch and implementation of new technologies.
- 8 new patents filed.

MAIN OBJECTIVES FOR 2023

- Launch of two new products.
- Development of three new patents.

HIGHLIGHTS



INNOVATION AND RESEARCH

For Simonelli Group, innovation has always been an element of identity and a driving force of its growth path. Since the first steps taken by Cav. Orlando Simonelli, the company has distinguished itself on the market for its technical innovations, some of which have marked the technological evolution of the entire sector.

Over the years, this strong propensity for innovation has increasingly been based on intense research conducted together with universities and scientific centres and has increasingly focused on the circular economy, energy efficiency, connectivity and optimization of user experience.

In terms of eco-sustainability, the company has been collaborating since 2009 with the Marche Università Politecnica to assess the environmental impact of its production and distribution activities and, since 2011, it has carried out LCA (Life Cycle Assessment) analysis of new products. Thanks to these studies, Simonelli Group has managed

to reduce CO₂ emissions in new products by 23% and reduce energy consumption by 36% (with the NEO system) and 5% (with the T3 GENIUS technology implemented in the Black Eagle Maverik machine).

Simonelli Group's research activity has also focused on the digital transformation of its processes and the services offered: in the future of Simonelli Group, machines, baristas, managers, technicians and the company will be interconnected in an ecosystem and will be able to interact to optimize processes, in line with their value proposition.

INNOVATION PROCESSES

The intellectual capital of Simonelli Group is the driver of its innovation, organizational improvement, strategic direction and sustainability processes. On this front, the company has structured a methodology that sees the transversal involvement of multiple functions through dedicated teams that participate in decision-making activities and follow the operational implementation of shared strategies.

— LEADERSHIP TEAM

Strategic processes are defined through the Leadership Team made up of eight company managers who, in addition to having executive roles in the organization, support the management in the construction of medium and long-term company strategies. The team was created on the basis of Lean Thinking principles which, following a bottom-up logic, ensure greater sharing and participation in the definition of corporate strategic plans by the entire organization. The members of the Leadership Team follow a specific training plan aimed at developing their strategic skills.

— INNOVATION TEAM

In the creation of new products and new technologies, Simonelli Group has equipped itself with specialized ad hoc teams.

The Innovation Team is responsible for generating and developing new ideas, in line with company values, to meet demands and latent needs of the market. The team also carries out tests to verify the potential of the project, up to the development of a technology that can be implemented in future products.

In 2022, a new evaluation process was introduced to look at proposed ideas and select those with the greatest potential. The scouting phase of new ideas takes place through the active involvement of customers, chains, suppliers, baristas and technicians, as well as through Open Innovation projects.

— NEW PRODUCT TEAM

The New Products team supervises and coordinates the development of new products starting from the needs of the market and following their development up to commercial launch. The team is made up of the Company Management and the department managers.



At the end of the 50s, for example, Simonelli introduced the first continuous dispensing machine with the electric pump system when the market was dominated by the lever machine. Another example, in the mid-70s, it applied the first electronic microprocessors to equip the machine with new functions.

The focus on innovation has continued until the present, as shown by the latest technologies:

2003 SIS (Soft Infusion System)

To improve the extraction performance of coffee machines.

2009 T3

To optimize the quality of coffee in the cup through precise control of extraction and grinding temperatures.

2011 CLIMA PRO

Technology that revolutionized coffee grinding through temperature stabilization.

2013 GRAVITECH

Gravimetric technology applied to both coffee machines and coffee grinders (2017), to provide absolute precision of extractions.

2015 COOLTOUCH WAND

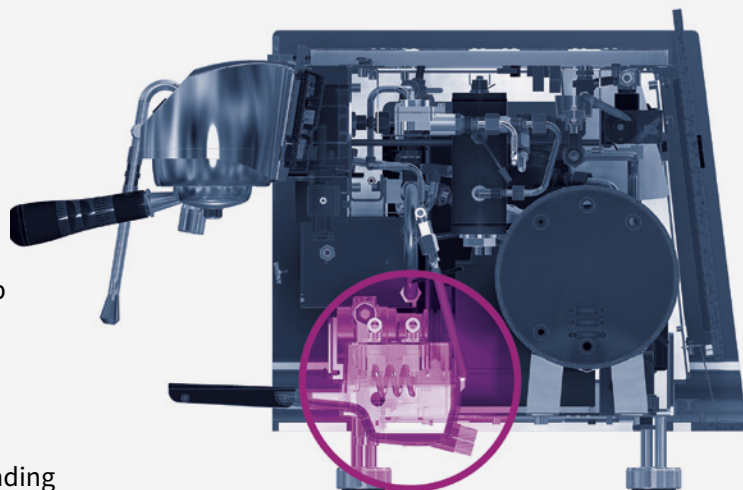
Thermal insulation system of steam wands through a double internal chamber to improve cleaning and avoid burns to the barista.

2017 SMART WATER SYSTEM

System to monitor water quality.

2019 NEO (New Engine Optimization)

Innovative supply water heating system that reduces energy consumption and saves 35% compared to other machines in the same category.



2019 TERS (Thermal Energy Recovery System)

System for recovering thermal energy from waste water, to preheat incoming water.

2021 PURE BREW

Technology that revolutionized coffee extraction systems and infusions.

2021 T3 GENIUS

Water heating technology that reduces energy consumption by 5%.

2022 PORTAFILTER RECOGNITION AND VIS TECHNOLOGY

Both technologies will be covered in depth in the New Technologies of 2022 section.

OPEN INNOVATION PROJECTS

The company is active on Open Innovation platforms where it participates in the development of new technologies together with other organizations. The following are the main projects:

— AIEM. PROJECT FINANCED THROUGH THE FUND FOR SUSTAINABLE GROWTH

The aim of the project that Simonelli Group is engaged in with Sigma SpA is to study and develop advanced artificial intelligence and machine learning algorithms, technologies and systems whereby production and assistance processes are made more efficient. The project also aims to develop a new generation of products with advanced AI and high environmental sustainability: new functions of man-machine and machine-machine interaction are being studied to facilitate the user's task and self-regulation functions aimed at reducing energy consumption and waste.

— SIMPLE

Simonelli Group participated in the partnership project for "Smart Manufacturing Machine with Predictive Lifetime Electronic maintenance (SIMPLE)" aimed at developing an advanced predictive maintenance system in collaboration with four other Marche companies in different sectors (Sigma S.p.a., Clabo S.p.a., Perialisi Maip S.p.a., Schnell S.p.a.) and co-financed by the Ministry of Economic Development and the Marche Region. The project ended in 2022 in line with the established road map.

— MERCURY

This research project, conducted in collaboration with 20 other companies, two universities (UNICAM and Università Politecnica delle Marche) and co-funded by the Marche Region, is aimed at supporting and developing collaborative research technological platforms, in the areas of smart specialization. The project ended in 2022 in line with the established road map.



— MARLIC

MARLIC (Marche Applied Research Laboratory for Innovative Composites), is a circular economy project, which recovers composite materials for disposal to create highly resistant coffee machine components. The project is conducted in collaboration with Delta srl, a company specialized in the production of composite sinks, and co-financed by the Marche region through the POR Marche FESR 2014/2020.

— Osservatori.net POLITECNICO DI MILANO

Simonelli Group participates in a Startup Intelligence Observatory project, linked to Digital Innovation, which aims to bring together companies that have innovation needs and outstanding small businesses to carry out joint projects.

— SMAU PROJECT

Simonelli Group shared its experiences at the SMAU working tables. In 2020, it won the SMAU Innovation Award for a project on sustainable development and reducing environmental impact throughout product life cycles. Participation in the SMAU network, as well as that of the Politecnico di Milano, is part of a strategy of continuous observation and scouting of the world of start-ups, in order to seize innovation opportunities that are applicable to Simonelli Group's processes, products and organization.

SIMONELLI GROUP TECHNOLOGIES AND PRODUCTS

THE NEW TECHNOLOGIES OF 2022

— PORTAFILTER RECOGNITION

The focus of great commitment in 2022, the portafilter recognition system is a technology that allows the coffee grinder and the coffee machine to recognize the portafilter and to automatically adjust the parameters of extraction of the drink.

This technology simplifies the work of the barista, avoids mistakes and optimizes performance. In 2023 it will be further developed with the addition of the automatic grinding adjustment system.

— VIS

The VIS (virtual scale) technology, through an algorithm, calculates the weight of coffee in the cup and guarantees greater precision of the extraction parameters compared to the traditional volumetric system. The project will be completed during 2023.

— ECOSTEAM

In 2022 Simonelli Group started to develop a new steam production and dispensing technology for professional coffee machines capable of radically reducing energy consumption. At the end of the year, the project was 70% complete.

— PREDICTIVE MAINTENANCE

In 2022, the development of predictive maintenance technology continued, aiming to prevent failures by monitoring, through dedicated sensors, the service condition of the main components, enabling service intervention just before any failure.

Installation of the machines equipped with the predictive maintenance kit and collection of the first data to load into the AI (Artificial Intelligence) system, specially developed to monitor the most critical components and ensure the correct operation of the machine and optimal coffee extraction, also continued.

— TECX (TELEMETRY COFFEE EXPERIENCE) CONNECTIVITY

The new connectivity project (TECX) machines to communicate through the exchange of data and information via the cloud. The data intelligence platform will let customers remotely manage their machines, check performance levels, update settings and check maintenance status.

PRODUCTS LAUNCHED IN 2022

MDXS/MDJ COFFEE GRINDER

MDJ and MDXS professional on-demand coffee grinders bring together all Nuova Simonelli's technological and ergonomic know-how for those bars, chains and restaurants that require constant high-quality grinding combined with ease-of-use and maintenance. Both

equipped with a new touch-screen display and a new filter hook, enable the user to work in total comfort as well as speeding up the workflow.

The MDXS "on-demand" has a grinding capacity of 1.5 kg per day; It stands out for its constant dosing, silence and ease-of-use.

MDJ "on-demand" is the ideal professional grinder for high-selling locations with a production capacity of up to 3 kg per day.





EAGLE TEMPO COFFEE MACHINE

Victoria Arduino's exclusive NEO TECH (New Engine Optimization) guarantees high productivity by using up to 29% less energy than the previous multi-boiler model with an instantaneous heating and thermal insulation system that reduces both heat loss and energy consumption. Eagle Tempo is more user friendly than the previous version: the barista sets the temperature on the dis-

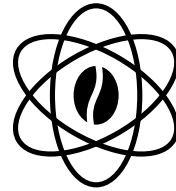
play and the machine maintains the same temperature throughout the dispensing phase.

The TERS (Thermal Energy Recovery System) recovers thermal energy from the outgoing water to heat the incoming water: this saves up to 8% on electricity consumption, with positive repercussions in both economic and environmental terms.



RICH SCIENTIFIC RESEARCH

In 2016, Simonelli Group, with the University of Camerino (Unicam), founded a real scientific research centre to discover the secrets of coffee and its derivatives, the RICH (Research and Innovation Coffee Hub). In this centre, which involves four PhD researchers from different disciplines coordinated by university professors, the following research is being conducted:



RESEARCH & INNOVATION COFFEE HUB



PROJECT

ACTIVITIES

Predictive models
in espresso percolation.

- Implementation of the test problem, discretized using the finite element method.
- More detailed use of RBF methods for the approximation of systems of differential equations with particular regard to edge conditions (which in the case of the espresso percolation model are very delicate to treat).
- Implementation of the new methods studied in the code that discretizes the percolation model.
- More detailed use of RBF-based methods for the approximation of partial differential equations.

A “High Quality” cappuccino:
evaluation of the nutritional quality
of the milk and the consistency of
the foam in cappuccinos produced
in different temperature and steam
conditions.

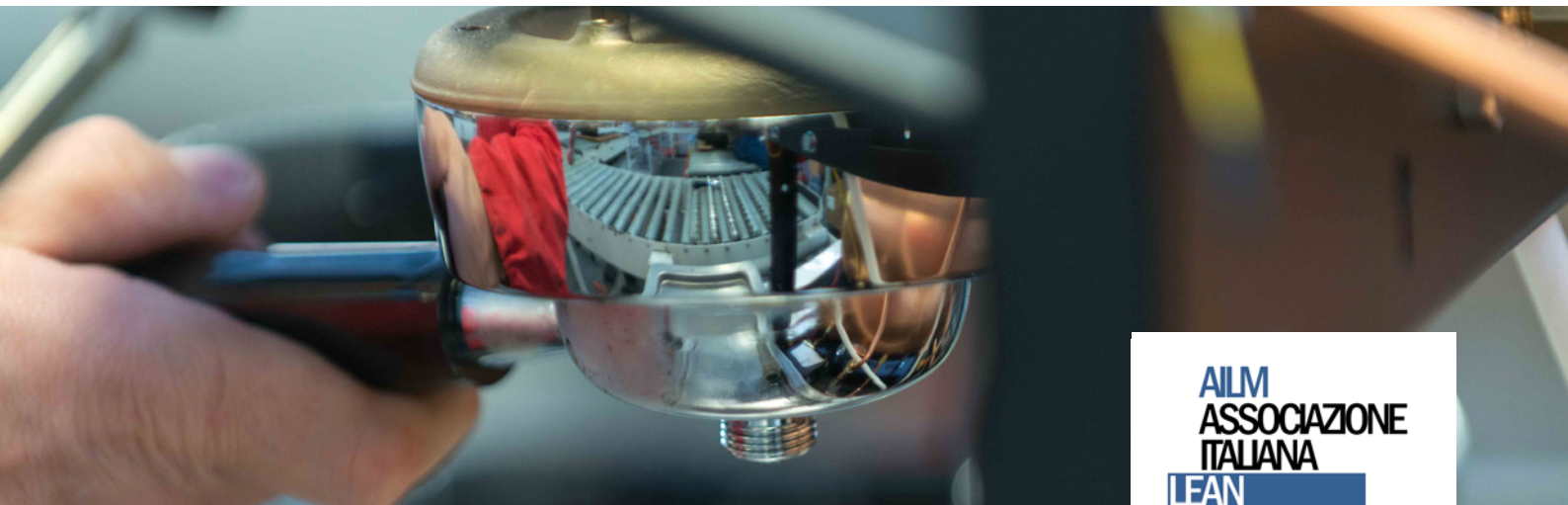
- Evaluation of the digestibility of milk in combination with coffee, in cappuccino, by in vitro digestion tests.
- Analysis of fat-soluble and water-soluble vitamins in high-quality milk samples to evaluate the effect of temperature and injected steam.
- Fluorescence test to evaluate the affinity between the main milk proteins and the compounds present in coffee, studying the tendency to form possible compounds that could influence the digestibility of proteins and increase the bioavailability of molecules bound to them.
- Writing and submission of the associated article: “Effects of different steam injection conditions on cappuccino quality parameters”.

Approximation methods
for espresso percolation.

- Writing and submission of the article for complete validation of the 3D model.
- Study of a new technique of discretization of the one-dimensional percolation model.
- Study and implementation of reverse extraction that, through an artificial intelligence algorithm, from the concentration in the cup produces an optimal set of extraction parameters.

Analytical comparison of filter
coffee extraction systems
(V60, French Press, Aeropress,
Pure Brew)

- Development and application of new extraction methods and analytical methods in HPLC-DAD for the quantification of the main organic and chlorogenic acids. Application to espresso coffee and to different filter coffee extraction methods.
- Application of an analytical method in HS-SPME-GC/MS able to quantify volatile furanic compounds, combined with UHPLC-MS/MS analysis of acrylamide. Application to different methods of filter coffee extraction.
- Publication of scientific article: “A comprehensive comparative study between the newly developed Pure Brew and the traditional method for filter coffee production”.
- Conclusion of the second study entitled: “Variations in coffee extraction methods and their impact on the consistency of results” and writing of the relative scientific article.
- NMR quantitative analysis of terpenes. Application to different methods of filter coffee extraction.



AIM
ASSOCIAZIONE
ITALIANA
LEAN
MANAGERS

INNOVATION OF PRODUCTION SYSTEMS

With its preventive and proactive approach, Simonelli Group is committed to aligning its production processes with best practices, ensuring safety, quality and high performance of its production facilities.

Just as every Simonelli Group product is subjected to

continuous quality and safety controls, the procurement and manufacturing processes are also subject to constant monitoring in order to improve efficiency and ensure compliance with established quality standards.



LEAN PRODUCTION

Simonelli Group applies the principles of Lean Production in order to reduce waste and make the production process more efficient. In particular, it makes use of:

— SUPPLIER PORTAL

a software developed ad hoc for the exchange of technical and administrative documentation between the company and suppliers in order to speed up the exchange of information.

— POKA-YOKE SYSTEM

Set of error-proof procedures that largely prevent human error in order management or production processes.

— KANBAN BOARD

Applied to high-turnover components, the Kanban Board solution provides real-time information on stock, supplier deliveries and other aspects crucial to the production and delivery cycle.

— SCHEDULER (SMED)

The SMED (Single Minute Exchange of Dies) system enables the elimination of non-value-added operations from the production process and focuses only on those of greater importance. Through the support of artificial intelligence, SMED makes production planning more effective.

— RE-LAYOUT INTERNAL PRE-ASSEMBLY AREAS

The new layout of the pre-assembly areas has been designed and applied to minimize material displacement and damage in the **Radio Frequency Identification (RFID)** production areas.

Implemented in 2009 and further enhanced in 2022, this technology was developed in collaboration with a start-up of the University of Camerino that allows the traceability of all assembly phases and components of each individual machine. This system favours greater responsiveness, removal of errors and elimination of paper documentation along the lines.



PRODUCT QUALITY AND SAFETY

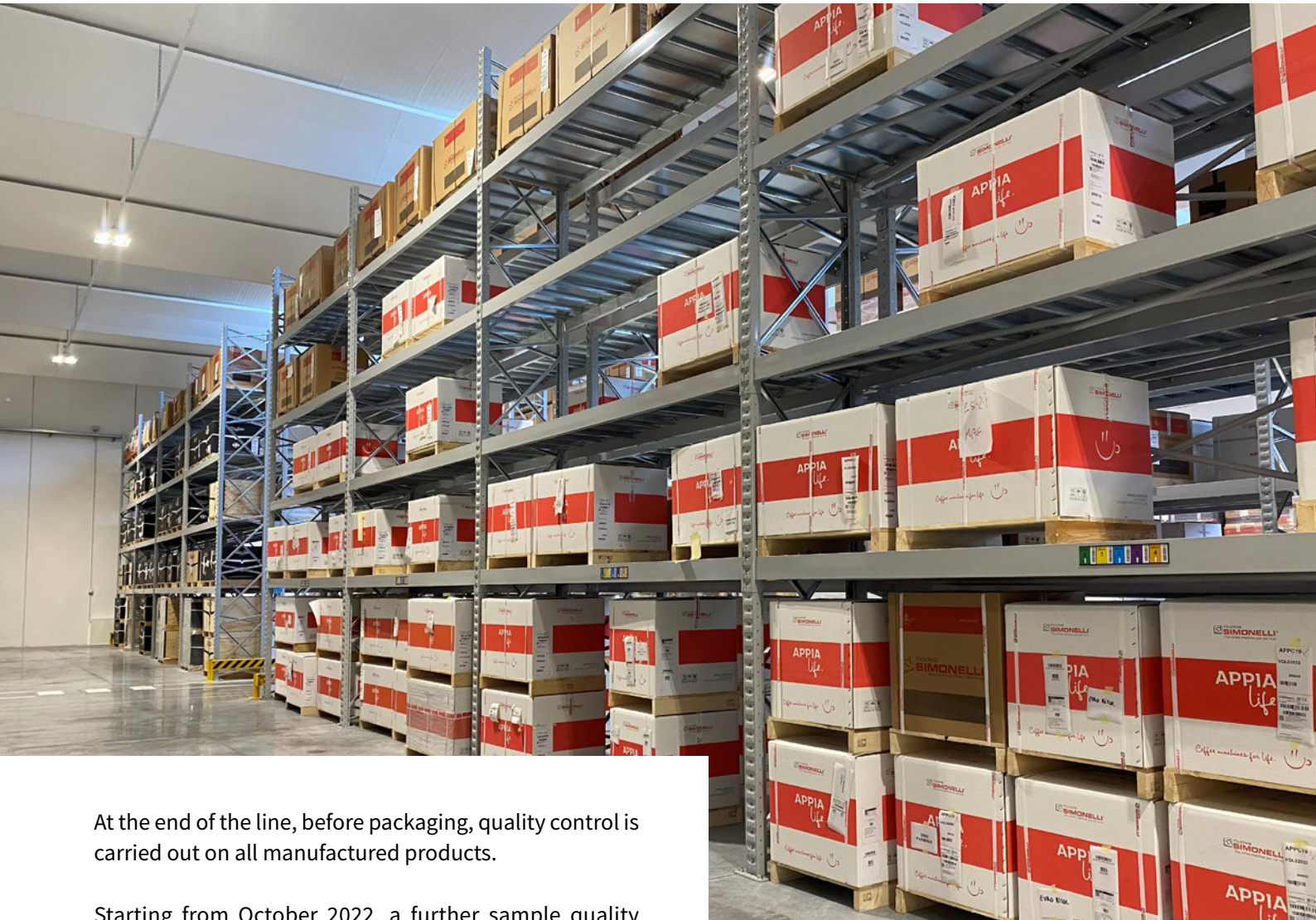
Since 1992, Simonelli Group has implemented a system for collecting suggestions from employees on how to improve the quality of products and processes by completing a reporting form. The project, called “The Quality Path”, was further developed in 2012 to collect reports on the ergonomics of workstations and on the correctness of interpersonal relationships.

The completed forms are analyzed monthly by a cross-functional committee that provides feedback to those who contributed. The best three suggestions are honoured in a ceremony at the end of the year and the contributor of the “golden idea” is included in the Roll of Honour at the entrance to the workshop. In 2022, 127 forms were collected and processed offering proposals on process optimization and quality measures, workplace ergonomics and sustainable development.



The winner in 2022 was Alessandro Gentili: votes were assigned by a technical team on aspects related to originality, feasibility, gravity of the problem, potential and attention. Alessandro's suggestion simply change the position of an electronic control unit of a machine (Maverick), has led to an improvement both from the point of view of maintainability and ease of intervention for technicians, and a lower risk of malfunction caused by electromagnetic disturbances.

The idea has therefore shown that, with a critical spirit of observation, knowledge of and attention to the product and the production process, even simple changes can lead to improvements of great impact on the product.



At the end of the line, before packaging, quality control is carried out on all manufactured products.

Starting from October 2022, a further sample quality control has been introduced on products already packaged and still in stock to verify their perfect functioning and parameterize the output quality through the IMQ (Average Quality Index).

The qualitative verification of the processes is carried out on a daily basis in a morning meeting of line managers and the production manager, in which the KPIs of the processes are monitored, the critical issues that arose the previous day are analyzed and the related corrective actions are outlined.

5.

HUMAN CAPITAL



MATERIAL ISSUES REPORTED

HIGHLIGHTS

- Workers' health and safety.
- Working conditions, internal climate and corporate welfare.

SUPPORTED SDGs

- **SDG 3** Health and well-being.
- **SDG 8** Decent work and economic growth.

KEY RESULTS 2022

- 4% increase in headcount compared to 2021.
- 97% of permanent contracts.
- 98% of full-time contracts.
- In 2022, bonuses were paid in the form of welfare and a one-off bonus, for a total value of € 737,000.

MAIN OBJECTIVES FOR 2023

- Training for all staff on sustainability issues.
- Safety Training.
- Enhancement of the People & Organisation function.
- Definition of a new training plan for staff based on professional plans.

WORKFORCE



Human capital represents, for Simonelli Group, a key factor for business success: the ability to generate value and achieve a competitive advantage depends on the motivation, professionalism and skills of its people.

Human capital management is based on the awareness that attracting and nurturing talent, offering stimulating working conditions, encouraging the motivation of employees and protecting their psychological and physical well-being, stimulates business growth and increased competitiveness.

For this reason, the company maintains stable and continuous relations with the Trade Unions, including those in the company, in order to guarantee dialogue and shared decisions regarding social issues that concern the Company. Simonelli Group firmly believes that people, whatever their role within the organization, represent the most important asset for the success of the company.

For this reason, the Code of Ethics ensures a work environment free of prejudice and discrimination and establishes commitment to the protection of human rights, encourages meritocracy and fights all forms of discrimination.

The Group does not employ child labour, either directly or indirectly, under the age required by law and always carries out, at the time of recruitment, checks on the age of workers. All forms of slavery, forced labour, human trafficking or involuntary labour are repudiated.

The inadequate management of people may be raised in specific reports by Company employees and partners, according to the procedures provided for by law and also through special report sheets. Workers are still allowed to contact their manager or the Human Resources Department directly to share reports or requests.

STAFF

Simonelli Group, at 31.12.2022, had a staff of 121 employees, recording an increase, compared to 2021 and 2020, of 4% and 12% respectively.

For the reporting year, Simonelli Group employees mainly belong to the professional categories of Employees

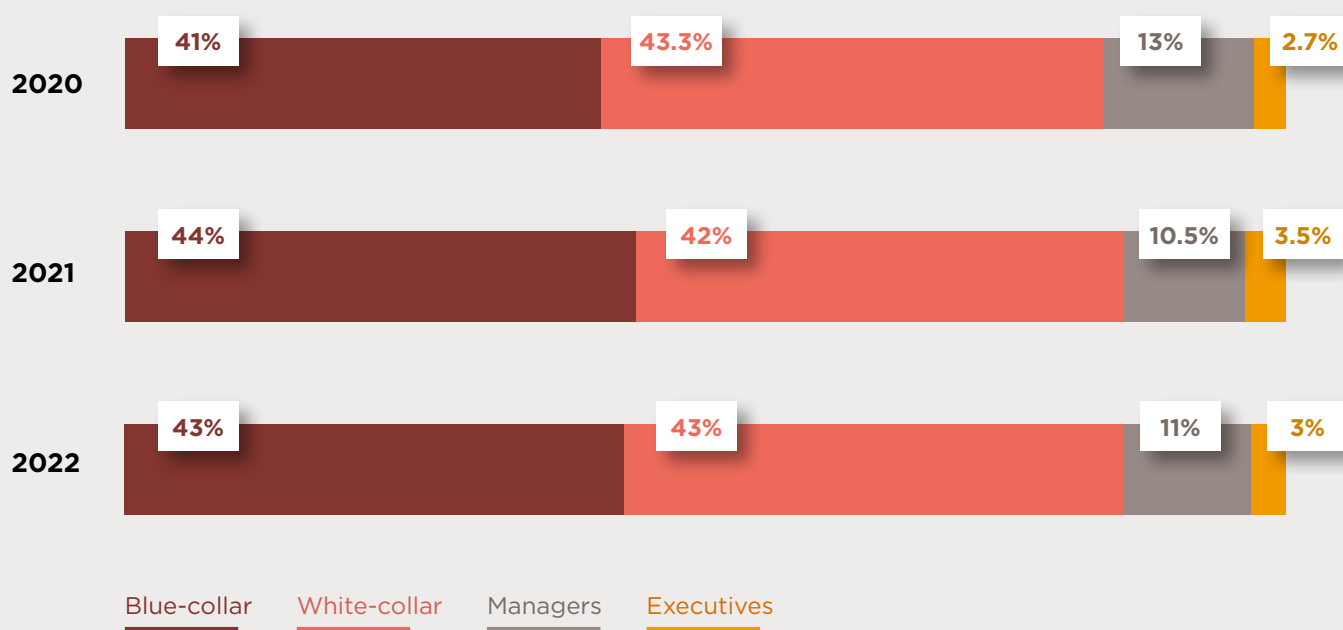
and Workers, which represent a total of 43% of the total workforce. Executives and Managers represent, respectively, 11% and 3% of the total.

These percentages remain broadly in line with previous years

Employees by professional role and gender

	2020			2021			2022		
	Women	Men	TOTAL	Women	Men	TOTAL	Women	Men	TOTAL
Executives	-	3	3	-	4	4	-	4	4
Managers	1	13	14	1	11	12	2	12	14
White-collar workers	14	33	47	17	31	48	21	31	52
Blue-collar workers	1	43	44	1	49	50	1	50	51
TOTAL	16	92	108	19	95	114	24	97	121
PERCENTAGE	15%	85%	100%	17%	83%	100%	20%	80%	100%

Employees by professional role (%)



In terms of age, 58% of the workforce is made up of employees aged between 30 and 50, substantially in continuity with the data of previous years. The under 30 and over 50 age groups remain at the same percentage: 23%.

Compared to previous years, the percentage of employees under 30 increased slightly, while the over 50 age group recorded a slight decrease. The average age of employees in 2022 was 40.2, slightly up from 37.9 in 2021.

Employees divided by professional role and age group

	2020				2021				2022			
	< 30 years	30-50 years	> 50 years	TOT.	< 30 years	30-50 years	> 50 years	TOT.	< 30 years	30-50 years	> 50 years	TOT.
Executives	-	2	1	3	-	3	1	4	-	3	1	4
Managers	-	7	7	14	-	5	7	12	-	7	7	14
White-collar workers	10	28	8	46	9	32	7	48	14	31	7	52
Blue-collar workers	8	26	11	45	11	28	11	50	11	30	10	51
TOTAL	18	63	27	108	20	68	26	114	25	71	25	121
PERCENTAGE	17%	58%	25%	100%	18%	60%	23%	100%	21%	58%	21%	100%

2022

EMPLOYEES BY AGE GROUP

under 30 years



between 30 and 50 years



over 50 years



AVERAGE AGE

40.2

Simonelli Group staff includes a quota of resources relating to protected categories. Specifically, in 2022, there are 7 employees belonging to protected categories,

in line with the previous year. Among these, 43% are female and 57% male.

Protected employee categories, divided by professional role and gender

	2020			2021			2022		
	Women	Men	TOTAL	Women	Men	TOTAL	Women	Men	TOTAL
Executives	-	-	-	-	-	-	-	-	-
Managers	-	-	-	-	-	-	-	-	-
White-collar workers	1	-	1	2	-	2	2	-	2
Blue-collar workers	1	2	3	1	4	5	1	4	5
TOTAL	2	2	4	3	4	7	3	4	7
PERCENTAGE	50%	50%	100%	43%	57%	100%	43%	57%	100%

In terms of age and professional category, 29% of employees belonging to protected categories belong to the under 30 age group, 57% to the age group between

30 and 50 years and 14% to the over 50 age group, in line with the previous year.

Protected employee categories, divided by professional role and age

	2020				2021				2022			
	< 30 years	30-50 years	> 50 years	TOT.	< 30 years	30-50 years	> 50 years	TOT.	< 30 years	30-50 years	> 50 years	TOT.
Executives	-	-	-	-	-	-	-	-	-	-	-	-
Managers	-	-	-	-	-	-	-	-	-	-	-	-
White-collar workers	-	1	-	1	-	2	-	2	-	2	-	2
Blue-collar workers	-	2	1	3	2	2	1	5	2	2	1	5
TOTAL	-	3	1	4	2	4	1	7	2	4	1	7
PERCENTAGE	0%	75%	25%	100%	29%	57%	14%	100%	29%	57%	14%	100%

The company sets out to encourage long-term employment, ensuring the stability of working relationships and investing in a long-term human resources perspective.

As evidence of this commitment, 97% of employees are hired on permanent contracts, in line with previous years, compared to 3% of staff hired with fixed-term contracts.

Employees by type of contract, classified by gender

	2020			2021			2022		
	Women	Men	TOT.	Women	Men	TOT.	Women	Men	TOT.
Permanent contract	13	84	97	15	97	112	20	97	117
Fixed-term contract	3	8	11	4	-	4	4	-	4
TOTAL	16	92	108	19	97	116	24	97	121
Full-time contract	14	91	105	17	95	112	22	97	119
Part-time contract	2	1	3	2	2	4	2	-	2
TOTAL	16	92	108	19	97	116	24	97	121

2022

EMPLOYEES AND TYPE OF CONTRACT



20 permanent contract
4 fixed-term contract



97 permanent contract
- fixed-term contract

121
PEOPLE

In 2022, the average length of service of employees was 9.92 years, slightly lower than in 2021, which was 10.3 years, especially due to the retirement of some historic figures and the entry of young people.

All employment relationships, both employee and administered, refer to national collective bargaining agreements for the metalworking industry.

AVERAGE LENGTH OF SERVICE (years)



Regarding the share of ad-interim workers, they are typically employed on a temporary basis. In particular, in 2022, there were 38 workers administered, a slight decrease compared to the previous year of 17%.

In addition, in the same year there was a quota of 7 interns, demonstrating Simonelli Group's commitment to the inclusion of young people in the world of work through the activation of grants, tutoring and field training.

Ad interim workers classified by type of contract and gender

	2020			2021			2022		
	Women	Men	TOT.	Women	Men	TOT.	Women	Men	TOT.
Temporary workers	-	34	34	2	44	46	1	37	38
Interns and trainees	n/a	n/a	n/a	n/a	n/a	n/a	5	2	7
TOTAL	-	34	34	2	44	46	6	39	45

The process of integration of new figures within the workforce is divided into two steps: following initial recruitment with an agency-supplied employment contract, the stabilization of the employment relationship takes place through hiring with a full employment contract.

Overall, in 2022, Simonelli Group recorded 12 new hirings and 9 terminated relationships, with an incoming

turnover rate of 10% and outgoing of 7%. In the next page is the detailed table.

As can be seen from the graphs and tables in these pages, the data relating to the rates of new hires and turnover in the three-year period show no imbalances in terms of gender and age group.

New hires and turnover

	2020				
	N°. of employees	N.° new recruits	N°. terminated	Positive turnover rate	Negative turnover rate
WOMEN	16	2	1	13 %	6 %
< 30 years	4	1	-	25 %	0 %
30-50 years	8	1	1	13 %	13 %
> 50 years	4	-	-	0 %	0 %
MEN	92	12	2	13 %	2 %
< 30 years	15	9	-	60 %	0 %
30-50 years	54	3	2	6 %	4 %
> 50 years	23	-	-	0 %	0 %
TOTAL	108	14	3	13 %	3 %
Total < 30 years	19	10	-	53 %	0 %
Total 30-50 years	62	4	3	6 %	5 %
Total > 50 years	27	-	-	0 %	0 %
	2021				
	N°. of employees	N.° new recruits	N°. terminated	Positive turnover rate	Negative turnover rate
WOMEN	19	3	-	16 %	0 %
< 30 years	5	2	-	40 %	0 %
30-50 years	10	1	-	10 %	0 %
> 50 years	4	-	-	0 %	0 %
MEN	97	8	5	8 %	5 %
< 30 years	15	4	2	27 %	13 %
30-50 years	59	4	1	7 %	2 %
> 50 years	23	-	2	0 %	9 %
TOTAL	116	11	5	9 %	4 %
Total < 30 years	20	6	2	30 %	10 %
Total 30-50 years	69	5	1	7 %	1 %
Total > 50 years	27	-	2	0 %	7 %
	2022				
	N°. of employees	N.° new recruits	N°. terminated	Positive turnover rate	Negative turnover rate
WOMEN	24	5	2	21 %	8 %
< 30 years	9	3	1	33 %	11 %
30-50 years	11	2	1	18 %	9 %
> 50 years	4	-	-	0 %	0 %
MEN	97	7	7	7 %	7 %
< 30 years	17	1	1	6 %	6 %
30-50 years	60	5	4	8 %	7 %
> 50 years	20	1	2	5 %	10 %
TOTAL	121	12	9	10 %	7 %
Total < 30 years	26	4	2	15 %	8 %
Total 30-50 years	71	7	5	10 %	7 %
Total > 50 years	24	1	2	4 %	8 %

TRAINING AND SKILLS DEVELOPMENT

Simonelli Group pays particular attention to the development of the skills of its staff and, more generally, to the professional growth of all its employees. For this reason, the company constantly invests in training, both professional and cultural, in order to increase the professionalism of its employees, thus making daily activities more effective and, consequently, improving the quality of the products.

It is with this in mind that the company is offering two of its workers the opportunity to carry out a PhD at the Politecnico di Milano, in parallel with their respective work activities.

During the reporting year, team-building activities were carried out for all company employees with the aim of improving communication and interpersonal relationships between workers and increasing individual and group performance.

For the members of the Leadership Team, a specific training course on leadership and strategic skills was held through participation in specific forums and the involvement of qualified experts.

In May 2022 and then in January 2023, specific training was offered on sustainability issues that involved not only employees, but also some suppliers and customers. This training was provided by professionals in the sector with whom Simonelli Group collaborates.

In 2022, several training courses were carried out, covering the topics of safety, responsibility at work, digital transformation, coffee training and language skills, for a total of 1,124 hours of training (9.3 hours per person).

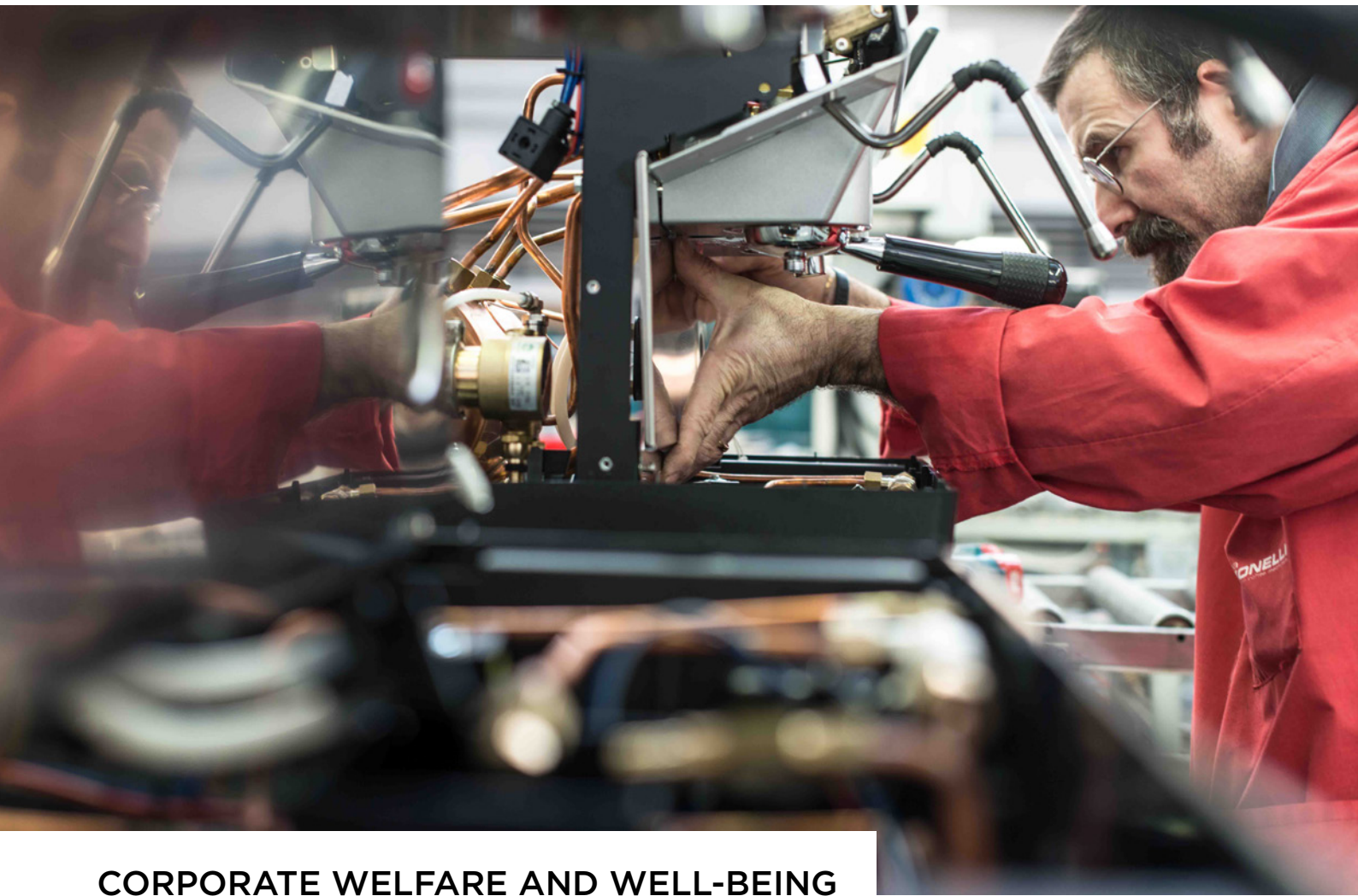


1,124

TOTAL HOURS OF TRAINING

9.3

HOURS PER PERSON



CORPORATE WELFARE AND WELL-BEING

Simonelli Group is committed on a daily basis to building a stimulating work environment, in which every single person can feel appreciated for their contribution and motivated to grow both professionally and personally. In practice, it also encourages and spreads social well-being among its employees through the adoption of the specific actions and initiatives described below.

Some of the projects activated in favour of workers are provided unilaterally by Simonelli Group, while others are linked to the achievement of certain objectives.

Simonelli Group, in line with the metalworking CCNL (National Collective Labour Agreement) and by virtue of the agreements reached with the trade union bodies, provides for the adaptation of the category contract with the provision of an extra health service that supplements the National Health Service (SSN). The service is provided through the Metasalute platform, which allows

employees to access both public and private services more quickly. In order to make it easier for employees who are not familiar with online services, the company has made available the support of the Human Resources Manager and the union contact to guide them and help them use the services. The managers, on the other hand, are assisted by FASI (Supplementary Health Care Fund for managers of companies producing goods and services).

In 2022, bonuses were paid out for a total value of € 737,000. Some of this figure was covered by the corporate welfare program that offers beneficiaries the opportunity to accumulate vouchers consisting of vouchers, travel vouchers, parental care or benefits of various kinds.

The other part was paid by Simonelli Group during the Christmas period as a one-off bonus of 80 euros to all employees and, only for factory workers, of 600 euros.

HEALTH AND SAFETY IN THE WORKPLACE

The company uses the criteria set out in the PS07 “risk assessment criteria and planning of corrective and improvement actions” safety procedure and adopts an effective safety and environment reporting system, detailed in the PSA08 “safety and environmental reports” procedure. Workers have access to a form through which to report any critical issues, which is also shared with the Workers’ Safety Representative and with the company ASPP. In collaboration with the Company Doctor and the Human Resources Office, the SPP manager also constantly monitors “near miss” cases, anomalies and any reports of job-related illness, pathologies and health disorders.

The safety policy is made accessible by posting on bulletin boards and is reported in the brochure given to workers at recruitment. This, along with any updated and recent legislation, is explained during mandatory workplace safety training.

Health and safety training hours for the year 2022 are specified in the table below by course type.

The course in charge concerns the heads of service and the responsibilities in the worker management (risk assessment, working hours, travel, stress, etc.),

the pes courses (expert people) pei (informed people) pev (warned people) concern the risks of those who work under electricity voltage (technicians, testers, maintenance technicians, laboratory, etc.).

Simonelli Group has also adopted the general procedure PGSA02 “Measurements, analysis and improvement of the SGSA” with which it manages non-conformities, complaints, corrective and improvement actions, external and internal communication, as adopted by the SGSL.

Simonelli Group has appointed Dr. Giorgio Silauri as company Doctor to plan health monitoring, fitness for work, to carry out inspections in the company and to liaise with the competent bodies for the introduction of improvements.

In the three-year reference period, there was only one case of a non-serious accident caused by accidental fall and no case of work-related illnesses. The rate of recordable accidents at work is therefore 4.9.⁴

TYPE OF TRAINING	FY 2022	
	HOURS	PARTICIPANTS
General training	36	9
Specific training	116	11
Other: supervisors+fire prevention+pes-pev-pav+blsd	158	39
TOTAL	310	59

⁴ Recordable accident rate at work = (number of recordable accidents at work/number of hours worked) * 1,000,000



THE PATH TO SUSTAINABILITY

In order to sensitize all employees to sustainability issues and provide them with the opportunity to contribute to the Simonelli Group initiatives, in 2022 the “The Path of Sustainability” program was launched.

By means of this program, production collaborators, who have fewer opportunities to interact with sustainability managers, can put forward, through special forms, suggestions and proposals for initiatives that the company could carry out to improve its contribution towards sustainable development.

All proposals are reviewed by a special team and the best ones are implemented. In order to encourage employees to contribute to the program, the most innovative and sustainable idea is rewarded with a bonus at the end of the year.

The winner in 2022 was Giacomo Buseti with an idea to reduce cardboard waste from packaging.

SUSPENDED HOURS

Simonelli Group has launched in 2022 an internal solidarity program that has been called “Suspended Hours” inspired by the well-known Neapolitan ritual of “caffè sospeso” [suspended coffee], whereby on a voluntary basis workers can contribute their own holiday hours or unused leave to the creation of a number of hours available to colleagues who are in particular need.

The use of the hourly amount is regulated and anyone in those conditions of need can use it anonymously.

In 2022, the hours that were accumulated were not used, so at the end of the year those unused hours were given back to those who offered them.

The system, which was welcomed by all employees, will be continued in the coming years.



6.

NATURAL CAPITAL



MATERIAL ISSUES REPORTED

- Circular economy.
- Responsible energy management.

SUPPORTED SDGs

- **SDG 7** Affordable and clean energy.
- **SDG 12** Responsible consumption and production.
- **SDG 13** Combatting climate change.

KEY RESULTS 2022

- 25% decrease in electricity consumption and 27% reduction in natural gas consumption compared to 2021.
- 26% reduction in water use compared to the previous year.
- Compared to 2021, 14% reduction of emissions according to location-based calculation method and 19% for when calculated with the market-based method.

MAIN OBJECTIVES FOR 2023

- Carry out energy expertise to verify energy efficiency openings.
- Check technical methods for extension of photovoltaic system.
- 80% of electric or hybrid vehicle fleet by 2027.
- ISO 14001 Certification.

HIGHLIGHTS



THE APPROACH TO ENVIRONMENTAL SUSTAINABILITY

In recent years, the gap between the exploitation of the planet's natural resources and their availability has become increasingly wide. In this context, companies play a fundamental role in safeguarding the ecosystems in which they operate.

Simonelli Group is attentive to this and considers the management of environmental issues an indispensable tool for its strategic growth, also in the face of increasing public awareness.

For this reason, Simonelli Group is focusing its efforts on reducing GHG emissions by operating on the following fronts:

- **reduction of energy requirements**
- **reduction of the environmental footprint of its products**
- **reduction of waste materials and use of non-recyclable materials**




Simonelli Group's commitment to reducing the environmental footprint and energy consumption in products is at the heart of its innovation activity, as highlighted in the "Intellectual Capital" section.











In 2022, more than 80% of products sold on the market belong to the category of low consumption technology products. However, at the moment it is not possible to define this using energy labelling as there are still no shared labelling protocols for professional espresso machines. Simonelli Group, through the UCIMAC Association

(*Espresso Coffee Machines Manufacturers*), is committed to planning and launching a European working group aimed at defining energy standards and eco-design. This technical group will complete its work in 2024.

The results of the LCA analysis that the company has regularly carried out on new products since 2011 with the Università Politecnica delle Marche are shown in the table below.

Impronta ambientale dei prodotti (LCA)

		 GROUPS	 MATERIALS AND MANUFACTURING (Kg/CO ₂ eq.)	 END OF LIFE (Kg/CO ₂ eq.)	 ENVIRONMENTAL FOOTPRINT NET (Kg/CO ₂ eq.)
Appia II		2	309.0	-66.5	242.5
Appia Life		2	268.4	-59.4	209.0
VA388		2	667.0	-167.6	499.4
VA358 Digit		2	559.0	-155.9	403.1
Aurelia II T3		2	454.0	-91.6	362.4
Aurelia II Digit		2	388.2	-88.5	299.7
Eagle One		2	647.1	-121.1	526.0
Aurelia Wave T3		2	500.8	-105.3	395.5
Eagle One Prima		1	237.6	-43.8	193.8

		 MATERIALS AND MANUFACTURING (Kg/CO ₂ eq.)	 END OF LIFE (Kg/CO ₂ eq.)	 ENVIRONMENTAL FOOTPRINT NET (Kg/CO ₂ eq.)
Mythos One		129.6	-55.6	74.0
Mythos 2 GF		262.2	-106.4	155.8
Mythos 2 GV		283.5	-109	174.5
Mythos My75		163.5	-43.8	119.7
Mythos Myg75		168.5	-45.5	123.0
Mythos My85		163.8	-44.4	119.4
Mythos Myg85		168.9	-46.2	122.7

CONSUMPTION

The consumption of raw materials and materials, and energy and water resources represents one of the aspects of greatest impact in the management of a company in terms of environmental sustainability.

MATERIAL CONSUMPTION

Simonelli Group, as part of its responsible management of raw materials, has activated a process to contain the use of plastics such as, for example, packaging and product parts.

As can be seen from the tables below, in the last two years Simonelli Group has been committed to sourcing aluminium from recyclable material.

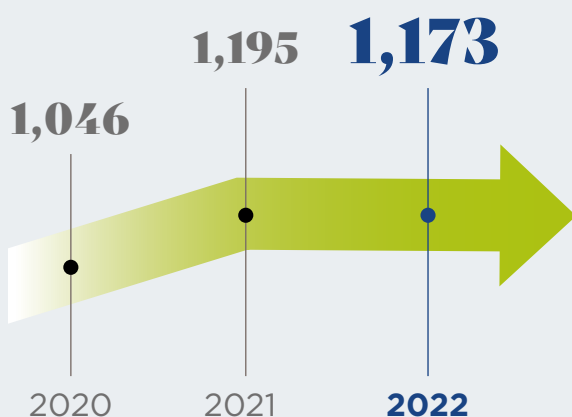
With a view to reducing plastic consumption, Simonelli Group has taken steps to minimize the use of bottled water through the installation of 6 purified water dispensers and the free distribution, to all staff, of thermal water bottles. The use of disposable bottles has been kept only for certain special needs, as in the case of the presence of guests from outside the company.

In 2022, this produced a saving of 9,628 bottles corresponding to 1,173t CO₂ eq. for the plastic material saved, to we should add the lower emissions related to logistics.

In 2021, Simonelli Group also launched the Paperless project, which continued in 2022, with the aim of raising awareness among all employees about the responsible use of paper. To this end, a quarterly monitoring system of the prints made by each worker has been set up, and is shared internally.

SAVED GHG EMISSIONS

in t CO₂ eq, from minimized use of bottled water.



PAPER

used, in Kg.



FY 2020				
MATERIALS USED	Total weight (tons)	Does it derive from renewable sources?	Weight (tons) from non-renewable material	Weight (tons) from renewable material
Plastic	221.05	No	221.05	-
Aluminium	69.90	No	69.90	-
Paper	128.00	No	128.00	-
Copper, Steel, Brass	624.13	No	624.13	-
TOTAL	1,043.08		1,043.08	
FY 2021				
MATERIALS USED	Total weight (tons)	Does it derive from renewable sources?	Weight (tons) from non-renewable material	Weight (tons) from renewable material
Plastic	315.83	No	315.83	-
Aluminium	137.05	Yes	117.05	20.00
Paper	150.50	No	150.50	-
Copper, Steel, Brass	980.27	No	980.27	-
TOTAL	1,583.65		1,563.65	20.00
FY 2022				
MATERIALS USED	Total weight (tons)	Does it derive from renewable sources?	Weight (tons) from non-renewable material	Weight (tons) from renewable material
Plastic	206.74	No	206.74	-
Aluminium	129.61	Yes	109.61	20.00
Paper	139.80	No	139.80	-
Copper, Steel, Brass	897.80	No	897.80	-
TOTAL	1,373.95		1,353.95	20.00

Note: the 2020 results were calculated considering the data of the last quarter (the only results available) multiplied by the whole year; data for 2021 and 2022 is actual and not estimated.

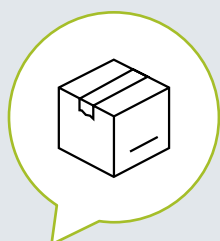
PACKAGING

In terms of product packaging, Simonelli Group is committed to pursuing a transition to eco-sustainable materials through the replacement of virgin plastic materials with recovered and/or regenerated materials such as cardboard. At supply packaging level, the company has

launched a project within the supply chain aimed at replacing disposable packaging with returnable packaging.

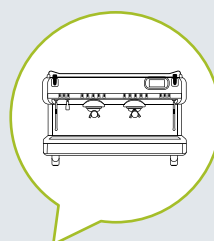
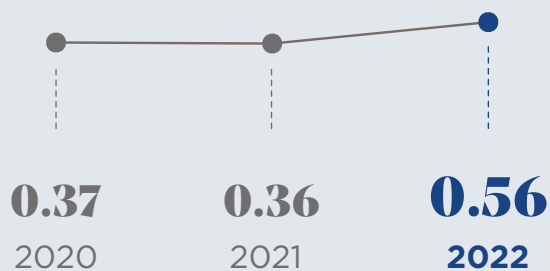
The significant reduction of plastic for products is mainly due to a different mix of products sold.

	2020 (kg/turnover in M)	2021 (kg/turnover in M)	2022 (kg/turnover in M)
tons of plastic for PACKAGING	0.37	0.36	0.56
tons of plastic for PRODUCTS	2.90	2.71	1.40
tons of plastic TOTAL	3.27	3.07	1.97



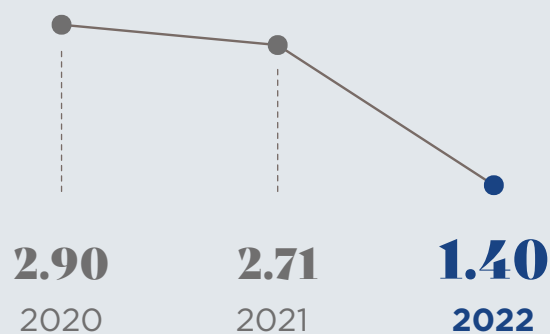
PLASTIC FOR PACKAGING

Kg / Turnover in M



PLASTIC FOR PRODUCTS

Kg / Turnover in M



ENERGY CONSUMPTION

The Group's main types of energy consumption are as follows:

- **Natural gas**, for heating;
- **Diesel fuel** for generators;
- **Diesel, petrol and methane** for company cars and operating machines;
- **Electricity**, used for production machinery, air conditioning and office lighting.

Simonelli Group pays particular attention to the responsible management of energy consumption and has set the ambitious goal of achieving energy parity by 2025. This objective aims to minimize consumption by means of the efficiency of its infrastructures and self-production of a quantity sufficient to cover the annual energy needs of the company.

Simonelli Group has already taken steps in this regard, proceeding with efficiency measures to its operating structures that aim to reduce operating costs and achieve

energy savings. In particular, the company has completed the replacement of the lighting system with low-consumption LED technology and has installed a 90 Kw photovoltaic system covering the business centre, bringing the power up to 270 Kw.

Another aspect the company intends to focus on is the gradual replacement of the current company fleet with electric or hybrid vehicles, to reach a share of 80% by 2027.

In general, Simonelli Group's energy consumption is mainly due to its production activities and to a lesser extent the air conditioning and lighting of the various company buildings.

The following table shows the quantitative data relating to energy consumption for the three-year period 2020-2022.

Energy Consumption (GJ)

	2020	2021	2022
ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES	5,541.70	4,458.49	3,655.15
Natural gas	2,727.07	3,423.64	2,503.11
Fuel for company fleet	679.83	1,034.84	1,152.04
<i>Diesel</i>	679.83	1,034.84	1,152.04
<i>Petrol</i>	-	-	-
<i>LPG</i>	-	-	-
Electricity purchased from non-renewable sources	2,134.80		
ENERGY CONSUMPTION FROM RENEWABLE SOURCES	120.96	2,573.16	2,309.43
Electricity purchased from renewable sources	-	2,314.76	1,794.67
Self-produced and consumed electricity	120.96	258.39	514.76
TOTAL CONSUMPTION	5,662.66	7,031.64	5,964.58

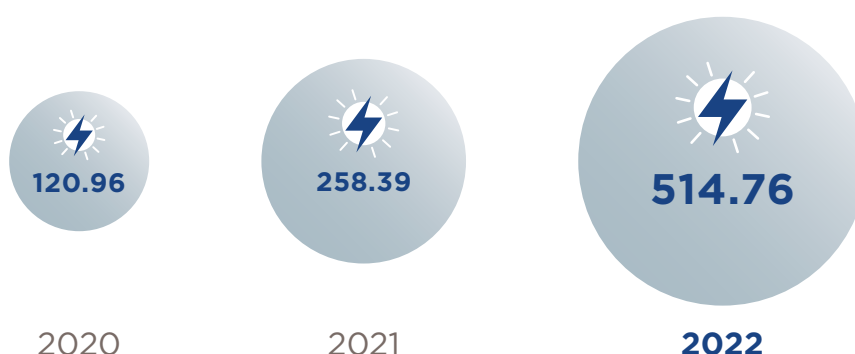
Total energy consumption for 2022 was 5,964 GJ, showing a 15% decrease on the previous year. In particular, there was a 27% reduction in natural gas consumption compared to 2021, due in part to a more attentive use of the heating system and in part to a relatively mild winter.

The electricity purchased in 2022 saw a reduction of 22%, while the self-production of electricity amounted to 237,247 Kwh (equivalent to 2,222 GJ), which is an 6% increase compared to 2021 and represents 37% of the total energy consumed.

Consumption of self-produced energy (GJ)

	FY 2020	FY 2021	FY 2022
TOTAL OF SELF-PRODUCED ENERGY	378.00	807.48	854.09
of which total electricity consumed	120.96	258.39	514.76
of which total electricity sold	257.04	549.09	339.33

Self-produced and consumed electricity (GJ)



2022

SELF-PRODUCTION

94.258 Kwh **142.989** Kwh
⚡ input ⚡ self-consumption



498.519 Kwh
Electricity purchased from 100% renewable sources



TOTAL SELF-PRODUCTION

237.247 Kwh

PERCENTAGE SELF-PRODUCTION

37%

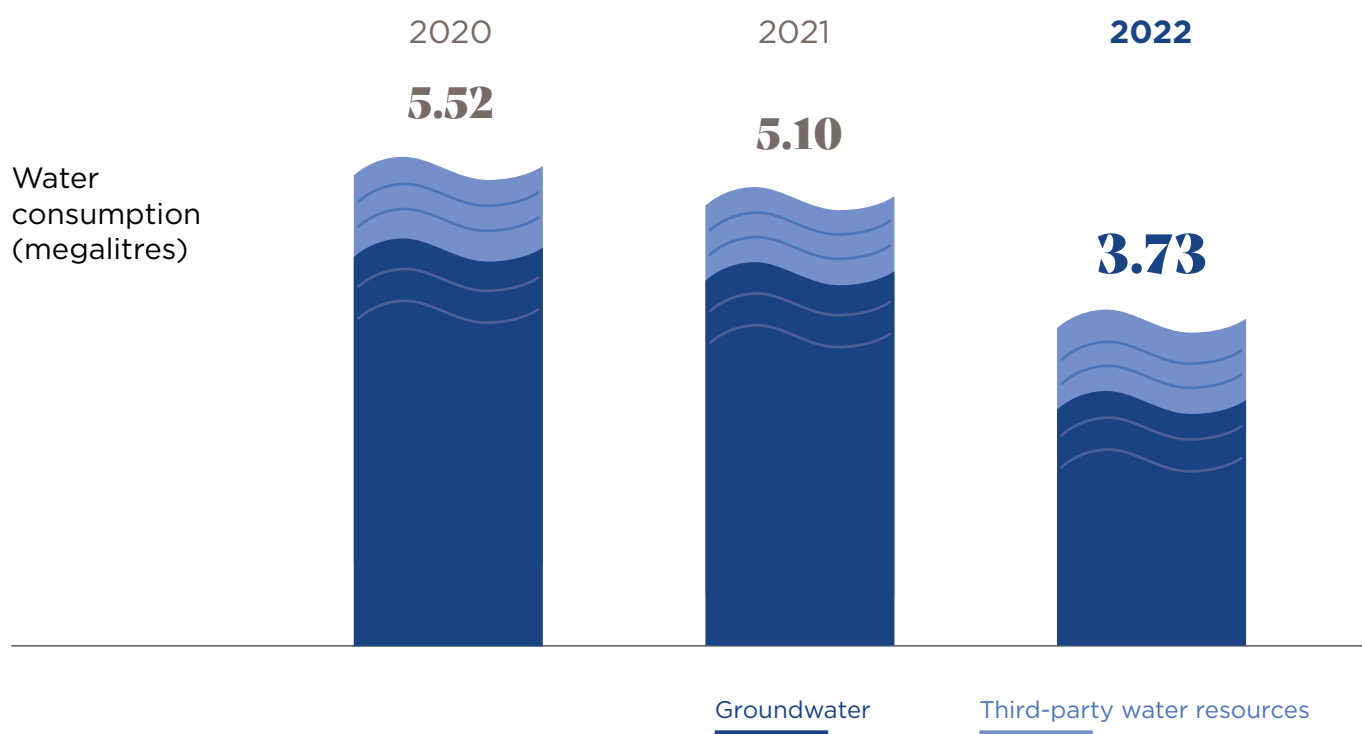
PERCENTAGE SELF-CONSUMPTION

60%

TOTAL CONSUMPTION

641.508 Kwh

WATER CONSUMPTION



Simonelli Group activities do not have a great impact in terms of water consumption. The company is however attentive to a responsible use of this resource as part of its business.

The company's need for water resources is met both by drawing from a private well and by sourcing from the public network. Specifically, over 80% of water resource consumption is allocated to irrigation of green areas around the company and taken directly from the well. Water is also consumed for services and for production in the testing phase of the machines produced.

At the end of the cycle, water with chemical-physical properties equivalent to the incoming supply and free of polluting elements is poured into the sewage system.

During the reporting year, Simonelli Group drew 3.73 megalitres of water from its well and water suppliers, recording a considerable decrease compared to consumption in the previous two fiscal years.

The company is also implementing a water consumption monitoring system in the main destinations to verify greater efficiency spaces.

Water consumption by source and type (megalitres)

	2020	2021	2022
Groundwater	4.61	4.27	2.77
Third-party water resources (surface water)	0.91	0.83	0.96
TOTAL WATER CONSUMPTION	5.52	5.10	3.73

WATER STRESS

The World Resources Institute⁵ classifies territories on the basis of water stress, i.e., the ratio between water, domestic, industrial, agricultural and livestock consumption, and the renewable availability of surface and underground water. The Simonelli Group offices, located in Belforte del Chienti (MC), are included in areas of low and medium-low water stress, as illustrated below:

The delicate geographical area and potentially limited rainfall are reasons for the company to pay increased attention to its water consumption, in order not to compromise the availability and regeneration capacity of the resource.

Name ⁶	Address	Primary catchment area	Secondary catchment area	Overall water risk
Simonelli Group S.p.A.	Belforte del Chienti (MC) - Italy	Eastern Italian Coast	Chienti River	Extremely high (8-10)



⁵ World Resources Institute: www.wri.org

⁶ World Resources Institute: [Aqueduct Water Risk Atlas \(www.wri.org\)](http://www.wri.org)

GREENHOUSE GAS EMISSIONS

The greenhouse gas emissions related to Simonelli Group's activities can be divided into direct and indirect emissions.

Specifically, direct emissions (Scope 1) derive from the direct combustion of fossil fuels for the production of electricity and heat and for the refuelling of transport vehicles, or from the dispersion of fluorinated gases used for refrigeration, air conditioning and the operation of heat pumps. In the case of Simonelli Group, direct emissions are mainly produced by the combustion of natural gas and fuels from the company fleet.

Indirect emissions (Scope 2) refer to the production of electricity purchased and consumed by the company for the operation of production equipment and lighting of company facilities.

The accounting and reporting principles for the corporate value chain of the GHG Protocol group the Scope 3 emissions into 15 specific categories that include common business activities for many organizations.

These categories provide companies with a framework for measuring, managing and reducing emissions in key areas of the corporate value chain.

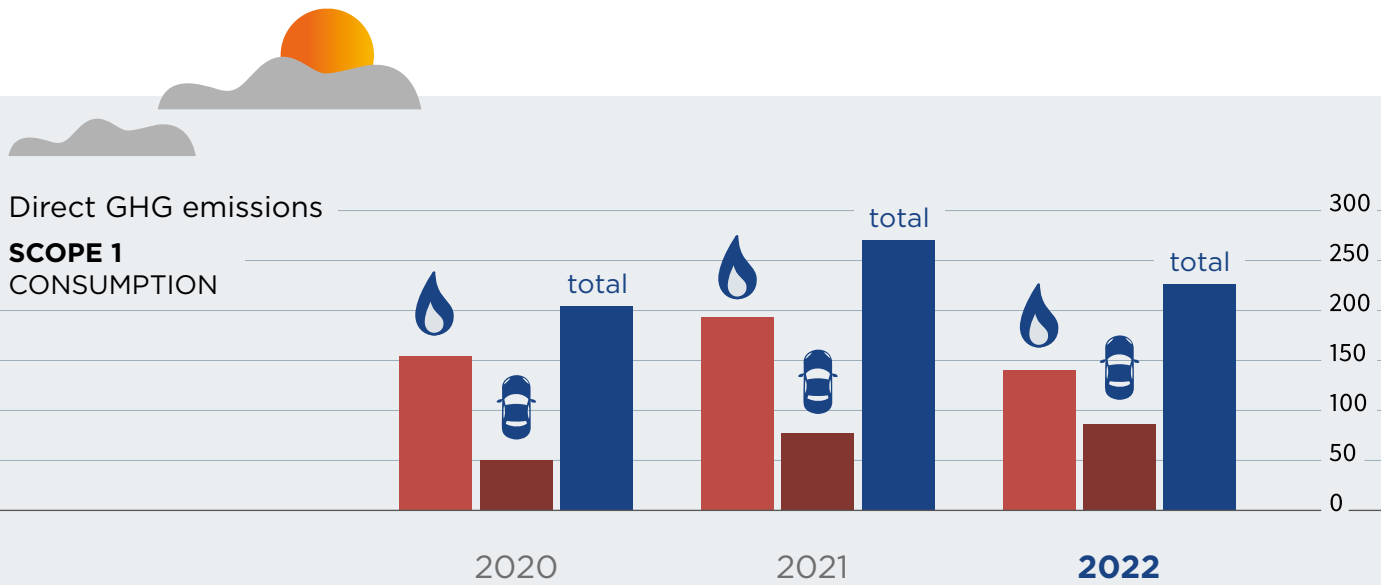
Simonelli Group aims to calculate Scope 3 emissions, i.e., indirect emissions related to a company's activities, generated both upstream and downstream, by 2025.

Comparing the Scope 1 emissions for the three years, it emerges that the trend is not linear, but shows an increase in 2021 compared to 2020 of 32%, following the people mobility restrictions implemented in 2020 due to the Covid-19 pandemic and a 16% decrease in 2022.

Direct emissions **Scope 1**⁷ (t CO₂ eq)

	2020	2021	2022
Natural gas	154.04	193.09	140.61
Fuel for company fleet	50.78	77.48	86.21
<i>Diesel</i>	50.78	77.48	86.21
<i>Petrol</i>	-	-	-
<i>LPG</i>	-	-	-
SCOPE 1 TOTAL	204.82	270.58	226.81

⁷ Conversion factors and emissions from authoritative sources were used to calculate Scope 1 emissions, including "Greenhouse gas reporting: fuel properties" 2022 provided by DEFRA (Department for Environment Food & Rural Affairs of the United Kingdom) for conversion to GJ and "Greenhouse gas reporting: fuels" 2022 provided by DEFRA (Department for Environment Food & Rural Affairs of the United Kingdom) for the calculation of direct emissions (Scope 1).



With particular reference to Scope 2 emissions, linked to the purchase and consumption of electricity, for full compliance with GRI standards, they were calculated using a “location based” approach and a “market based” approach.

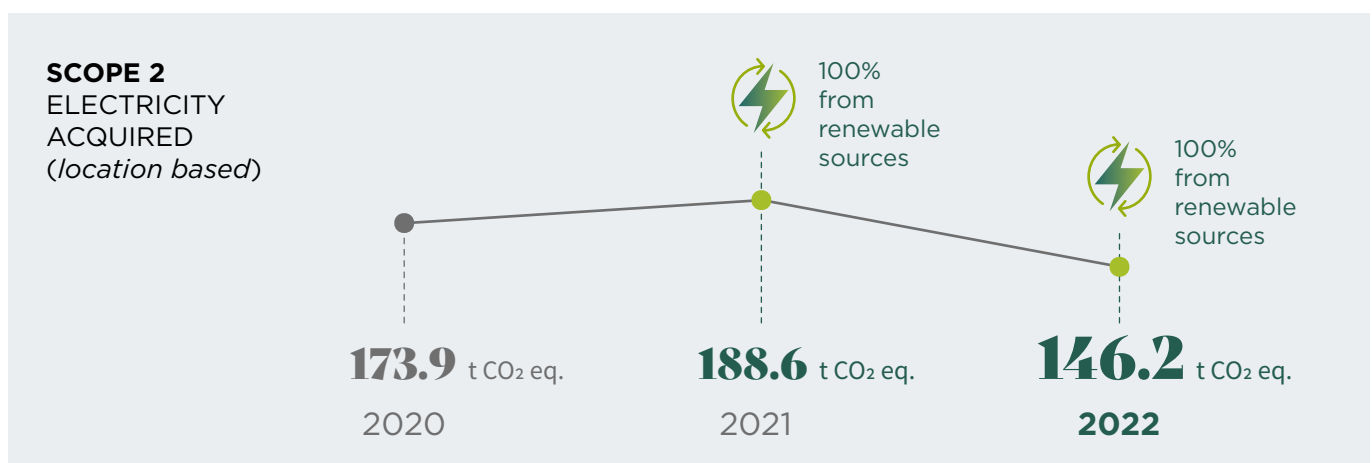
The “location based” calculation method considers the average intensity of greenhouse gas emissions of the national networks from which energy is consumed, while the “market based” method considers the specific emis-

sions of electricity that the company has chosen to acquire by means of a contract with a specific supplier.

In 2022 this is due to a greater purchase of electricity from certified renewable sources and to a greater production and consequent consumption of electricity produced by the Group’s photovoltaic plants. In reality, in both cases the emissions are virtually zero.

Indirect emissions **Scope 2**⁸(t CO₂ eq)

	2020	2021	2022
Electricity acquired (Location Based Method)	173.93	188.59	146.22
Electricity acquired (Market Based Method)	271.93	0	0



⁸ For the calculation of Scope 2 emissions, as regards the Location Based calculation method, the emission factor published by ISPRA in Report 386/2023 was used in the three-year period; as regards the Market Based calculation method, the AIB emission factor referring to each year considered was used.

Simonelli Group's total direct and indirect emissions (Scope 1 and Scope 2) compared to 2021 recorded a 16% reduction for emissions calculated using the loca-

tion-based method and 19% for those calculated using the market based method.

Total direct emissions **Scope 1** + indirect emissions **Scope 2** (t CO₂ eq)

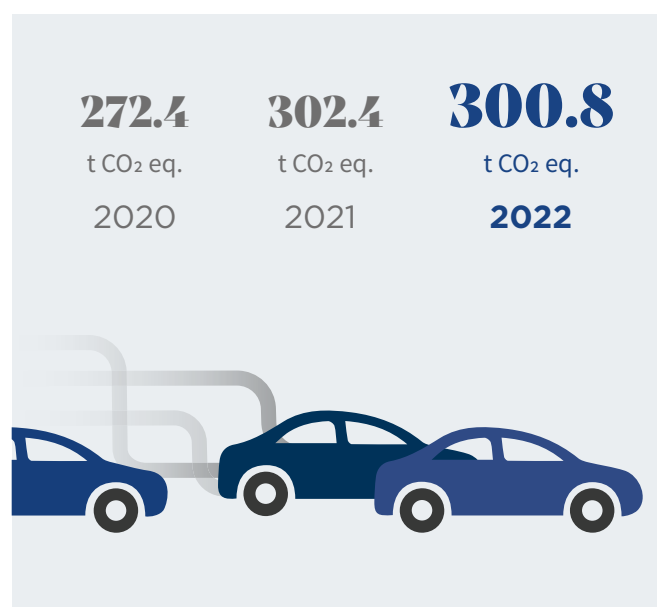
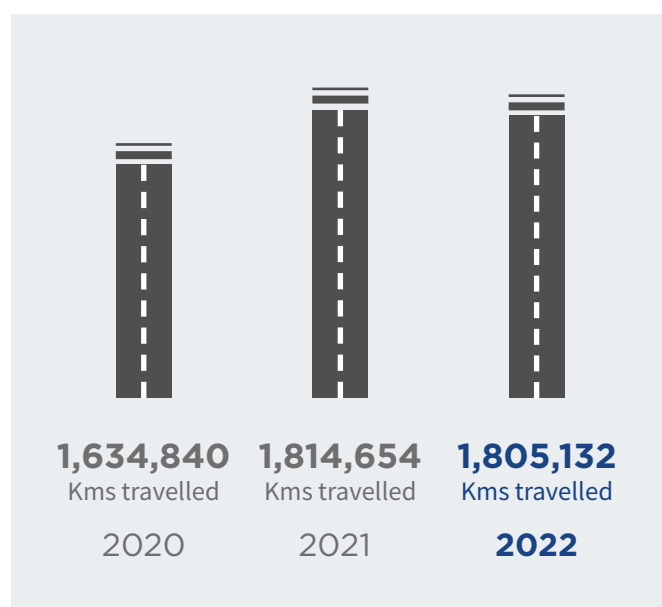
	2020	2021	2022
Location Based Method	378.75	459.17	373.03
Market Based Method	476.75	270.58	226.81

The estimated distance travelled by employees between home and work in 2022 is 1,805,132 kilometres, slightly lower than in 2021."

Similarly, the total for calculated indirect Scope 3 emissions remains unchanged: in 2021 it was 302.39 t CO₂ eq, in 2022 it is 300.80.

Indirect emissions **Scope 3**⁹ (t CO₂ eq)

	2020	2021	2022
Kms travelled	1,634,840	1,814,654	1,805,132
SCOPE 3 TOTAL (t CO₂ eq)	272.43	302.39	300.80



⁹ For the calculation of Scope 3 emissions, the emission factor published by the UK Government GHG Conversion Factors for Company Reporting in June 2023 was used in the reference period. The data is the result of estimates calculated starting from the kilometres travelled in commuting from home to work by employees and multiplied by the emission factor that considers a medium-sized car and unspecified fuel type.

RESPONSIBLE WASTE MANAGEMENT

Waste recovery activities are carried out at an external site. In 2022 Simonelli Group changed its procedure for tracking disposed waste and this made it possible to move from estimation to accurate measurement of volumes.

The new detection system is much more reliable, even the data produced is not perfectly comparable to that of previous years.

Below are the details regarding the volume of waste classified by hazard level and management method.

This shows that in 2022 the company produced 76.37 tons of waste categorizable as non-hazardous, entirely destined for recovery operations.

Quantity of waste generated (in tons), by management method

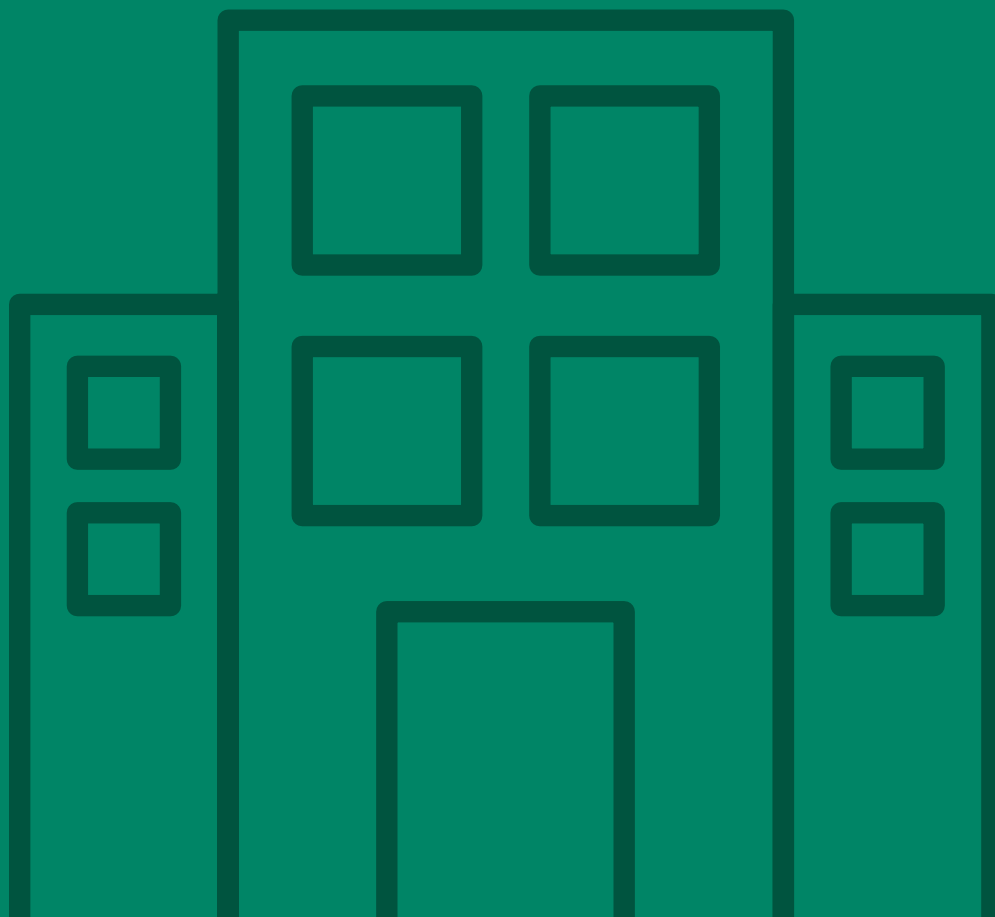
	2020	2021	2022
HAZARDOUS WASTE	0.08	-	-
Not sent for disposal	0.08	-	-
<i>Preparation for re-use</i>	-	-	-
<i>Recycling</i>	-	-	-
<i>Other recovery procedures</i>	0.08	-	-
NON-HAZARDOUS WASTE	58.48	43.35	76.37
Not sent for disposal	58.48	43.35	76.37
<i>Preparation for re-use</i>	-	-	-
<i>Recycling</i>	-	-	-
<i>Other recycling procedures</i>	58.48	43.35	76.37

Waste generated (in tons), by management method.

	2020	2021	2022
Electric and electronic end-of-life appliances (CER 16.02.13)	0.08	-	-
TOTAL HAZARDOUS WASTE NOT ALLOCATED FOR DISPOSAL	0.08	-	-
Printer toner (CER 08.03.18)	0.03	0.09	0.05
Ferrous metal dust and particulate matter (CER 12.01.02)	2.32	-	-
Non-ferrous metal dust and particulate matter (12.01.04)	4.44	1.76	2.96
Plastic chips and shavings (CER 12.01.05)	4.78	3.24	4.22
Paper and cardboard packaging (CER 15.01.01)	7.16	3.50	22.88
Wood packaging (CER 15.01.03)	24.16	34.76	26.70
Mixed material packaging (CER 15.01.06)	14.42	-	16.20
Out-of-use electrical or electronic equipment (CER 16.02.13)	1.17	-	0.16
Iron and steel (CER 17.04.05)	-	-	3.20
TOTAL NON-HAZARDOUS WASTE NOT ALLOCATED FOR DISPOSAL	58.56	43.35	76.37



MATERIAL CAPITAL



HIGHLIGHTS

MATERIAL ISSUES REPORTED

- Innovation and technology.

SUPPORTED SDGs

- **SDG 11** Sustainable towns and communities.
- **SDG 17** Partnership for goals.

KEY RESULTS 2022

- The new Simonelli Group Campus was built.

MAIN OBJECTIVES FOR 2023

- 023/2024 Expansion of production space and storage

SIMONELLI GROUP ASSETS

Material Capital constitutes the basis for ensuring safe working environments, for allowing the organization to be flexible and efficient and for producing quality products.

Simonelli Group operates in an advanced production plant of 10,000 m², structured in six assembly lines, each with its own test and trial area. The same plant houses the warehouse for raw materials and components required for production. It is connected to a logistics centre of 6,000 m², where finished products are stored ready for delivery.

The 3,000 m² business centre, opened in 2017, is equipped with the latest home automation technologies to ensure a welcoming environment, with low environmental impact and with all infrastructures necessary for business activities. In addition to offices and meeting rooms, it includes two large showrooms for the two brands, a spacious and modern auditorium with 80 seats and a digital area for making films and video conferences with customers.





THE CAMPUS

Built on an area of 1000 m², the Campus is a multidisciplinary space for training, research, Open Innovation and business culture that aims to act as a stimulus to the growth of the local area and its community.

The Campus represents Simonelli Group's concrete and proactive response to new global challenges and one of the tools with which it increasingly intends to act as an enabling company, that is, a credible and inclusive company. This is a company that believes in the involvement of its employees, communities and markets as elements of strength to build effective responses to complex and uncertain challenges.

A physical location divided into specialized areas open for the use and participation of people: in the Research

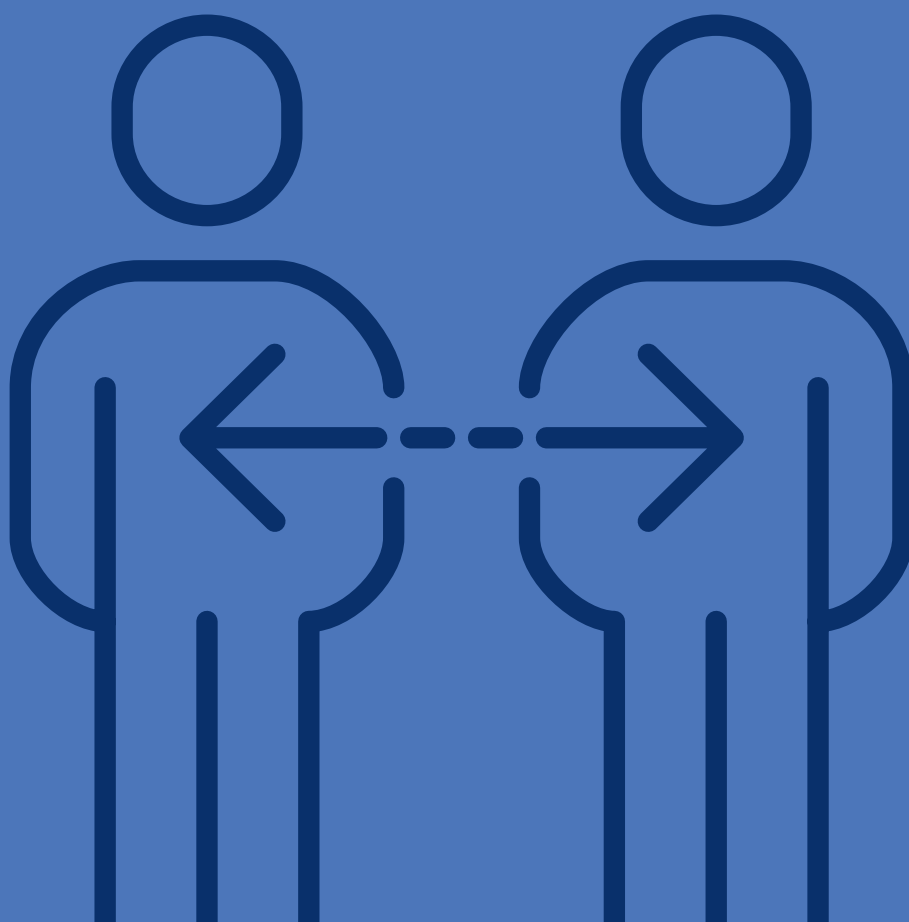
and Innovation Area there is the RICH (Research and Innovation Coffee Hub) which carries out studies and research on coffee (for further information see the RICH Scientific Research section); in the Technical Training Area, equipped classrooms are designed to host all the courses on coffee machine techniques and technologies and on the comparison between different extraction technologies.

Finally, the Networking Area is a space for meeting and exchange in which transversal ideas and innovative business strategies can be born and take shape, a space where 'doing business' and 'making culture' become a single practice in continuous evolution.

The official opening is scheduled for January 2023.



SOCIAL RELATIONAL CAPITAL



**MATERIAL ISSUES
REPORTED**

HIGHLIGHTS

- Collaborations and partnerships with schools and universities.
- Customer satisfaction and relationship management.

**SUPPORTED
SDGs**

- **SDG 4** Quality education.
- **SDG 10** Reduce inequalities.
- **SDG 11** Sustainable towns and communities.
- **SDG 17** Partnership for goals.

**KEY RESULTS
2022**

- Winning the “Best Performance Award” for the Medium Company category.
- Listed as one of the 1,000 best performing companies in Italy by the Italy-post study centre.
- Support for cultural activities carried out by the Macerata Opera Festival, the Arena Sferisterio and Politeama of Tolentino.
- Support for sports activities, social welfare and schools.

**MAIN OBJECTIVES FOR
2023**

- Dedicate 1% of company profits to social initiatives.

RELATIONS WITH STAKEHOLDERS

The relational approach has characterized the path of Simonelli Group since its origins and has grown over the years to become an identifying and distinctive feature of the company. The projects and initiatives that the company has carried out over time revolve around the concept of “hub”, to underline the centrality and value of the relationship with partners involved, be they universities, customers, suppliers or institutions.

The company’s relationship with the local area is another historical element that identifies Simonelli Group. The company has established solid relationships with social organizations and local industry, in the field of recruitment and in external collaborations with institutions, schools and supply chain companies, to create a solid network that is ready, synergically and successfully, to face the challenges of the international market.

Attention to the community and to local needs is what clearly emerges from the company’s choice to remain rooted in the Marche region, contributing to the growth of the region not only economically, but also socially, through the organization of cultural, sports and social initiatives to support young people, inclusion and equal opportunities.

The care and attention paid to relationships is the basis, among other things, of the strong attachment that employees have with the company and the feeling of family connection that prevails between customers, suppliers and partners.

SUPPLIER RELATIONS

Suppliers are the basis of this relational network, based on a deep sense of trust and mutual respect as the first link in Simonelli Group’s value chain.

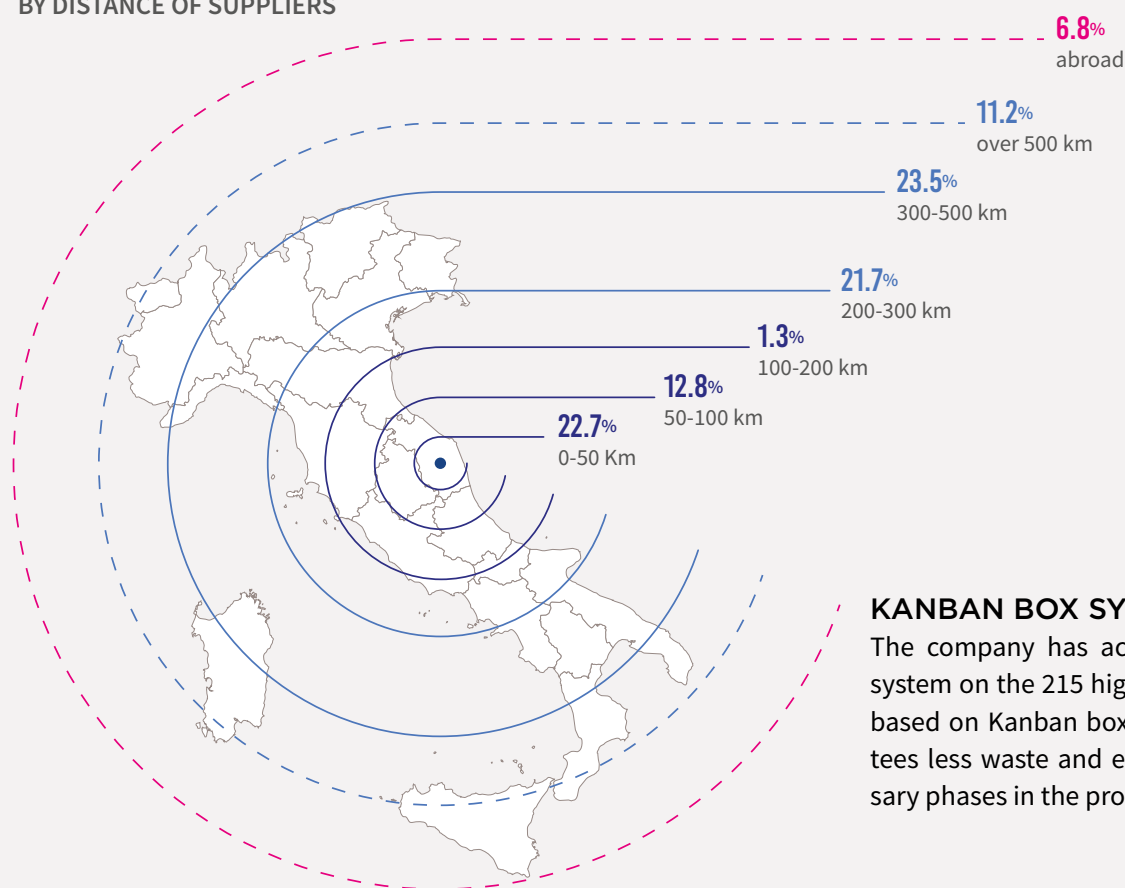
The company’s commitment to supporting and stimulating the economic and social growth of the area in which it operates is also evident in the choice of suppliers who, on a same-skill basis, are selected as a first choice from local companies. The decision to favour local suppliers is established, apart from reasons of proximity and cultural affinity, by a desire to significantly reduce the logistical environmental footprint.

The quality assurance of Simonelli Group products passes primarily through selection of suppliers and control of the supply chain, which is then constantly monitored using systems for evaluating technical-functional performance and compliance with current environmental and social regulations. In 2022, Simonelli Group carried out 7 audits of new first-tier suppliers and 5 of new second-tier suppliers.

When local companies fail to meet company parameters, Simonelli Group still favours Italian companies or companies that operate in Italy. Work therefore takes place within a structured and consolidated regulatory system, while facilitating the possibility of developing and maintaining long-term relationships that guarantee the stability of the supply system.

In 2022, Simonelli Group started a process of sensitization of its suppliers towards the issues of environmental and social respect in order to convey its strategic position on these issues and involve partners in its commitment to sustainable growth. In this context, among other activities, there is also the training provided at the beginning of 2023: as already described in the section Training and skills development, in January 2023, a full day of all-round training on sustainability issues was organized, provided by a specialized company with twenty years of experience in the field.

DISTRIBUTION OF PURCHASES BY DISTANCE OF SUPPLIERS



KANBAN BOX SYSTEM

The company has activated a resupply system on the 215 highest-rotating items based on Kanban box logic that guarantees less waste and eliminates unnecessary phases in the production cycle.

In 2022, Simonelli Group had a base of 876 suppliers, of which 27% were local and 53% Italian, for which it spent respectively 29% and 64% of the allocated budget.

NUMBER OF SUPPLIERS	FY 2020		FY 2021		FY 2022	
	N°.	% of total	N°.	% of total	N°.	% of total
LOCAL ¹⁰	204	29%	226	30%	240	27%
IN ITALY	391	55%	400	53%	463	53%
IN EUROPE	66	9%	71	9%	100	11%
IN AMERICA	13	2%	14	2%	18	2%
IN ASIA	32	4%	34	5%	35	4%
IN THE REST OF THE WORLD	9	1%	9	1%	20	2%
TOTAL SUPPLIERS	715	100%	754	100%	876	100%

¹⁰ A local supplier category is defined as a supplier based between 0 and 200 km away from the Simonelli Group headquarters.

SUPPLIERS 2022

Local

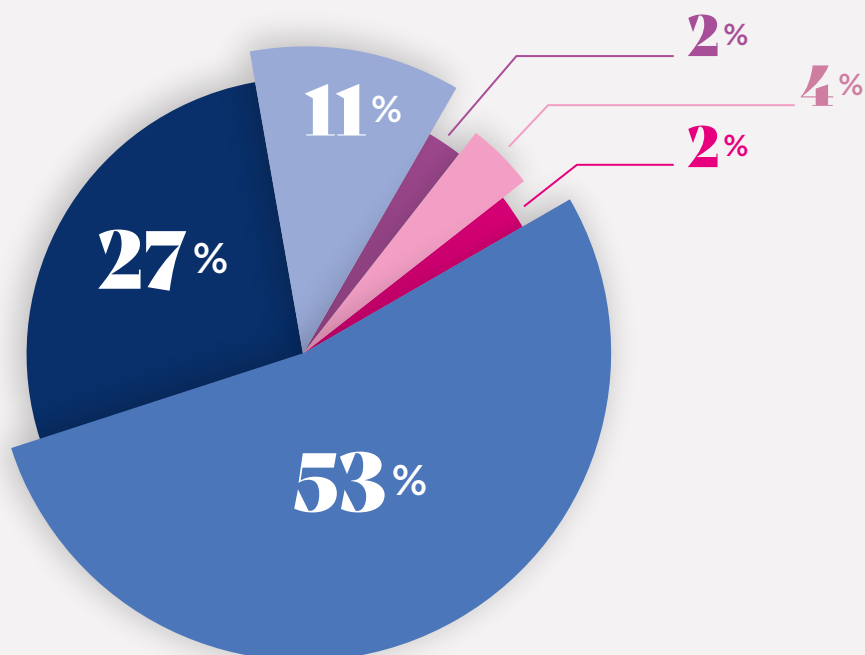
Italy

Europe

America

Asia

Rest of the world



Budget spent on suppliers

	FY 2020		FY 2021		FY 2022	
	€	% of total	€	% of total	€	% of total
LOCAL	17,215,948	33%	22,089,750	31%	19,718,400	29%
IN ITALY	30,849,059	60%	44,469,898	63%	42,760,171	64%
IN EUROPE	1,278,791	2%	1,607,580	2%	1,741,592	3%
IN AMERICA	246,710	0%	282,011	0,4%	625,472	1%
IN ASIA	1,712,459	3%	1,951,916	3%	1,831,292	3%
IN THE REST OF THE WORLD	537,735	1%	282,116	0,4%	355,744	1%
TOTAL SUPPLIERS	51,840,702	100%	70,683,271	100%	67,032,671	100%

CUSTOMER RELATIONS

A characteristic of Simonelli Group is the close and constant relationship that it has established over the years with its customers. It is the demonstration of its deep conviction that lasting relationships are central to creating and transferring value to end-users. For this reason, Simonelli Group continues to invest energy and resources for increasingly consolidated customer engagement.



MARKETING SUPPORT

Support and coordination activities continued in 2022 for customers in marketing and brand promotion activities in the area. To this end, Simonelli Group has made available and shared explanatory material, videos, photos and brand guidelines. For new product launches, in addition to sharing support material, preview days were organized in which communication strategies were presented. The company has also continued to support customers in the organization of trade fairs, creating layouts and visuals for their exhibition spaces. In 2022, the trade fair activity resumed with near regularity, (with the exception of some countries, including China, for the effects of Covid-19) and in total, among direct events (managed directly by Simonelli Group HQ staff) and indirect events (managed by distributors and partners in collaboration with HQ staff), Simonelli Group participated in about 60 sector events. Among the most important at international level are London Coffee Festival (UK), Internorga (Germany), World of Coffee (Milan) and MICE (Australia).

DOSE PLATFORM

One of the fronts on which the company has focused its attention has been the enhancement of services provided through new digital tools. For this purpose, the DOSE platform was created, through which the user can access the materials made available by the company for technical assistance and marketing activities, such as instructions, images, product brochures, technical documentation, video tutorials for assistance, e-learning courses for technical training, technical product update sheets, spare parts catalogues, orders sent, etc.

The goal is to allow all customers throughout the world and all technicians involved in equipment assistance to take advantage of these services in real time. As of 31 December 2022, 1,250 users were active on the technical side and 203 on the sales & marketing side. Numbers that are in line with the company's objectives.

In April 2021, a new e-commerce service for spare parts was introduced and at the end of 2022, 95% of the orders received by Simonelli Group passed through the new platform. The goal for 2023 is to stabilize the use of the platform and bring the number of active users up to 1,400.

DOSE PLATFORM (2022 data)

1,250 Registered contacts (TECHNICAL)

203 Registered contacts (MARKETING)

95% New e-commerce orders.

RELATIONS WITH TRADE ASSOCIATIONS

Simonelli Group actively participates in the various associations to which it belongs because it is convinced that great challenges go beyond company boundaries and must therefore be faced through collaboration between its various stakeholders. The company participates in various working groups and has often taken up roles within the associations.

In 2022 Simonelli Group had relations with:

- CONFINDUSTRIA MARCHE
- SOUL (UCIMAC)
- ADI
- ITALIAN ROASTERS GROUP
- CONSORTIUM FOR THE PROTECTION OF ESPRESSO COFFEE
- ASSOCIATION

RELATIONS WITH COMMUNITIES AND THE LOCAL AREA

Simonelli Group's commitment to society and communities is embodied in the many initiatives carried out in collaboration with organizations, non-profit associations, NGOs, schools and universities.

All the projects in which the company participates in various ways fall within the fields of culture and schools, youth sports and social assistance.

CULTURE

In the cultural field, Simonelli Group supports some initiatives that are particularly important for the local area:

— MACERATA OPERA FESTIVAL

The company supported the activities of the Macerata Opera Festival and the Arena Sferisterio, which stand as an internationally renowned symbol of local cultural production and constitute one of the main tourist attractions in the Region.

— POLITEAMA OF TOLENTINO

With the Politeama multipurpose centre in Tolentino, Simonelli Group contributed to two initiatives: the Friend Card, a card with prepaid credit distributed to high school students to bring young people closer to the world of theatre and entertainment. 506 cards were distributed and 195 entries were generated. The second addressed people with disabilities, to allow them free access to the shows in the schedule accompanied by their carers. At the end of the initiative, 22 people benefitted from it.

The company's goal is to provide continuity over the years to cultural initiatives aimed at young people and people with disabilities. The intention for 2023 is to create, in partnership with the Politeama team, a real theatre course for disabled people.

— PANNAGGI AWARD

The company continued its support for the Pannaggi Prize, promoted by the association "Gli amici di Palazzo Buonaccorsi", which aims to support the career of Marche figurative artists aged under 40, by promoting their work at national and international level.



Pannaggi Award, works by the award-winning artist Paola Tassetti.



SCHOOLS AND UNIVERSITIES

Training and research are the two cores of “knowledge”, the basis of all progress and the lever that allows people and organizations to develop. Simonelli Group works with universities, schools and training institutes, not only in the field of research, but also through internship projects for students, scholarship grants and collaboration in educational activities. In 2022, 7 internships and 3 work alternation projects were activated.

In 2023, Simonelli Group intends to set up relationships with a number of high schools to launch initiatives aimed at bringing female students closer to technical-scientific training courses and providing them with opportunities to enter the company. This project is part of Simonelli Group’s commitment to the issue of gender equality,

which sometimes needs to overcome a cultural legacy that conditions girls in the choice of their course of study. As for universities, Simonelli Group has intensified its existing cooperation with Marche Politecnica, Camerino and Macerata Universities and has extended partnerships with other universities and institutions, such as the Politecnico di Milano, to promote an exchange of knowledge and provide new opportunities for both research and students.

Also, since 2020, Simonelli Group has been a partner of Situm, School of Humanistic Managerial Technological Innovation that is committed to creating a bridge between the demand for skills by companies and university training courses.





SPORTS

Sports activities are fundamental to ensure children's healthy and balanced growth and they have become even more important in recent years following the effects of the long Covid-19 lockdown and the intense use of social media by young people – even very young – which is discouraging the new generations from having interpersonal relationships and physical activities. For this reason, Simonelli Group has introduced some initiatives aimed at bringing young people closer to sports:

— ASSOCIAZIONE BASKET TOLENTINO (ABT)

For over thirty years the company has supported this association, which is an important meeting place for children and young people, that encourages healthy growth through play, fun and social interaction. The 2022 initiative had 200 members, including two children with disabilities. To encourage participation by girls, the “Minibasket Ladies” project was set up, which, through a facilitating funding by Simonelli Group, made it possible to form a female team of 11 girls.

The collaboration of Simonelli Group goes beyond purely sports activities, it also embraces issues of awareness and training. In 2022, with the Tolentino Basketball Association, the Nutribasket project was launched, whereby five training meetings with a nutritionist explained the principles for a healthy diet of children.

With the partnership of the Tolentino basketball associ-



ation, Simonelli Group promoted a project to bring the children of the Lucatelli elementary school closer to physical activity: specifically, nine classes were assigned a qualified basketball instructor who did specific physical exercises with them.

In tandem with the ABT collaboration, summer camps were organized with four weekly sessions in June and July 2022 and two weekly sessions in September 2022. Each round included the participation of 40 students.

— ASSOCIAZIONE TENNIS TOLENTINO

Simonelli Group started a collaboration with Associazione Tennis Tolentino to start a wheelchair program to promote inclusion and encourage access to sports for people with mobility difficulties of all ages.

In May 2022, the first Wheelchair course started with sessions of an hour and a half, twice a week. From 4 to 6 November, the “Open Wheelchair Tournament - Nuova Simonelli” was held.

To set up this program, teachers were trained and the necessary equipment was purchased, including two professional wheelchairs for competitions and two standard wheelchairs: the purchase was subsidized by Simonelli Group.

The goal for 2023 is to continue the Wheelchair project and increase the number of members, by organizing tournaments and involving other tennis clubs.



SOCIAL WELFARE

Simonelli Group is active in a number of initiatives aimed at supporting people with difficulties of various kinds, in order to improve their condition and promote their inclusion in the community.

— SOCIAL ENTERPRISE “THE CHILDREN OF THE FAIRIES”

In 2021, the company started a partnership with the social enterprise “I Bambini delle Fate” which promotes initiatives aimed at research, assistance and support for disabled and autistic children. Thanks to this collaboration, which continued in 2022, Simonelli Group came into contact and supported “PizzAut”, a pizzeria in Monza that allows the employment of young girls with autism in the hospitality sector.

— ANFFAS

In 2022, a partnership was created with Anffas Sibillini, an association of families of children with intellectual disabilities whose goal is to help them move towards autonomy. Simonelli Group contributed to the purchase of material for the educational activities carried out in the “Casa del Cuore”.

— NEMO CLINICAL CENTRE

2022 saw the continuation of the collaboration with the NeMo Clinical Centre (Neuro Muscular Onmicenter) in Ancona. This highly specialized structure was designed to respond specifically to the needs of those suffering from neuromuscular diseases (such as ALS and SMA) and muscular dystrophies. Its aim is to improve the quality of life of those it cares for, providing them and their families with clinical, welfare and psychological support. In 2022, two wheelchairs were purchased: one with body support and postural cushion and the other manually operated with headrest.

RELATIONS WITH THE COFFEE COMMUNITY

Simonelli Group is particularly involved in the coffee community and for over fifteen years has been actively supporting and/or collaborating with the main associations and organizations that represent it, such as the SCA (Specialty Coffee Association), the Coffee Science Foundation (CSF), the CQI (Coffee Quality Institute), the Coffee Excellence Alliance (ACE), the ASIC, the Consortium for the protection of espresso coffee, the Italian Coffee Consortium, the Italian roasting group, and, in the past, has also had relations with the ICO and INEI.

SCA - SPECIALTY COFFEE ASSOCIATION

The Specialty Coffee Association - SCA is a global non-profit membership organization representing thousands of coffee professionals (from producers to baristas) from around the world. Founded on the principle of openness,

inclusiveness and shared knowledge, it promotes a global coffee community and supports initiatives that aim to make Specialty Coffee a thriving, fair and sustainable business for the entire value chain.

The SCA acts as a glue within the coffee industry and works to improve quality standards worldwide through a collaborative and progressive approach.

Simonelli Group has been working with the SCA since 2005 (before the merger of SCAA and SCAE in 2017, it collaborated with individual associations) on different fronts: in international competitions, as a sponsor of the World Barista Championship, in training, by providing facilities and promoting and organizing SCA courses, in events, by participating in organized events (Expo and World of Coffee) and in the community, by supporting various initiatives of the various Guilds (roaster guilds, barista guilds, technical guilds) and National Chapters.



ASSOCIATION FOR COFFEE SCIENCE AND INFORMATION (ASIC)

ASIC was founded in 1966 in Paris and is the main international association dedicated to the sharing and dissemination of scientific research on coffee. It organizes and coordinates a biennial conference where leading researchers and specialists from all over the world meet to share the results of scientific research on coffee. Simonelli Group participates and supports the activities of ASIC, through the contributions of the work conducted by the Research and Innovation Coffee Hub.

Simonelli Group contributes to the growth and strengthening of the international coffee community also through platforms and training tools that it has created for this purpose.

COFFEE KNOWLEDGE HUB (CKH)

In April 2021, Simonelli Group created and launched a new “phygital” training platform offering high-level training courses to all interested parties through collaboration with the best coffee experts and the most prestigious world organizations (including Cup of Excellence, CQI, SCA). This platform allows the 3,200 registered members to acquire important new skills and thus increase their professional opportunities. Through this platform, a network of relationships is now active that favours the development of a global coffee community.

In 2022, 105 courses were held (compared to 65 in 2021) with 1,373 students (compared to 506 in 2021). The following table shows the courses offered, divided by type of topic.



COURSE CATEGORY	NUMBER OF PROVIDERS
BARISTA	37
BUSINESS	7
GREEN COFFEE	8
RESEARCH	1
ROASTING	13
SCIENCE	20
SENSORY	12
SOCIOLOGY	1
SUSTAINABILITY	3
TECHNICAL	10
SOCIAL SCIENCE	1
SCA LECTURE	37
GRAND TOTAL	150



**COFFEE
KNOWLEDGE
HUB**

COFFEE KNOWLEDGE HUB 2022 DATA:

150 Courses
1,373 Students

YOUTH ACADEMY

Since 2018, Simonelli Group has promoted a free training program for young people under 30 who intend to start or consolidate a professional career in the world of coffee, based on the SCA Coffee Skill Program.



For each session, 6 students are selected based on their CV and a selection phase. These are the courses offered:

- INTRODUCTION TO COFFEE
- GREEN COFFEE (FOUNDATION LEVEL)
- BREWING (FOUNDATION LEVEL)
- SENSORY (FOUNDATION LEVEL)
- ROASTING (FOUNDATION LEVEL)
- BARISTA (FOUNDATION LEVEL)
- BARISTA (INTERMEDIATE LEVEL)
- BARISTA (PROFESSIONAL LEVEL)

In 2022, the Youth Academy was held in Italy, Malaysia, England and Turkey.



APPENDIX

GRI Content Index

The following table serves as a link between the content of this Integrated Report and the information in the GRI Sustainability Reporting Standards.

STATEMENT OF USE

Simonelli Group SpA Drafted this Integrated Report with reference to GRI Standards for the period 01.01.22-31.12.22.

GRI 1

GRI 1: Foundation 2021

APPLICABLE GRI SECTOR STANDARD(S)

N.A.



GRI SUSTAINABILITY REPORTING STANDARD			CHAPTER / PARAGRAPH REFERENCE	PG.
GENERAL DISCLOSURES				
GRI 2: General Disclosures 2021	2-1	Organizational details	2. Business Model and Value Creation / Ownership Structure	30
	2-2	Entities included in the organization's sustainability reporting	Note on Methodology	2
	2-3	Reporting period, frequency and contact point	Note on Methodology	2
	2-4	Restatements of information	No revisions were made to the information from previous reporting periods	
	2-5	External Assurance	The Financial Statements have not been subject to external assurance	
	2-6	Activities, value chain and other business relationships	2. Business Model and Value Creation	28
	2-7	Employees	5. Human capital / Workforce	67
	2-8	External workers	5. Human Capital / Workforce	67
	2-9	Structure and composition of governance	2. Business Model and Value Creation / Corporate Governance	31
	2-10	Appointment and selection of the highest governing body	2. Business Model and Value Creation / Corporate Governance	31
	2-11	President of the highest governing body	2. Business Model and Value Creation / Corporate Governance	31
	2-12	Role of the highest governing body in overseeing impacts	2. Business Model and Value Creation / Corporate Governance	31
	2-14	Role of the highest governance body in sustainability reporting	2. Business Model and Value Creation / Corporate Governance	31
	2-15	Conflict of interest	1. Identity and Governance / Business Ethics and Integrity	22
	2-16	Communication of critical issues	5. Human Capital / Personnel	66
	2-17	Collective knowledge of the highest governing body	2. Business Model and Value Creation / Corporate Governance	
	2-18	Performance evaluation of the highest governing body	2. Business Model and Value Creation / Corporate Governance	31
	2-22	Sustainable Development Strategy Statement	Stakeholder Engagement and materiality analysis	12
	2-23	Policy commitments	1. Identity and Governance / Etica e integrità del Business	22
	2-24	Mainstreaming commitments into policies	1. Identity and Governance / Business Ethics and Integrity	22
	2-25	Processes to remedy negative impacts	1. Identity and Governance / Business Ethics and Integrity	22
	2-26	Mechanisms for consultation and expression of doubts	1. Identity and Governance / Business Ethics and Integrity	22
	2-27	Compliance with laws and regulations	There were no significant cases of non-compliance with laws and regulations during the reporting period	
	2-28	Associations	8. Relational Capital / Relations with the community and the local area	106
	2-29	Stakeholder engagement approach	Stakeholder Engagement and materiality analysis	6
	2-30	Collective bargaining agreements	5. Human Capital / Workforce	71

GRI SUSTAINABILITY REPORTING STANDARD			CHAPTER / PARAGRAPH REFERENCE	PG.
MATERIAL THEMES				
GRI 3: Material issues 2021	3-1	Process for determining material issues	Stakeholder Engagement and materiality analysis	8
	3-2	List of material issues	Stakeholder Engagement and materiality analysis	9
ECONOMIC PERFORMANCE				
GRI 201: Economic performance 2016	201-1	Economic value directly generated and distributed	3. Financial Capital / Distribution of value generated	47
INDIRECT ECONOMIC IMPACTS				
GRI 203: Indirect economic impacts 2016	203-2	Significant indirect economic impacts	3. Social Relational Capital	100
PROCUREMENT PRACTICES				
GRI 204: Procurement Practices 2016	204-1	Proportion of expenditure to local suppliers	3. Social Relational Capital/Supplier Relationship Management	104
ANTI-COMPETITIVE BEHAVIOUR				
GRI 206: Anti-competitive behaviour 2016	206-1	Lawsuits for anti-competitive, antitrust, and monopolistic practices	There were no occurrences of anti-competitive, antitrust and monopolistic behaviour	
TAXES				
GRI 207: Taxes 2019	207-1	Approach to taxation	3. Financial Capital / Distribution of value generated	49
MATERIALS				
GRI 301: Materials 2016	301-1	Materials used by weight or volume	6. Natural Capital / Consumption	84-86
	301-2	Materials used deriving from recycling	6. Natural Capital / Consumption	84-86
ENERGY				
GRI 3: Material issues 2021	3-3	How to manage material issues	6. Natural Capital	78
GRI 302: Energy 2016	302-1	Energy consumed within the organization	6. Natural Capital/ Consumption	87-88
WATER AND WATER DISCHARGES				
GRI 303: Water and water discharges 2018	303-1	Interaction with water as a shared resource	6. Natural Capital/ Consumption	89-90
	303-4	Water discharges	6. Natural Capital/ Consumption	89-90
	303-5	Water consumption	6. Natural Capital/ Consumption	89-90

GRI SUSTAINABILITY REPORTING STANDARD			CHAPTER / PARAGRAPH REFERENCE	PG.
EMISSIONS				
GRI 305: Emissions 2016	305-1	Direct GHG emissions (Scope 1)	6. Natural Capital / Greenhouse Gas Emissions	91-93
	305-2	Indirect GHG emissions from energy consumption (Scope 2)	6. Natural Capital / Greenhouse Gas Emissions	91-93
	305-3	Other indirect GHG emissions (Scope 3)	6. Natural Capital / Greenhouse Gas Emissions	91-93
WASTE				
GRI 306: Waste 2020	306-3	Waste produced	6. Natural Capital / Responsible waste management	94-95
	306-4	Waste not destined for disposal	6. Natural Capital / Responsible waste management	94-95
	306-5	Waste destined for disposal	6. Natural Capital / Responsible waste management	94-95
ENVIRONMENTAL ASSESSMENT OF SUPPLIERS				
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers assessed using environmental criteria	3. Social Relational Capital/Supplier Relationship Management	102
OCCUPATION				
GRI 3: Material issues 2021	3-3	How to manage material issues	5. Human Capital	64
GRI 401: Employment 2016	401-1	Recruitment and turnover	5. Human Capital / Workforce	72
	401-2	Benefits for full-time employees that are not available to temporary or part-time employees	5. Human Capital / Welfare and corporate well-being	74
HEALTH AND SAFETY AT WORK				
GRI 3: Material issues 2021	3-3	How to manage material issues	5. Human Capital	64
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5. Human Capital / Health and safety at work	75
	403-3	Occupational health services	5. Human Capital / Health and safety at work	75
	403-4	Worker participation and consultation and communication on occupational safety and health	5. Human Capital / Health and safety at work	75
	403-5	Training of workers in occupational safety and health	5. Human Capital / Health and safety at work	75
	403-8	Workers covered by an occupational health and safety management system	5. Human Capital / Health and safety at work	75
	403-9	Accidents at work	5. Human Capital / Health and safety at work	75
	403-10	Work-related illness	5. Human Capital / Health and safety at work	75

GRI SUSTAINABILITY REPORTING STANDARD			CHAPTER / PARAGRAPH REFERENCE	PG.
TRAINING AND EDUCATION				
GRI 404: Training and Education 2016	404-1	Average annual training hours per employee	5. Human Capital / Training and skills development	73
	404-2	Employee Upskilling Programs and Transition Assistance Programs	5. Human Capital / Training and skills development	73
DIVERSITY AND EQUAL OPPORTUNITIES				
GRI 3: Material issues 2021	3-3	How to manage material issues	5. Human Capital	64
GRI 405: Diversity and Equal Opportunities 2016	405-1	Diversity in governing bodies and among employees	2. Business Model and Value Creation / Corporate Governance 5. Human Capital / Workforce	31-67
LOCAL COMMUNITIES				
GRI 413: Local communities 2016	413-1	Activities involving local communities, impact assessments and development programmes	8. Relational-Social Capital / Relations with the community and the territory	100
CUSTOMER HEALTH AND SAFETY				
GRI 416: Customer Health and Safety 2016	416-2	Occurrences of non-compliance concerning impacts on the health and safety of products and services	There were no occurrences of non-compliance regarding impacts on the health and safety of products and services	
MARKETING AND LABELLING				
GRI 417: Marketing and Labelling 2016	417-2	Occurrences of non-compliance in the information and labelling of products and services	There have been no occurrences of non-compliance in the information and labelling of products and services	
	417-3	Cases of non-compliance regarding marketing communications	There have been no cases of non-compliance with marketing communications	
CUSTOMER PRIVACY				
GRI 418: Customer Privacy 2016	418-1	Proven complaints regarding customer privacy breaches and loss of customer data	2. Business Model and Value Creation / Ethics and Business Integrity	22
OTHER MATERIAL ISSUES				
Circular economy	3-3	How to manage material issues	4. Intellectual Capital / Research activities	58-59
Innovation and technology	3-3	How to manage material issues	4. Intellectual Capital / New Products and Technologies	56-57
Collaborations and partnerships with schools and universities	3-3	How to manage material issues	8. Relational Capital / Relations with the community and the local area	106
Customer satisfaction and relationship management	3-3	How to manage material issues	8. Relational Capital / Customer Relations	105

APPROVAL

This Integrated Report has been approved by
the Administrative Council in the session of 15th September 2023.

Publication: November 2023.

Printed on Fedrigoni X-PER paper FSC® certified



Creative concept and design
Viola Marinelli

Cover illustration
Giulia Rossi
www.giuliarossi.art

Graphic contributions
Romina Marchionni

SIMONELLI | GROUP

Simonelli Group S.p.a.
Via E. Betti, 1
62020 Belforte del Chienti (MC)
Italy

www.simonelli-group.com