



CEMBRE

SUSTAINABILITY REPORT 2021

NON-FINANCIAL STATEMENT 2021 IN ACCORDANCE
WITH ITALIAN LEGISLATIVE DECREE 254/2016



CEMBRE

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Letter to Stakeholders

2021 was an important year for Cembre because, despite the difficult situation persisting at global level, we demonstrated that we can achieve excellent results.

There have been various kinds of difficulties to face: first and foremost the management of the emergency linked to Covid, which still imposes strict distancing rules and limits our presence at trade fairs.

This year the Covid crisis was compounded by a sharp rise in raw material prices, the difficulty in acquiring many of the purchase codes, the massive increase in transportation costs and the danger of a computer virus.

We can proudly say that Cembre's determination, principles and values have allowed it to better react to these difficulties and more effectively seize the opportunities offered by the recovery.

Cembre continues to make sustainability one of the key elements of its action, with the aim of strengthening and consolidating over time the model of a company capable of focusing on innovation, respect for the environment and people.

We are convinced that operating according to the culture and principles of our Group's Code of Conduct will enable us to create new and important opportunities for growth and ensure that we achieve increasingly ambitious targets.

Cembre's commitment to sustainability is bringing greater awareness of the importance of making a concrete commitment to combating climate change in order to mitigate its impact.

In 2021, this commitment was formalized and implemented in several projects that combine the three areas of sustainable development (people, environment and territory).

The main projects are related to sustainable mobility, energy efficiency, certification compliance and sustainable innovation.

Medium-term guidelines (four to five years) have been established for each project, along with investments, commitments and objectives shared with the various categories of stakeholders.

Sustainable mobility

Since 2016 Cembre has identified a number of activities to encourage the use by its employees of alternative means of transport to private cars.

With a view to continually improving the quality of life, health and safety of its employees and to help improve the environment in which we live, a 4-year mobility project (2022 - 2025) has been defined within Cembre's 2021 Home-Work Journey Plan.

The main objective is to encourage and raise awareness in every employee to be an active part of the project and significantly contribute to reducing CO₂ emissions produced each year by home-work journeys.



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Energy efficiency enhancement

Environmental awareness has always been featured in the company's development plans and has been achieved over the years in actions such as the installation of a photovoltaic system and an advanced geothermal heat exchanger for heating a warehouse of 10,000 m².

We believe we must never stop and in 2021 we planned to replace the traditional lighting systems with LED technology solutions in all the warehouses of the Brescia office by 2026. More than 900 lighting fixtures will be replaced; this will result in a saving in energy consumption related to lighting of about 40% compared to the current value.

Adjustment of certifications

Cembre believes in the importance of certifications to international standards for controlling environmental impacts deriving from the company's activities and the protection of health and safety in the workplace. Moreover, it is aware of the need to standardize its Management System for all the Group companies, especially the two production units. In fact, after the integration to ISO 14001 in 2017, the process path was completed in 2021 by extending the ISO 45001 certification also to the second production unit in England.

Sustainable innovation

For Cembre, the responsible use of energy resources, aimed at reducing consumption and/or making it more efficient, can also be achieved through new technological solutions.

For some years now, Cembre has been investing in innovating and developing solutions that can facilitate the evolution of processes, making the production flow more efficient and effective.

The Group has great confidence in the coming years, in which it will face its challenges with new machinery and new innovative products, thanks also to the context of Industry 4.0, which acts as a driving force to develop products in line with this commitment.

Cembre renews its commitment to sustainability with a strong and cohesive Group that today consists of over 700 people. We are confident that together with our stakeholders we can continue to build a better future for the next generations.



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The corporate identity and Group profile

Founded in 1969 in Brescia, CEMBRE is a European leader in the manufacture of compression connectors and related installation tools with a ten-year history of successes and growth.

- 1969** Cembre (acronym for Costruzioni Elettro-Meccaniche BREsciane [Electro-Mechanical Constructions of Brescia]) is founded in Brescia
- 1977** Production is moved to the current office in via Serenissima, Brescia
- 1986** Cembre Ltd. is established in Coleshill, Birmingham, UK.
- 1988** Cembre S.a.r.l. is established in Bagneaux, Paris.
- 1990** The CEMBRE S.p.A Quality Management System is certified by LRQA according to ISO 9000:2008 standard.
- 1994** Establishment of Cembre España SL in Madrid, Spain.
- 1995** Establishment of Cembre AS in Stokke, Norway.
- 1997** Cembre GmbH is established in Munich, Germany. CEMBRE S.p.A. is listed on the Milan Stock Exchange.
- 1999** OELMA s.r.l. is purchased, a company specialised in the production of cable glands and electrical materials in general. CEMBRE Inc. is established in Edison, New Jersey, USA.
- 2001** Cembre S.p.A. enters the STAR segment of the Italian Stock Exchange MTA.
- 2002** Establishment of General Marking s.r.l. and acquisition of a company specialised in the production of row markers and electrical components.
- 2008** Certification of the Cembre S.p.A. Environmental Management System in accordance with standard ISO 14001:2004.
- 2011** Acquisition of 13,500 m² of warehouses adjacent to the Brescia office.
- 2012** Certification of the Cembre S.p.A. Worker Health and Safety Management System and that of the Italian regional offices, in accordance with standard OHSAS 18001:2007. Merger by acquisition of General Marking s.r.l. into CEMBRE S.p.A.
- 2016** Closure of CEMBRE AS.
- 2017** Certification of the CEMBRE Ltd Environmental Management System also in accordance with ISO 14001:2015 standard.
- 2018** CEMBRE GmbH acquires IKUMA GmbH & Co. KG, a company specialised in marketing electrical materials, and IKUMA Verwaltungs GmbH, a non-operating company that carries out administration and management activities for IKUMA KG. Both companies have registered office in Weinstadt, near Stuttgart.
- 2020** Merger of IKUMA into CEMBRE GmbH.
- 2021** Transition from OHSAS18001 to ISO 45001 for the Brescia office and first certification for the UK office.
Agreement signed for an additional 15,000 m² of area dedicated to future production expansion.



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The Cembre Group operates with passion and determination according to deeply-rooted values and principles while respecting the environment and people.

In order to achieve this objective, CEMBRE hinges its work on the following principles:

- continuous increase of efficiency and effectiveness in process management;
- research and innovation to improve existing products and offer innovative products that stay one step ahead of market demands and our competitors;
- expansion of commercial penetration;
- heightened accountability, involvement and participation of, and listening to, its collaborators;
- environmental protection through the reduction of the environmental impact, energy consumption, and the production of pollutants, as well as the promotion of biodiversity;
- safeguarding the health and safety of all staff working in CEMBRE and all those using our products through an analysis and systematic reduction of risks;
- continuous improvement of its Company Management System;
- compliance with relevant or subscribed provisions, whether from laws, national or international regulations or arranged by the parties themselves;
- respect and optimisation of the values set out in the Corporate Code of Conduct.

Missione

CEMBRE collaborates with its product users to develop the best possible technical and economic solutions in the field of electrical connections.

“The wealth of the range of products, the widespread nature and effectiveness of the sales network and the constant focus on customer needs, are further strengths boasted by the CEMBRE Group insofar as they are able to guarantee a significant commercial benefit in a global market that is evolving constantly.”

The company's activities are inspired by the ethical principles of legality, honesty, transparency, impartiality, and respect, which are at the foundation of the company's culture and reaffirmed with conviction in the Group's Code of Conduct. In this context, the CEMBRE Group prepared a strategy to structure the Company in a modern manner within the European and international market and supplying all corporate levels with the general rules and procedures necessary to guarantee the maintenance and improvement of product quality, the safeguarding of the environment and health and safety at work.

The Corporate Policy, indicators and targets of the CEMBRE Group ensue from a careful, objective analysis of the internal situation, the results achieved and possible future developments, as well as of the external environment, customer demands and those made by other stakeholders.

The documentation collected is reviewed by the Managers in collaboration with the Company Management System Manager and the departments involved in the activities.



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The Company Management System, which is standardised in accordance with the provisions of standards ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 is the tool used to translate the principles of the Corporate Policy into goals, and monitor their achievement.

Group Structure

The CEMBRE Group consists of 6 units, of which 2 are production units. The parent company Cembre S.p.A., based in Brescia, is the largest production unit and directly holds 100% of all the other Group companies.

In addition to serving its Italian and foreign customers, the parent company also supplies products that are marketed by the foreign subsidiaries in the respective national markets.

The Group's second-largest manufacturing unit is based in Sutton Coldfield near Birmingham in the United Kingdom and is mainly dedicated to the British market, while the other four companies are purely for distribution and are based in the vicinity of Paris (France), Madrid (Spain), Munich (Germany) and Edison (New Jersey, USA).













Manufacturing Sites	Distribution Sites
Italy – CEMBRE S.p.A. Brescia	Germany – CEMBRE GmbH Munich - Weinstadt
United Kingdom – CEMBRE Ltd Sutton Coldfield	France – CEMBRE Sarl Morangis
	Spain – CEMBRE SLU Madrid
	USA – CEMBRE Inc Edison



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The direct presence in important countries of western Europe and the United States enables the Group to effectively reach the individual markets, increasing contact with the customer and assuring immediate, qualified, technical-commercial assistance.

Group Highlights

	Number of employees	728
	Total hours of employee training	9,655
	Consolidated turnover	€166.8 million
	Economic value distributed	€153.4 million
	Proportion of women in CEMBRE	24.6% ⁸
	Proportion of women on the Board of Directors	50%
	Value of extra group supplies	€98.4 million
	Proportion of local supplies	44.3%
	Patents, utility and ornamental models	248
	ISO 14001 and ISO 45001 certified production sites	100%



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CEMBRE Group Governance

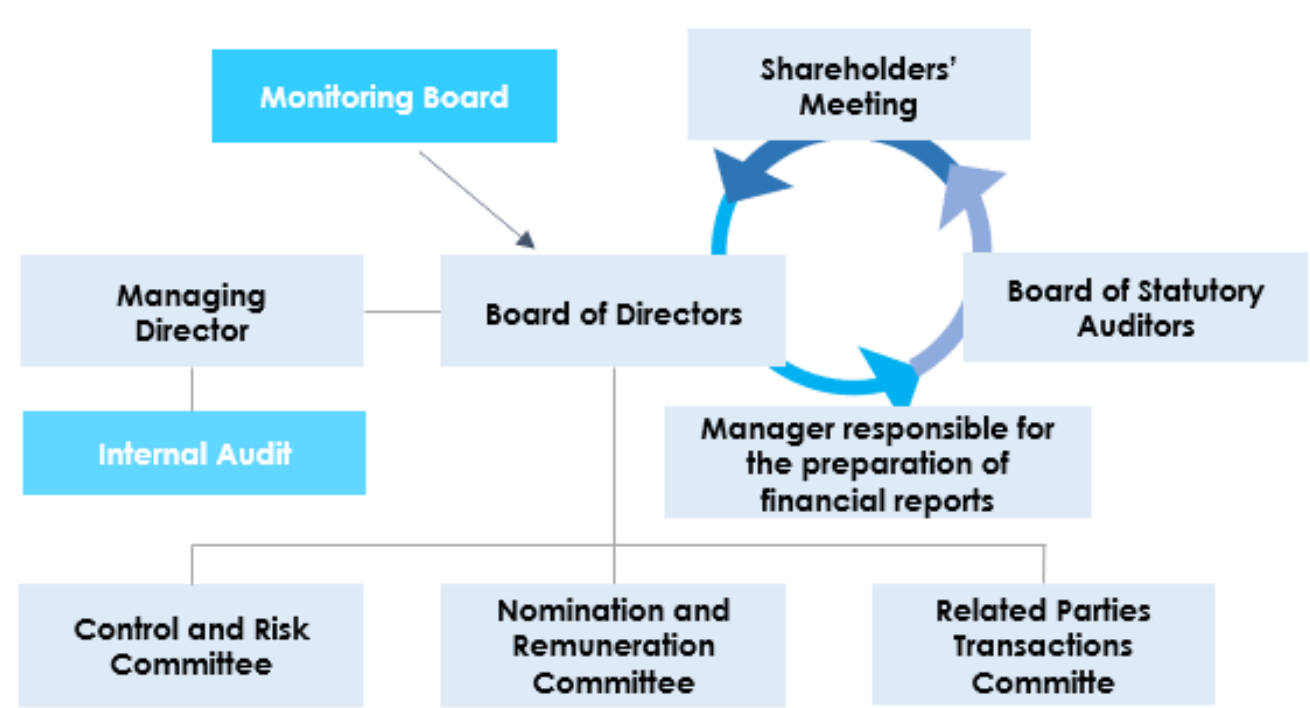
CEMBRE S.p.A. is organised according to a "traditional" administration and control model, with the presence of a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors.

The CEMBRE corporate governance structure is based on the central role of the Board of Directors, as the body in charge of Company administration, which has chosen, from amongst its members, a Managing Director assigned full powers of Board management with the exception of those that cannot be delegated by law and the examination and approval of significant operations and related party transactions.

Within the Board, the Appointments and Remuneration Committee, the Control and Risks Committee and the Related Party Transactions Committee, have been established. An independent auditing firm audits the Group's consolidated financial statements and the Parent Company's financial statements.

CEMBRE S.p.A. has been listed on the Telematic Stock Market (MTA) since 15 December 1997, and since 24 September 2001 in the STAR segment. The share capital is €8,840,000.00, subscribed and paid-in, divided up into 17,000,000 shares each with a face value of €0.52. As at the date of this report, the floating capital is 29.04 %.

CEMBRE S.p.A. is controlled by Lysne S.p.A., a holding company based in Brescia.





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Sustainability has always been viewed with great attention by CEMBRE; indeed, this is why the company has decided that it was best to keep the responsibility for these aspects with the Board of Directors.

The Group governance model is described within the “Report on Corporate Governance and Ownership Structures”, prepared in accordance with the provisions of Art. 123-bis of the TUF and published on the website www.CEMBRE.com, to which reference is made for more details.

With a view to digital transformation and sustainability, in 2021 CEMBRE decided to adopt a digital platform to manage the meetings of the Board of Directors and the internal Board Committees.

The chosen tool has made it possible to eliminate paper and make document sharing more secure: in fact, documents are no longer transmitted via e-mail, but are made accessible securely through the platform, whose servers are ISO 27001 certified; documents are also encrypted and marked with a personalized watermark.

The Board of Directors defines the guidelines to the Internal Control and Risk Management System, intended as the set of processes aiming to monitor the efficiency of the company operations, the reliability of the financial information, compliance with laws and regulations and the safeguarding of company assets. In line with international models and best practices (COSO Report), CEMBRE's Internal Control System is based on the following key elements:

- Control environment: this is the environment in which the individuals operate and it represents the culture relative to control permeated within the organisation. It is made up of the following elements: company organisational chart, system of delegations and proxies, organisational provisions, internal policies and procedures, Administrative and Accounting Control Model and Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, including the Code of Conduct, which is an integral part of it; Administrative and Accounting Control Model pursuant to Law 262/2005.
- Control activities: it is the set of control rules and procedures put in place to allow the monitoring and control of corporate risks to reduce them to an acceptable level and ensure the achievement of corporate objectives.
- Information and communication: is the process created to ensure the accurate and timely collection and communication of corporate information.
- Monitoring activities: is the set of activities necessary to verify and evaluate periodically the adequacy, operational efficiency and efficacy of internal controls.

The CEMBRE S.p.A. Risk Management System is described in the Corporate Governance Report. The Company takes an integrated approach to the risk of regulatory non-compliance. For the measures envisaged if such should occur, reference is made to the Organisation, Management and Control Model in accordance with Italian Legislative Decree no. 231/2001, which aims to prevent specific crimes from being committed by Company managers and all workers under their management and/or supervision, employees and/or collaborators, in the interests or to the benefit of the Company.



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CEMBRE appoints the Supervisory Body to assess the adequacy and effectiveness of the Model, or rather its actual capacity to prevent the crimes and monitor the function and correct observance of the protocols adopted. At the request of said body, the Company has promptly updated the Model 231/01 and adjusted the control structure supervising it, according to the regulatory evolutions of the time.

At each Model update, a specific communication is made to all employees in this respect; the contractual clauses usually included in each contract with suppliers of goods and services envisage specific reference to the Code of Conduct, published on the company website.

The Code of Conduct defines the ethical standards and values upheld and embraced by the Group and which, accordingly, must be upheld and embraced by all subjects with which the CEMBRE Group operates. In general, as regards the methods identified for training, there is a specific paragraph in the Model 231, which regulates training and information of employees in respect of the Model, using both classroom training and e-learning methods, with final learning test/questionnaire.

CEMBRE has also defined its own Accounting-Administrative Control Model in compliance with Italian Law no. 262/05, within which indications are given as the rules adopted to manage risk and internal control in respect of the financial disclosure process, as an integral part of the company internal control system.

The sales network

CEMBRE pursues its growth by establishing itself on international markets, seeking to replicate its industrial model and values in all the countries in which it operates, with due consideration for local culture.

Consistently with its values and mission, the Group operates in full respect of human rights and the environment.

This choice is guided by the awareness that only by acting in a socially responsible manner is it possible to ensure long-term development.

In Italy, CEMBRE S.p.A. operates through a capillary distribution network, with its own offices and warehouses in Brescia, Turin, Milan, Padua, Bologna, Florence and Palermo; in the other regions, it operates through agents, organised for technical-commercial assistance and with warehouses for rapid deliveries.

CEMBRE is also present in the main countries across the globe, thanks to a network of representatives or correspondents, who can guarantee immediate, qualified technical-commercial assistance and rapid deliveries of products from their warehouses.



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The CEMBRE sales force worldwide numbers more than 100 functionaries dedicated to daily visits to customers.

The Group intends to further consolidate its relationships with customers and distributors in order to strengthen its position as the main supplier of a comprehensive range of products, also thanks to its ability to adapt production processes to the specific needs of customers and to provide an increasingly wide range of products.





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Economic value generated and distributed and economic impact

The Cembre Group reported a 21.7 percent revenue growth in 2021 compared to 2020, with a turnover of €166.8 million, and 14.0 percent growth compared to 2019.

The performance of consolidated sales by geographical areas shows 25.8% growth in the Italian market, with sales of €70.4 million. Sales in the rest of Europe grew by 23.0% on the previous year to €78.8 million while sales in the rest of the World were 3.1% higher, reaching €17.7 million. In 2021, sales revenues to the Italian market represented 42.2% of the total (40.8% in 2020), sales to the rest of Europe 47.2% (46.7% in 2020) and sales in the rest of the world represented 10.6% of total sales (12.5% in 2020).

Economic data (GRI 201-1)	2021	2020	2019
(thousands of euros)			
Revenues from sales and services provided	€ 166,835	€ 137,137	€ 146,296
Other income and revenues, net of the use of provisions	€ 737	€ 786	€ 979
Losses on receivables	(€ 45)	(€ 220)	(€ 53)
Capitalised internal construction costs	2,232	€ 1,207	€ 1,055
Write-down of receivables	(€ 63)	(€ 94)	(€ 28)
Financial income	3	€ 7	€ 7
Foreign exchange gains (losses)	201	(€ 171)	(€ 81)
ECONOMIC VALUE GENERATED (A)	€169,900	€ 138,652	€ 148,175
Distributed to employees	€ 46,483	€ 41,461	€ 41,693
Distributed to suppliers	€ 77,692	€ 60,916	€ 69,448
Distributed to lenders	€ 103	€ 134	€ 170
Distributed to shareholders ¹	€ 20,116	€ 15,068	€ 15,048
Distributed to the public administration	€ 8,968	€ 5,927	€ 5,247
External donations	€ 32	€ 106	€ 35
ECONOMIC VALUE DISTRIBUTED (B)	€ 153,394	€ 123,612	€ 131,641
ECONOMIC VALUE WITHHELD BY THE GROUP	€ 16,506	€ 15,040	€ 16,534
Amortisation, depreciation, provisions and other impairment	€ 11,301	€ 11,133	€ 9,892
Self-financing	€ 5,205	€ 3,907	€ 6,642
ECONOMIC VALUE WITHHELD BY THE GROUP	€ 36,622	€ 15,040	€ 16,534

¹ For each year of reporting, the value of the dividends proposed for approval at the Shareholders' Meeting is assigned to the value distributed to shareholders (not recorded as liability at December 31).



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Main types of risk

CEMBRE carries out a risk assessment every two years to update its risk map and define actions to be implemented to contain risks and identify opportunities for improvement. This process is carried out by taking into account the identification and valuation of the main corporate risks (financial, strategic, governance, operational, digital, and compliance) perceived by company management, which are continuously monitored through the company's internal auditing process.

In particular, the main risks associated with the three pillars of sustainability (environmental, social and governance) are as follows.

Environmental dimension:

- > **environmental risks:** the most restrictive environmental protection regulations require companies to take specific actions to minimise their environmental impact and safeguard biodiversity.
- > **climate risks:** Climate-related risks can weigh on a company's financial results and can be classified as physical risks and transition risks (e.g., extreme weather events that cause an interruption in the production process resulting in product loss).

Social dimension:

- > **human capital risks:** in a context of continuous change and evolution of technology and the labor market, new profiles with high professional skills become essential for companies that are managing the transition and have a wide geographical presence.

Organisations need to move towards new agile and flexible business models and diversity policies.

- > **occupational health and safety risks:** these risks are related to the performance of operational activities at the Group's units.

CEMBRE intends to eliminate or at least limit risks to workers' health and safety as much as possible by analysing the risks of company processes and identifying any hazardous situations. Under the Risk Assessment Document and to prevent or at least mitigate the risks identified, CEMBRE implements the required actions by modifying technological processes, adopting highly automated solutions, Personal Protective Equipment (PPE), and promoting specific training opportunities.



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> **local community-based risk:** the presence in such a vast geographical area necessarily implies a comparison with different realities and a thorough knowledge of the territory and several stakeholders' needs.

Business and governance dimension:

> **business continuity risks:** a partial or total interruption of operational and/or commercial activities could expose Cembre to risks of losses, reputational damage and possible sanctions.

> **cyber attacks-related risks:** the era of digitisation and technological innovation means that organisations are increasingly exposed to cyber attacks, which are becoming more numerous and sophisticated

The risk of intrusion into the corporate network is controlled by using a redundant firewall system and the setting of periodically expiring usernames and passwords to access the network.

A data encryption system has been implemented on all portable devices, and a cyber security awareness campaign has been carried out for all employees.

> **digitization, IT effectiveness, and service continuity related risks:** Cembre's IT structure is constantly being adapted to guarantee its constant correspondence to the company's needs and improve its ability to support new applications.

The availability of the systems is guaranteed even in the event of a power failure by redundant uninterruptible power supplies supported by several gensets set up to operate automatically.

The availability of adequately stored backup copies is a guarantee against the loss of information. Access to the connectivity and server distribution rooms is only allowed to specialised staff and is controlled by badge readers.

Specialised external companies carry out periodic security audits of systems and privileged users.

> **protection of personal data related risks:** the Group's growth at a global level in terms of the number of customers and geographical areas implies a natural exposure to personal data protection risks. Also, the increasingly dense legislation on privacy, the non-implementation of which may cause economic or financial losses and reputational damage.

> **compliance risks:**

CEMBRE first adopted Model 231 in 2008 and since then has ensured that the Model is correctly applied by periodically testing the protocols.



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The Company continuously monitors regulatory developments, evaluating possible impacts/opportunities on the business. CEMBRE is aware that any violations of laws and regulations could expose it to the risk of incurring judicial or administrative sanctions, economic or financial losses, and reputational damage.

Concerning tax legislation, it carries out all activities deemed necessary to ensure adequate supervision.

> **corruption risks:**

The Group's growing international role increases the risk of being sued, losing its reputation, paying compensation and being fined for acts of corruption.

In order to prevent corruption in all its forms, since November 2021 CEMBRE has adopted a Group Anti-Corruption Policy to ensure the correct application of the corporate philosophy throughout the Group.



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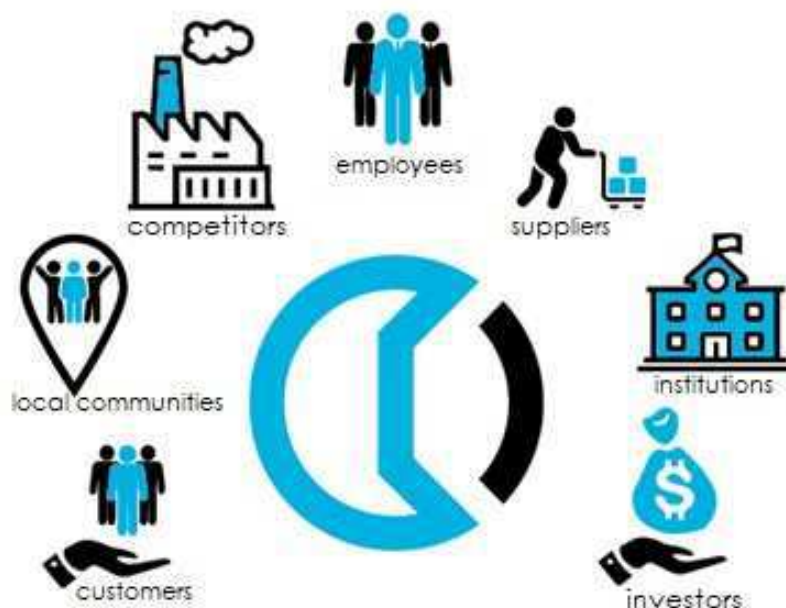
Materiality analysis and stakeholder engagement

The CEMBRE Group non-financial report is focused on the importance of the various aspects relative to its business.

The image shows the main subjects directly or indirectly involved in the company's activities (stakeholders).

CEMBRE has already established an active and constant dialogue over the years, both at individual level (visits, dedicated events at the company) and collective level (publications on website and social media, participation and organization of conferences) based on values of transparency and trust.

This allows us to maintain an open dialogue and communication between the company and its stakeholders, and to periodically verify alignment with the issues that have emerged.



STAKEHOLDERS



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The table below summarises the listening and engagement tools and expectations of all CEMBRE's stakeholders.

CEMBRE Stakeholder	Listening and engagement tools	Stakeholder expectations and interests towards CEMBRE
Investors	<ul style="list-style-type: none"> • Shareholders' Meeting • IR section of the website • At least twice a year, participation in conferences organised by Borsa Italiana or other professional operators dedicated to institutional investors and financial analysts. • Listening and support channels offered by the Investor Relations department. • Meetings and video calls with analysts and institutional investors on request. • Visits to the company's headquarters and manufacturing units by institutional investors and analysts organised periodically or on request. 	<ul style="list-style-type: none"> • CEMBRE Group shareholder value growth • Reducing investment risks • Transparency on Corporate Governance structures, long-term strategy, objectives, management operations, business development, and environmental and social performance.
Customers	<ul style="list-style-type: none"> • Daily activities and relations with business units • Institutional website and dedicated email accounts • Supplier evaluation questionnaires • Customer service channels • Support and training network for customer repair operators • Surveys of customer needs and expectations for new product development • Events for costumers 	<ul style="list-style-type: none"> • Product reliability and safety • Reliability and flexibility of manufacturing processes to ensure business continuity and adherence to delivery schedules. • Support for the joint development of customized solutions • Technical support to the network of repair professionals and assistance in know-how transfer. • Continuous product innovation, also concerning improving environmental performance and care for product design.
Competitors	<ul style="list-style-type: none"> • Participation in market-specific events and round tables. • Participation in work and thematic committees of trade associations. 	<ul style="list-style-type: none"> • Protection of free competition
Employees	<ul style="list-style-type: none"> • Daily activities and reports of the Human Resources and Organisation Department. • Channels for collecting reports of violations of the Code of Conduct. • Internal communication activities (e-mail and notice boards). • Training on organisational behaviour. • Annual personal and corporate performance assessment interviews. • Distribution of the annual periodical "INTERNAL SUSTAINABILITY REVIEW" to inform about CEMBRE's initiatives and activities with a view to sustainability. 	<ul style="list-style-type: none"> • Safe working environment, where people's health and psychophysical well-being are protected. • Employment stability. • Opportunities for personal and professional growth. • Training and skills development pathways. • Remuneration policies and merit-based incentive systems. • Inclusion and enhancement of diversity. • Transparency and involvement regarding the company's objectives and performance.
Suppliers	<ul style="list-style-type: none"> • Qualification and evaluation process. • Daily activities and reports of the Procurement Department. 	<ul style="list-style-type: none"> • Timely and correct compliance with contract terms. • Supply continuity requests. • Possibility of developing strategic partnerships for the improvement of its activities.



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<p>Local communities</p>	<ul style="list-style-type: none"> • Orientation and involvement of high school and university students and related recruitment programmes. • Discussion and dialogue tables with the Public Administration. • Initiatives to support the social and cultural development of the territories promoted by the Group. • Media monitoring (press, web, social networks). • Donation of technological equipment to schools. 	<ul style="list-style-type: none"> • Support to the school world, also through the availability to host students in school-work training schemes. • Collaboration with universities and research centres in the development and dissemination of engineering and technical-scientific knowledge and skills. • Provide job opportunities and protect employment in the Group and the related industries. • Development of manufacturing and logistics processes that safeguard the environment and the health of people living in the vicinity of CEMBRE's production units and the Group's suppliers. • CEMBRE's participation in and support for cultural development and social inclusion projects.
<p>Institutions</p>	<ul style="list-style-type: none"> • Attention to awareness-raising campaigns by environmental associations and analyses by the scientific community. 	<ul style="list-style-type: none"> • Ensure full compliance and adherence to applicable regulations. • Control of the supply chain to manage social and environmental risks throughout the value chain. • Combat air pollution and global warming. • Conservation of natural resources and circularity of the economy. • Protection of ecosystems and natural biodiversity. • Contribution to the achievement of the UN Sustainable Development Goals.

The materiality analysis was updated in 2020 according to the principles of the GRI (Global Reporting Initiative) sustainability reporting guidelines, aimed at identifying the matters that could considerably affect the Group's capacity to create value in the short-, medium- and long-term, and which are most relevant to the Group and its stakeholders.

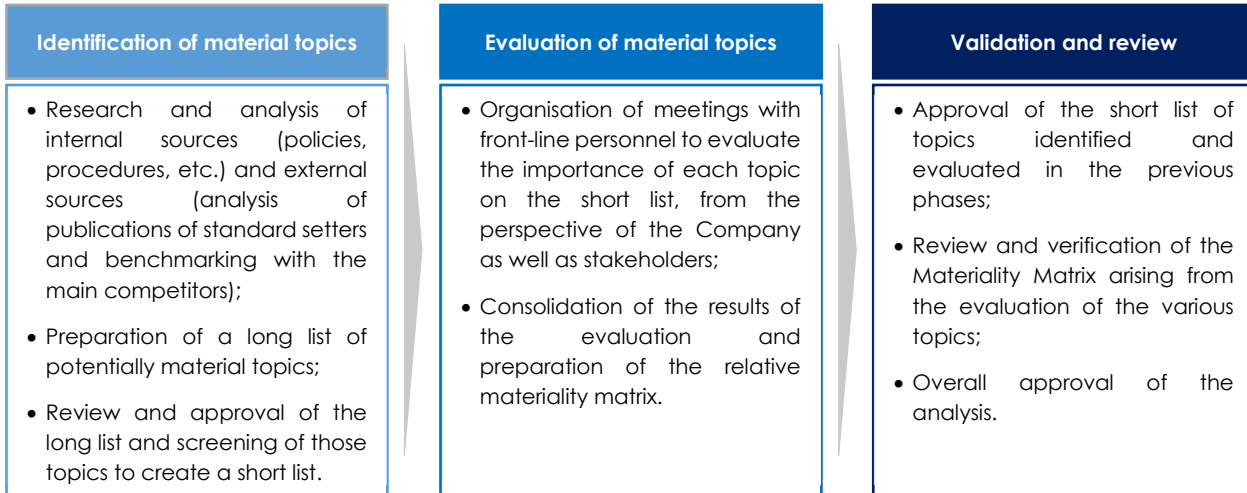
The sustainability manager carried out the analysis process with the involvement of top management and all the departments concerned with the various issues.

The matters identified as material are worthy of dedicated reporting as they can influence stakeholders' decisions and reflect the Group's social, environmental and economic impact.



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The materiality analysis process was structured as follows:



The results of the materiality analysis are summarised and represented graphically in the “materiality matrix” (shown below); more specifically, this matrix is a graphical representation of the importance attributed to each matter from Management's viewpoint (x axis) and that of the stakeholders (y axis).

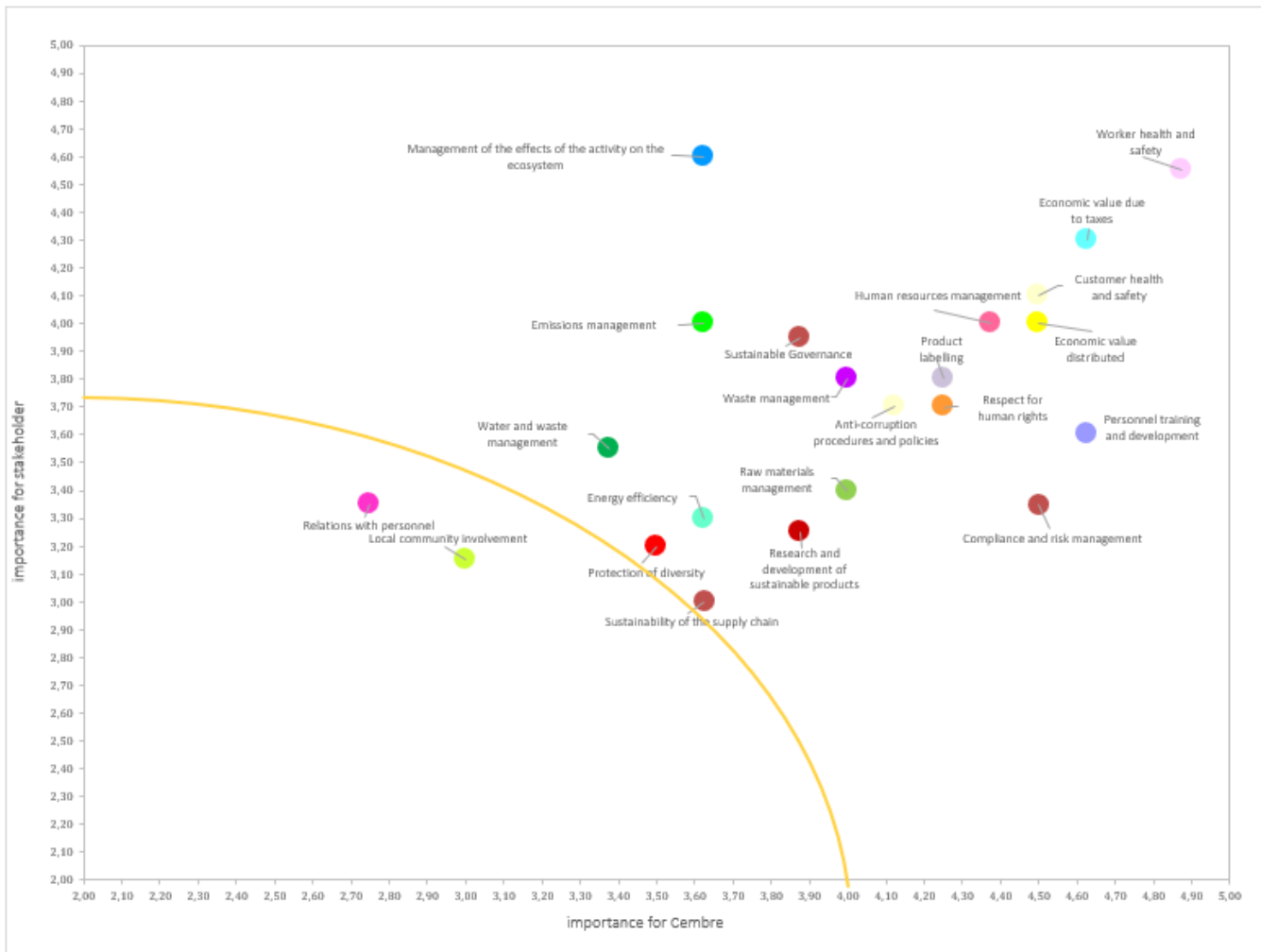
Therefore, the higher up on the right the matter within the graph, the more important it is for both parties. The material matters emerging during the analysis are the starting point from which the Company has focused its non-financial information report.

The threshold was defined by calculating the average of the scores related to internal and external relevance; material issues also included those issues that are relevant only to the company or stakeholders.

As per the procedure approved by the Board of Directors in November 2020, the materiality analysis is updated every three years. The next review is scheduled with the 2023 reporting. Its validity was verified and confirmed at the time of this reporting.



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The matters of “Relations with personnel,” even though they been considered as of reduced relevance for CEMBRE, will also be reported as it is expressly required by Italian Legislative Decree no. 254/2016.



CEMBRE

Management of environmental matters

Risks and opportunities

In line with international models and best practices (COSO Integrated Framework), the CEMBRE internal control system is based on company procedures that are relevant to the prevention and monitoring of operational risks, such as, for example, the Environmental Management System UNI EN ISO 14001.

Environmental risks are analysed in view of the environmental impact assessment, which is reviewed at least once a year or at different frequencies if new production processes are installed. The Company's main environmental risks are connected with the purification of water of the galvanic chemical plant, the management of some hazardous waste and the consumption of oils and chemical products.

In short, the main risks to which CEMBRE is subject, are:

- risk of environmental pollution due to inadequacy or malfunction of the water purification and disposal plants or incorrect handling, use and storage of hazardous substances, oils and chemical products;
- risk of non-conformity of plants due to obsolescence, wear and tear or legislative matters;
- climate-related risks can weigh on a company's financial results and can be classified as physical risks and transition risks (e.g., extreme weather events that cause an interruption in the production process resulting in product loss)

CEMBRE has protected itself against the risk of environmental pollution by means of a constant control of its plants and through their regular maintenance. The use, preservation and disposal of hazardous and chemical substances are assured by applying rigorous procedures that are updated from time to time. These substances are kept in dedicated areas, segregated with respect to the other materials needed for the production process. The staff involved in the management are specifically trained and instructed.

Plant conformity is guaranteed through the continuous update of the management system, frequent, scheduled emissions monitoring, including with the support of specialised consultancy firms. Moreover, the continuous renewal of the production lines prevents the risk of obsolescence and wear and tear of machinery.

CEMBRE S.p.A. is a manufacturing unit and is located on the eastern outskirts of the city of Brescia in an industrial hub, with close access to the ring-road and underground and covers a total area of 121,000 m², of which 60,000 m² dedicated to offices, factories and laboratories.

The area in which CEMBRE S.p.A. is located falls entirely within class V (predominantly industrial area) and borders on areas that are also class V or IV (areas of intense human activity); it is not subject to landscape constraints but is partly affected by the buffer zone for public waterways (Vescovada and Municipal irrigation canals) and rests on gravelly and clayey soil.



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CEMBRE Ltd is located east of Birmingham at Sutton Coldfield in the Midlands in the United Kingdom with close access to motorway networks.

The CEMBRE Ltd site is located within an industrial park, surrounded by agricultural land adjacent to the Birmingham Fazeley Canal.

Both CEMBRE S.p.A. and CEMBRE Ltd manufacturing units are located in areas where no IUCN Red List species are present. (GRI 304-1)

It is to be noted that the distribution companies of the Cembre Group are located entirely within urban areas, with a consequent negligible impact on biodiversity.

The policies applied by the CEMBRE Group

As seen from the CEMBRE materiality matrix, environmental matters are essential for the Group and are therefore included in its business practices.

As for the other matters, the Corporate Policy is established by the CEMBRE Group Management team and stems from a careful, objective analysis of multiple aspects, such as the analysis of the internal and external context, the results achieved, future objectives, and the demands of clients and relevant stakeholders.

The Corporate Policy is formalised by the CEMBRE Group Management team and subscribed by the Managing Director of the CEMBRE Group, within a document that is given out and presented to all Company staff; it is then disclosed to external stakeholders through publication on the website.

Following a careful assessment of the risks to the environment, associated with the activities carried out, indicators are chosen through which the level achieved can be quantified and verified, and any areas for improvement, identified.

In order to integrate this policy and attention paid to the environment in pursuing the Company's business, CEMBRE S.p.A. has implemented a Company Management System compliant with standard ISO 14001 for environmental management, for which certification was obtained in 2008; this is updated on a regular basis to ensure that the Management System remains effective and improves continuously.

The same certification has also been extended to CEMBRE Ltd (UK), a company based in Great Britain and the second manufacturing unit of the CEMBRE Group.

The Company has envisaged different ways by which to monitor and manage environmental data:

- once a month, consumption of energy, raw materials and water is monitored and compared with the hours of production and/or pieces produced, for each operative department, so as to obtain a series of clear, unique performance indicators. This data is highlighted by means of suitable graphs distributed to the Management and each Department Manager, so that it is disclosed to each individual operator;



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- for the Italian plant, polluting emissions from flues and waste management are controlled annually, as required by the law, by the Environmental Management Department; more specifically, air-conditioning plants and the consumption of cryogenic gases are verified.
- waste water is controlled every day by the Department Manager and at least once a month by a qualified external company.

Customers' interest in environmental management in their supply chain is increasingly great. CEMBRE, in fact, receives various requests to fill in questionnaires connected with the management of environmental and social aspects and worker health and safety.

Over the various years, the company has undergone numerous audits by national and international customers, obtaining positive ratings.

Finally, in compliance with Italian Legislative Decree no. 102/2014 CEMBRE, in 2019, has carried out an energy diagnosis; consequently, various energy efficiency improvements have been planned and implemented, including: the installation and commissioning of a new geothermal plant, the construction of a new warehouse with photovoltaic panels, the adoption of "smart" control systems through which to reduce the incidence of air loss on the compressor network, used in the plant, and the analysis of residual consumption when the plant is not operating, collaboration with Sinergia Consulting to find how to reduce the incidence of air loss by the compressors used in the plant and reduce energy consumption when the plant is closed. The next energy diagnosis is scheduled for 2023.

In 2021, CEMBRE was included among the 150 Italian companies leading in sustainability by a research activity conducted by Il Sole 24 Ore and the company STATISTA.

Non-financial performance

- **Consumption by material type²** (GRI 301-1)

	UoM	2021	* 2020	* 2019
Ferrous material	kg	252,708	187,828	221,610
Non-ferrous material	kg	2,640,320	2,235,678	2,446,870
Plastic	kg	893,740	720,064	768,713
Total	kg	3,786,768	3,143,570	3,437,193

In order to make an annual comparison, readers are advised to analyze material consumption for the three categories (ferrous, non-ferrous, plastic) in relation to what was recorded for 2019. This is because 2021 saw a significant increase in sales and growth for the Group, and the comparison with 2019 (the record year for sales volumes in Cembre's history) appears to be more representative than that with 2020, the year impacted by the Covid-19 pandemic.

² Due to an irregularity found in the process of extracting material consumption data, the calculation method was redefined in 2021 and the values for the years 2020 and 2019 were consistently updated.



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- **Consumption of hazardous, oily and lubrication substances (GRI 301-1)**

	UoM	2021	2020	2019
Chemical substances	kg	93,112	74,438	78,298
Oil + lubricants	kg	49,423	33,566	50,123
Total	kg	142,535	108,004	128,421

The increase in consumption can be attributed to the substantial rise in sales volumes in 2021.

In the specific case of chemical substances, the increase is attributable to the production hub of CEMBRE Ltd, which carried out several tests during the year to standardize the coating of connectors to the same standard of CEMBRE SpA.

- **Consumption of packaging material (GRI 301-1)**

	UoM	2021	2020	2019
Paper	kg	86,738	64,646	58,868
Wood	kg	187,555	158,250	210,572
Plastic	kg	13,804	11,494	12,691
Total	kg	288,097	234,390	282,131

- **Total energy consumption (GRI 302-1)**

	UoM	2021	2020	2019
Electricity	MWh	10,910.21	9,341.74	9,440.26
<i>of which self-produced and consumed by the photovoltaic plant</i>	MWh	241.00	253.95	212.73
<i>of which self-produced and sold by the photovoltaic plant</i>	MWh	0	0.15	0.03
Energy from geothermal plant	MWh	1653.12	1653.12	1653,12*
Diesel	MWh	3,712.75	2,787.74	3,424.29
Petrol	MWh	801.02	621.73	888.44
Natural Gas	MWh	5,161.05	4,439.83	4,090.63
Naphtha	MWh	161.43	246.1	125.55
Total	MWh	22,399.58	19,090.25	19,622.29³

³ the 2019 value has been modified following an update of the calculation method.

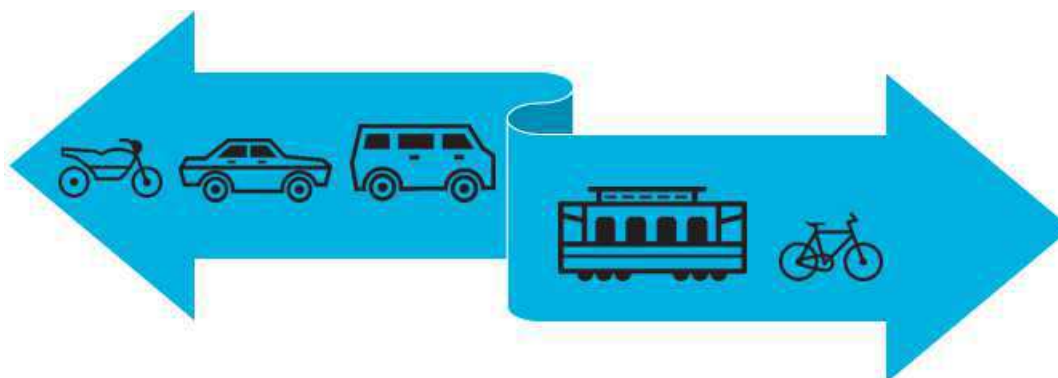


CEMBRE

- Sustainable mobility**

In 2021 CEMBRE SpA kept in place its agreement with the Brescia Mobilità Group, to guarantee its employees the possibility of using public transport on the home-work journey at reduced rates. With a view to continually improving the quality of life, health and safety of its employees and in order to contribute significantly to improving the environment in which we live also through indirect actions, a 4-year mobility project (2022 - 2025) has been defined within Cembre's 2021 Home-Work Journey Plan of the Brescia office.

Specific activities have been identified within the Home-Work Journey Plan, which will be monitored each year with the main objective of encouraging and raising awareness in every employee to be an active part of the project and significantly contribute to reducing CO₂ emissions produced each year by home-work journeys.



	UoM	2021	2020	2019
Subscriptions taken out	no.	10	10	18
Estimated Km avoided by private car for 200 working days/year	Km	41,700	55,700	106,400
Emissions into the atmosphere avoided	tCO ₂ eq	7.3	9.8	18.6

The conversion factors used are as follows:

Source	Conversion factor
KGs of CO ₂ produced per km with medium diesel car	0.16308
KGs of CO ₂ produced per km with medium petrol car	0.18717
KGs of CO ₂ produced per km with medium car	0.175125

The baseline was taken from the "managed assets - vehicles" table in the Conversion factors 2021 DEFRA report revised in January 2022.

For the calculation it was decided to use the average conversion factor between the two factors considered.



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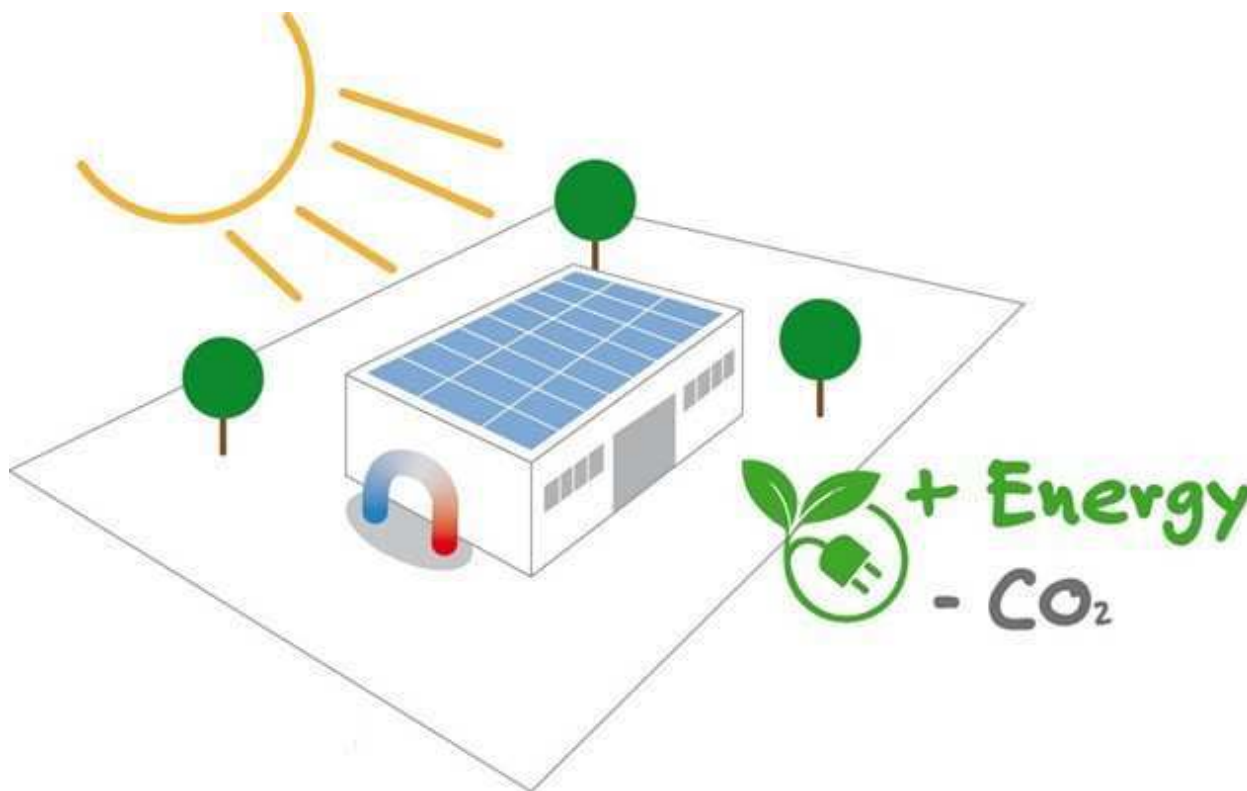
- **Photovoltaic panels**

The photovoltaic system installed at the site in Brescia allows us to:

- feed an advanced geothermal exchanger for heating the hangar
- meet part of the energy needs of the entire plant
- avoid atmospheric emissions

CEMBRE has decided to expand its photovoltaic park to reduce its dependence on the market and to mitigate its impact on climate change by reducing its CO₂ emissions generated by energy consumption.

By 2023, investments are planned to ensure that about 10% of its needs are covered through self-generation.



	UoM	2021	2020	2019
Electricity taken from the grid	KWh	9,539,279	8,061,140	8,076,826
Electricity taken from panels	KWh	240,999	253,946	212,755
Impact on plant requirements	%	2.5	3.2	2.6
Emissions into the atmosphere avoided	tCO₂eq	75.9	85.3	71.5

Source	Emission factor ⁴
Kg CO ₂ eq avoided in the atmosphere	f.e. Italy = 315 grams CO ₂ / kWh

⁴ taken from Terna for the Location-Based calculation



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The conversion factors used are as follows:

Source	Conversion factor
Diesel	11.91 MWh/t
Petrol	11.98 MWh/t
Naphtha	12.36 MWh/t
Natural Gas	0.009800277 MWh/m ³

The natural gas conversion factor is calculated starting from:

- the calorific power of natural gas, as obtained from the table of standard national parameters of coefficients used for the inventory of CO₂ emissions in the national inventory UNFCCC (average values 2018-2020), equal to 0.035281 GJ/stdm³
- and the conversion factor from GJ to MWh, which in technical literature is 0.27778
- **Energy intensity (GRI 302-3)**

	UoM	2021	2020	2019
Energy consumption	MWh	22,399.58	19,090.25	19,622.29 ⁵
Consolidated turnover	€/000	166,835	137,137	146,296
Energy intensity		13.426	13.921	13,412*

Energy intensity is calculated as the ratio of total energy consumption, corresponding to the sum of direct consumption and indirect consumption, multiplied by one hundred and consolidated turnover in thousands of euros ($\frac{\text{Energy consumption} \times 100}{\text{Turnover in } \text{€ thousands}}$).



In order to reduce energy consumption and to contribute to the reduction of CO₂ emissions generated by the consumption of electricity for lighting, in 2021 it was planned to replace the traditional lighting systems with LED technology solutions in all the warehouses of the Brescia site by 2026.

More than 900 lighting fixtures will be replaced; this will result in a saving in energy consumption related to lighting of about 40% compared to the current value. In addition, it is estimated that over 112.5 tCO₂eq, otherwise released into the atmosphere, will be avoided once fully operational.

⁵ the 2019 value has been modified following an update of the calculation method.



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 	Department	UoM	2021		
			Carousel presses	Automation Office	Plastic Molding
Traditional lamps replaced		no.	20 (400w)	12 (90W)	43 (430W)
LED technology lamps installed		no.	23 (199w)	12 (49W)	43 (201W)
Energy saving achieved		%	42.8%	45.5%	53.3%

Source	Emission factor ⁶
Kg CO ₂ eq avoided in the atmosphere	f.e. Italy = 315 grams CO ₂ / kWh

- Water withdrawn by source⁷ (GRI 303-3)**

	UoM	2021	2020	2019
From aqueducts	l	12,746,119	14,668,029	15,626,941
From wells	l	24,237,000	20,066,000	15,953,000
Total	l	36,983,119	34,734,029	31,579,941
<i>of which water withdrawn from water-stressed areas or sensitive locations</i>	l	34,708,269	32,357,800	28,986,050

Based on information from the online Aqueduct tool (<https://www.wri.org/>), the Brescia plant and the distribution companies in France and Spain fall within the water-stressed area ("high" or "Extremely high" range).

All the water taken is discharged, after treatment, into the drains upon completion of the work cycle⁸; the water withheld for the manufacturing process is also released into the drains after purification.

Direct (Scope 1) (GRI 302-1) and indirect (Scope 2) emissions (GRI 305-2)

Direct emissions (Scope 1)	UoM	2021	2020	2019
from Diesel	† CO ₂ e	987.95	738.46	907.08
from Petrol	† CO ₂ e	210.75	164.14	234.55
from Natural Gas	† CO ₂ e	1044.29	898.81	819.26
from Naphtha	† CO ₂ e	42.6	64.9	33.13
from refrigerating gases	† CO ₂ e	26.7	58.73	13.57
Total	† CO₂e	2,312.29	1,925.09	2,007.59

⁶ taken from Terna for the Location-Based calculation

⁷ The information for the American subsidiary, CEMBRE Inc., is not available. The increase in water consumption observed in 2021 and 2020 compared to 2019 is due to the inclusion, for Cembre S.p.A., of well withdrawals for irrigation use which in 2019 amounted to about 3,000,000 litres.

⁸ Industrial water (water from the well) at the Italian facility is treated on site according to defined procedures and, only after successful completion of the controls, discharged into the drains.



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The trend in natural gas consumption is highly variable because it is significantly influenced by weather conditions during the winter period.

Indirect emissions (Scope 2)	UoM	2021	2020	2019
Electricity - Location based	† CO ₂ e	3,300.17	2,999.99	3,242.08
Electricity – Market based	† CO ₂ e	4,741.75	4,114.38	4,404.82

The coefficients used to calculate direct emissions are taken from the national standard parameters table of coefficients used for the CO₂ emissions inventory in the UNFCCC national inventory, obtained from ISPRA 2021 data:

	UoM	Coefficients
Diesel	† CO ₂ e/t	3.169
Petrol	† CO ₂ e/t	3.152
Natural Gas	† CO ₂ e/dm ³	1.983

The coefficient used to calculate Naphtha emissions in 2019, 2020 and 2021, shown in the national standard parameters table of coefficients used for the CO₂ emissions inventory in the UNFCCC national inventory (average values for 2017-2019), equal to 73.3 † CO₂e/TJ.

By contrast, for refrigerating gases, the following global heating potentials were used (GWP), whose source is the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC):

	UoM	GWP
Fgas - R410A	Kg CO ₂ e/kg	1,924
Fgas - R404A	Kg CO ₂ e/kg	3,943
Fgas - R407C	Kg CO ₂ e/kg	1,624

The emissions value was obtained by applying the formula:

$$tCO_2 e = (kg \text{ refrig. gas} \times GWP) / 1000$$

On the other hand, with respect to indirect emissions:

- for the location based emission factors relating to electricity procurement the source is Terna;
- for market-based emission factors relating to the supply of electricity, the source is the Association of Issuing Bodies (AIB) for European countries and the Center for Resource Solutions for the USA.

Country	UoM	Location Based	Market Based
Italy	† CO ₂ e/MWh	0.315	0.458
United Kingdom	† CO ₂ e/MWh	0.261	0.316
France	† CO ₂ e/MWh	0.056	0.058
Spain	† CO ₂ e/MWh	0.210	0.286



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USA	† CO ₂ e/MWh	0.374	0.371
Germany	† CO ₂ e/MWh	0.393	0.588

• **NOx and other significant emissions⁹ (GRI 305-7)**

	UoM	2021	2020	2019
NOx	†	1.378	0.946	1.021
VOC	†	0.557	0.449	0.524
PM	†	0.041	0.075	0.048

Data refers only to CEMBRE S.p.A. For the UK subsidiary, CEMBRE Ltd., data has not been recorded, because not required by the local legislation, whilst the other subsidiaries, which only carry out commercial activities, do not generate any significant emissions.

Nitrogen oxide values relate to the thermal plants; the trend is contextualised with the methods and measurement periods given that there are changes in value linked to the weather conditions during monitoring. Having said this, it should be stressed that all values recorded are fully in line with the limits prescribed by the Single Environmental Authorisation AUA 672/2019.

• **Waste generated (GRI 306-3)**

	UoM	2021	2020	2019
Hazardous	kg	445,881	360,413	331,590
Non-hazardous	kg	1,142,745	1,350,875	1,445,643
Total	kg	1,588,626	1,711,288	1,777,233

The figure calculated for Cembre Sarl is an approximation based on the figure for 2020.

Specific instructions have been drawn up in order to ensure correct waste collection management, handling, temporary storage, transfer to third parties and disposal of the waste produced.

With regard to hazardous waste, the increase recorded in 2021 compared to the year 2020 was mainly due to the following extraordinary events: the emptying and cleaning of the centralized emulsions plant in the Numerical Control Machinery department, which resulted in disposals of approximately 40,000 kg of waste CER 120109* (emulsions and solutions for machinery); secondly, a cleaning operation in the Galvanic chemical plant carried out in January 2021, which generated 5,760 kg of waste CER 110105* (pickling acids); finally, the total emptying of the Galvanic chemical plant for renovation,

⁹ Data has been calculated, considering:

- the concentration (expressed in mg/Nm³) of the element measured in the individual flues
- the nominal capacity of each flue, expressed in Nm³/h
- the theoretical operating hours
- the days of operation of each flue

This allowed for the calculation of the annual tonnes of emissions of each element examined.

There are no significant SOx emissions. The calculation includes solely the emission points prescribed in the Single Environmental Authorisation, since identified as the most relevant by the local authority.



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which took place in August 2021, which led to additional disposals of 21,770 kg of waste CER 110105* (pickling acids).

- **Waste for recycling**

	UoM	2021	2020	2019
Hazardous	kg	155,089	139,813	134,720
Non-hazardous	kg	1,100,201	1,191,102	1,290,045
Total	kg	1,255,290	1,330,915	1,424,765

- **Waste stored on site**

	UoM	2021	2020	2019
Hazardous	kg	764	500	4,060
Non-hazardous	kg	4,000	28,642	9,886
Total	kg	4,764	29,142	13,946

- **Waste for landfill disposal**

	UoM	2021	2020	2019
Hazardous	kg	268,600	220,100	192,810
Non-hazardous	kg	5,522	11,754	2,780
Total	kg	274,122	231,854	195,590

- **Waste sent for reuse**

	UoM	2021	2020	2019
Hazardous	kg	-	-	-
Non-hazardous	kg	-	870	2,500
Total	kg	-	870	2,500

- **Waste sent for energy recovery**

	UoM	2021	2020	2019
Hazardous	kg	4,197	-	-
Non-hazardous	kg	13,720	5,110	9,170
Total	kg	17,917	5,110	9,170

- **Waste sent to incinerator**

	UoM	2021	2020	2019
Hazardous	kg	17,231	-	-
Non-hazardous	kg	9,485	108,582	114,283
Total	kg	26,716	108,582	114,283



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- **Waste sent for composting**

	UoM	2021	2020	2019
Hazardous	kg	-	-	-
Non-hazardous	kg	5,651	-	-
Total	kg	5,651	-	-

- **Waste other types of destination**

	UoM	2021	2020	2019
Hazardous	kg	-	-	-
Non-hazardous	kg	4,165	4,815	16,979
Total	kg	4,165	4,815	16,979



CEMBRE

Management of social and staff-related matters

Risks and opportunities

From a personnel management perspective, CEMBRE aims to continuously improve in the following areas:

- implementation of appropriate staff management policies in terms of training, comparison and professional growth;
- adequate management of equal opportunities for men and women, training, professional development and career and salaries;
- compliance with regulations governing employment and the protection of human rights, in particular in foreign countries where the company operates with its branches;
- the application of the terms of the National Collective Bargaining Agreements to avoid subpoenas, loss of reputation, payment of compensation.

To prevent these types of risks, the CEMBRE Group ensures that its personnel working in human resource management are constantly updated to guarantee compliance with applicable regulations and also engages top advisory firms to support internal staff in managing the most complex matters.

The policies applied by the CEMBRE Group

The know-how, the commitment to research and development, the constant innovation of process and product technologies allow CEMBRE to be the leading Italian manufacturer and one of the largest European manufacturers of electrical compression connectors and related installation tooling. In order to maintain these high production standards, highly qualified staff are required, specialised in different business activities.

For this reason, the Company needs to be able to retain staff with skills and experience that are fundamental to the business.

Similarly, CEMBRE is constantly looking for new staff with high potential or relevant professional profiles to be placed in research and development activities in order to ensure the development and continuity of the Group.

- **The value of people**

The CEMBRE Group believes in the growth and optimisation of people, the protection of health and safety and the creation of a workplace that fosters human and professional growth.

The CEMBRE Group offers all collaborators career opportunities on the basis of merits, skills and active involvement in company development and improvement processes. It is extremely important for the CEMBRE Group staff to be aware of the strategic role and importance of their work, so as to achieve the objectives set.



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This approach has allowed it to attract young talent and, at the same time, gain the loyalty of employees and collaborators already working in the Company, as is borne out by the data on the average length of service of Cembre Spa, which in 53% of cases exceeds 10 years.

The CEMBRE Group's workforce as at 31 December 2021 is 728 people.

More specifically, the employment trends recorded in 2021 regard:

- hiring of 70 people;
- leaving of 63 people;

Approximately 97% of those working for the CEMBRE Group have a permanent contract of employment.

All of the Group's companies operate in countries in which matters linked to personnel management, occupational health and safety and the protection of workers' rights are highly regulated. Furthermore, the principles set forth in the Code of Conduct and defined in the Group Policy are also applied in all companies.

In order to sensitise all employees and collaborators towards the Corporate Policy on social matters, the Group Code of Conduct is given out to all new employees, clarifying the conduct and relations that are considered in line with the Company's ethics. Human rights procedures and policies are reported to all employees and collaborators of CEMBRE S.p.A. through the delivery of the Organisation, Management and Control Model in accordance with Italian Legislative Decree no. 231/2001. Moreover, the CEMBRE Group's Code of Conduct also contains a specific section on human rights, called: "Social responsibility, human rights and discrimination".

The CEMBRE Group actively encourages respect for internationally-recognised human rights, working concretely to overcome all forms of discrimination.

The CEMBRE Group also refuses all types of child or forced labour and specifically bans any entertaining of business relations with organisations exercising this form of oppression or with organisations whose products come from regions in which there is notoriously a lack of suitable protection of human rights.

The CEMBRE Group will not tolerate discrimination, harassment or sexual, personal or other offences or the creation of an intimidating, hostile or isolating work environment against individuals or groups of workers on the basis of gender, race, disability, ethnic or cultural origin, religion or belief, age or sexual orientation.

The diversity policy adopted within the governance bodies is regulated by Article no. 15, paragraph 5 of the CEMBRE S.p.A. By-Laws. Contracts in general, purchase orders, letters hiring employees and agents, include all clauses to inform the counterparty of the adoption of the 231 Model and the Code of Conduct by CEMBRE S.p.A.; failure by the



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counterparty to comply with these clauses constitutes serious breach of contractual obligations.

The contract of employment applied to all CEMBRE SpA collaborators is the: "Italian National Collective Bargaining Agreement for the Metal-Mechanical Industry and Plant Installation". In compliance with the provisions of the national bargaining agreement, the company envisages a minimum notice period for its employees, if moved from one place to another, of twenty days.

The contracts of employment of the subsidiaries CEMBRE SARL (France) and CEMBRE España SLU (Spain) are stipulated in compliance with category collective bargaining agreements and regulations in force in the various countries. As regards France, the minimum notice period is set at 30 days, while it is 15 days in Spain.

The subsidiaries CEMBRE Ltd. (United Kingdom), CEMBRE GmbH (Germany), and CEMBRE Inc. (USA) stipulate contracts of employment with their employees on an individual basis. In the United Kingdom, the minimum notice period is usually 4 weeks, and can be extended to 12-24 weeks for personnel with a significant length of service. In Germany, unless established in the individual contract, the minimum notice period established by labour legislation is 4 weeks. By contrast, there is no such provision in the United States.

- **Training**

CEMBRE S.p.A. ensures that employees are trained according to their different tasks and seniority levels: upon hiring, in the event of a change in assignments and when procedures, processes, machinery or technology are updated or changed.

It also ensures that it can offer a carefully-focussed training plan if shortcomings should be noted in staff experience or training.

The process plan and competence sheets prepared for the main company departments set out the minimum requirements in terms of experience, training, preparation and teaching of staff, training, teaching and information methods and the related responsibilities defined for the various tasks.

In 2021, open subscriptions to libraries of e-learning courses were made available free of charge to meet both the professional and personal development needs of employees, allowing individuals to choose which skills and competencies to acquire/develop or enhance.

The HR Office is in charge of recording training delivered and, where envisaged, verifying its effectiveness by assessing performance, experience and know-how, which allow for the definition of progress made and the outlining of areas for improvement.



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CEMBRE S.p.A. assesses the commitment and performance of employees using compensation policies inspired by meritocracy and internal fairness, considering:

- the responsibilities attributed;
 - the results achieved;
 - the quality of the professional contribution and personal development potential.
- **Company welfare**

In order to protect and foster the well-being of its employees, CEMBRE S.p.A. makes services and initiatives available that aim to conciliate everyday needs with working activities, considering the family and childcare, maintaining good psychological and physical health, the acceptance of everyday commitments that can take up time and cost money and the organisation of free-time activities and artistic-cultural initiatives.

The initiatives promoted by CEMBRE S.p.A. include:

- the **marriage premium** for all employees choosing to get married;
- the **birth premium** for all employees who become parents;
- a **sustainable mobility** project in collaboration with “Brescia mobilità”;
- the collaboration with a **Tax Assistance Centre** to offer employees the chance of making their tax returns at the Company's office, while also paying the predominant portion of the cost of the service;
- the collaboration with a **Patronage** to guarantee assistance in social security matters free of charge to employees.

The initiatives taken by CEMBRE S.p.A. in respect of families, include:

- concession of **leave for family reasons**, in order to take care or assist relatives;
- a **“book package”** to further study school subjects for children of employees who successfully attend middle school;
- **study grants** to deserving children of employees attending secondary schools and university;
- **distribution of toys** to children of employees aged under 10 during the Christmas period in cooperation with CRAL.

In addition to consolidated initiatives, in 2020 and 2021 CEMBRE S.p.A., in order to support families during the periods of suspension of educational activities and for the continuation of the health emergency, allowed work to be carried out from home by providing its employees with the necessary devices, thus ensuring that they could take care of their loved ones.

Relations with the local community

CEMBRE S.p.A. promotes several social, medical, and educational initiatives and projects linked to the local community, intending to impact the area in which the company operates positively.



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CEMBRE S.p.A. has been collaborating for years with professional institutes throughout the province and with the universities, offering students curricular traineeships, both in office jobs and on the production line.

During 2021, despite restrictions related to Covid-19, 3 students (1 remotely) were hosted for university internships.

In collaboration with a cooperative in the area we also activated an "apprenticeship aimed at social inclusion, autonomy of people and rehabilitation" by hiring a person with various disabilities.

CEMBRE S.p.A. contributed to the educational and personal development of 2 students from ITS Lombardi Meccatronica by donating two €1,000 scholarships (for a total of €2,000).

In order to strengthen the link with local educational institutions, in 2021, the Company made cash donations and supplies of material to be used in the laboratories, amounting to €7,000.

Among the charitable initiatives supported by CEMBRE there are also donations to various associations including: Save the Children, Telefono Azzurro, Medicus Mundi, MUSEKE Foundation for a total amount of €18,500.

Promoting a constructive dialogue with institutions and fostering discussion between the industry's leading players are the two essential aspects for CEMBRE to strengthen its brand on the market and increase its competitiveness.

CEMBRE S.p.A. is a member of several trade associations and is committed to working together as a system to grow, accelerate innovation and make progress in the general interest.

The table below summarises the main associations to which CEMBRE is a member:

Association	Main objectives
CONFINDUSTRIA BRESCIA	They represent the manufacturing and service industries active in Italy, promoting the protection of their legitimate interests in relations with institutions, public administrations, and financial, political, trade union, and social organisations.
ANIE Federation	They are one of the largest trade organisations in the Confindustria system in terms of weight, size, and representativeness of the electrotechnical and electronic sector. The member companies, suppliers of cutting-edge technological systems and solutions, are an expression of Made in Italy technological excellence, resulting from significant annual investments in Research and Innovation.
Federmeccanica	They protect the interests of the Italian manufacturing and mechanical engineering industries in labor law and industrial relations in particular. They represent and promote the Mechanical Engineering industry in dealings with public opinion and Italian and European institutions.
CIFI	They promote the examination and study of scientific, technical, financial, and legislative issues relating to land transport, intervene for the best solution to these issues both with public opinion and with Italian institutions, public administrations, and private bodies.



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Commitment to the fight against Covid-19

Following the continuation of the coronavirus pandemic (Covid-19), CEMBRE has maintained high levels of attention in all of the Group's geographic areas.

Throughout 2021, CEMBRE SpA constantly updated the rules of the "Company Protocol for the Regulation of Measures to Combat and Contain the Spread of the Covid-19 Virus in the Workplace" in order to minimize the risk of contagion and, at the same time, ensure the continuity of supply of its products.

By adhering to the initiative "**A vaccine for all**", promoted by Confindustria Brescia in agreement with the provincial trade union CGIL, CISL and UIL, CEMBRE S.p.A. donated €10,000, contributing to the supply of anti-Covid vaccines in countries with limited resources.

In March and April 2021, CEMBRE S.p.A. confirmed its partnership with the Fondazione Poliambulanza Istituto Ospedaliero of Brescia, offering all employees the opportunity to participate in 3 free antigen swab collection campaigns at the company headquarters. A total of 1,017 tests were provided.

The participation in the antigen swab initiative and the vaccination campaign was a voluntary gesture of social responsibility shown by most employees.

In November 2021, CEMBRE S.p.A. also launched an anti-flu vaccination campaign, the cost for which was borne entirely by the company. The 163 doses of the anti-flu vaccine were administered at the Company in collaboration with Poliambulanza under the company doctor's supervision.

Also in 2021, as an additional safety measure in case of contact/cohabitation with Covid-19 cases and when returning from international travel, 94 molecular swabs were performed with the Fondazione Poliambulanza Istituto Ospedaliero of Brescia to employees.

To contain and combat COVID-19, the Group incurred approximately €173,000 in costs related to the purchase of goods and services (vaccination campaign, surgical or FFP2 masks, gloves, sanitising gel, solvency nasopharyngeal swabs, etc.).

Non-financial performance

The data given in the tables below do not include the Group's temporary workers, who, as at 12/31/2019, numbered 41, whilst as at 12/31/2020, numbered 38 and as at 12/31/2021, numbered 74.

The tables concerning human capital, shown below, present the values referring to the situation as at December 31, 2021.



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- **Staff by company (GRI 102-8)**

	UoM	2021	2020	2019
CEMBRE SpA	no.	450	453	452
CEMBRE GmbH ¹⁰	no.	56	58	54
CEMBRE Ltd.	no.	112	105	105
CEMBRE Sarl	no.	36	32	30
CEMBRE SLU	no.	45	42	44
CEMBRE Inc.	no.	29	31	35

- **Staff by category (GRI 405-1)**

	UoM	2021			2020			2019		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Managers	no.	0	19	19	0	20	20	0	16	16
Executives	no.	4	15	19	4	15	19	4	17	21
White collars	no.	108	260	368	107	256	363	101	250	351
Blue collars	no.	67	255	322	70	249	319	77	255	332
Total	no.	179	549	728	181	540	721	182	538	720

The CEMBRE Group sees diversity as a corporate asset and does not tolerate any form of discrimination based on differences in gender, age, health, nationality, political opinion or religious belief. The Company respects everyone's dignity, guaranteeing equal opportunities in all phases and for all aspects of employment. 24.6% of the workforce of the CEMBRE Group are women, this percentage remaining constant in the last three years.

- **Members of the Board of Directors (GRI 405-1)**

	UoM	2021			2020			2019		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	N	0	0	0	0	0	0	0	0	0
30-50 years	N	2	1	3	2	1	3	2	1	3
>50 years	N	2	3	5	1	4	5	1	4	5
Total	N	4	4	8	3	5	8	3	5	8

¹⁰ The number of staff at IKUMA in 2019 was added to the number of staff at CEMBRE GmbH. The figure refers to the precise number of employees as at 31/12/2021.



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- **Staff by age bracket** (GRI 405-1)

	UoM	2021			2020			2019		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	no.	13	82	95	14	82	96	15	96	111
30-50 years	no.	108	286	394	107	307	414	109	299	408
>50 years	no.	58	181	239	60	151	211	58	143	201
Total	no.	179	549	728	181	540	721	182	538	720

- **Staff by age bracket and category** (GRI 405-1)

	UoM	2021			2020			2019		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<i>Managers</i>										
<30 years	no.	0	0	0	0	0	0	0	0	0
30-50 years	no.	0	5	5	0	7	7	0	6	6
>50 years	no.	0	14	14	0	13	13	0	10	10
Total	no.	0	19	19	0	20	20	0	16	16
<i>Executives</i>										
<30 years	no.	0	0	0	0	0	0	0	0	0
30-50 years	no.	3	9	12	3	8	11	3	10	13
>50 years	no.	1	6	7	1	7	8	1	7	8
Total	no.	4	15	19	4	15	19	4	17	21
<i>White collars</i>										
<30 years	no.	12	34	46	13	35	48	14	41	55
30-50 years	no.	67	121	188	65	150	215	62	138	200
>50 years	no.	29	105	134	29	71	100	25	71	96
Total	no.	108	260	368	107	256	363	101	250	351
<i>Blue collars</i>										
<30 years	no.	1	48	49	1	47	48	1	55	56
30-50 years	no.	38	151	189	39	142	181	44	145	189
>50 years	no.	28	56	84	30	60	90	32	55	87
Total	no.	67	255	322	70	249	319	77	255	332

- **Incoming staff³** (GRI 401-1)

	UoM	2021			2020			2019		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	no.	3	23	26	7	14	21	7	26	33
30-50 years	no.	6	25	31	5	21	26	15	35	50
>50 years	no.	4	9	13	4	9	13	2	8	10
Total	no.	13	57	70	16	44	60	24	69	93
Hiring rate¹¹	%	7.3%	10.4%	9.6%	8.8%	8.1%	8.3%	13.2%	12.8%	12.9%

¹¹ The hiring rate is calculated as the ratio of the number of hires in the year 2021 to the total number of employees as of 12/31/2021



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- **Incoming staff by geographical area** (GRI 401-1)

	UoM	2021			2020			2019		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Italy	no.	3	19	22	5	16	21	3	24	27
Rest of Europe	no.	7	31	38	11	26	37	17	37	54
Rest of World	no.	3	7	10	0	2	2	4	8	12
Total	no.	13	57	70	16	44	60	24	69	93

- **Outgoing staff** ¹² (GRI 401-1)

	UoM	2021			2020			2019		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	no.	2	14	16	4	10	14	4	18	22
30-50 years	no.	4	19	23	6	17	23	9	21	30
>50 years	no.	9	15	24	7	15	22	4	15	19
Total	no.	15	48	63	17	42	59	17	54	71
¹³ Turnover rate	%	8.4%	8.7%	8.7%	9.4%	7.8%	8.2%	9.3%	10.0%	9.9%

- **Outgoing staff by geographical area** (GRI 401-1)

	UoM	2021			2020			2019		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Italy	no.	5	20	25	7	13	20	4	18	22
Rest of Europe	no.	6	20	26	10	23	33	11	28	39
Rest of World	no.	4	8	12	0	6	6	2	8	10
Total	no.	15	48	63	17	42	59	17	54	71

- **Staff by contract type** (GRI 102-8)

	UoM	2021			2020			2019		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Full time	no.	148	539	687	150	531	681	152	529	681
Part time	no.	31	10	41	31	9	40	30	9	39
Total	no.	179	549	728	181	540	721	182	538	720

¹² It should be noted that, in 2019, the Company introduced a new calculation method which considers employees who left as at December 31 of the reporting year in the workforce at year-end.

¹³ The hiring rate is calculated as the ratio of the number of hires in the year 2021 to the total number of employees as of 12/31/2021



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- **Staff by contract term** (GRI 102-8)

	UoM	2021			2020			2019		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Permanent	no.	173	531	704	177	523	700	177	517	694
Fixed term	no.	6	18	24	4	17	21	5	21	26
Total	no.	179	549	728	181	540	721	182	538	720

- **Total average per capita training hours** (GRI 404-1)

	UoM	2021	2020	2019
Female	H	9.9	3.8	6.8
Male	H	14.4	8.2	21.5
Total	H	13.3	7.1	17.8

- **Hours of training by subject** (GRI 404-1)

	UoM	2021	2020	2019
<i>Managerial (inter-company general management, new courses to improve soft skills, etc.)</i>				
Managers	h	60.0	0.0	40.0
Executives	h	4.0	0.0	42.0
White collars	h	679.5	846.0	299.5
Blue collars	h	48.0	8.0	51.0
Total	h	791.5	854.0	432.5
<i>Plant maintenance and knowledge of technical systems</i>				
Managers	h	4.5	0.0	42.0
Executives	h	4.8	0.0	121.5
White collars	h	209.0	86.0	1,190.0
Blue collars	h	578.3	251.0	351.5
Total	h	796.5	337.0	1,705.0
<i>Technical-professional dedicated to knowledge of processes and systems</i>				
Managers	h	200.0	65.0	221.0
Executives	h	292.0	196.5	371.0
White collars	h	4,427.4	1,232.0	4,075.0
Blue collars	h	1,850.0	1,318.0	3,601.5
Total	h	6,769.4	2,811.5	8,268.5
<i>Compliance (code of conduct, model, internal control system on the corporate disclosure, etc.)</i>				
Managers	h	1.5	5.0	9.5
Executives	h	0.0	8.0	11.0
White collars	h	49.2	176.0	275.0
Blue collars	h	14.1	18.0	138.0
Total	h	64.8	207.0	433.5



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<i>Worker Health and Safety, Environment, Quality</i>				
Managers	h	9.0	67.0	3.0
Executives	h	39.0	21.5	42.0
White collars	h	557.0	279.5	806.0
Blue collars	h	628.0	554.0	1,106.0
Total	h	1,233.0	922.0	1,957.0
Managers	h	275.0	137.0	395.5
Executives	h	339.8	226.0	507.5
White collars	h	5,922.1	2,619.5	6,645.5
Blue collars	h	3,118.3	2,149.0	5,248.0
Total	h	9,655.2	5,131.5	12,796.5

The overall volume of training activities (number of interventions, hours provided, participation) has increased significantly despite the fact that, also in 2021, it was limited due to the continuing effects of the Covid-19 pandemic. 9,655.2 hours of training were provided in 2021, up 4,523.7 hours on 2020.

It was not possible to add to the official data all the hours of training carried out through the various free webinars offered on the network, as disseminating this information was not systematic.

Incidents of discrimination (GRI 406-1)

The CEMBRE Group did not record any findings related to incidents of discrimination in the 2019-2021 three-year period. All activities undertaken are carried out in compliance with the provisions of the Code of Conduct, which acknowledges respect for the person and their dignity as an essential, paramount principle of operating for the CEMBRE Group.



CEMBRE

Health and safety management

Risks and opportunities

Health and safety in the workplace has, in recent years, become increasingly important. In addition to the dutiful attention paid to limiting danger situations, the importance of well-being in the workplace has been recognised, both in terms of protecting the worker and enhancing the efficiency of the business activity.

Careful attention is paid to the safety and health of both the worker and the customer using the products manufactured by the company: product quality is not measured purely in terms of the capacity to fulfill its purpose, but also in the capacity to prevent any injury to the end user and guarantee comfortable use.

The CEMBRE Group has embraced this philosophy, seeking to mitigate the effects of the risks typical in this area:

- risk deriving from unsuitable working conditions in terms of worker health and safety, with the consequent risk of injury and occupational diseases;
- risk deriving from summonses to court, loss of reputation, payment of compensation, sanctions due to an unsafe workplace;
- risk of unsuitable control for the supervision of worker health and safety procedures and instructions;
- risk of hostile relations with workers with consequent strikes and downtime in production.

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The policies applied by the CEMBRE Group

The CEMBRE Group aims to limit and eliminate risks to workers' health and safety as far as possible.

In this regard, the Employer carries out and documents the risk analysis of company processes, identifying any hazardous situations. In accordance with the Risk Assessment Document, and with a view to preventing or at least mitigating the risks identified, it takes the actions necessary to reduce said risks, such as using PPE and promoting specific training opportunities.

CEMBRE, according to international models and best practices (CoSO Integrated Framework), has implemented within its Management System to ensure risk prevention and monitoring, some procedures and instructions that take into account these effects, in line with ISO 45001. This management system is monitored through internal and external audits Management Review and continuous training.

In 2021, the same certification has also been extended to CEMBRE Ltd (UK), a company based in Great Britain and the second manufacturing unit of the CEMBRE Group.

In addition to the legal requirements, the CEMBRE Group also pays careful attention to the workplace so as to ensure that work can be carried out in a safe, comfortable



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environment. Such attention specifically regards: management and maintenance of infrastructures and vehicles, cleaning, tidiness and hygiene at the workstations, definition of emergency and fire-fighting plans, training and information to employees on safety and the use of personal protection equipment, involvement of internal and external staff to ensure that they are aware of the importance of their work and their contribution towards maintaining and improving working conditions and the workplace.

CEMBRE constantly verifies indicators relating to near miss, incidents and injuries. These reports are collected and analysed to identify and implement corrective actions and monitored during the Management Review. As regards injuries, all reports are analysed with the aim of identifying a solution by which to limit dangerous situations and, if possible, avoid any recurrence of the injury. In this case, once a year (during the Management Review and Annual Worker Health and Safety Meeting), injury data is processed as required by standard UNI 7249:2007 and brought to the attention of the Management and internal and external entities with an interest in regard to the Company.

In accordance with the principles established in the Group's Code of Conduct, current regulations and the indications of the Management System, Cembre Ltd. has developed a series of operating procedures to prevent the occurrence of accidents and injuries.

As regards its products, and therefore the health and safety of the end consumer, controls, checks and validations have been formalised and prescribed during the design stage, which can guarantee a response to customer needs (for example in terms of: fitness for purpose, practicality of use, ergonomics, safety, etc.) and compliance with the provisions of the law/applicable regulations (e.g. electromagnetic compatibility, noise, vibrations, etc.).

CEMBRE protects the health of consumers by checking that the materials in its products comply with current international directives (REACH and RoHS directives and SCIP database compilation).

No cases of non-conformity with the laws and/or regulations have been reported in the three-year period, in connection with products and services supplied by the CEMBRE Group.



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Non-financial performance

- Occupational accidents, accident indices** (GRI 403-9)

	UoM	2021	2020	2019
Injuries at work	no.	11	9	26
of which serious injuries	no.	0	0	0
of which fatal injuries	no.	0	0	0
Hours worked	no.	1,275,922	1,187,603	1,257,368
Injury frequency index	%	8.62	7.58	20.68
Serious injury frequency index ¹⁴	%	0	0	0
Fatal injury frequency index	%	0	0	0

The trend experienced in 2020 remains fairly constant also in 2021, despite a slight increase in cases compared to the previous year, However, when compared to the hours worked in 2019 and therefore without the variable of the ongoing pandemic, the situation appears to have improved.

The injury frequency index is calculated as the ratio of the number of injuries and the hours worked, multiplied by one million $\left(\frac{\text{Injuries no.}}{\text{Hours worked}} \times 1.000.000\right)$.

There were 11 incidents (near misses) involving employees and contractors in 2021.

The Cembre Group also uses external staff, whose commitment in 2021 amounted to 99,517 hours worked. It should be noted that only one accident occurred in 2021 in this category of employees.

In 2021, there were no cases of accidents on the road for transport organised by the Cembre Group.

Product labelling (GRI 417-2)

In 2021, there was one instance of non-compliance in the area of product and service information and labelling; the non-compliance came to light during the UL agency audit.

This non-compliance incident is the result of an internal miscommunication while updating product markings, with reference to article 2900.16N (cable glands). Specifically, the labelling for this product incorrectly states UR instead of UL. As a result of this incident, the Group initiated a specific corrective action and remedied the error within three days of receiving the notice, as required by UL regulation.

¹⁴ Serious injuries are events that entailed a prognosis exceeding 6 months.



CEMBRE

Management of the fight against corruption

Risks and opportunities

Fighting corruption is a major global challenge. Corruption is in fact a major obstacle to sustainable development and democracy and also has a considerable effect on the private sector: it impedes economic growth, distorts competition between companies and presents serious legal and reputational risks for companies.

The main risks connected with the failure to prevent corruption are:

- risk deriving from summonses to court, loss of reputation, payment of compensation, sanctions due to corruption committed by company functionaries;
- risk of stipulating contracts at disadvantageous conditions, followed by corruption accepted to the benefit of company functionaries.

The policies applied by the CEMBRE Group

To limit the risk of acts of corruption occurring, the CEMBRE Group has established a multi-level authorisation system for payments and the management of financial resources, which places limits on the possibility of carrying out monetary transactions, beyond which approval by a superior is required. Every transaction is carried out against an approved expense document.

In addition, in November 2021 CEMBRE's Board of Directors adopted a Group Anti-Corruption Policy, with the specific aim of providing reference guidelines in combating corrupt phenomena and disseminating within the Group the principles and rules to be followed to exclude direct and indirect, active and passive corrupt conduct of any kind.

As part of the compliance culture awareness program, a training course dedicated to the "CEMBRE Group Anti-Corruption Policy" will be provided in 2022.

The safeguards above make it possible for CEMBRE and its subsidiaries to adopt anti-corruption risk policies, in particular by limiting the circulation of money and applying centrally defined procedures. The Group companies are periodically subject to internal auditing activities to verify compliance with and the functioning of the controls required by the procedures.

The Cembre Group's corporate whistleblowing channels may also be used to report any attempts at corruption or conduct not in line with corporate principles and procedures.



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Non-financial performance (GRI 205-3)

As also confirmed by the Supervisory Body, no acts of corruption have been recorded within the company CEMBRE S.p.A., nor within any of its subsidiaries, nor have any reports been made in this respect.



CEMBRE

Supply chain management

Risks and opportunities

The specificity of the products, intended for a market of highly-specialised users, and the need for the rigorous respect of high quality standards in the procurement of products and services, are characteristics that often lead to the need for a commercial relationship with a limited number, in some cases even just one, of suppliers. CEMBRE is pursuing a multi-sourcing policy, even incurring higher costs, in order to expand the number of suppliers and mitigate the risks associated with sudden supply shortages.

CEMBRE carefully makes sure that all players in the supply chain operate in complete compliance with workers' rights and environmental problems, thereby opting, for companies operating in social contexts and geographic areas in which there is a greater sensitivity towards these matters.

In this area, the greatest risks to which CEMBRE is exposed are:

- risk deriving from suppliers that do not respect and maintain suitable environmental sustainability standards and whose production process has significant effects on the environment;
- risk deriving from suppliers that do not comply with the ethical standards and standards of conduct required by the Company, such as failure to respect human rights or social standards required by the business;
- risk of involving the Company in unlawful deeds (corruption) by company staff, including in supplier complicity.

To prevent these risks, the CEMBRE Group limits its relationships with companies involved in violations or presumed violations of regulations in force on workers' rights, respect for the environment and anti-corruption.

Orders and supply contracts specifically require compulsory adhesion to and compliance with the CEMBRE's Code of Conduct, which is published on our official website. Failure to comply with the provisions of the Code of Conduct results in the immediate termination of contracts and the revocation of any orders in place.

Health emergency and relations with suppliers

Throughout the health emergency, the CEMBRE Group acted in full compliance with the principles of conduct set out in the Code of Conduct, including with suppliers.

Payments continued to be punctually made by the agreed deadline.

The relationship with suppliers, always considered as a partnership, has contributed in a decisive way to ensuring the continuity of supplies along the entire supply chain.



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The policies applied by the CEMBRE Group

As a multinational company, Cembre purchases raw materials, products and services from suppliers in different countries and in various cultural, social and economic environments. In this context, Group procurement takes place in compliance with procedures prepared to guarantee the uniformity and repetitiveness of the activity, as well as supplier compliance in terms of quality and respect for ethical standards and environmental protection.

All of CEMBRE's potential suppliers, whether of services or products related to production activities, undergo an initial qualification process by sending

- a "preventive evaluation check list" aimed at determining the suppliers' ability to meet all the requirements demanded of them, to ensure competitiveness, continuity of supply and high product quality.
- "*Provisions for suppliers*" which integrate the principles of the Code of Conduct. More specifically, the aim is to highlight the supplier's ability to ensure transparent processes with suitable standards of environmental sustainability, respect for the ethical principles and conduct required by CEMBRE, such as respect for human rights, anti-corruption or social standards imposed by the business, and enjoy an adequate reputation in the media.

In 2022 a digital platform will be implemented in CEMBRE S.p.A., within will contain a module dedicated to the preliminary registration and accreditation of new suppliers: subscription through the platform will be a binding prerequisite to the successful conclusion of the approval process.

Where possible, preference is given to suppliers with environmental or safety management systems that meet international standards or are certified.

From the time of supplier approval, specific audits may be scheduled to verify continuity in compliance with qualification principles and standards and raise awareness about the importance of these issues. Alternatively, suppose the Head of the Integrated Management System or the Head of the Procurement Department deems it necessary. In that case, they may request the performance of extraordinary audits if elements that contradict or prejudice what is evaluated during the validation phase emerge to minimize the associated risks.

The conformity of the REACH Directive, i.e. the integrated management system of chemical substances, is validated and monitored by means of a computerised work flow of assessment and approval prior to the first procurement of the actual product.

A specific automated electronic archiving procedure of the Safety Data Sheets allows for constant monitoring of the obsolescence of said sheets and guarantees that they are available to product users for rapid consultation, where needed. Archiving also involves the entry of data relative to the use of the product, such as: the using department, the methods of use, the quantity used and the date of archiving, which determines the



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period for which the Safety Data Sheets are valid, beyond which the supplier must be asked to update the documentation (validity is set to three years).

Most of the procurement takes place through companies operating in the EU and with a consolidated financial position; these facts help limit the risks relating to the exploitation of child labour, failure to respect gender differences and environmental problems.

CEMBRE S.p.A. uses tin in its manufacturing process, which comes under the scope of materials potentially coming from zones of conflict. In order to avoid this situation, CEMBRE has decided to adopt the definitive rules on "Conflict Minerals." Under the principles of social responsibility, human rights and discrimination set out in the Code of Conduct. The CEMBRE Group is committed to ensuring that the metals it purchases are "conflict-free."

Non-financial performance (GRI 204-1)

CEMBRE SpA	UoM	2021	2020	2019
Procurement expenses	€	76,485,559	56,137,530	66,619,283
<i>of which local suppliers</i>	€	50,302,878	37,698,818	45,269,777
value of extra group supplies	€	76,485,559	56,137,530	66,619,283
Local percentage of total	%	65.77%	67.15%	67.95%

CEMBRE Ltd	UoM	2021	2020	2019
Procurement expenses	€	16,458,103	12,337,747	14,436,181
<i>of which local suppliers</i>	€	3,429,199	2,944,020	3,197,723
value of extra group supplies	€	6,064,854	4,847,633	6,304,136
Local percentage of total	%	20.84%	23.86%	22.15%

CEMBRE SARL	UoM	2021	2020	2019
Procurement expenses	€	8,597,230	7,310,007	8,185,028
<i>of which local suppliers</i>	€	1,714,338	1,211,431	1,152,108
value of extra group supplies	€	2,086,079	1,622,559	1,810,422
Local percentage of total	%	19.94%	16.57%	14.08%

CEMBRE España SLU	UoM	2021	2020	2019
Procurement expenses	€	8,338,457	7,565,229	7,990,053
<i>of which local suppliers</i>	€	364,255	637,273	426,938
value of extra group supplies	€	1,764,028	1,810,423	1,956,833
Local percentage of total	%	4.37%	8.42%	5.34%



CEMBRE

CEMBRE Gmbh	UoM	2021	2020	2019
Procurement expenses	€	13,965,231	12,177,137	10,811,816
of which local suppliers	€	1,367,771	839,486	1,544,670
value of extra group supplies	€	9,808,379	4,621,205	4,888,827
Local percentage of total	%	9.79%	6.89%	14.29%

CEMBRE Inc.	UoM	2021	2020	2019
Procurement expenses	€	7,017,414	4,789,968	7,009,036
of which local suppliers	€	801,216	720,618	795,354
value of extra group supplies	€	2,215,730	2,477,360	2,603,037
Local percentage of total	%	11.42%	15.04%	11.35%

Local suppliers are companies whose business is located in the same country as the CEMBRE Group companies to which the table data is referred.



CEMBRE

Management of legal and fiscal matters

Risks and opportunities

CEMBRE is subject to a series of regulatory obligations and precepts issued by the supervisory authorities of the countries in which the Group operates; therefore, there is a risk of non-compliance with regulations with repercussions in terms of sanctions and loss of reputation.

In order to have better visibility of the relevant regulations CEMBRE is subject to and required to comply with, as well as to assess possible business impacts/opportunities, a "Group Legal and Corporate Affairs Office" has been set up. This Office is also responsible for coordinating the legal consultants the Group uses in the various countries where it operates and for monitoring legal compliance at Group level.

CEMBRE takes all the necessary steps to ensure adequate supervision and timely compliance with these regulations with specific regard to tax regulations. To this end, each Group company is organised in such a way as to have independent administrative and tax management at a local level with administrative staff employed by every single company who also work with local tax consultants in order to be able to be promptly updated and comply with the tax regulations of every single country in which the Group operates.

The policies applied by the CEMBRE Group

CEMBRE is an industrial Group whose main activity is the design, manufacture, and sale of its products; business considerations and not fiscal reasons gear the choice of countries in which the Group operates.

The Group's values are in line with its sustainability strategy; the Group acts according to the values of honesty and integrity in the management of tax activities, being aware that tax revenues are one of the primary sources of contribution to the economic and social development of the countries in which it operates. The Cembre Group's whistleblowing can also be used to report any critical issues arising from unethical or illegal conduct or episodes that undermine the organization's integrity in tax matters.

All Group companies must comply with the principle of legality, promptly applying the tax legislation of the countries in which the Group operates; this ensures that it dictates the spirit and purpose that the law or order provides for the subject matter being applied is observed.

To date, the Cembre Group has not received any particular solicitation from its stakeholders regarding taxation. If this were to happen, these reports would be handled by the corporate departments responsible for managing tax compliance matters.

Relations with tax authorities are based on correctness principles and compliance with specific regulations applied in each of the Cembre Group countries. It should also be noted that the Group does not engage in any tax advocacy activities.



CEMBRE

Non-financial performance

- Country by Country Tax Reporting (GRI 207-4)

2021	CEMBRE SpA	CEMBRE GmbH	CEMBRE Ltd	CEMBRE Sarl	CEMBRE SLU	CEMBRE Inc
Assets	Manufacturing and distribution	Commercial	Manufacturing and distribution	Commercial	Commercial	Commercial
number of employees	450	56	112	36	45	29
(euro '000)						
Revenues from sales to third parties	€ 91,661	€ 18,875	€ 22,634	€ 11,258	€ 12,471	€ 9,890
Intragroup revenues	€ 34,035	€ 128	€ 1,684	€ 274	€ 47	€ 28
Profit/loss before tax	€ 30,984	€ 1,554	€ 2,742	(€ 256)	€ 1,057	€ 839
Tangible assets	€ 73,917	€ 2,736	€ 4,587	€ 376	€ 2,474	€ 425
Income taxes cash criterion	€ 6,319	€ 82	€ 440	€ 80	€ 252	€ 72
Income tax on profits/losses	€ 7,434	€ 208	€ 537	-	€ 261	€ 130

2020	CEMBRE SpA	CEMBRE GmbH	CEMBRE Ltd	CEMBRE Sarl	CEMBRE SLU	CEMBRE Inc
Assets	Manufacturing and distribution	Commercial	Manufacturing and distribution	Commercial	Commercial	Commercial
number of employees	453	58	105	32	42	31
(euro '000)						
Revenues from sales to third parties	€ 73,578	€ 15,587	€ 16,688	€ 9,557	€ 11,107	€ 10,620
Intragroup revenues	€ 27,831	€ 75	€ 1,518	€ 192	€ 5	€ 43
Profit/loss before tax	€ 21,217	€ 380	€ 1,772	€ 379	€ 666	€ 595
Tangible assets	€ 74,108	€ 2,822	€ 4,444	€ 405	€ 2,583	€ 531
Income taxes cash criterion	€ 3,518	€ 155	€ 268	€ 165	€ 300	€ 30
Income tax on profits/losses	€ 4,926	€ 8	€ 268	€ 138	€ 175	€ 126



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Management of Innovations

Risks and opportunities

There is a risk of failed or late identification of potential technological evolutions or product or process innovations, if CEMBRE is unable to intercept and fill any technological/innovation gaps; in fact, it could experience obsolescence and non-competitiveness of its offerings. There is also the risk of considerable delays in the identification of requirements and the development of specific products, generating obsolescence of the technological innovations made to the goods produced by the Group.

The acceleration of technological innovation and the spread among consumers and investors of new social and environmental sensitivities are leading to new ways in which we produce goods and deliver services.

The ability to lead the transition to the new phase is essential to making CEMBRE increasingly competitive and attractive.

The policies applied by the CEMBRE Group

CEMBRE's innovation policy is aimed at identifying and anticipating technological developments through:

- the constant monitoring of competition, new solutions and parallel market sectors with a dynamic technological environment;
- participation in trade fairs, study of trade journals, use of newsletters from research institutes (e.g. university publications about studies on new technologies)
- collaborations with universities and trade associations.

Innovation represents one of the essential elements of CEMBRE's industrial model and is one of the main strategic levers. For CEMBRE, sustainable innovation combines environmental protection with the business innovation paradigm.

Continuous innovation has enabled the Group to achieve excellent results, identifying technological and production solutions that have led to a lower energy impact in the manufacture of products while making processes more effective and efficient. The know-how acquired over the years in the in-house development and production of machinery, tools and dies, which is synergistically integrated with the know-how in the development and production of our products, represents the main factor of success for the Group against its competitors.

The production sites in Italy and England are designed to guarantee products according to the highest technological levels available today and represent a model with regard to both the environment and workers' safety.



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Non-financial performance

The attention paid in recent years to improving performance and contexts in view of Industry 4.0 has been the driving force behind the development of products with technological features in line with this trend. Sustainable innovation aims to continue in a more systematic way the path already started and based on some technological reference assumptions:

- **Industry 4.0:** The company is interested in taking advantage of all the opportunities that have emerged in recent years and has initiated projects to interconnect existing machines and plants. In addition, special attention is paid to the selection of new acquisitions, selecting state-of-the-art ones that can provide better quality and greater longevity. Projects are underway to deploy some of the 4.0 enabling technologies including Industrial IoT, Big Data, Artificial Intelligence and Machine learning.
- **PLM:** product development is of crucial importance to CEMBRE, which since mid-2019 has adopted a new PLM solution provided by SAP that allows for the accurate planning of projects and company resources. This new tool provides a comprehensive view of the portfolio of innovative projects and helps to improve the product life cycle, from the concept phase, to the design and pre-series phases all the way to the phase-out. The goal is to make the process as efficient and fast as possible.

In the last two years we have carried out a series of interventions in the Brescia production plant that have allowed us to improve the sustainability of some of our processes as well as the working wellbeing of our employees:

- **Improving working conditions and man-machine collaboration**
 - in the labelling department, 4 cartoning machines have been integrated, at the exit of the die-cutting lines, and a stand-alone adhesive machine to avoid manual packaging operations and thus to allow the workers previously engaged in this task to focus on other non-repetitive activities;
 - with the same objective, in the grinding department, a collaborative island has been installed, which employs an anthropomorphic robot, at the output of a sliding headstock lathe that avoids the operator's constant presence on board the machine. This automation is the first concrete approach to using human-robot collaboration within the company and will therefore serve as an example for future implementations;
 - since the end of 2018 the company has also been involved in the European project ShareWork, which aims to raise the level of human-robot collaboration by making the machine aware of the operator and the environment around it. The project consortium includes European research centers such as CNR and Fraunhofer IWU, as well as manufacturing companies (ALSTOM, SEAT S.A., MCM, Goizper Group) and is state-of-the-art in this field. The project has now reached the implementation phase, with initial testing completed in 2021 with the involvement of the operators.
- **Energy and production efficiency**
 - with a view to renewing the machine park, a 4-axis lathe, which has now reached the end of its life, has been replaced with a more flexible twin-spindle turning and milling center that makes it possible to reduce processing times in the injection molding department, and two presses



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- have been replaced that feature greater electrical and mechanical efficiency;
- o the sharp increase in sales in 2021 in the connector area has been offset by an extensive revamping of the galvanic plating plant that has led to a decrease in deposit time estimated between 20% and 30% and given the same energy saving percentages, thanks to the replacement of existing rectifiers with the most efficient electropulsed ones. This intervention has also allowed a considerable increase in the uniformity of the deposit and, in order to always guarantee a better quality to our customers, the X-ray fluorescence thickness gauge for measuring galvanic coatings has been replaced with a new-generation one.



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European Taxonomy

Introduction

In 2020, the European Commission introduced Regulation (EU) 2020/852 - EU Taxonomy Regulation, hereinafter also referred to as "Taxonomy" or "Regulation". The "Taxonomy", in line with the overall goal of the European Green Deal to achieve climate neutrality in Europe by 2050, establishes a unified system of classification of economic activities that can be considered environmentally sustainable.

In order to be defined as "eco-sustainable", economic activities must contribute substantially to the achievement of at least one of the six environmental objectives defined in art. 9 of the same Regulation, not cause significant harm (Do No Significant Harm - DNSH) to any of the above environmental objectives, respect minimum social guarantees, recognizing the importance of international rights and standards and meet the technical screening criteria defined by the Regulation for each activity.

In particular, pursuant to art. 3 and 9 of the Regulation, companies that fall under the scope of application of Legislative Decree 254/2016 are being asked to report, beginning in 2021, information regarding turnover, capital expenditure (CAPEX), and operating expenditure (OPEX) for all activities identified as taxonomy aligned and non-taxonomy aligned with respect to the two climate change related objectives: Climate Change Mitigation and Climate Change Adaptation. For the first year of application, however, the information provided will not have to verify compliance with the technical screening criteria, the DNSH criterion and the minimum social guarantees. Consequently, activities that are considered environmentally sustainable are defined as eligible (taxonomy eligible) and ineligible.

The eligible activities of the Cembre Group

In line with regulatory requirements, an analysis of the Group's activities was carried out with the aim of identifying eligible activities with respect to the first two objectives of the Taxonomy: mitigation and adaptation to climate change. In particular, in compliance with the lists of economic activities contained in annexes 1 and 2 of the Delegated Act of the Regulation, the following activities have been classified as eligible:

- Production of battery-powered tools as a replacement for internal combustion engines (*ref. activity 3.6*);
- Production of hydrogen used in some production phases (*ref. activity 3.10*);
- Installation and maintenance of electric heat pumps (*ref. activity 4.16*);
- Purchase and leasing of motor vehicles (*ref. activity 6.5*);
- Building renovation activities (*ref. activity 7.2*);
- Replacement of light fittings with LED modules (*ref. activity 7.3*);
- Installation and maintenance of charging stations for electric vehicles (*ref. activity 7.4*);



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As required by the Delegated Acts of Regulation (EU) 2020/852, the Group carried out an analysis of the activities deemed eligible as well as an analysis of the methods of calculating the KPIs, relating to turnover, CAPEX and OPEX, on the basis of the activities considered eligible for the purposes expressed by the Regulation itself. Specifically:

- For the calculation of **KPI turnover**, the sum of revenues from the sale of products and the provision of services was considered in accordance with IAS 1 par. 82(a) and Directive 2013/34/EU, which defines, with respect to the denominator, "Net Turnover" as revenues from the sale of products and the provision of services net of VAT, returns and other added taxes;
- The **CAPEX KPI** takes into account the sum of all increases, occurring over 2021, to tangible and intangible elements of the balance sheet including capitalized assets related to R&D and rights of use arising from IFRS 16;
- The **OPEX KPI** takes into account the sum of operating expenses associated with R&D, maintenance of production facilities, day-to-day servicing of assets and short-term leases.

The accounting items to be associated with the KPIs were identified on the basis of the indications given in Annex 1 to Delegated Act 2178/2021.

The table below shows the KPIs for turnover, CAPEX and OPEX, or the percentage share generated by eligible and non-eligible activities.

KPI	2021 Eligible percentage	2021 Non-eligible percentage
Turnover	2.7%	97.3%
CAPEX	19.5%	80.5%
OPEX	1.2%	98.8%



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Below is a breakdown of the composition of the KPIs required by the Regulations, broken down by eligible activity and their overall value.

Eligible activity	Turnover	CAPEX	OPEX
3.6) Manufacture of other low-carbon technologies	2.7%	3.2%	0.0%
3.10) Hydrogen production	0.0%	0.0%	1%
4.16) Installation and operation of electric heat pumps	0.0%	0.0%	0.2%
6.5) Transportation by motorcycles, cars and light commercial vehicles	0.0%	7.9%	0.0%
7.2) Renovation of existing buildings	0.0%	8.1%	0.0%
7.3) Installation, maintenance, and repair of energy efficiency devices	0.0%	0.3%	0.0%
7.4) Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking spaces pertaining to buildings)	0.0%	0.04%	0.0%
TOTAL	2.7%	19.5%	1.2%

Methodological aspects

TURNOVER

Numerator

The numerator of the KPI consists of the values related to the following Group activity :

- Energy-efficient machinery manufacturing activities: 2.7% of the total turnover achieved by the Cembre Group (3.6 "Manufacture of other low-carbon technologies" in Annex I). Includes the turnover related to alternative battery-powered tools to those with combustion engines.



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Denominator

The denominator is made up of the items in the financial statements relating to the sale of goods and services, net of discounts, VAT or other direct taxes, from the point of view of the Group's revenues from ordinary operations.

CAPEX

Numerator

The numerator of the KPI consists of the values for the following Group activities:

- Property renovation activities: 8.1% of total capex incurred by the Group (7.2 "Renovation of existing buildings"); Includes investments for the renovation and modernization of existing buildings.
- Energy-efficient machinery manufacturing activities: 3.2% of total capex incurred. (3.6 "Manufacture of other low-carbon technologies"); Includes the accrued portion of investments in machinery related to the use of the same for the production of alternative battery-powered tools to those with combustion engines.
- Purchases and leases of cars regulated by IFRS 16: 7.9% of total capex incurred (6.5 "Transportation by motorcycles, cars and light commercial vehicles"); Includes all automobile additions, whether from purchase or new leases.
- Led light installation activities: 0.3% of total capex incurred (7.3 Installation, maintenance and repair of energy efficiency devices"); Includes the investments incurred to replace traditional lighting systems with LED lighting systems.
- Installation of electric car charging stations: 0.04% of total capex incurred (7.4 "Installation, maintenance and repair of electric vehicle charging stations in buildings (and parking spaces pertaining to buildings)"); Includes investments incurred for the purchase of electric car charging stations.

Denominator

The denominator is made up by taking into account the sum of increases in value of both eligible and non-eligible assets.

The increases in value generated during 2021 relate to tangible, intangible and right of use of assets (according to IFRS 16). The values taken into consideration have been selected by excluding the effects of amortization, depreciation, write-downs and changes in fair value, as required by the Regulation.



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OPEX

Numerator

The numerator of the KPI consists of the values for the following Group activities:

- Expenses related to short-term leases: 1% of opex incurred by the Group (3.10 "Hydrogen production"); Includes costs incurred for leases that do not fall within the scope of applicability of international accounting standard IFRS 16.
- Activities related to maintenance expenses: 0.2% of opex incurred (4.16 "Installation and operation of electric heat pumps"); Includes costs incurred for routine maintenance of electric heat pumps.

Denominator

The denominator is formed by taking into account the components associated with each eligible asset in accordance with the Regulation; an analysis of consolidated management values was carried out for the calculation.



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Methodological note

The Consolidated Non-Financial Declaration of the CEMBRE Group has been prepared in accordance with Italian Legislative Decree 254/2016 as amended and according to the GRI Sustainability Reporting Standards published in 2016 by the Global Reporting Initiative (GRI) - In accordance approach - Core, except for GRI 303: Water and GRI 403: Occupational health and safety updated in 2018, of GRI 207: Taxes published in 2019 and GRI 306: Waste, updated in 2020.

The GRI Standards envisage that the Declaration shall contain information on the aspects considered as material, as they may have significant impacts on the organisation from a social, economic and environmental viewpoint and may substantially influence stakeholder considerations and decisions.

The collection of data and information required to prepare this Document, was carried out by various different company departments, according to the following principles laid down by the GRI Standard:

- accuracy: the data and information included in the Declaration has been verified by the respective department managers, so as to validate its accuracy and authenticity;
- timeliness: the Consolidated Non-Financial Declaration will be published once a year, at the same time as the Annual Financial Report;
- comparability and clarity: in preparing the Consolidated Non-Financial Declaration, clear, concise language was used, along with tables and graphs, so as to ensure that it is understood by all stakeholders. The information included in the report refers to the period running between 01/01/2021 and 31/12/2021. Where available, the data relating to the previous years has been included, so as to allow for an assessment of the trend of Group operations over the medium-term. Any absence of such a comparison is due to the lesser relevance of the performance over the years or the impossibility of recovering information relative to previous years. Finally, as regards the quantitative information given in the Declaration for which estimates were used, this detail is duly noted in the various chapters;
- balance: the data and information given in the Declaration has been portrayed realistically and in a timely manner; indicators reflect the Group's performance in the reporting period;
- reliability: the Consolidated Non-Financial Declaration has been prepared by a specifically-formed working party, whose members have been identified from the various Group company departments and who have validated the contents with respect to their areas of competence. The final document, as a whole, was presented to and discussed and approved by the Board of Directors on March 14, 2022.



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The Consolidated Non-Financial Declaration has been subject to a limited audit by the independent auditing firm, EY S.p.A.

Unless otherwise specified in each chapter, the data and information of this Declaration refer to the Companies belonging to the CEMBRE Group as at 31 December 2021, fully consolidated within the Annual Financial Report. The Italian offices and warehouses used exclusively for commercial purposes have been excluded from the perimeter of reporting, as their impact on said indicators is not relevant.

Within the document, where necessary, specific notes are made regarding changes to the 2019 and 2020 data.

The Group has prepared a formalised procedure for the drafting of the Consolidated Non-Financial Declaration, which will define the roles, responsibilities and method of information collection for the drafting of said Statement. The procedure was approved in November 2020.

The contact person for the NFD of Cembre S.p.A. located in Brescia at Via Serenissima, 9 is Luigi Vitelli (luigi.vitelli@cembre.com), a copy of the 2021 NFD is available on the website www.cembre.com

Please note that the last document published, prior to this document, is the 2020 Consolidated Non-Financial Declaration (NFD).

Brescia, March 14, 2022

**FOR THE BOARD OF DIRECTORS
OF THE PARENT COMPANY CEMBRE S.P.A.**
Chair and Managing Director
Giovanni Rosani



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APPENDICES

Table of correlation between the CEMBRE material topics and GRI aspects

Theme of Italian Legislative Decree no. 254/2016	Material theme	Topic specific GRI Standard	Scope of impacts	
			Impacts inside the Group	Impacts outside the Group
Environmental	Raw materials management	GRI 301 – Materials	Entire Group (particularly CEMBRE SpA and CEMBRE Ltd)	Suppliers
	Energy efficiency	GRI 302 – Energy		
	Water and waste management	GRI 303 – Water		
	Emissions management	GRI 305 – Emissions		
	Compliance and risk management	GRI 307 – Environmental compliance		
	Waste management	GRI 306 - Waste		
	Management of the effects of the activity on the ecosystem.	GRI 304 - Biodiversity		
Social	Economic value obtained and distributed	GRI 201 - Economic performance	Entire Group	
	Economic value due to taxes	GRI 207 - Taxes	Entire Group	
	Compliance and risk management	GRI 419 – Socio-economic compliance	Entire Group	
	Customer health and safety	GRI 416 - Customer health and safety	Entire Group	Sales network
	Product labelling	GRI 417 – Marketing and labelling	Entire Group	Sales network
	Sustainability of the supply chain	GRI 204 – Procurement practices	Entire Group	
	Relating to staff	Human resources management	GRI 401 - Employment GRI 102 - General disclosures	Entire Group
Personnel training and development		GRI 404 - Training and education		
Protection of diversity		GRI 405 - Diversity and equal opportunity GRI 406 - Non-discrimination		
Worker health and safety		GRI 403 - Occupational health and safety	Entire Group	



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Respect for human rights	Human rights	GRI 406 - Non-discrimination	Entire Group	Suppliers
Fight against corruption	Anti-corruption procedures and policies	GRI 205 - Anti-corruption	Entire Group	Suppliers and Sales network

The matter of Sustainable Governance is transversal to all areas of Italian Legislative Decree no. 254/2016 and all GRI Standards and is dealt with in this Declaration with reference to General Disclosure 102-18.

The matter 'Research and development of sustainable products' is the only non-GRI matter in the NFD.

The reporting is not extended to the scope outside the Group.



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GRI Standards correspondence table

GRI Standard	Disclosure	Description	Page	Omissions - Notes
GRI 102 - General disclosures	102-1	Name of the organisation	Cover page	
	102-2	Activities, brands, products and services	6-7	
	102-3	Location of headquarters	Back cover	
	102-4	Location of operations	7	
	102-5	Ownership and legal form	9	
	102-6	Markets served	11-12	
	102-7	Scale of the organisation	9	
	102-8	Information on employees and other workers	39-42	
	102-9	Supply chain	49	
	102-10	Significant changes to the organisation and its supply chain	7	No significant changes were made to the organisation
	102-11	Principle of prudence	14	
	102-12	External initiatives	38	
	102-13	Membership in Associations	39	
	102-14	Statement by a senior executive	3-4	
	102-15	Key impacts, risks and opportunities	14-16, 22- 24, 49-51	
	102-16	Values, principles, standards and norms of behaviour	3-4, 6	
	102-18	Governance structure	9	
	102-40	List of stakeholder groups	17-19	
	102-41	Percentage of total employees covered by collective bargaining agreements	37	
	102-42	Identification and selection of stakeholders	17	
	102-43	Stakeholder engagement modalities	17-19	
	102-44	Key issues and critical points raised	20-21	
	102-45	Entities included in the organisation's consolidated financial statements or equivalent documents	-	There are no differences in scope
	102-46	Defining report content and topic boundaries	65	
	102-47	List of material topics	20-21, 65	
	102-48	Review of information	64	
102-49	Changes in the list of material topics and related scope	20-21, 65		
102-50	Reporting period	64		
102-51	Date of most recent report	64		
102-52	Reporting cycle	-	Annual	



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GRI Standard	Disclosure	Description	Page	Omissions - Notes
	102-53	Contact details for enquiries regarding the report	64	
	102-54	Claims of reporting in accordance with the GRI Standards	63	
	102-55	GRI content index	68-71	
	102-56	External assurance	72	Audit report of the independent auditors
GRI 201 - Economic performance 2016	103-1 103-2 103-3	Management approach	13, 17-21	
	201-1	Direct economic value generated and distributed	13	
GRI 204 – Procurement practices 2016	103-1 103-2 103-3	Management approach	17-21, 49-51	
	204-1	Proportion of spending on local suppliers	51-52	
GRI 205 - Anti-corruption 2016	103-1 103-2 103-3	Management approach	17-21, 47-48	
	205-3	Confirmed incidents of corruption and actions taken	48	There were no confirmed incidents of corruption in 2021
GRI 207- 2019 Taxes	103-1 103-2 103-3	Management approach	17-21, 53-54	
	207-1	Tax approach	53-54	
	207-2	Tax governance, control and risk management	53-54	
	207-3	Stakeholder involvement and management of tax concerns	53-54	
	207-4	Country-by-Country Report	54	
GRI 301 – Materials 2016	103-1 103-2 103-3	Management approach	17-21, 22-24	
	301-1	Materials used	24-25	
GRI 302 - Energy 2016	103-1 103-2 103-3	Management approach	17-21, 22-24	
	302-1	Energy consumption within the organisation	25	
	302-3	Energy intensity	28	
GRI 303 - Water 2018	103-1 103-2 103-3	Management approach	17-21, 22-24	
	303-1	Interacting with water as a shared resource	29	
	303-2	Management of impacts related to water discharge	29	
	303-3	Water withdrawal	29	
GRI 304 – Biodiversity 2016	103-1 103-2 103-3	Management approach	17-21, 22-24	
	304-1	Operational sites owned, leased, operated in (or	22-23	



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GRI Standard	Disclosure	Description	Page	Omissions - Notes	
		adjacent to) protected areas and areas of high biodiversity value outside protected areas			
GRI 305 - Emissions 2016	103-1 103-2 103-3	Management approach	17-21, 22-24		
	305-1	Direct (Scope 1) GHG emissions	29		
	305-2	Indirect (Scope 2) GHG emissions	30		
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions by type and weight	31		
GRI 306 - Effluents and waste 2020	103-1 103-2 103-3	Management approach	17-21, 22-24		
	306-1	Waste generation and significant waste-related impacts	31-33		
	306-3	Waste generated	31-33		
GRI 307 – Environmental compliance 2016	103-1 103-2 103-3	Management approach	17-21, 22-24		
	307-1	Non-compliance with environmental laws and regulations	-	In 2021 no non-compliance with environmental laws and regulations was detected	
GRI 401 - Employment 2016	103-1 103-2 103-3	Management approach	17-21, 34-36		
	401-1	New employee hires and employee turnover	41-42		
GRI 403 - Occupational health and safety 2018	103-1 103-2 103-3	Management approach	17-21, 44-46		
	403-1 403-2 403-3 403-4 403-5 403-6 403-7	Management approach	44-46		
	403-9	Injuries at work	46-47		
	GRI 404 - Training and education 2016	103-1 103-2 103-3	Management approach	17-21, 36-37	
		404-1	Average hours of training per year per employee	43-44	
		GRI 405 - Diversity and equal opportunity 2016	103-1 103-2 103-3	Management approach	17-21, 34-36
405-1	Diversity of governance bodies and employee categories		39-41		



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GRI Standard	Disclosure	Description	Page	Omissions - Notes
GRI 406 - Non-discrimination 2016	103-1 103-2 103-3	Management approach	17-21, 34-36	
	406-1	Incidents of discrimination and corrective actions taken	-	No cases of discrimination were reported in 2021
GRI 416 – Customer health and safety 2016	103-1 103-2 103-3	Management approach	17-21, 44-46	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	There were no incidents of product non-compliance in 2021
GRI 417 - Product labelling	103-1 103-2 103-3	Management approach	17-21, 44-46	
	417-2	Label information non-compliance	47	There were no cases of non-compliance in 2021.
GRI 419 – Socio-economic compliance 2016	103-1 103-2 103-3	Management approach	17-21	
	419-1	Non-compliance with laws and regulations in the social and economic area	-	There were no cases of non-compliance with social and economic regulations in 2021
Research and development of sustainable products	103-1 103-2 103-3	Management approach	17-21	

Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 2018

(Translation from the original Italian text)

To the Board of Directors of
Cembre S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Cembre S.p.A. and its subsidiaries (hereinafter the "Group" or "Cembre Group") for the year ended on 31st December 2021 in accordance with article 4 of the Decree and approved by the Board of Directors on 14th March 2022 (hereinafter "DNF").

Our limited assurance engagement does not cover the information included in the paragraph "European Taxonomy" of the DNF, that are required by art. 8 of the European Regulation 2020/852.

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI – Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and

professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the relevant matters in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
2. analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
3. comparison of the economic and financial data and information included in the DNF with those included in the Cembre Group's consolidated financial statements;
4. understanding of the following aspects:
 - Group's management and organization business model, with reference to the management of the matters indicated in the article 3 of the Decree;
 - policies adopted by the Group related to the matters indicated in the article 3 of the Decree, results achieved and related key performance indicators;
 - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regard to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.
In particular, we have conducted interviews and discussions with the management of Cembre S.p.A. and with the personnel of Cembre Ltd. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

Furthermore, for significant information, considering the Group activities and characteristics:

- at Group level
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the Curdworth site of Cembre Ltd., that we have selected based on its activities, relevance to the consolidated performance indicators and location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Cembre Group for the year ended on 31st December 2021 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Our conclusions on the DNF of the Cembre Group do not refer to the information included in the paragraph “*European Taxonomy*” of the DNF itself, that are required by art. 8 of the European Regulation 2020/852.

Brescia, 24th March, 2022

EY S.p.A.

Signed by: Andrea Barchi, Auditor

This report has been translated into the English language solely for the convenience of international readers.



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