



CEMBRE

SUSTAINABILITY REPORT 2023

2023 CONSOLIDATED NON-FINANCIAL DECLARATION
IN ACCORDANCE WITH ITALIAN LEGISLATIVE DECREE 254/2016

CONTENTS

Letter to Stakeholders.....	3
The Group's sustainability highlights.....	4
The CEMBRE Group.....	7
• History.....	8
• Corporate identity.....	9
• CEMBRE Group governance.....	10
• CEMBRE in the world.....	12
Economic responsibility.....	17
Materiality analysis and risk mapping.....	19
Management of environmental matters.....	27
• The policies applied by the CEMBRE Group.....	29
• Non-financial performance.....	30
• Carbon footprint.....	38
• Sustainable mobility.....	38
• Photovoltaic panels.....	39
• Energy efficiency.....	40
• Digital transformation.....	40
Management of social and staff-related matters.....	41
• The policies applied by the CEMBRE Group.....	42
• Our belief in people.....	42
• Training.....	44
• Company welfare.....	44
• Non-financial performance.....	47
Health and safety management.....	53
• The policies applied by the CEMBRE Group.....	54
• Non-financial performance.....	55
Management of the fight against corruption.....	56
• The policies applied by the CEMBRE Group.....	56
• Non-financial performance.....	56
Supply chain management.....	57
• The policies applied by the CEMBRE Group.....	58
• Non-financial performance.....	59
Management of legal and fiscal matters.....	61
• The policies applied by the CEMBRE Group.....	62
• Non-financial performance.....	63
Management of innovations.....	65
• The policies applied by the CEMBRE Group.....	66
• Non-financial performance.....	66
European Taxonomy.....	68
Methodological note.....	79

Letter to Stakeholders

Dear Stakeholders,

We are pleased to share with you our consolidated non-financial declaration for 2023, the document in which the CEMBRE Group shares its vision for a more sustainable future. 2023 was a year that offered great satisfaction for CEMBRE, which achieved unprecedented results despite challenges including macroeconomic and geopolitical events with a significant impact on our business. Despite these challenges, CEMBRE demonstrated its resilience and adaptability, continuing to pursue its sustainability objectives, investing in sustainable technologies and adopting measures to reduce its environmental impacts. As you will learn in this document, our strategic approach to environmental, social and governance issues has also remained. These elements have been part of our way of doing business for over 50 years and we intend to continue to develop them.

In particular, we focussed on the following projects:

- **Sustainable mobility:** one of the most important challenges of our time. CEMBRE is committed to promoting sustainable mobility. The results achieved in 2023 are encouraging and CEMBRE will continue to invest in this arena.
- **Energy efficiency:** another fundamental aspect of sustainability. The CEMBRE Group has already achieved important targets in this area and will continue to work to reduce its energy consumption. We have begun an energy efficiency programme within the Group. This programme will allow us to reduce our energy consumption and achieve cost savings.
- **Workplace Health Promotion Process:** employee health and well-being are fundamental elements of sustainability. CEMBRE has launched a new programme to promote a healthy and safe working environment.
- **Technological innovation:** technological innovations can make significant contributions to sustainability. CEMBRE invests in new technology to improve the energy efficiency of its business. This technology allows us to reduce our energy consumption and contribute to the fight against climate change. Additionally, CEMBRE invests in research and development to develop products with lower environmental impact.

We are convinced that these investments are fundamental for us to grow sustainably. They will allow us to reduce our environmental impact, improve our competitiveness and create value for all stakeholders.

In 2023, an extraordinary year for us, once again the main forces behind our virtuous development are our people. A group that continues to grow: we are 877 people strong, in six manufacturing and distribution locations in six different countries. To each of these is dedicated our constant commitment to making CEMBRE a place that not only promotes talent, but also where the values of responsibility, respect, diversity and inclusion remain at the centre of our work together.

Sustainability is at the heart of our vision and our mission. We are committed to creating a sustainable future for all, through a business model based on innovation and circularity.

We thank all our stakeholders for their continued support and trust. Together, we can contribute to a more sustainable future.

The Group's sustainability highlights



789

precise number of employees as at December 31, 2023¹

56

new hires under 30

25,695

total hours of employee training

24%

proportion of women in CEMBRE

50%

proportion of women on the Board of Directors

96%

permanent employees

54%

employees with more than 10 years of service

276

patents, utility and ornamental models

100%

ISO 14001 and ISO 45001 certified production sites



¹ the figure does not include contracted personnel



222.6

consolidated turnover
(€ million)

202

economic value distributed (€ million)

14.6

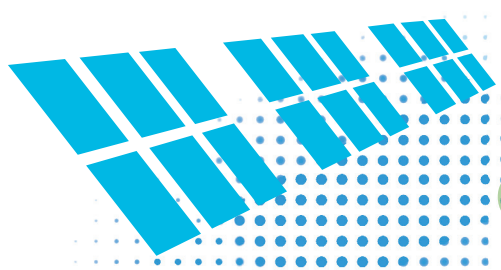
net investments (€ million)

percentage of supplies
out of Group

71.6%

percentage
of domestic supplies

46.8%



16%

electricity from photovoltaic plant

80%

waste destined
for recovery and/or reuse

The CEMBRE Group

The CEMBRE Group

History

CEMBRE is the demonstration of constant commitment, growth and adaptation to market needs. Founded in 1969 in Brescia Italy, as an acronym for Costruzione Elettro-Meccaniche BREsciane, CEMBRE has established itself as a European leader in the production of compression connectors and related installation tooling.

Some significant moments in its history include:

- 1977** Manufacturing activity transferred to the current location in via Serenissima, Brescia
- 1986** Establishment of CEMBRE Ltd in Coleshill, United Kingdom
- 1988** Establishment of CEMBRE Sarl in Bagneaux, France
- 1990** CEMBRE SpA obtains ISO 9000:2008 certification of its Quality Management System
- 1994** Establishment of CEMBRE SL in Madrid, Spain
- 1995** Establishment of CEMBRE AS in Stokke, Norway
- 1997** Establishment of CEMBRE GmbH in Munich, Germany
CEMBRE is listed on the Milan Stock Exchange
- 1999** Acquisition of OELMA S.r.l., a company specialising in the production of cable glands
Establishment of CEMBRE Inc. in Edison, USA
- 2001** CEMBRE is added to the STAR segment of Borsa Italiana
- 2002** Establishment of General Marking S.r.l., a company specialising in industrial labelling
- 2008** CEMBRE SpA obtains ISO 14001:2004 certification of its Environmental Management System
- 2011** Acquisition of 13,500 m² of warehouses adjacent to the Brescia office
- 2012** CEMBRE SpA obtains OHSAS 18001:2007 certification of its Worker Health and Safety Management System
Merger of General Marking s.r.l. into CEMBRE SpA
- 2016** Closure of CEMBRE AS
- 2017** CEMBRE Ltd obtains ISO 14001:2015 certification of its Environmental Management System
- 2018** Acquisition of IKUMA GmbH & Co. KG, a company specialising in the distribution of electrical material in Germany
- 2020** Merger of IKUMA in CEMBRE GmbH
- 2021** Transition of the Worker Health and Safety Management System based on ISO 45001 at the Brescia office and initial certification for the British office
Agreement with the Municipality of Brescia for an additional 15,000 m² of area dedicated to future production expansion
- 2022** Expansion of the photovoltaic park at the Brescia site
Approval of the NRRP project to redesign the "electrical connectors" production lines in new warehouses to be built
- 2023** Remodelling of CEMBRE Spain environments to make them more suitable for work
CEMBRE SpA obtains ISO 37001:2016 certification of its Anti-Bribery Management System
Installation of an approx. 500 KW photovoltaic system at the British offices

Corporate identity

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;
- accountability, involvement, participation and training of 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**;
- contribute to the economic and social development of the local communities in which the company operates, by creating jobs, promoting cultural and social activities and paying attention to environmental sustainability.

“

MISSION

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

”

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 is organised in a manner to supply 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**, the indicators and the 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 **Company Management System**, which is standardised in accordance with the provisions of standards ISO 9001:2015, ISO 14001:2015, ISO 37001:2016 and ISO 45001:2018, is the tool used to translate the principles of the Corporate Policy into results, and monitor their achievement.

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 to give the Chair of the Board of Directors the proxies as Managing Director, which include 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.

Granting management powers to the Chair ensures that there is uniform strategic direction within the Group. In addition, the granting of such powers is mitigated by the assignment of broad proxies to Executive Directors.

Directors are appointed by the shareholders' meeting.

Potential conflicts of interest for directors are managed and mitigated in accordance with Article 2391 of the Italian Civil Code, as well as the specific internal procedure adopted by the company.

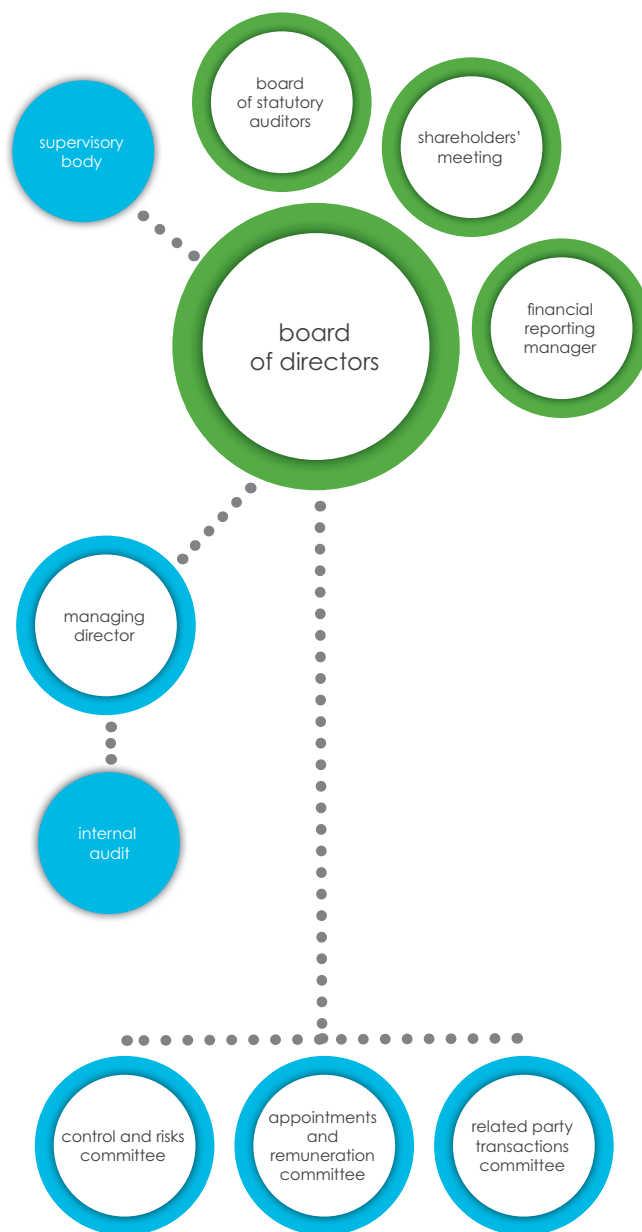
Within the Board, the Appointments and Remuneration Committee, the Control and Risks Committee and the Related Party Transactions Committee, have been established. An independent auditing firm audits the Group's consolidated financial statements and the Parent Company's financial statements.

The Administrative Body conducts an evaluation of its composition and operations every three years. This assessment focuses on the role of the Board of Directors within the internal control and risk system.

The Appointments and Remuneration Committee is responsible for assisting the Board in papering the company's "Remuneration Policy", prepared in line with article 123-ter of the Consolidated Finance Act and published on www.cembre.com, to which readers are referred for more information.

CEMBRE S.p.A. has been listed on the Telematic Stock Market (MTA) since December 15, 1997, and since September 24, 2001 in the Euronext STAR Milan 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. Floating capital is equal to 30.06% as of the date of this report.

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



Sustainability has always been viewed with great attention by CEMBRE, and 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 Consolidated Finance Act and published on the website www.cembre.com, to which reference is made for more details.

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, the safeguarding of company assets and the identification and management of the organisation's impacts on the economy, the environment and people. 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, 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.

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.

CEMBRE in the world

The CEMBRE Group is present in six countries with its own offices, including two production units. The parent company CEMBRE S.p.A., based in Brescia, is the largest manufacturing 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 companies are purely for distribution and are based in Morangis, near Paris (France), in Madrid (Spain), in Munich (Germany) and in Edison (New Jersey, USA).

The direct presence in important countries in 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.



CEMBRE Inc.

Manufacturing sites

CEMBRE S.p.A. Brescia, ITALY

CEMBRE Ltd. Sutton Coldfield, UNITED KINGDOM

Distribution sites

CEMBRE GmbH Munich - Weinstadt, GERMANY

CEMBRE S.a.r.l. Morangis, FRANCE

CEMBRE S.L.U. Madrid, SPAIN

CEMBRE Inc. Edison, U.S.A.





CEMBRE



CEMBRE Ltd.



CEMBRE GmbH



CEMBRE S.p.A.



CEMBRE S.a.r.l.



CEMBRE España S.L.U.



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.

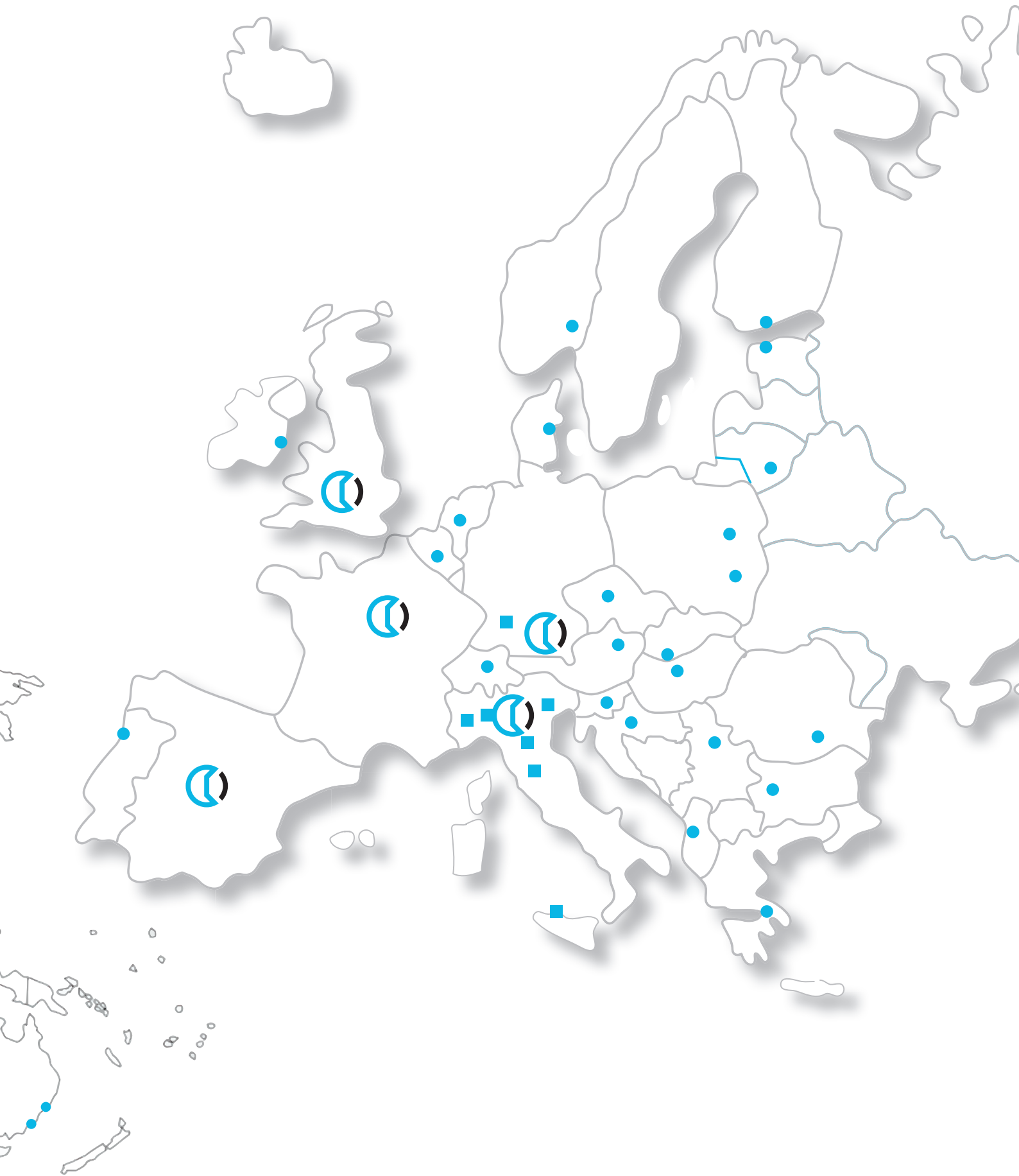
In Italy, CEMBRE S.p.A. operates through a capillary distribution network, with its own offices and warehouses in Brescia, Turin, Milan, Padua, Bologna, Florence and Palermo; in the other regions, it operates through agents, organised for technical-commercial assistance and with warehouses for rapid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

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.





Economic responsibility

Economic responsibility

For CEMBRE, growth does not merely mean increasing its size, but adapting to new economic scenarios, challenges and situations. CEMBRE's goal is to create better components and equipment for electricity distribution, in a continuously changing world. Every decision is made after carefully evaluating resources and effects, both economic and environmental.

CEMBRE has always valued the relationship it has with the area in which it is based, making this connection an added value and the heart of the entire company. In virtue of this identity, the Group believes it is fundamental to support prosperity in the area in which it works by helping support employment levels, promoting relations with local communities and creating shared value, in this way contributing to the social and economic development of the area.

The Cembre Group reported a 11.9% revenue growth in 2023 compared to 2022, with a turnover of € 222.6 million.

The performance of consolidated sales by geographical areas shows 14.6% growth in the Italian market, with sales of € 96.7 million. Sales in the rest of Europe grew by 9.7% on the previous year to € 102.3 million while sales in the rest of the World were 11.2% higher, reaching € 23.6 million. In 2023, sales revenues to the Italian market represented 43.5% of the total (42.4% in 2022), sales to the rest of Europe 46.0% (46.9% in 2022) and sales in the rest of the world represented 10.6% of total sales (10.7% in 2022).

In 2023, the Group's net investments amount to € 14.6 million.

Economic data (GRI 201-1) (thousands of euros)	2023	2022	2021
Revenues from sales and services provided	€ 222,551	€ 198,796	€ 166,835
Other income and revenues, net of the use of provisions	€ 1,274	(€ 989)	€ 737
Losses on receivables	(€ 26)	(€ 16)	(€ 45)
Capitalised internal construction costs	€ 1,480	€ 2,047	€ 2,232
Write-down of receivables	(€ 237)	(€ 243)	(€ 63)
Financial income	€ 313	€ 59	€ 3
Foreign exchange gains (losses)	(€ 95)	€ 93	€ 201
ECONOMIC VALUE GENERATED (A)	€ 225,260	€ 199,747	€ 169,900
Distributed to employees	€ 56,640	€ 51,293	€ 46,483
Distributed to suppliers	€ 101,729	€ 95,495	€ 77,692
Distributed to lenders	€ 354	€ 105	€ 103
Distributed to shareholders ¹	€ 30,235	€ 23,495	€ 20,116
Distributed to the public administration	€ 13,000	€ 10,701	€ 8,968
External donations	€ 47	€ 46	€ 32
ECONOMIC VALUE DISTRIBUTED (B)	€ 202,005	€ 181,135	€ 153,394
Amortisation, depreciation, provisions and other impairment	€ 12,724	€ 12,167	€ 11,301
Self-financing	€ 10,593	€ 8,423	€ 5,205
ECONOMIC VALUE WITHHELD BY THE GROUP	€ 23,317	€ 20,590	€ 16,506

¹For 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).

Materiality analysis and risk mapping

Materiality analysis

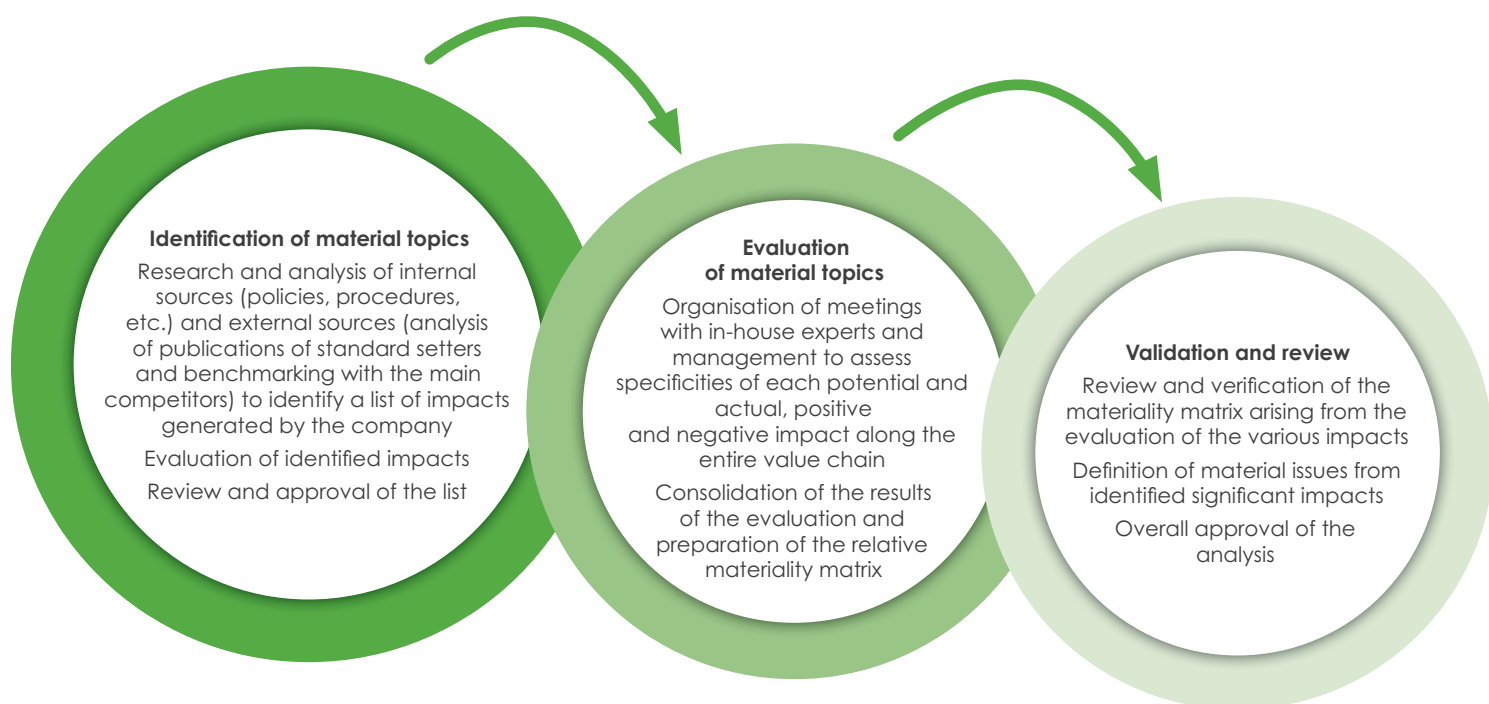
Materiality analysis was updated in 2022 with reference to the Global Reporting Initiative (GRI) standards, in their 2021 updated version. This method identifies the most significant impacts, positive or negative, directly or indirectly caused by the Group's activities.

In line with the procedure approved by the Board of Directors in November 2020, the materiality analysis is updated every three years. In view of the new reporting directive which will soon take effect, the next update is planned for 2024. At the time of this report, the validity of the analysis carried out in 2022 was verified and confirmed.

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

The issues identified as material deserve dedicated reporting as they identify the most significant impacts caused by the Group's activities along the value chain.

The materiality analysis process was structured as follows:



The results of the materiality analysis are summarised and reported in the table below. Each topic is classified within one of the three macro-areas: Social, Environmental and Governance. These areas help to define sustainability for CEMBRE.

Within each area, the material topics of greater importance are listed in descending order. The material matters emerging from the analysis are the starting point from which the company has focused its non-financial information report.

The significance of a negative impact was defined based on the severity and probability of the impact.

In order to measure the **severity** of an impact, three parameters (scale, scope and irreparability) were combined into four degrees of significance (slight, medium, severe and very severe):

- **scale**, determines how severe the impact is;
- **scope**, measures the spillover effect of the impact throughout the supply chain;
- **irreparability**, identifies how difficult it is to mitigate or recover the damage caused.

Probability measures the frequency at which the impact may occur. Probability has been assessed on a time scale divided into four degrees of significance (unlikely/remote, moderately likely, very likely and certain).

The material topics are listed below, broken down by subject area:

Social Area	Associated/identified impacts	potential	effective
Customer health and safety	Possible inability of the product to meet the required quality standards and/or presence of elements that may affect the safety/reliability of the product.	negative	
Product labelling	Labelling may not guarantee the correct information for the consumer in terms of product characteristics, origin and possible impacts, in line with current regulations.	negative	
Sustainability of the supply chain	Inadequate evaluation of suppliers with the risk of working with suppliers that do not guarantee the required quality levels and with little attention to socio- environmental issues.	negative	
Worker health and safety	Possibility of creating a social problem as a result of injuries and/or occupational diseases.	negative	
Diversity and inclusion	Possibility of creating discontent among employees. Not being compliant with the Code of Conduct and 231 certifications, etc.	negative	
Human rights	Incorrect supervision of business operations would make it difficult to ensure respect for human rights.	negative	
Development and protection of human capital	Ineffective Welfare Plan unable to meet employees' needs.	negative	
Personnel training and development	Investing in the training of technical and administrative staff means enhancing their potential by increasing their professionalism and transversal skills. Providing staff with training and refresher courses is a lever for improving organisational efficiency.		positive

Environmental Area	Associated/identified impacts	potential	effective
Water and waste management	The water discharges from the production area are mainly related to wastewater, for the management of which it is important to comply with local and national regulations. Incorrect management could lead to the release of contaminated water after purification, beyond AUA limits.	negative	
Climate change	Impact of GHG (greenhouse gas) emissions along the entire value chain.	negative	
Raw materials management	Environmental and social impacts related to the extraction and processing of raw materials: in some sites and areas, procedures related to environmental risk reduction and worker protection are not always adequate to international standards, and in some cases harm local communities.	negative	
Management of polluting emissions	Possible exceeding of AUA limits.	negative	
Waste management	Overuse of virgin raw materials with direct consequences on costs and low availability of supplies.	negative	
Research and development for sustainable products	Possibly long time span between the identification of needs and the development of specific products, generating obsolescence of technological innovations and causing a less reduced environmental impact.	negative	
Energy efficiency	Energy consumption, in addition to being one of the main sources of CO ₂ emissions, is a significant item of annual expenditure for the manufacturing industry. Possible inefficient and irresponsible management of energy resources during the production cycle and in heating systems is a major source of wasteful consumption.	negative	
Management of the effects of the activity on the ecosystem	Business activity, if carried out in the vicinity of areas with a rich biodiversity, can have significant impacts on the balance of the ecosystem.	negative	

Economy/ Governance Area	Associated/identified impacts	potential	effective
Fight against corruption	The occurrence of a corruption incident resulting in sanctions and damage to image.	negative	
Compliance and risk management	Inadequacy and/or non-enforcement of various financial, social and environmental regulations.	negative	
Economic performance and value creation	Incorrect management of a sustainable business could result in failure to meet the expectations of key stakeholders.	negative	
Business integrity	Incorrect handling of taxation could result in the failure to correctly and timely determine and settle taxes due by law.	negative	
Sustainable governance	Failure to adopt sustainability policies and procedures (e.g. respecting human rights, promoting equal opportunities, involving stakeholders, minimising environmental impact) could reduce the ability to attract customers, investors and professionals.	negative	

The topics "Staff relations" and "Local community involvement" will be reported on although they did not emerge as material in the analysis carried out.

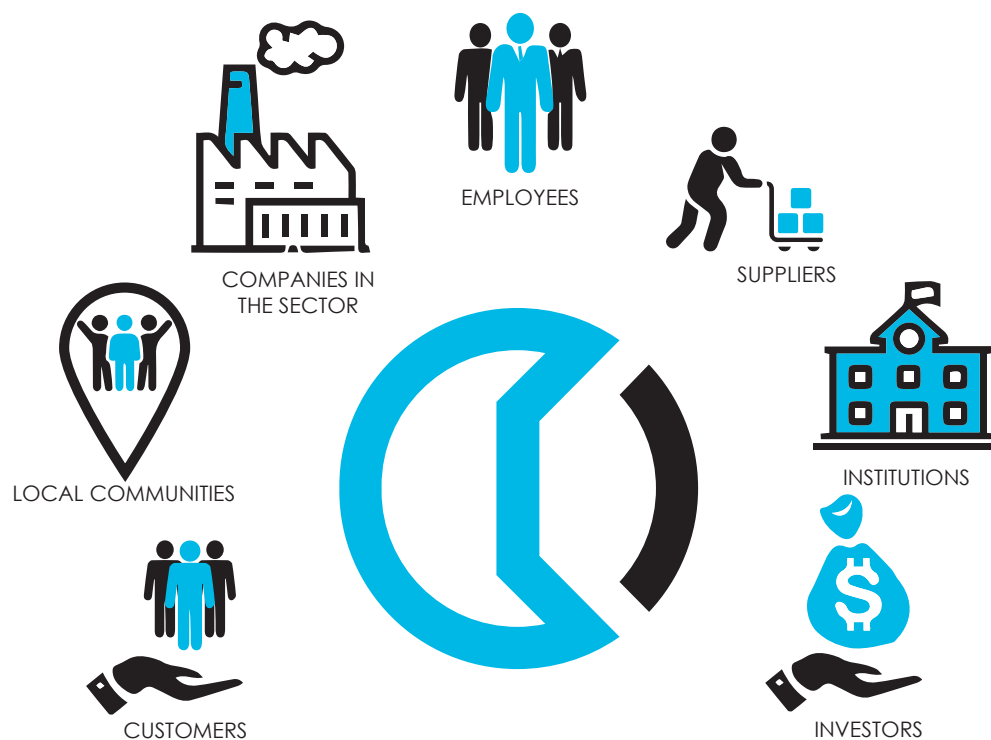
Stakeholder engagement

The CEMBRE Group's non-financial reporting is focussed on evaluating the impacts, both positive and negative, that the Group's activities may have on the entire value chain, whether effective or potential.

To better understand the value chain within which CEMBRE works, the main stakeholders were considered, as represented in the figure below.

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). This dialogue is based on transparency and trust.

It allows the Group to maintain an open channel with its stakeholders, periodically verifying alignment with the issues that have emerged as well as identify any new impacts caused.



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
Companies in the sector	<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

CEMBRE Stakeholder	Listening and engagement tools	Stakeholder expectations and interests towards CEMBRE
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
Local communities	<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
Institutions	<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

Non-financial risks considered by the Group

Every two years, CEMBRE carries out a risk assessment to update its risk map. 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.

The Board defines the nature and level of risk compatible with the issuer's strategic objectives, including in its evaluations all the main risks that could be significant with a view to the medium/long-term sustainability of the issuer's business, and supports the definition of guidelines for the internal control and risk management system, meaning all those processes intended to monitor the efficiency of corporate operations, the reliability of financial reporting, compliance with laws and regulations and the protection of company assets.

To that end, after hearing from the Control and Risks Committee, the Board:

- I. defines guidelines for the internal control and risk management system, so that the main risks which apply to the Issuer and the Group are properly identified and adequately measured, monitored, managed and valued, also in relation to the protection of corporate assets and prudential and proper management of the company, consistent with the strategic goals identified;
- II. periodically verifies, in any case at least annually, the adequacy of the internal control and risk management system with respect to the characteristics of the company and its risk appetite, as well as the effectiveness of the same;
- III. approves, at least annually, the plan prepared by the Internal Audit Department Manager, after hearing from the Board of Statutory Auditors and the Chief Executive Officer;
- IV. evaluates, after hearing from the Board of Statutory Auditors, the results presented by the auditing firm in its report and any suggestions, if made, with reference to any fundamental questions identified during the audit.

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 could weigh on a company's financial results and could 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);
- **risk of environmental pollution:** this risk may derive from problems with the water purification or disposal plants, or from improper management of hazardous substances such as oils or chemical products.

Social dimension:

- **human capital risks:** in a context of continuous change and evolution of technology and the labour 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;

- **local community-based risks:** our 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 mitigated by using a very reliable redundant firewall system and the setting of periodically expiring user names and passwords to access the network.

A data encryption system has been implemented on all portable devices, and a cyber security awareness campaign is 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;
- **supply chain risks:** this risk includes suppliers who do not comply with environmental, ethics and conduct standards requested, as well as the involvement of the Company in illicit activities such as bribery by company personnel or suppliers;
- **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.

CEMBRE constantly monitors regulatory developments evaluating their potential impact on its business and recognising that violations of laws and regulations could lead to judicial or administrative penalties, financial losses and damage to its reputation. In particular, to guarantee regulatory compliance, CEMBRE adopts all measures deemed necessary, including adjustment to tax and other pertinent regulations, including corruption risks, the regulations pursuant to Italian Law 262/2005, product, environment, workplace health and safety, privacy and other relevant regulations, including trade compliance;

- **corruption risks:** CEMBRE operates internationally and runs its business activities in accordance with the ethical principles of legality, honesty, transparency and impartiality that underpin its corporate culture, as well as in full compliance with all applicable regulations.

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.

In this area, 2022 CEMBRE embarked on the process of obtaining ISO 37001:2016 certification, implementing a Management System for the Prevention of Corruption in line with the provisions of this standard. This includes, inter alia, the performance of due diligence on business partners and personnel.

Furthermore, in order to prevent the perpetration of corrupt activities, CEMBRE has adopted, as part of its 231 Organisational Model, the Group's Code of Conduct and a set of Protocols, which define the rules of conduct that the company's employees, collaborators, clients and suppliers are required to comply with; further control measures are also contained in the Procedures belonging to the Administrative and Accounting Control Model adopted pursuant to Law 262/2005.

Environment

Management of environmental matters

CEMBRE has developed and maintains an Environmental Management System that complies with UNI EN ISO 14001 and is subjected to annual verification by independent third parties. The system is intended to prevent and monitor environmental risks, in line with international models and best practices.

The management system is based on legislative conformity and a "risk-oriented" approach. The first consists in all activities that guarantee compliance with all cogent requirements and voluntary aspects, the second is intended to identify, estimate and manage environmental risks and opportunities generated by the impacts of the productive activities.

The Company's main environmental risks are connected with the purification of water, the management of 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 could weigh on a company's financial results and could 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 storage, handling, use and disposal of hazardous and chemical substances are carried out by following rigorous procedures that are checked periodically and updated, when necessary. 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 and application of the management system, which requires 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 128,000 m² of which 60,000 m² are 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.

In particular, the Brescia plant is more than 5 km away from areas included in Rete Natura 2000 (SCI-ZPS); precisely, about 9.8 km from the closest Natura 2000 area, which is the ZSC site "Altopiano di Cariadeghe" (in the municipality of Serle).

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.

There are 19 animal species found on the ICN Red List in the areas in which the manufacturing sites of CEMBRE S.p.A. and CEMBRE Ltd. are located. These species are classified within the categories of critically endangered (CR), endangered (EN) and vulnerable (VU). Both sites are committed to carrying out their manufacturing in

respect of the highest environmental standards, compliant with current laws and regulations, with the primary objective of protecting the surrounding environment.

The figure was taken from: <https://www.iucnredlist.org/search/map> from which the manufacturing sites on the map were identified and selected, taking into consideration the three categories of animals mentioned. (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

The CEMBRE Group places significant importance on environmental issues and their impacts, as can be seen in the materiality analysis.

These aspects are considered crucial and included in the company's business practices. The CEMBRE Group's Corporate Policy, together with other issues, is defined by Group management through in-depth objective analysis, taking into account the internal and external context, the results obtained, future objectives and the requests received from customers and other significant interested parties.

The Corporate Policy is formalised by management and signed by the CEMBRE Group's managing director.

The document which contains it is disseminated and presented to all company personnel and made known to external interested parties through publication on the company's website. Additionally, environmental risks linked to the activities carried out are carefully evaluated, and indicators are selected that make it possible to quantify and verify the level achieved, as well as identifying any areas for improvement.

Implementation of the ISO 14001 regulations for environmental management at the Group's manufacturing sites highlights the company's decision to adhere to recognised environmental standards, making a significant contribution to promoting more sustainable management of operations.

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

- monthly monitoring of the consumption of energy, water, chemical substances, oils and the production of the most significant waste, for each production department. This data is then compared with production hours and/or the quantity of material processed, to obtain a series of clear and unequivocal performance indicators. This information is then presented to management and each department manager in charts, guaranteeing it is received by all interested employees;
- annual analysis to monitor the concentration of pollutants released to the atmosphere, guaranteeing respect for current regulatory limits;
- annual checks of refrigeration systems to identify possible leakage of ozone depleting substances (F-GAS);
- waste management is carried out in accordance with company procedures and applicable laws;
- water which undergoes the purification process is subject to daily controls carried out by qualified personnel, as well as checks performed by an external certified laboratory at least once a month.

Classified as a large company pursuant to current regulations, CEMBRE actively works to improve energy efficiency. To that end, it periodically updates its energy diagnosis through a certified company.

The most recent diagnosis, obtained in 2023 with reference to 2022 consumption, confirmed CEMBRE's awareness of the benefits deriving from the adoption of energy efficiency measures. Reducing costs and protecting the environment, in terms of lower greenhouse gas emissions, are two priorities for the company.

CEMBRE is convinced that energy efficiency is a fundamental component in building a more sustainable future. For this reason, the company will continue to invest in innovative technology and promote a sustainability culture within its staff.

Here are some concrete examples of CEMBRE's commitment to energy efficiency:

- replacing lighting systems with LED systems;
- installing energy monitoring systems;
- carrying out projects on buildings, e.g. replacing windows and doors with ones with better thermal transfer factors, installing light-blocking curtains and intelligent thermostats;
- educating and training personnel on energy efficiency themes.

In 2023, CEMBRE was included among the 200 Italian companies leading in sustainability by a research activity conducted by Il Sole 24 Ore and the company STATISTA. The research assessed these Italian companies based on a series of criteria, including environmental impact, social responsibility and economic commitment.

Also in 2023, CEMBRE was classified within the list of the TOP 100 Performance for the Sustainability Award 2023 promoted by Credit Suisse and the KON Group. The list is intended to identify Italian companies who have distinguished themselves by their commitment to environmental, social and economic sustainability.

At the end of 2023, CEMBRE began a new process to evaluate its commitment to sustainability issues using the criteria defined by EcoVadis. This evaluation assigns a Sustainability Rating on the basis of four macro-themes: environment, labour practices and human rights, ethics and sustainable procurement. In the 2022 evaluation, CEMBRE received a "Gold Sustainability Rating".

Non-financial performance

Consumption by material type²

(GRI 301-1)

Unit of measurement kg	2023	2022	2021
Ferrous material	241,059	219,537	223,996
Non-ferrous material	3,260,067	3,156,239	2,640,320
Plastic	935,382	938,308	893,740
Total	4,436,508	4,314,085	3,758,056

2023 was a year of records for CEMBRE with a significant increase in turnover accompanied by growth for the Group. This growth led to a consequent increase in raw materials used.

Consumption of hazardous, oily and lubrication substances

(GRI 301-1)

Unit of measurement kg	2023	2022	2021
Chemical substances	92,150	96,428	93,112
Oil + lubricants	45,052	50,286	49,423
Total	137,202	146,714	142,535

During 2023, CEMBRE saw a slight decrease in the consumption of oils and chemical substances, following the review and optimisation of its manufacturing processes. The optimisation resulted in a reduction in the consumption of chemical substances in particular, achieved by optimising the galvanic process used at the British plant. The increase in production volumes also made it possible to reduce plant downtime with reference to mechanical processing, allowing for more efficient management of emulsion and fewer required top-ups.

Consumption of packaging material

(GRI 301-1)

Unit of measurement kg	2023	2022	2021
Paper	78,145	96,185	86,738
Wood	210,412	207,835	187,555
Plastic	17,929	15,305	13,804
Total	306,486	319,325	288,097

²Due to an irregularity found in the process of extracting ferrous material consumption data at the British plant, the calculation method was redefined in 2023 and the values for the year 2022 and 2021 were also updated with respect to that indicated in the 2022 NFD.

Total energy consumption

(GRI 302-1)

Unit of measurement MWh	2023	2022	2021
Electricity	11,514	10,759	10,910
of which self-produced and consumed by the photovoltaic plant	1,582	244	241
of which self-produced and sold by the photovoltaic plant	181	0.003	-
Produced by the geothermal plant ³	1,653	1,653	1,653
Diesel	3,731	3,739	3,713
Petrol	889	905	801
Natural Gas	3,602	4,101	5,161
Naphtha	-	-	161
LPG	17	-	-
Total	21,406	21,157	22,399

Despite the increase in production in 2023, CEMBRE's electricity consumption remained in line with 2022. This demonstrates the effectiveness of the various energy efficiency projects implemented by the company, which contributed to limiting environmental impacts even as production rose.

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

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	0.0098 MWh/m ³
LPG	12.74 MWh/t

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 2020-2022), equal to 0.035457 GJ/stdm³;
- the conversion factor from GJ to MWh, which in technical literature is 0.27778.

³ To quantify the energy consumed by the geothermal plant, technical data is used for the calculation, in consideration of the absence of a dedicated meter.

Energy intensity

(GRI 302-3)

	2023	2022	2021
Energy consumption MWh	21,406	21,157	22,399
Consolidated turnover € thousand	222,551	198,796	166,835
Energy intensity	9.62	10.643	13.426

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:

$$\frac{\text{Energy consumption} \times 100}{\text{Turnover in € thousand}}$$

At the Brescia headquarters, in 2023, 372 traditional lights were replaced with 285 LED lights. This has already produced energy savings of over 64% with reference to lighting the areas in question.

Water withdrawn by source⁴

(GRI 303-3)

Unit of measurement l	2023	2022	2021
From aqueducts	18,597,800	20,202,900	12,746,119
From wells	25,283,000	24,862,000	24,237,000
Total	43,880,800	45,064,900	36,983,119
of which water withdrawn from water-stressed areas or sensitive locations	41,158,800	41,543,900	34,708,269

The reduction of water consumption from aqueducts is partially attributable to CEMBRE Ltd., thanks to the updating of the tinplating system which is more efficient than the previous version. With reference to CEMBRE S.p.A., the data presented was calculated based on estimates utilising utility bills, given that the actual data will be available only after this document is published.

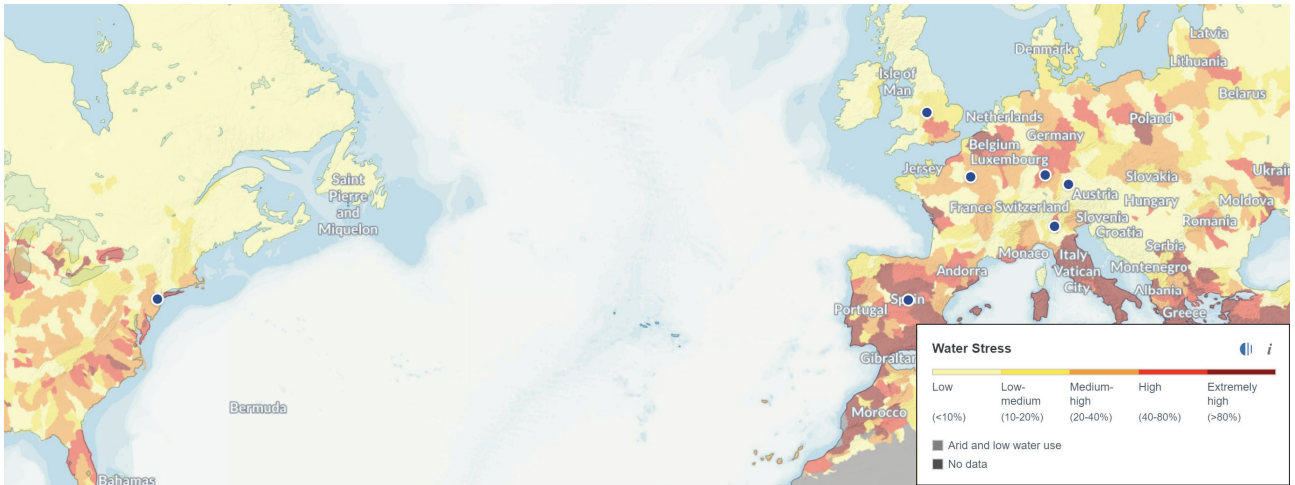
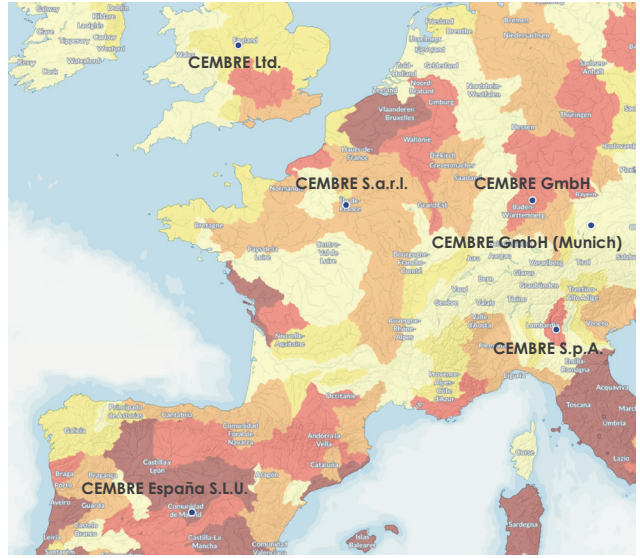
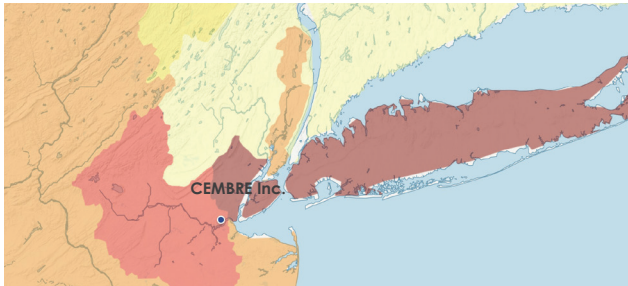
Over the years, the discrepancy between estimates and effective data has been found to be negligible, with an average variation of less than 1%.

Aqueduct consumption by CEMBRE S.p.A. fell, while CEMBRE GmbH saw an increase which was insignificant with respect to the total. The other Group companies saw consumption in line with previous years.

The increase in consumption of well water, only involving CEMBRE S.p.A., is attributable to the exceptional amounts of water needed to prepare the land on which new manufacturing buildings will be constructed. Additionally, during the summer closure, extraordinary maintenance work was carried out on company infrastructure, utilising well water. Efforts were made to minimise the impacts and optimise the use of available resources in terms of the targeted use of water resources.

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

⁴ The information for the American subsidiary, CEMBRE Inc., is not available. The business office in Weinstadt, Germany, was also added to the 2022 monitoring as approximately 140,000 litres of water were taken from the aqueduct and as it falls in a "high" water stress area. Total solids dissolved <= 1,000 mg/litre. The 2022 figure was updated, considering data relative to well water which became available in 2023, equivalent to 5,354,000 litres.



All the water taken is discharged into the drains, after treatment⁵; the water withheld for the manufacturing process is also released into the drains after purification, upon completion of the work cycle.

⁵ 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.

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

Direct emissions (Scope 1) Unit of measurement tCO ₂ e	2023	2022	2021
from Diesel	992.75	994.82	987.95
from Petrol	233.81	238.02	210.75
from Natural Gas	732.86	831.90	1,044.29
LPG	3.97	-	-
from Naphtha	-	-	42.6
from refrigerating gases	31.23	145.7	26.7
Total	1,994.62	2,210.42	2,312.29

The trend for natural gas consumption is highly variable, mainly due to weather conditions during the winter. At the CEMBRE S.p.A., a significant reduction in natural gas consumption was seen in 2023. This reduction is attributable to the correlation between a milder climate and more effective programming of the heating system in the various departments. This result was made possible thanks to the implementation in June 2022 of an advanced remote temperature monitoring device, offering optimised control and more efficient management of energy consumption.

Indirect emissions (Scope 2) Unit of measurement tCO ₂ e	2023	2022	2021
Electricity - Location based	2,424.18	3,313.81	3,300.17
Electricity - Market based	4,255.88	4,768.52	4,741.75

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 2022 data:

	Unit of measurement	Coefficients
Diesel	tCO ₂ e/t	3.169
Petrol	tCO ₂ e/t	3.152
Natural Gas	tCO ₂ e/1000m ³	2.004
LPG	tCO ₂ e/t	3.026

The coefficient used to calculate Naphtha emissions in 2021, 2022 and 2023, shown in the national standard parameters table of coefficients used for the CO₂ emissions inventory in the UNFCCC national inventory (average values for 2020-2022), equal to 73.3 t CO₂e/TJ.

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

Unit of measurement kgCO ₂ e/kg	GWP
Fgas - R410A	2,255.5
Fgas - R404A	4,728
Fgas - R407C	1,907.93
Fgas - R32	771

The emissions value was obtained by applying the formula:

$$tCO_2 e = (\text{kg refrigerating gases} \times \text{GWP}) / 1000$$

For indirect emissions:

- for location-based emission factors relative to electricity supplies, the source is Terna for UK and USA and the European Environment Agency (EEA) for the other countries;
- for market-based emission factors relating to the supply of electricity, the source is Residual Mixes 2022, published by the Association of Issuing Bodies (AIB) for European countries and the Emissions & Generation Resources Integrated Database (eGRID) of the US Environmental Protection Agency (EPA) for the US.

Unit of measurement tCO ₂ e/MWh	Location Based	Market Based
Italy	0.252	0.457
United Kingdom	0.261	0.365
France	0.068	0.125
Spain	0.205	0.275
USA	0.374	0.374
Germany	0.366	0.557

In 2024, CEMBRE will take a major step forward in improving its reporting with respect to the environment, implementing the Scope 3 calculation. Reporting on greenhouse gas emissions generated by indirect activities, both upstream and downstream, will be made available in the next Sustainability Report, with a view to compliance with the new reporting directive. This will allow for full measurement of the company's overall impact on the climate. This will facilitate the identification of areas associated with higher GHG emissions, to develop targeted reduction strategies. This commitment is a fundamental step on CEMBRE's path towards promoting a more sustainable and resilient business model.

NOx and other significant emissions⁶

(GRI 305-7)

Unit of measurement t	2023	2022	2021
NOx	1.407	1.397	1.378
SOx	0	0	0.003
VOC	0.594	0.586	0.557
PM	0.020	0.078	0.041

⁶ 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.

The amount of particulates issued in 2023 decreased, despite the increase in total operating hours for certain plants. This positive result is due to the reduction in the concentration of pollutants measured for certain emissions. With reference to VOCs, a slight increase was seen, mainly due to the increase in operating hours for the plants. Finally, a slight increase was also seen for NOx, due to the increase in the concentration of pollutants measured. As in previous years, NOx and NO2 were considered when calculating NOx, while for SOx, SO4-2 was also considered, even if it was close to 0.

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

Nitric oxide and nitrogen dioxide (NOx) figures refer to the thermal power plants. The trend for these figures should be viewed with reference to measurement methods and periods, as they may vary based on the weather conditions during monitoring.

Nonetheless, it should be emphasised that all the values obtained are well below the limits prescribed in the Single Environmental Authorisation (AUA) no. 1971-2022.

Waste generated

(GRI 306-3)

Unit of measurement kg	2023	2022	2021
Hazardous	463,879	364,537	445,881
Non-hazardous	1,110,607	1,026,019	1,142,745
Total	1,574,486	1,390,556	1,588,626

Overall, in 2023 the Group produced 1,574 tonnes of waste and worked to limit the percentage of hazardous waste it produced relative to the total. In 2023, this was equal to 29%. Given the non-hazardous nature of its waste, CEMBRE was able to send 80% of its waste for recovery and/or reuse.

CEMBRE has prepared specific instructions to guarantee proper waste management, from collection to disposal. Additionally, on a daily basis the company improves the awareness of those with whom it works, providing containers for sorting waste, including paper/cardboard, plastic, unsorted, glass/aluminium and organic waste, as well as containers for toner and alkaline batteries.

In 2023, hazardous waste produced by CEMBRE saw an overall increase of around 100,000 kg with respect to the previous year. This increase is due to several factors:

- higher production of EER 110105* waste (pickling acids), as increased manufacturing volumes led to an increase of around 12,000 kg of this type of waste;
- tinplating system maintenance: maintenance planned for 2022 and postponed to 2023 generated 14,000 kg of EER 110106* waste (acids not otherwise specified);
- more frequent system cleaning: production requirements made it necessary to increase washing operations, with a consequent increase of around 61,000 kg of EER 120109* waste (emulsions and solutions for machinery, not containing halogens);
- higher CEMBRE LTD production volumes: the branch's growth contributed to the overall increase in waste.

With respect to non-hazardous waste, CEMBRE S.p.A. saw an overall increase of around 80,000 kg with respect to 2022. This increase is due to growth in production of EER 120101 (filing and treating oils of ferrous materials) and of EER 120103 (filings, flakes and powders of non-ferrous metals), in line with the increase of raw materials processed. An increase in production of EER 150103 was also seen (wooden packaging), this too linked to the increase in the use of ferrous and non-ferrous materials which mainly utilise wooden packaging.

Finally, a 10,000 kg was increase in non-hazardous waste was also recorded for CEMBRE GMBH, caused by the exceptional disposal of pallets which could no longer be used, with a similar quantity also recorded by CEMBRE SLU, which carried out remodelling work in 2023.

Waste for recycling

Unit of measurement kg	2023	2022	2021
Hazardous	176,535	112,374	155,089
Non-hazardous	1,051,188	976,349	1,100,201
Total	1,227,723	1,088,723	1,255,290

Waste stored on site

Unit of measurement kg	2023	2022	2021
Hazardous	1,800	400	764
Non-hazardous	5,000	1,000	4,000
Total	6,800	1,400	4,764

Waste for landfill disposal

Unit of measurement kg	2023	2022	2021
Hazardous	263,920	232,693	268,600
Non-hazardous	9,520	4,340	5,522
Total	273,440	237,033	274,122

Waste sent for reuse

Unit of measurement kg	2023	2022	2021
Hazardous	-	-	-
Non-hazardous	1,180	6,300	-
Total	1,180	6,300	-

Waste sent for energy recovery

Unit of measurement kg	2023	2022	2021
Hazardous	4,492	3,530	4,197
Non-hazardous	21,386	15,775	13,720
Total	25,878	19,305	17,917

Waste sent to incinerator

Unit of measurement kg	2023	2022	2021
Hazardous	16,932	15,340	17,231
Non-hazardous	10,124	9,462	9,485
Total	27,056	24,802	26,716

Waste sent for composting

Unit of measurement kg	2023	2022	2021
Hazardous	-	-	-
Non-hazardous	4,871	5,916	5,651
Total	4,871	5,916	5,651

Waste other types of destination

Unit of measurement kg	2023	2022	2021
Hazardous	200	200	-
Non-hazardous	7,338	6,878	4,165
Total	7,538	7,078	4,165

Carbon footprint

Climate change is an undeniable reality, which is already causing significant damage to our planet. Greenhouse gas emissions represent one of the main causes of the change, and reducing them is essential for mitigating these impacts.

CEMBRE is committed to reducing its CO₂ emissions and for this reason has begun a process to measure the carbon footprint of its products in line with UNI EN ISO 14067:2018. This process is based on evaluating the life cycle, to analyse the environmental impact of a product through the entire production and consumption cycle. In 2023, development was completed for the model used to measure the carbon footprint of connectors. This model was developed using SimaPro software and will be used to measure the carbon footprint of other product categories starting in 2024.

Specific analysis of impacts throughout the life cycle makes it possible to identify the most critical stages from an environmental point of view. This approach will allow us to adopt targeted actions to improve the environmental performance of our products and processes, utilising objective data.

Sustainable mobility

The CEMBRE S.p.A. Commuting Plan, implemented since 2022, is contributing to gradual changes in the commuting habits of those who work with us, with economic, environmental and social benefits.

The document identifies a series of alternatives to using a private car for company personnel when commuting. The main goal is to reduce travel and to reduce emissions, as well as improving urban traffic and making travel to and from the company more sustainable overall.

The following tables show the figures for the main activities that contributed to reducing CO₂ emitted through commutes.

LOCAL PUBLIC TRANSPORT	2023	2022	2021
Subscriptions taken out (No.)	26	18	10
Estimated Km avoided by private car for 225 working days/year (km)	175,500	121,500	60,000*
Emissions into the atmosphere avoided (tCO₂eq)	30.3	21.8	11.8*

* The 2021 figure was recalculated using a base of 225 working days for better comparison with 2022.

USE OF BICYCLES	2023	2022
Bike trips (No.)	2,169	1,315
Distance travelled (km)	24,217	16,292
Emissions into the atmosphere avoided (tCO₂eq)	4.2	2.9

The conversion factors used are as follows:

Emission factor kgCO ₂ /km	2023
kg of CO ₂ considered per km with an average car of unknown fuel type	0.172458

The baseline was taken from the "managed assets - vehicles" table in the Conversion factors 2023 DEFRA report revised in June 2023.

For the calculation, it was decided to use the conversion factor of an average car with an unknown fuel type. The value considered in 2022 was 0.17966 CO₂/Km.

Photovoltaic panels

For several years now, CEMBRE has focussed its attention on environmental sustainability and in demonstration of the same in 2022 expanded the photovoltaic plant installed at the Brescia plant, which at present has total power of 1,400 kW.

Thanks to this investment, CEMBRE achieved the following advantages in 2023:

- generated over 1.6 GWh of electricity, making it possible to reduce dependency on the market and satisfy around 16% of all of the plant's energy needs;
- powered an advanced geothermal exchanger to heat a 10,000 m² warehouse, helping to reduce CO₂ emissions associated with heating;
- avoided the emission of over 400 tonnes of CO₂.

CEMBRE also installed a ca. 500 kW photovoltaic system at the British plant in Birmingham in 2023, which generated around 145 MWh of electricity. However, due to technical problems it is still not fully operational and all energy produced was sent to the grid.

In addition, as part of the project to expand the production capacity of its "Electrical Connectors" product line by 2025, CEMBRE will install additional photovoltaic panels on the new warehouses, which will further increase the percentage of self-produced energy.

CEMBRE S.p.A.	2023	2022	2021
Electricity taken from the grid (kWh)	8,321,330	9,507,903	9,539,279
Electricity taken from panels (kWh)	1,582,202	244,057	240,999
Impact on plant requirements (%)	16	2.5	2.5
Emissions into the atmosphere avoided (tCO₂eq)	398.7	76.9	75.9

Source	Emission factor ⁷
KgCO ₂ eq avoided in the atmosphere	e.f. Italy = 252 grams CO ₂ / kWh

⁷ taken from Terna for the Location-Based calculation

Lighting energy efficiency

The replacement of over 900 traditional lights with LED technology by 2026 will make it possible to achieve an estimated 40% energy savings for lighting, with an annual reduction in CO₂ emissions of over 100 tCO₂eq.

These results demonstrate CEMBRE's commitment to environmental sustainability. We will continue to invest in energy efficiency to reduce our impact on the environment and contribute to the energy transition.

Year	Department	No. of traditional lamps replaced	No. of LED technology lamps installed	% energy saving achieved
2023	Warehouse 29 (PVC and terminals)	50 (430W)	50 (201W)	58.3%
		40 (65W)		
	Factory roofs	23 (18W)	20 (54W)	78.6%
		2 (36W)	25 (11W)	
		12 (430W)		
		6 (116W)		
Tool Assembly	233 (116W)	172 (50W)	66.3%	
	1 (36W)	10 (47W)		
2022	Factory roofs	5 (18W)	8 (11W)	78%
		26 (130W)	15 (50W)	
	Automation Office	35 (80W)	35 (47W)	41.3%
	Tool room	94 (131W)	63 (201W)	49.8%
		30 (430W)		
2021	Carousel presses	20 (400w)	23 (199w)	42.8%
	Automation Office	12 (90W)	12 (49W)	45.5%
	Plastic Moulding	43 (430W)	43 (201W)	53.3%

Digital transformation

For several years now CEMBRE has been implementing a digital transformation process to optimise its processes, with dual objectives of improving efficiency and reducing environmental impacts.

Projects under way include analysing and revising processes to rationalise activities, improving quality and efficiency, and supporting digitalisation.

The transition towards digital document management will allow for an increasingly significant reduction in the use of paper and printed materials.

In recent years, the company has perfected various management method aimed at minimising the use of paper:

- the meetings of the company's governing bodies occur on a dedicated digital platform, eliminating the need to print documents;
- most of the documents associated with relations with employees, pay stubs, communication and other documents can be accessed using the dedicated digital platform, avoiding the use of paper forms;
- the implementation of digital systems to file and manage electronic work flow, optimising efficiency and reducing paper use;
- a sustainable printing culture is promoted for our employees, asking them to print only when necessary, preferably front/back and duplex, utilising recycled paper.

The results were tangible in Brescia in 2023. In fact, 75% of paper used is recycled, a significant benchmark demonstrating our concrete commitment to protect forests. Additionally, all of these activities allowed us to reduce the number of printers at the Brescia location from 108 to 82.

Social and staff

Management of social and staff-related matters

In terms of personnel management, CEMBRE is committed to constant improvement in multiple key areas:

- implementation of appropriate staff management, focussed on training, dialogue and professional growth;
- adequate management of equal gender opportunity, both with respect to training and professional and career development, as well as the pay assigned;
- scrupulous compliance with labour regulations and protection of human rights, with special attention to foreign countries in which the company has its branches;
- adhesion to the terms of the National Collective Labour Contract (CCNL), to avoid legal disputes, reputational damage and payment of compensation.

To mitigate potential risks in these areas, the CEMBRE Group is committed to guaranteeing that human resources management personnel are kept up to date. This is achieved in part through collaboration with top level consulting firms, which support internal personnel in handling more complex issues and complying with current regulations.

The policies applied by the CEMBRE Group

The know-how, constant commitment to research and development and continuous innovation of process and product technologies make CEMBRE the leading Italian and one of the largest European manufacturers of electrical compression connectors and related installation tooling.

To maintain its high production and innovation standards, CEMBRE trusts its highly qualified and specialised personnel. Continuous training and updates with reference to skills are primary values for the company, which invests in the development of its workers.

CEMBRE believes it is fundamental to retain personnel that have skills and experience which are crucial for its business. To that end, the company offers a stimulating and safe working environment, with opportunities for professional growth and a complete company welfare system.

Similarly, CEMBRE is constantly looking for new staff with high potential or relevant professional profiles to utilise in research and development activities. The objective is to guarantee development and continuity for the Group, investing in the best human resources.

Our belief in people

The CEMBRE Group believes that people are a key factor in its success. For this reason, it is committed to promoting growth and developing its people, protecting their health and safety, creating a supportive and inclusive working environment that allows everyone to achieve their potential and grow in both professional and human terms.

Ensuring that personnel are aware of their strategic role and the importance of their activities is crucial if the Group is to achieve its objectives. To that end, CEMBRE is committed to:

- promoting a culture of open and constructive dialogue;
- providing continuous and targeted training;
- supporting cooperation and dialogue between teams;
- developing ideas and individual talent.

Investing in the professional growth of its workers represents a concrete commitment for CEMBRE to:

- improve company performance;
- increase the motivation and involvement of personnel;
- attract and retain the best talent.

In a continuously changing world, developing its people is a key element in the success and competitiveness of the CEMBRE Group.

CEMBRE's approach leads to loyalty from its workers and allows it to attract young talent. In fact, 54% of workers have more than 10 years of service and 91.8% of employees hired in 2023 remained with CEMBRE, demonstrating the effectiveness of its strategies in building a solid and motivated workforce.

The CEMBRE Group's workforce as at December 31, 2023 is 789 people.

More specifically, the employment trends recorded in 2023 regard:

- hiring of 135 people;
- leaving of 102 people.

The CEMBRE Group is committed to guaranteeing fair and safe working conditions for all its employees. To that end, around 96% of those working for the Group have a permanent contract, offering stability and security.

Additionally, all the Group's companies are located in countries in which personnel management, workplace health and safety and protecting employee rights are highly regulated. The principles contained in the Code of Conduct and defined in the Group Policy apply to all companies, strengthening the Group's commitment to:

- respect for human right and dignity in work;
- equal opportunity and non-discrimination;
- worker health and safety;
- social dialogue and industrial relations.

The CEMBRE Group is aware that the well-being of its workers is fundamental for its success. For this reason, we work to create a positive and inclusive working environment, where all workers feel valued and are motivated to give their all.

CEMBRE works actively to promote a company culture based on respect for human rights and ethics.

To that end, at the time of hiring all workers receive the Group's Code of Conduct, which illustrates the behaviours and relations considered to be in line with company values.

Human rights procedures and policies are also communicated through the Organisation, Management and Control Model, in accordance with Italian Legislative Decree 231/2001.

CEMBRE repudiates any type of child or forced labour and works only with partners that share its ethical standards.

In particular, the CEMBRE Group Code of Conduct includes a specific section titled "Social Responsibility, Human Rights, Discrimination", which states the company's commitment to these subjects.

CEMBRE does not tolerate discrimination, harassment or offences of any type and promotes an inclusive and respectful working environment for all, regardless of gender, race, disability status, ethnic or cultural origin, religion or creed, age or sexual orientation.

The diversity policy with respect to the governing bodies is articulated in article no.15, paragraph 5 of the CEMBRE S.p.A. By-Laws. The company is committed to disseminating the principles of ethics and responsibility throughout the supply chain, including specific clauses in its contracts, purchase orders and hiring letters for workers and agents. Non-compliance with these clauses, which make reference to the Model 231 and the company's Code of Conduct, is classified as a serious violation of contractual obligations.

The employment contracts which apply to all CEMBRE SpA employees are the following Italian National Collective Labour Contracts "metal mechanical industry and systems installation" and "industrial executives" (GRI402-1/GRI2-30).

In compliance with the provisions of the national bargaining contract, the company provides a minimum notification of twenty days for employees who are moved from one location to another.

The contracts of employment of the subsidiaries CEMBRE SARL (France), CEMBRE GmbH (Germany) 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) and CEMBRE Inc. (US) sign individual employment contracts with their employees.

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. In the United States, no such provision exists.

Training

CEMBRE is committed to providing its employees with complete and personalised training, in line with their responsibilities and level of seniority.

Training occurs at various times:

- at the time of hiring: new employees are trained on their specific tasks and on company protocols;
- if responsibilities change: employees receive specific training for their new position;
- if procedures, processes, machinery or technology change: training ensures employees are always kept up to date on changes.

The company establishes minimum requirements for experience, preparation and training for various tasks, specifying the education, information and training methods and the relative responsibilities.

In this way, CEMBRE ensures its employees have the needed skills to better carry out their work and grow professionally within the company.

The Personnel Office coordinates employee training, registering participation in courses and verifying the effectiveness of the same. In this way individual progress is measured and areas for improvement are identified, leading to the creation of personalised development paths.

In 2023, CEMBRE confirmed its commitment to ensuring continuous growth for its workers, offering "open" subscriptions to libraries of online learning courses. This allows workers to select and following development courses, both personal and professional, in line with their own needs and aspirations.

CEMBRE recognises and rewards the value of its workers through a remuneration system based on merit and believes that a fair and transparent remuneration system is fundamental for the company's long-term success.

The bonus system is based on the following levers:

- individual responsibility - the system takes the tasks assigned to each employee into account, as well as the relevant levels of autonomy and responsibility;
- results achieved - the achievement of individual and corporate objectives are key elements in performance evaluations;
- quality of professional contribution - skills, expertise and problem solving capacity demonstrated are rewarded;
- development potential - CEMBRE invests in the growth and professional development of its workers, recognising their future potential.

This approach makes it possible to:

- attract and retain talent;
- motivate employees to achieve excellent performance levels;
- promote a merit-based culture;
- align individual objectives with corporate objectives.

Company welfare

To preserve and promote the well-being of its workers, CEMBRE S.p.A. offers a range of services and initiatives to help balance the needs of daily life with working commitments. This includes considering the family and responsibilities associated with caring for children, supporting physical and mental health, simplifying daily duties, both in terms of time and financial resources, and promoting activities for free time, as well as artistic and cultural initiatives.

Employee well-being initiatives include:

- **economic support** for newly-weds and new parents: CEMBRE offers economic support to its workers who have recently married or become parents, demonstrating care at important moments in the private lives of our workers;
- **sustainable mobility**, working with local public transport entities, CEMBRE offers discounted passes to incentivise the use of public transport and reduce environmental impacts;
- incentive plans for **green mobility**, rewarding those who use bicycles to reach work and supporting more health and sustainable mobility;
- incentives to purchase **electric vehicles** as well as the ability to recharge them at subsidised rates at the company;
- collaboration with a **Tax Assistance Centre** to complete income tax declarations at the company at reduced rates;
- agreement with a **charitable institution** to provide insurance assistance free of charge at the company;
- annual **free flu vaccine** campaign in cooperation with Fondazione Poliambulanza.

Initiatives dedicated to families include:

- the possibility to request **leaves of absence for family reasons** to care for or help relatives, supporting balance between work and private life;
- the donation of a **book package** for employee children successfully attending middle school;
- **scholarships** for worthy students attending secondary schools and universities;
- **distribution of toys** to employee children under 10, in cooperation with the company CRAL.

Since 2023, CEMBRE S.p.A. has been an integral part of the **WHP network** Workplaces that promote health, an initiative launched by the Lombardy Region and the Brescia ATS. CEMBRE is committed to creating a working environment that is not only safe and productive, but that also supports the health and well-being of its employees. Beyond existing activities, including the promotion of sustainable mobility and the certified skills of the company doctor utilising the “Minimal advice and/or motivational counselling” approach, CEMBRE has implemented targeted initiatives to offer health food choices at its canteen and in the vending machines at the Brescia headquarters. Additionally, agreements have been established with local sports teams and walking groups to promote more active lifestyles.



In 2023, CEMBRE S.p.A. strengthened its commitment to employees, adopting various measures to combat the increase in the cost of fuel and other goods.

In particular, the company offered € 200 of **fuel vouchers** in March and offered **free meals** at the company canteen, taking on the portion normally covered by workers for the entire year.

These concrete initiatives demonstrate that CEMBRE is there for its employees, dedicated to creating a safe and serene working environment.

Relations with the local community

CEMBRE invests in the growth and education of young people, working with professional schools and universities to offer internships and promoting a business culture. The company also is a member of various trade associations, to contribute to the creation of a more sustainable economic and social system, in the general interest.

During 2023, CEMBRE SpA hosted 5 students for university internships and 20 for internships associated with technical and professional schools.

Collaborating with a local cooperative, an international student also carried out an internship under the Erasmus+ project.

CEMBRE S.p.A. supported the educational and personal development of two students at ITS Lombardi Meccatronica, disbursing two scholarships of € 1,000 each, and also donated supplies for a total value of over € 2,000, to be used in didactic laboratories.

Other initiatives that CEMBRE has supported include donations made to various associations, including: Save the Children, Medicus Mundi, Fondazione AIRC, Associazione Dormitorio San Vincenzo De Paoli and Fondazione MUSEKE for a total of € 46,000.

CEMBRE is committed to promoting social, medical, education and local development initiatives, with the goal of social well-being and sustainable growth in the area in which it works. Additionally, it promotes constructive

dialogue with institutions and fosters discussion between the industry's leading players, in the conviction that these are two essential aspects for CEMBRE to strengthen its brand on the market and increase its competitiveness. The following table summarises the main associations in which CEMBRE is a member (GRI 2-28):

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.
UNI – Italian Regulation Entity	Private non-profit association which for over 100 years has studied, processed, published and disseminated voluntary technical standards. UNI is a hub in which hundreds of experts from every sector work together in synergy with professionals, companies and consumers to create an immense pool of shared learning.
ERION	A multi-consortia non-profit system to manage various types of waste: from electronic products to batteries, from packaging to tobacco products and fabric, with a solid foundation in terms of authority, efficiency and quality.
AllA – Italian Association of Internal Auditors	A non-profit association and professional network, present throughout the world and a reference point in Italy for internal control, corporate governance, compliance and risk management. Today AllA plays a leading role in political and market institutions that regulate the business and governance of private and public organisations. It participates in public consultations, offering solutions that demonstrate how integrated governance systems are a decisive factor for economic and sustainable development.
FACEL - Spanish association of cable, electrical and fibre optic conductor manufacturers.	A private non-profit association which for over 40 years has played an important role in promoting the development of the Spanish cable and electrical conductor industry. The association works to ensure the industry is competitive and sustainable and that Spanish products meet the highest standards for quality and safety.

Non-financial performance

The data in the following tables do not include the Group's contracted workers, which as at December 31 in the last 3 years amounted to:

GRI 2-8	2023	2022	2021
Contracted workers no.	99	80	74

Contracted workers, who mainly work in manufacturing, may be hired directly by Group companies or through specialised companies.

The increase in contracted workers in 2023 is directly correlated with the significant growth in volumes produced. Additionally, the CEMBRE Group does not utilise precarious types of work such as "non-guarantee hours employees".

The tables concerning human capital, shown below, present the values referring to the situation as at December 31, 2023.

Staff by company (GRI 2-7)

Unit of measurement no.	2023	2022	2021
CEMBRE S.p.A.	488	464	450
CEMBRE GmbH	66	61	56
CEMBRE Ltd.	115	119	112
CEMBRE S.a.r.l.	35	31	36
CEMBRE S.L.U.	44	44	45
CEMBRE Inc.	41	37	29

Staff by contract type (GRI 2-7)

Unit of measurement no.		2023						Total
		CEMBRE S.p.A.	CEMBRE Ltd.	CEMBRE S.a.r.l.	CEMBRE España S.L.U.	CEMBRE GmbH	CEMBRE Inc.	
Full time	female	104	23	6	5	10	13	161
	male	367	85	27	37	46	27	589
Part time	female	14	5	1	2	9	1	32
	male	3	2	1	0	1	0	7
Total		488	115	35	44	66	41	789

Unit of measurement no.		2022						Total
		CEMBRE S.p.A.	CEMBRE Ltd.	CEMBRE S.a.r.l.	CEMBRE España S.L.U.	CEMBRE GmbH	CEMBRE Inc.	
Full time	female	102	22	8	4	8	12	156
	male	349	84	23	38	42	24	560
Part time	female	11	10	0	2	10	1	34
	male	2	3	0	0	1	0	6
Total		464	119	31	44	61	37	756

2023 CONSOLIDATED NON-FINANCIAL DECLARATION

Unit of measurement no.		2021						Total
		CEMBRE S.p.A.	CEMBRE Ltd.	CEMBRE S.a.r.l.	CEMBRE España S.L.U.	CEMBRE GmbH	CEMBRE Inc.	
Full time	female	102	20	8	3	7	8	148
	male	335	79	28	39	38	20	539
Part time	female	9	9	0	3	9	1	31
	male	4	4	0	0	2	0	10
Total		450	112	36	45	56	29	728

Staff by contract term (GRI 2-7)

Unit of measurement no.		2023						Total
		CEMBRE S.p.A.	CEMBRE Ltd.	CEMBRE S.a.r.l.	CEMBRE España S.L.U.	CEMBRE GmbH	CEMBRE Inc.	
Permanent	female	113	28	7	7	18	14	187
	male	345	87	27	37	45	27	568
Fixed term	female	5	0	0	0	1	0	6
	male	25	0	1	0	2	0	28
Total		488	115	35	44	66	41	789

Unit of measurement no.		2022						Total
		CEMBRE S.p.A.	CEMBRE Ltd.	CEMBRE S.a.r.l.	CEMBRE España S.L.U.	CEMBRE GmbH	CEMBRE Inc.	
Permanent	female	105	32	8	6	18	13	182
	male	336	87	23	38	43	24	551
Fixed term	female	8	0	0	0	0	0	8
	male	15	0	0	0	0	0	15
Total		464	119	31	44	61	37	756

Unit of measurement no.		2021						Total
		CEMBRE S.p.A.	CEMBRE Ltd.	CEMBRE S.a.r.l.	CEMBRE España S.L.U.	CEMBRE GmbH	CEMBRE Inc.	
Permanent	female	108	28	7	6	15	9	173
	male	323	83	27	38	40	20	531
Fixed term	female	3	1	1	0	1	0	6
	male	16	0	1	1	0	0	18
Total		450	112	36	45	56	29	728

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. 24.4% of the CEMBRE Group's workforce are women, a percentage which has remained constant over the last three years.

Incoming staff (GRI 401-1)

Unit of measurement no.	2023			2022			2021		
	female	male	Total	female	male	Total	female	male	Total
< 30 years	11	45	56	15	32	47	3	23	26
30 - 50 years	5	46	51	10	40	50	6	25	31
> 50 years	8	20	28	4	16	20	4	9	13
Total	24	111	135	29	88	117	13	57	70
Hiring rate⁸	12.4%	18.6%	17.1%	15.3%	15.5%	15.5%	7.3%	10.4%	9.6%

Incoming staff by geographical area (GRI 401-1)

Unit of measurement no.	2023			2022			2021		
	female	male	Total	female	male	Total	female	male	Total
Italy	9	53	62	12	37	49	3	19	22
Europe (excluding Italy)	13	53	66	14	38	52	7	31	38
Rest of the world	2	5	7	3	13	16	3	7	10
Total	24	111	135	29	88	117	13	57	70

Outgoing staff (GRI 401-1)

Unit of measurement no.	2023			2022			2021		
	female	male	Total	female	male	Total	female	male	Total
< 30 years	6	19	25	6	21	27	2	14	16
30 - 50 years	7	33	40	8	32	40	4	19	23
> 50 years	8	29	37	5	17	22	9	15	24
Total	21	81	102	19	70	89	15	48	63
Turnover rate¹⁰	10.9%	13.6%	12.9%	10.1%	12.3%	11.8%	8.4%	8.7%	8.7%

Outgoing staff by geographical area (GRI 401-1)

Unit of measurement no.	2023			2022			2021		
	female	male	Total	female	male	Total	female	male	Total
Italy	4	34	38	10	25	35	5	20	25
Europe (excluding Italy)	16	45	61	9	37	46	6	20	26
Rest of the world	1	2	3	0	8	8	4	8	12
Total	21	81	102	19	70	89	15	48	63

Staff by position (GRI 405-1)

Unit of measurement no.	2023			2022			2021		
	female	male	Total	female	male	Total	female	male	Total
Managers	1	11	12	1	11	12	0	19	19
White collars	128	314	442	116	300	416	112	275	387
Blue collars	64	271	335	72	256	328	67	255	322
Total	193	596	789	189	567	756	179	549	728

⁸ The hiring rate is calculated as the ratio of the number of hires in the year 2023 to the total number of employees as of 12/31/2023

⁹ The number calculated considers employees no longer working on 31/12 of the reporting years in staff in force at the end of the year.

¹⁰ The turnover rate is calculated as the ratio of the number of dismissals in the year 2023 to the total number of employees as of 12/31/2023

2023 CONSOLIDATED NON-FINANCIAL DECLARATION

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

Unit of measurement no.	2023			2022			2021		
	female	male	Total	female	male	Total	female	male	Total
< 30 years	0	0	0	0	0	0	0	0	0
30 - 50 years	1	1	2	1	1	2	2	1	3
> 50 years	3	3	6	3	3	6	2	3	5
Total	4	4	8	4	4	8	4	4	8

Staff by age bracket (GRI 405-1)

Unit of measurement no.	2023			2022			2021		
	female	male	Total	female	male	Total	female	male	Total
< 30 years	24	101	125	21	85	106	13	82	95
30 - 50 years	101	321	422	108	317	425	108	286	394
> 50 years	68	174	242	60	165	225	58	181	239
Total	193	596	789	189	567	756	179	549	728

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

Unit of measurement no.	2023			2022			2021		
	female	male	Total	female	male	Total	female	male	Total
Managers									
< 30 years	0	0	0	0	0	0	0	0	0
30 - 50 years	0	1	1	0	2	2	0	5	5
> 50 years	1	10	11	1	9	10	0	14	14
Total	1	11	12	1	11	12	0	19	19
White collars									
< 30 years	24	49	73	14	46	60	12	34	46
30 - 50 years	69	165	234	66	153	219	70	130	200
> 50 years	35	100	135	36	101	137	30	111	141
Total	128	314	442	116	300	416	112	275	387
Blue collars									
< 30 years	0	52	52	7	39	46	1	48	49
30 - 50 years	32	155	187	42	162	204	38	151	189
> 50 years	32	64	96	23	55	78	28	56	84
Total	64	271	335	72	256	328	67	255	322

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

Unit of measurement h	2023	2022	2021
Female	14.7	17.7	9.9
Male	38.3	38.5	14.4
Total	32.6	33.3	13.3

Hours of training by subject (GRI 404-1)

Unit of measurement h	2023	2022	2021
Managerial (inter-company general management, new courses to improve soft skills, etc.)			
Managers	0	7.5	60.0
White collars	1,959	1,446.5	683.5
Blue collars	846	260	48.0
Total	2,805	1,714.0	791.5
Plant maintenance and knowledge of technical systems			
Managers	11	0	4.5
White collars	1,571.6	176	213.8
Blue collars	703.8	1,092.5	578.3
Total	2,286.4	1,268.5	796.5
Technical-professional dedicated to knowledge of processes and systems			
Managers	266.3	323	200.0
White collars	6,955.8	13,199.6	4,719.4
Blue collars	8,265.5	3,767.6	1,850.0
Total	15,487.6	17,290.2	6,769.4
Compliance (Code of Conduct, Model 231, ...)			
Managers	13.7	13.5	1.5
White collars	406.6	560	49.2
Blue collars	108.1	171.1	14.1
Total	528.4	744.6	64.8
Worker Health and Safety, Environment, Quality			
Managers	21	21.25	9.0
White collars	1924	1,969.55	596.0
Blue collars	2,643.2	2,196.7	628.0
Total	4,588.2	4,187.5	1,233.0
Total manager hours	312	365.3	275.0
Total white collar hours	1,2817	17,351.7	6,261.9
Total blue collar hours	12,566.6	7,487.8	3,118.3
Total hours	25,695.6	25,204.8	9,655.2

Training is of fundamental importance for CEMBRE, which works to develop the professional abilities of its employees, guaranteeing a path suitable to their technical, linguistic and interdepartmental training needs.

Overall, over 25,000 hours of training were provided in 2023, for an average of 32.6 hours per employee.

This result, in line with the 2022 figures, confirms CEMBRE's constant commitment to promote the importance of training and updating skills, especially technical skills, together with the increased attention paid to safety awareness and compliance with anti-bribery norms.

It should also be noted that the official figures do not include all the training hours received through webinars available free of charge online, given that this information is not collected in a systematic manner.

Incidents of discrimination (GRI 406-1)

In the three year period from 2021-2023, CEMBRE did not receive any notifications involving discrimination.

The CEMBRE Group operates in respect of its Code of Conduct, which sees respect for the individual and his/her dignity as a founding and essential principle.

Annual total remuneration ratio (GRI 2-21)

	2023	2022	2021
Annual remuneration ratio (GRI 2-21 a)	10.56	10.1	10.4
Percentage increase ratio change (GRI 2-21 b)	1.99	-2	25.6

The total annual remuneration ratio (2-21 a) is an index calculated by using the following formula:

$$\frac{\text{Total annual remuneration of the highest paid person}}{\text{Median annual total remuneration of all employees in the organisation excluding the above-mentioned person}}$$

The change in the annual total remuneration ratio (2-21 b) is an index calculated by using the following formula:

$$\frac{\text{Percentage increase in the total annual remuneration of the highest paid person}}{\text{Median percentage increase in total annual remuneration of all employees of the organisation excluding the above-mentioned person}}$$

The numerator also includes the fees and bonuses received by the individual that holds the position of Manager and member of the Board of Directors.

The denominator consists of the figures for all employees on staff at CEMBRE SpA during the reference year. For part-time employees, the RAL is adjusted in proportion to the percentage of part-time work.

The Group's remuneration policies define salaries and wages for all individuals, including Directors. Remuneration included is as follows:

- Basic salary
- Bonus
- Non-equity incentive plans
- Equity incentive plan

Health and safety

Health and safety management

CEMBRE has made safety a distinctive element of its business and its corporate approach, guaranteeing extremely high quality products. The attention focussed on health and safety issues can be seen not only in the manufacturing of safe products, but also in the efforts made with reference to all the people in the Group. This commitment translates to organised health and safety management, aimed at positively and concretely responding to the needs of all interested parties, to guarantee increasingly health and safe working environments for CEMBRE employees and for all those people who access these environments for whatever reason. The goal is to prevent injuries, occupational diseases and near misses.

The CEMBRE Group has adopted this philosophy with the objective of mitigating the effects of the risks typical in this area:

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

The policies applied by the CEMBRE Group

The CEMBRE Group works to reduce a minimum or eliminate potential risks involving the health and safety of its staff and customers. In line with the Group's Code of Conduct, regulations in effect and the ISO 45001-compliant Management System, CEMBRE has adopted a system of procedures and operating instructions to prevent accidents and injuries. Additionally, the Management System is continuously monitored through internal and external audits, verification of objectives by Management and continuous personnel training.

The Employer of Reference, supported by their staff, carries out and documents in-depth analysis of the risks associated with company processes, identifying any hazardous situations. Utilising the Risk Evaluation Document and with the aim of preventing or at least mitigating potential threats identified, the required actions are implemented. These may include utilising Personal Protective Equipment (PPE), promoting appropriate training, modifying equipment or adjusting operating methods, all to effectively reduce the risks identified.

CEMBRE pays special attention to working environments, guaranteeing comfortable and safe conditions in which to carry out work processes. It also promotes awareness of the importance of protecting the environment and working conditions, involving both internal and external personnel.

In 2023, safety training updates were provided using new methods, to increase the awareness of risks present in working activities.

This process, which was successfully launched in a pilot department in January 2023, will be further expanded in 2024. In each department, problems relative to safety are verified during operations and employees are trained on how to handle them, with support from an external expert.

CEMBRE constantly monitors indicators relating to near misses, accidents and injuries. Reports, which are carefully collected and analysed, make it possible to identify solutions to limit hazardous situations and prevent their recurrence. Data is processed annually, at the time of the Management Review and the Worker Health and Safety Meeting. The results are presented to management and the relevant internal and external entities.

With respect to the health and safety of end consumers, CEMBRE implements rigorous controls, checks and validations during the design stage. These controls ensure that products:

- meet customer needs in terms of conformity with intended use, ease of use, ergonomics and safety;
- comply with the provisions of applicable laws and norms, such as electromagnetic compatibility, noise and vibrations.

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

Non-financial performance

Occupational injuries, injury indices (GRI 403-9)

	2023	2022	2021
Injuries at work (No.)	3	7	11
of which serious injuries (No.)	1	0	0
of which fatal injuries (No.)	0	0	0
Hours worked (No.)	1,360,479	1,276,743	1,275,922
Injury frequency index	2.21	5.48	8.62
Serious injury frequency index ¹¹	0.74	0	0
Fatal injury frequency index	0	0	0

Three injuries were registered in 2023, an even lower number than in 2022. The ratio of injuries to hours worked shows a constant downward trend since 2021, confirming CEMBRE's focus on workplace safety.

The two "not serious" injuries in 2023 occurred in one case due to a cut from a cutter and in the other from a splinter due to breakage of a small piece during assembly. In both cases, the company implemented corrective actions. With reference to the "serious" injury, meaning over 6 months of recovery, this was an accident that occurred at the Spanish subsidiary, during the use of a pallet truck.

The injury frequency index is calculated as the ratio of the number of injuries and the hours worked, multiplied by one million (no. injury/hours worked x 1,000,000).

During 2023, there were six reports of near misses.

The CEMBRE Group also uses external staff, whose commitment in 2023 amounted to 155,536 hours worked. It should be noted that two injuries occurred in 2023 in this category of employees.

Below is a brief description of the injuries:

- back pain caused by manual lifting of a pallet from the worker's stack;
- ankle sprain, ongoing.

In 2023, there were no cases of accidents on the road for transport organised by the CEMBRE Group.

Product and service non-conformity (GRI 416-2)

During the three year period, CEMBRE has not recorded any cases of non-conformity with laws and/or regulations in connection with the products and services it supplies.

Product labelling (GRI 417-2)

In 2023, there were no cases of non-compliance with regard to information and labelling of products and services.

¹¹ Serious injuries are events that entailed a prognosis exceeding 6 months.

Management of the fight against corruption

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.

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

litigation, loss of reputation, fines, disqualification from contracting with public bodies, forfeiture of the profit of the criminal offence, claims for damages. Individuals involved in corrupt acts may also be subject to criminal sanctions, including imprisonment.

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 2023 CEMBRE obtained ISO 37001:2016 certification, following the implementation of an Anti-Bribery Management System, in line with the provisions of this standard. This includes, inter alia, the performance of due diligence on business partners and personnel.

The Group's Anti-Corruption Policy, introduced back in 2021 and most recently updated on March 3, 2023, has the specific aim of providing reference guidelines in combating corruption 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.

A training course dedicated to the 231 Organisational Model and the "CEMBRE Group Anti-Corruption Policy" are provided to CEMBRE staff. Some specific training initiatives are aimed at agents, customers and suppliers. Additionally, in 2023 training activities for the staff of subsidiaries began.

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 as well as to obtain advice and support from the Anti-Bribery Department on dubious situations.

Non-financial performance

As of today, no act of corruption has ever been recorded within CEMBRE S.p.A. or within its subsidiaries, nor has any report ever been made about it. (GRI 205-3)

Supply chain

Supply chain management

The specificity of CEMBRE 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, frequently make it necessary to establish a commercial relationship with a limited number of suppliers, and in some cases just one. Pursuing a policy of multisourcing even in the face of higher costs, CEMBRE has achieved its objective of evaluating alternatives to consolidated standards, simultaneously increasing the number of suppliers for strategic products. This policy has allowed it to mitigate risks deriving from sudden supply gaps, guaranteeing more flexibility in purchasing.

CEMBRE carefully evaluates all the entities in its supply chain in terms of full respect for worker rights and the environment. For this reason, it favours working with companies that operate in social and geographic areas that feature greater sensitivity to these aspects.

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.

Conflict in Ukraine

The CEMBRE Group is exposed in a limited manner to markets interested by the Russian-Ukrainian conflict, as we receive no direct supplies from these markets.

The policies applied by the CEMBRE Group

CEMBRE sees supply chain management as an absolute priority, essentially for guaranteeing responsible procurement. In this multinational society, CEMBRE acquires raw materials, products and services from suppliers in various countries, with very different cultural, social and economic contexts. In this context, the procurement for the Group is carried out in accordance with rigorous procedures that aim to promote the development of lasting relationships with its partners, as well as to ensure compliance with ethical principles, continuous innovation, and the improvement of quality and sustainability aspects throughout the supply chain.

In 2023, the first project for the e-procurement platform was begun, to register and possibly approve suppliers.

The second project, "campaigns", dedicated to simplifying management of the information sent to and received from suppliers, is nearing completion.

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

After a supplier is approved, specific audits may be scheduled to verify continuous respect for the principles and standards established for qualification, as well as to increase awareness of the importance of these aspects. Alternatively, the Integrated Management System Manager or the Procurement Department Manager, if they

deem it necessary, may request an extraordinary audit in the case elements arise which contradict or prejudice that determined during the validation stage, so as to reduce associated risks to a minimum.

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 product.

A specific automated digital archiving procedure for Safety Data Sheets means the obsolescence of these sheets is constantly monitored, guaranteeing they are available to product users. When needed, the sheets can be rapidly consulted. The archiving process also calls for the entry of data relative to product use, including: department, method of use, quantity used and date filed. The date filed determines the period of validity for the Safety Data Sheet, which has been set at three years. After this period, an update must be requested from the supplier.

Most of CEMBRE's supplies are received from companies operating in the European Union and with a solid financial position. These factors allow the company to reduce risks linked to child labour, a lack of respect for 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 such a situation, CEMBRE has adopted a Conflict Minerals Policy available on the corporate website.

Non-financial performance

In 2023, CEMBRE generated a purchase value of over € **183** million in supplies to manufacture its products.

GRI 204-1			
CEMBRE S.p.A.	2023	2022	2021
Procurement expenses	€ 107,686,488	€ 112,510,960	€ 76,485,559
Domestic percentage with respect to CEMBRE S.p.A. total	69.84%	56.16%	65.77%
Out of Group percentage with respect to CEMBRE S.p.A. total	97.34%	98.96%	100.00%
CEMBRE Ltd	2023	2022	2021
Procurement expenses	€ 20,513,725	€ 14,187,265	€ 16,458,103
Domestic percentage with respect to CEMBRE Ltd. total	23.41%	37.58%	20.84%
Out of Group percentage with respect to CEMBRE Ltd. total	31.23%	65.95%	36.85%
CEMBRE S.a.r.l.	2023	2022	2021
Procurement expenses	€ 10,854,276	€ 8,980,046	€ 8,597,230
Domestic percentage with respect to CEMBRE S.a.r.l. total	12.11%	13.22%	19.94%
Out of Group percentage with respect to CEMBRE S.a.r.l. total	14.68%	18.90%	24.26%
CEMBRE España S.L.U.	2023	2022	2021
Procurement expenses	€ 14,112,700	€ 11,353,491	€ 8,338,457
Domestic percentage with respect to CEMBRE S.L.U. total	5.56%	6.22%	4.37%
Out of Group percentage with respect to CEMBRE S.L.U. total	25.11%	22.55%	21.16%
CEMBRE GmbH	2023	2022	2021
Procurement expenses	€ 20,107,711	€ 18,637,759	€ 13,965,231
Domestic percentage with respect to CEMBRE GmbH total	8.72%	9.30%	9.79%
Out of Group percentage with respect to CEMBRE GmbH total	52.53%	65.47%	70.23%

2023 CONSOLIDATED NON-FINANCIAL DECLARATION

CEMBRE Inc.	2023	2022	2021
Procurement expenses	€ 10,523,243	€ 9,270,709	€ 7,017,414
Domestic percentage with respect to CEMBRE Inc. total	20.83%	12.66%	11.42%
Out of Group percentage with respect to CEMBRE Inc. total	21,20%	43.68%	31.57%

The Group's manufacturing structure allows it to internally produce most of the products needed to assemble the finished products, an aspect that makes a significant contribution to the technical and quality control of its products and helping to make CEMBRE competitive on the market. 69.8% of CEMBRE S.p.A.'s suppliers are domestic. Domestic suppliers are companies whose business is located in the same country as the CEMBRE Group company to which the figures in the table refer.

Legal and fiscal

Management of legal and fiscal matters

Given that it operates in a number of countries, CEMBRE is subject to a series of regulatory requirements and precepts issued by the local authorities. Non-compliance with these regulations may lead to the application of fines and, in serious cases, reputational damage.

Specifically with regards to tax regulations, CEMBRE takes all the necessary steps to ensure adequate supervision and timely compliance with these regulations. To this end, each Group company independently manages its administration and taxes at the local level, utilising dedicated administrative personnel and working with local tax consultants to ensure they are constantly in compliance and up to date with respect to the tax laws of each country in which the Group operates.

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.

The policies applied by the CEMBRE Group

CEMBRE is an industrial group that designs, manufactures and sells its own products throughout the world. The selection of the countries in which it works is guided by business assessments and not fiscal reasons.

The Group's values are based on its sustainability strategy, including tax management. CEMBRE operates with honesty and integrity, aware that the money coming from taxes constitutes a fundamental building block in the economic and social development in the countries in which it works.

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 comply with the principle of legality, rigorously applying the tax legislation in all the countries in which they operate. This ensures that the text, spirit and scope of the norms or laws on the topic are 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 tax compliance.

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.

Non-financial performance**Country by Country Tax Reporting (GRI 207-4)**

2023	CEMBRE S.p.A.	CEMBRE GmbH	CEMBRE Ltd.	CEMBRE S.a.r.l.	CEMBRE España S.L.U.	CEMBRE Inc.
Assets	Manufacturing and distribution	Commercial	Manufacturing and distribution	Commercial	Commercial	Commercial
number of employees	488	66	115	35	44	41
(€ thousand)						
Revenues from sales to third parties	€ 121,140	€ 24,437	€ 27,247	€ 14,223	€ 20,539	€ 14,965
Intragroup revenues	€ 51,921	€ 212	€ 2,565	€ 72	€ 50	€ 93
Profit/loss before tax	€ 51,103	€ 1,623	€ 1,965	€ 416	€ 2,627	€ 149
Tangible assets	€ 77,613	€ 2,745	€ 5,649	€ 344	€ 3,162	€ 742
Income taxes cash criterion	€ 11,192	€ 569	€ 0	€ 104	€ 667	€ 3.7
Income tax on profits/losses	€ 12,577	€ 473	€ 493	€ 166	€ 674	(€ 8)

2022	CEMBRE S.p.A.	CEMBRE GmbH	CEMBRE Ltd.	CEMBRE S.a.r.l.	CEMBRE España S.L.U.	CEMBRE Inc.
Assets	Manufacturing and distribution	Commercial	Manufacturing and distribution	Commercial	Commercial	Commercial
number of employees	464	61	119	31	44	37
(€ thousand)						
Revenues from sales to third parties	€ 109,318	€ 21,935	€ 25,293	€ 12,123	€ 16,988	€ 13,138
Intragroup revenues	€ 40,198	€ 128	€ 2,281	€ 279	€ 13	€ 54
Profit/loss before tax	€ 38,198	€ 1,740	€ 2,982	€ 828	€ 2,025	€ 634
Tangible assets	€ 75,158	€ 2,721	€ 5,125	€ 373	€ 2,369	€ 827
Income taxes cash criterion	€ 9,616	€ 249	€ 876	-	€ 497	€ 465
Income tax on profits/losses	€ 9,044	€ 482	€ 471	€ 171	€ 495	€ 147

2023 CONSOLIDATED NON-FINANCIAL DECLARATION

2021	CEMBRE S.p.A.	CEMBRE GmbH	CEMBRE Ltd.	CEMBRE S.a.r.l.	CEMBRE España S.L.U.	CEMBRE Inc.
Assets	Manufacturing and distribution	Commercial	Manufacturing and distribution	Commercial	Commercial	Commercial
number of employees	450	56	112	36	45	29
(€ thousand)						
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

Innovation

Management of Innovations

The acceleration of technological innovation and the growing social and environmental awareness of consumers and investors are leading to a radical change in the way of producing goods and services.

There is a risk that CEMBRE will not be able to identify possible technological changes or innovations in products or processes, or that it will identify them too late. This could lead to the company's products becoming obsolescent or non-competitive.

There is also the risk that CEMBRE will take too much time to identify consumer needs and develop specific products. This could lead to the obsolescence of the technological innovations applied to the Group's products. The ability to guide this transition is essential to making CEMBRE ever more competitive and attractive.

The policies applied by the CEMBRE Group

CEMBRE's innovative policy is aimed at identifying and anticipating technological developments, through an integrated approach that combines:

- 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);
- cooperation with universities, trade associations and research centres.

Innovation is a fundamental pillar in CEMBRE's industrial model and a strategic driver for its growth. CEMBRE has a strong commitment to sustainable innovation, that aims to both protect the environment and improve company performance.

Continuous innovation has been the key to the Group's success, identifying technological and production solutions to reduce the energy impacts of its manufacturing and 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, integrated expertly into the development and production of our products, is a fundamental competitive advantage for the CEMBRE Group.

Our manufacturing sites in Italy and England are a model of excellence, not just in terms of product quality but also for environmental sustainability and worker safety.

Non-financial performance

The attention paid to improving performance and Industry 4.0 aspects has guided the development of products that offer technological features in line with this trend.

Sustainable innovation aims to systematically move forward on this path, taking advantage of all the opportunities offered by Industry 4.0. The company has implemented interconnection projects for existing machines and systems, with special attention paid when new purchases are made, selecting products that are on the cutting edge in terms of quality and longevity. Projects are currently under way to utilise 4.0 technologies, such as the Industrial Internet of Things (IIOT), Big Data, artificial intelligence (AI) and machine learning (ML).

In the last year, we carried out a series of projects at the Brescia manufacturing site, which helped to improve the sustainability of our processes and the well-being of our employees while at work.

Improving working conditions

- To improve worker safety and ergonomics, an automatic packaging system and automatic hole-punching system for profiles were added on two of the extrusion lines in the die department. These systems eliminate subsequent manual handling of the products, reducing repetitive movements for workers and eliminating potential safety problems;
- To improve worker health and safety, two folding machines for cable lugs were added to the pressing department, automating the activity, eliminating risks of excess loads and repetitive movements;
- In the packaging department a semi-automatic machine was introduced to seal and label bags. This machine made it possible to reduce repetitive movements for workers, improving their working conditions and safety. In 2024, this machine will be expanded to include other locations;
- To reduce risks associated with the manual movement of loads in the labelling department, a box handler was installed.

Energy and production efficiency

- The project to implement an analysis model with respect to wear on tools utilised in mechanical processing has been completed. Thanks to the application of artificial intelligence algorithms, the degree of wear on tools can be estimated in real time, ensuring they are replaced at the perfect time. This helps to reduce tool consumption, machine shut-downs and manufacturing waste. The project was presented in Lisbon in November 2023, during the International Conference on Industry 4.0 and Smart Manufacturing and was selected as one of the most innovative at the industrial level.

Improving the reliability of finished products

- Continuing with that begun the previous year, the installation of a number of test benches for finished tools (B500ND series tools, NR and TW screwdrivers) was completed as part of an extensive project to modernise them for this entire product line. These benches make it possible to verify the quality of products before they are shipped to the customer, while more accurately obtaining more data. The data collected will be used to improve production processes, optimising existing products and developing new products with even better performance. These projects help to avoid rework and make the process more sustainable;
- In the die department the installation of sensors on the extrusion line with calendar was completed, and an automatic measuring system was added with respect to the thickness of the film produced. Thanks to these actions, the process can now be continuously monitored, identifying correlations between various parameters that influence results. This makes it possible to guarantee process stability, improve product quality and reduce waste.

Products

- The SD-4P and LD-4P machines, used to maintain the railway section, have been partially redesigned and updated to add a 4-stroke internal combustion engine, replacing the previous 2-stroke model. This type of engine is generally more environmentally friendly as it does not require oil or lubricant to be mixed with fuel, it consumes less and burns it more efficiently, hence reducing emissions of CO₂ and other pollutants generated by combustion;
- The TN60C mechanical tool was studied and designed to offer users excellent ergonomics and the utmost comfort during use, even during difficult tasks. Also designed for crimping large connectors, which requires greater effort from the user, the TN60C tool has extendable handles that utilise leverage to reduce fatigue and muscle use for operators.

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, do no 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 (CCM) and Climate Change Adaptation (CCA).

The information provided will 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.

Additionally, the company is committed to analysing the economic activities that could be deemed taxonomy eligible with respect to the other four objectives of the European Taxonomy:

- sustainable use and protection of water and marine resources (WTR);
- transition to a circular economy (CE);
- pollution prevention and control (PPC);
- protection and restoration of biodiversity and ecosystems (BIO).

The aligned 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 CCM 3.6);
- Operation and maintenance of photovoltaic plant (ref. activity CCM 4.1);
- Purchase and leasing of motor vehicles (ref. activity CCM 6.5);
- Replacement of traditional lights with LED lights, installation of windows and doors with double glazing and installation of an energy efficient air conditioning system (ref. activity CCM 7.3);
- Installation and maintenance of charging stations for electric vehicles (ref. activity CCM 7.4);
- Installation of light-blocking curtains (ref. activity CCM 7.5).

As required by the Delegated Acts of Regulation (EU) 2020/852, the Group carried out an analysis of the activities deemed aligned 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:

- To calculate the **turnover KPI** the sum of revenues deriving from the sale of products and provision of services was considered, in compliance with IAS 1, paragraph 82(a) and Directive 2013/34/EU which defines, with regards to the denominator, "Net Turnover" as revenues deriving from the sale of products and provision of services net of VAT, returns and other additional taxes;

- The **CAPEX KPI** takes into account the sum of all increases, occurring over 2023, 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.

While analysing the Group's activities, six activities were also identified as eligible but non- taxonomy aligned:

- Use of machines to produce hydrogen (ref. activities CCM 3.10 and CCA 3.10);
- Management and maintenance of electric heat pumps (ref. activity CCM 4.16 and CCA 4.16);
- Construction of new warehouses 35-36 (ref. activities CCM 7.1, CCA 7.1 and CE 3.1);
- Renovation of building D relating to CEMBRE S.p.A. (ref. activities CCM 7.2, CCA 7.2 and CE 3.2);
- Installation of energy efficiency devices (ref. activities CCM 7.3 and CCA 7.3);
- Acquisition of Simapro software license to calculate and reduce GHGs (ref. activities CCM 8.2 and CCA 8.2);
- Installation of electronic panels in equipment produced (ref. activity CE 1.2).

The aforementioned activities are to be considered as non-taxonomy aligned because, for the year 2023, the minimum criteria required in Delegated Regulation (EU) 2021/2139 with regard to climate change mitigation and adaptation objectives and the DNSH principle are not met.

The indications found in Annex 1 to Delegated Act 2178/2021 also led to the identification of accounting items to associated with the KPIs for turnover, CAPEX and OPEX with respect to the percentage guaranteed by eligible and non-eligible activities for the other four taxonomy objectives: sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems.

The tables below shows the KPIs for turnover, CAPEX and OPEX, or the percentage share generated by aligned and non-aligned activities, for each of the six taxonomy objectives.

	Percentage of turnover/total turnover	
	Taxonomy aligned for objective	Taxonomy eligible for objective
CCM	2.28%	2.28%
CCA	0.00%	2.28%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

	Percentage of CapEx/Total CapEx	
	Taxonomy aligned for objective	Taxonomy eligible for objective
CCM	11.96%	15.46%
CCA	0.00%	15.46%
WTR	0.00%	0.00%
CE	0.00%	3.06%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

2023 CONSOLIDATED NON-FINANCIAL DECLARATION

	Percentage of OpEx/Total OpEx	
	Taxonomy aligned for objective	Taxonomy eligible for objective
CCM	0.00%	0.21%
CCA	0.00%	0.21%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Technical Evidence

Below is evidence for each of the Group's aligned activities against the technical screening criteria, which in this case determine the conditions under which each activity contributes substantially to climate change mitigation and does not significantly harm any other environmental objective (DNSH).

Production of battery-powered tools as a replacement for internal combustion engines

With reference to activity 3.6 (Manufacture of other low-carbon technologies), the production of battery-powered tools allows for a substantial reduction in lifecycle greenhouse gas emissions compared to using internal combustion engine tools.

As shown in the table, the use of battery-powered screwdrivers, drills and boring machines reduces CO₂ emissions into the atmosphere by more than 80%.

Unit of measurement gCO ₂ /hole	Screwdriver	Drills	Boring machines
Combustion engine	2.7591	3.9129	2.7390
Battery	0.5064	0.6330	0.4431
CO₂ saving	81.64%	83.82%	83.82%

For the purposes of taxonomic alignment, CEMBRE considers that the production of battery-powered tools complies with the technical screening criteria for activity 3.6, such as:

- the economic activity manufactures technologies aimed at substantially reducing lifecycle greenhouse gas emissions, and demonstrates such a reduction, compared to the best available alternative technologies/solutions/products on the market (manufacture of battery-powered tools to replace internal combustion engine tools);
- lifecycle greenhouse gas emission reductions are calculated using Commission Recommendation 2013/179/EU;
- the activity meets the criteria of Appendices A, B, C and D of Delegated Reg. (EU) 2021 of June 4, 2021 supplementing Reg. (EU) 2020/852;
- the activity assesses the availability, adopting where possible, techniques that support:
 - a) the re-use and utilisation of secondary raw materials and re-used components in the manufacture of products;
 - b) the design for high durability, recyclability, ease of disassembly and adaptability of manufactured products;
 - c) a waste management that favours recycling over disposal in the manufacturing process;
 - d) information on and traceability of potentially hazardous substances throughout the lifecycle of manufactured products.

Operation and maintenance of photovoltaic plant

With reference to activity 4.1 (Power generation by photovoltaic solar technology), during 2023 activities were carried out to update the roof on the CEMBRE S.p.A. warehouse no. 28, in preparation for the installation of additional photovoltaic panels (installation of switches and cabinets) and the installation of photovoltaic systems on warehouses 15, 21, 22, 23, 24, 28, 29 and 30. Additionally, photovoltaic panels were installed at the CEMBRE Inc location (Unit 2, D and E).

For the purposes of taxonomic alignment, CEMBRE believes that the aforementioned operations comply with the technical screening criteria for activity 4.1, such as:

- the activity produces electricity by using photovoltaic solar technology;
- the activity meets the criteria of Appendices A and D of Delegated Reg. (EU) 2021 of June 4, 2021 supplementing Reg. (EU) 2020/852;
- the activity assesses the availability of equipment and components that are highly durable and recyclable and easy to dismantle and redevelop, using them where possible.

Purchase and lease of cars

With reference to activity 6.5 (Transport by motorbikes, cars and light commercial vehicles), the following transactions were performed in 2023:

- Acquired for CEMBRE Ltd: SKODA OCTAVIA HAT 1.4 TSI iV;
- Leased for CEMBRE Ltd: Polestar Polestar2;
- Leased for CEMBRE Ltd: Tesla Model Y Hatchback.

Purchased or leased hybrid vehicles comply with the Euro 6 type-approval requirements for light vehicle emissions and meet the emission thresholds for low- and zero-emission light vehicles, set at 50 gCO₂/km, as shown in the table below:

Model	gCO ₂ /km	Source
SKODA OCTAVIA HAT 1.4 TSI iV	22	https://www.quattroruote.it/auto/skoda/octavia-4-serie/octavia-14-tsi-pi-hybrid-dsg-style-136802202008
Polestar Polestar2	0	https://www.polestar.com/it/polestar-2/
Tesla Model Y Hatchback	0	https://www.tesla.com/it_it/modely

It is considered, as the cars were purchased from primary dealers as well as primary leasing companies, that they have fulfilled the taxonomic principle regarding external tyre rolling noise and rolling resistance coefficient.

For the purposes of taxonomic alignment, CEMBRE considers that the purchase and lease of the cars indicated comply with the technical screening criteria for activity 6.5, such as:

- for vehicles of category M1 and N1, both of which fall within the scope of Regulation (EC) no. 715/2007: until December 31, 2025, the specific CO₂ emissions, as defined in Article 3(1)(h) of Regulation (EU) 2019/631, are less than 50 g CO₂/km (light-duty and zero-emission vehicles);
- the activity meets the criteria of Appendix A of Delegated Reg. (EU) 2021 of June 4, 2021 supplementing Reg. (EU) 2020/852;
- M1 and N1 category vehicles are:
 - a) reusable or recyclable by at least 85% by weight;
 - b) reusable or recoverable by at least 95% by weight. Measures are in place for waste management both during use (maintenance) and at end-of-life, including reuse and recycling of batteries and electronic components (in particular their essential raw materials), in accordance with the waste hierarchy;
- the vehicles comply with the requirements of the latest applicable stage of the Euro 6 type-approval for light vehicle emissions established in accordance with Regulation (EC) no. 715/2007. The vehicles comply with the emission thresholds for clean light vehicles in table 2 of the annex to Directive 2009/33/EC of the European Parliament and of the Council. For road vehicles of categories M and N, the tyres comply with the requirements for external rolling noise in the highest class and the rolling resistance coefficient (which affects the energy efficiency of the vehicle) in the two highest classes as laid down in Regulation (EU) 2020/740 and as can be verified by the European Energy Label Register (EPREL). The vehicles comply with Regulation (EU) no. 540/2014 of the European Parliament and of the Council.

Replacement of traditional lights with LED lights, installation of windows and doors with double glazing and installation of an energy efficient air conditioning system

With reference to activity 7.3 (Installation, maintenance and repair of energy efficiency devices) in 2023, 372 conventional lamps were replaced with 285 LED technology lamps, resulting in an energy saving of 64.30%, as presented in the following table.

2023			
Department	No. of traditional lamps replaced	No. of LED technology lamps installed	% energy saving achieved
PVC and terminals (Warehouse 29)	50 (430W)	50 (201W)	58.3%
	40 (65W)		
Factory roofs	23 (18W)	20 (54W)	78.6%
	2 (36W)		
	12 (430W)	25 (11W)	
	6 (116W)		
Tool Assembly (Warehouse 28)	233 (116W)	172 (50W)	66.3%
	1 (36W)	10 (47W)	
	5 (18W)	8 (11W)	
Total (W)	57,596 W	20,563 W	64.3%

Additionally, windows and doors with double glazing were installed, which helps to limit heat loss and improve insulation from the temperature outside.

Finally, in building D, which was remodelled in 2023, a climate control system was installed using heat pumps with the following characteristics classified as highly energy efficient:

- EER = 3.03 for cooling
- COP = 3.23 for heating

The system involved the installation of zone or area thermostats and specific energy saving options.

For the purposes of taxonomic alignment, CEMBRE believes that the aforementioned operations comply with the technical screening criteria for activity 7.3, such as:

- the activity consists of one of the following individual measures, provided they comply with the minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are classified in the two highest energy efficiency classes, in accordance with Regulation (EU) 2017/1369 and the delegated acts adopted pursuant to that Regulation: (d) installation and replacement of lights with energy efficient ones;
- the activity meets the criteria of Appendices A and C of Delegated Reg. (EU) 2021 of June 4, 2021 supplementing Reg. (EU) 2020/852.

Installation of light-blocking curtains

With reference to activity 7.5 (Installation, maintenance and repair of tools and devices to measure, regulate and control energy performance in buildings), in 2023 light-blocking curtains were installed in building D, which underwent major remodelling.

For the purposes of taxonomic alignment, CEMBRE considers that the installation of light-blocking curtains at CEMBRE S.p.A.'s premises complies with the technical screening criteria for activity 7.5:

- installation, maintenance and repair of façade and roofing elements serving to shield against or control sun exposure, including those which support the growth of vegetation;
- the activity meets the criteria of Appendix A of Delegated Reg. (EU) 2021 of June 4, 2021 supplementing Reg. (EU) 2020/852.

Installation and maintenance of charging stations for electric vehicles

With reference to activity 7.4 (Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking spaces pertaining to buildings)), charging stations for electric vehicles have been installed at CEMBRE S.p.A and CEMBRE GMBH's premises, taking into account safe flooding conditions.

For the purposes of taxonomic alignment, CEMBRE considers that the installation of charging stations at CEMBRE S.p.A. and CEMBRE GMBH's premises complies with the technical screening criteria for activity 7.4, such as:

- installation, maintenance or repair of charging stations for electric vehicles;
- the activity meets the criteria of Appendix A of Delegated Reg. (EU) 2021 of June 04, 2021 supplementing Reg. (EU) 2020/852.

Methodological aspects

Process for defining activities aligned to taxonomic requirements

The process followed by CEMBRE to verify the eligibility and subsequent alignment of its activities involved the following steps for the underlying elements of the three KPIs investigated:

- Mapping of individual eligible activities carried out by the various Group companies and subsequent skimming of the various activities according to the operations carried out by the individual company;
- For each eligible activity identified, both the specific technical criteria and DNSH requirements are mapped, followed by alignment analysis with respect to climate change mitigation and adaptation objectives. Evidence of specific individual requests was collected;
- Having identified the taxonomy aligned activities, these were then extrapolated from the accounts in order to associate each individual activity with the relevant economic values generated in 2023 in terms of revenues generated; the CapEx and OpEx that contribute to preserving or increasing the useful life of tangible or intangible assets related;
- With reference to the other four taxonomy objectives, analysis involved solely evaluation of the eligibility of the economic items, as no operation was identified as eligible for 2023.

TURNOVER

Numerator

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

- Energy-efficient machinery manufacturing activities: 2.28% 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.

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:

- Energy-efficient machinery manufacturing activities: 0.48% 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;
- Operation and maintenance of photovoltaic plant: 9.12% of total capex incurred (4.1 "Power generation by photovoltaic solar technology"); Includes the share relating to the remediation and re-roofing activities in preparation for the installation of new photovoltaic panels;
- Purchases and leases of cars regulated by IFRS 16: 0.32% of total capex incurred (6.5 "Transportation by motorcycles, cars and light commercial vehicles"); Includes all automobile additions, whether from purchase or new leases;
- Installation of LED lights, installation of windows and doors with double glazing and installation of an energy efficient air conditioning system: 1.91% 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 windows and doors with double glazing and installation of a climate control system consisting of heat pumps;

- Installation of electric car charging stations: 0.03% of total capex incurred (7.4 "Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking spaces pertaining to buildings)"). Includes investments incurred for the purchase of electric car charging stations;
- Installation of light-blocking curtains: 0.10% of total capex incurred (7.5 "Installation, maintenance and repair of tools and devices to measure, regulate and control the energy performance of buildings"); Includes investments incurred to install light-blocking curtains to shield against the sun.

Denominator

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

The increases in value generated during 2023 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.

OPEX

During the year 2023, no investments were made related to aligned assets that could contribute to the calculation of OPEX.

Methodological note

The CEMBRE Group prepared this 2023 Consolidated Non-Financial Declaration pursuant to Italian Legislative Decree 254/2016, as amended, and to the Global Reporting Initiative's standards, following the approach with reference to the most recent update of 2021, which took effect at the beginning of 2023.

The purpose of this document is to inform our stakeholders (internal and external) about the virtuous initiative implemented by the company with reference to aspects of environmental, social and governance sustainability.

The principles of materiality guided the preparation of the document, identifying the aspects with a significant impact generated by the organisation from an economic, environmental and social point of view.

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:

- **sustainability context:** the Cembre Group's Consolidated Non-Financial Declaration measures the impacts generated through the entire value chain, both direct and indirect. The analysis is based on information from recognised international sources and insights from within the company in relation to the management of these issues;
- **accuracy and authenticity:** the data and information included in the Declaration has been verified by the respective department managers to guarantee 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 01/01/2023 and 12/31/2023. Where available, the data relating to the previous years has been included, in order to allow for an assessment of the trend of Group operations over the medium-term. 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 Declaration provides a complete and accurate view of the Group's performance during the reporting period, both in positive and negative terms, using reliable and pertinent indicators;
- **verifiability and completeness:** the Consolidated Non-Financial Declaration was prepared by a multi-departmental working group, consisting of representatives from various departments within the Group. This group validated the content and impacts in the declaration with respect to their relative areas of responsibility, using an internal verification process. The final document was presented to the Board of Directors, which discussed and approved it on March 14, 2024.

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

Quantitative indicators that do not relate to any general or topic-specific disclosures of the GRI Standards, as reported in the Content Index pages, are not subject to limited review by EY S.p.A.

The data and information in this Declaration refer to the consolidated companies of the CEMBRE Group as in the annual financial report at December 31, 2023, unless otherwise indicated in each chapter. The Italian offices and warehouses used solely for commercial purposes are excluded from the reporting scope for environmental impacts, in that their impact on these indicators is considered to be negligible.

Within the document, where necessary, specific notes are made regarding changes to the 2021 and 2022 data.

The CEMBRE Group has prepared a formalised procedure for the preparation of the Consolidated Non-Financial Declaration. The procedure defines the roles, responsibilities and methodologies used to gather the information needed to prepare the Declaration. The procedure was approved in November 2020 and will be updated during 2024 to ensure conformity with the new European Sustainability Reporting Standards (ESRS). The next sustainability report for the CEMBRE Group will be prepared in line with these new standards.

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 2023 NFD is available on the website www.cembre.com

Please note that the last document published, prior to this document, is the 2022 Consolidated Non-Financial Declaration (NFD).

Brescia, March 14, 2024

**FOR THE BOARD OF DIRECTORS
OF THE PARENT COMPANY CEMBRE S.p.A.**

Chair and Managing Director

Giovanni Rosani

Appendices

Table of correlation between the CEMBRE material topics and GRI aspects

Theme of Italian Legislative Decree no. 254/2016	Material topic	Topic specific GRI Standard
Environmental	Raw materials management	GRI 301 – Materials
	Energy efficiency	GRI 302 – Energy
	Water and waste management	GRI 303 – Water
	Management of polluting emissions	GRI 305 – Emissions
	Waste management	GRI 306 – Waste
	Climate change	GRI 302 – Energy GRI 305 – Emissions
	Management of the effects of the activity on the ecosystem.	GRI 304 – Biodiversity
Social	Economic performance and value creation	GRI 201 – Economic performance
	Business integrity	GRI 207 - Taxes
	Customer health and safety	GRI 416 – Customer health and safety
	Product labelling	GRI 417 – Marketing and labelling
	Sustainability of the supply chain	GRI 204 – Procurement practices
Staff-related	Development and protection of human capital	GRI 401 – Employment GRI 2 – General disclosures
	Personnel training and development	GRI 404 - Training and education
	Diversity and inclusion	GRI 405 – Diversity and equal opportunity GRI 406 – Non-discrimination
	Worker health and safety	GRI 403 – Occupational health and safety
Respect for human rights	Human rights	GRI 406 – Non-discrimination
Fight against corruption	Fight against corruption	GRI 205 – Anti-corruption
Laws and Regulations	Compliance and risk management	GRI 2-27 – Environmental and Socioeconomic compliance

Sustainable governance is an aspect that impacts all the areas of Italian Legislative Decree 254/2016 and the GRI Standards. In this Declaration, it is discussed with reference to General Disclosure 2-9.

"Research and development for sustainable products" is the sole non-GRI issue presented in this Consolidated Non-Financial Declaration.

The report does not go beyond the Group.

GRI Standards correspondence table

Statement of use CEMBRE has reported in accordance with the GRI Standards for the period 01/01/2023 - 31/12/2023

GRI 1 used GRI 1 - Foundation 2021

GRI Standard	Disclosure	Description	Page	Omissions – Notes
GRI 2 General disclosures	2-1	Organisational details	Cover, back cover, 8-10	
	2-2	Entities included in the Sustainability Report	12-13, 79	There are no differences in scope
	2-3	Reporting period, frequency and point of contact	79	Annual
	2-4	Review of information	79	
	2-5	External assurance	86	Audit report of the independent auditors
	2-6	Activities, value chain and other business relationships	21,23,25,81	No significant changes were made to the organisation
	2-7	Information on employees and other workers	43, 47-48	
	2-8	Non-employees	47	
	2-9	Government structure and composition	10-11	
	2-10	Appointment and selection of the highest governing body	10-11	
	2-11	President of the highest governing body	10-11	
	2-12	Role of the highest governing body in impact management control	10-11	
	2-13	Delegation of responsibility for impact management	10-11	
	2-14	Role of the highest governing body in sustainability reporting	10-11	
	2-15	Conflicts of interest	10	
	2-16	Communication of critical issues	62	
	2-17	Collective knowledge of the highest governing body	3	
	2-18	Performance evaluation of the highest governing body	10-11	
	2-19	Rules concerning remuneration	10, 52	
	2-20	Procedure for determining remuneration	10, 52	
	2-21	Annual total remuneration ratio	52	Only the scope of CEMBRE S.p.A. was taken into account
	2-22	Sustainable Development Strategy Statement	3	
	2-23	Policy commitment	25, 56, 59	
	2-24	Integration of policy commitments	25, 56, 59	
	2-25	Processes to remedy negative impacts	11,19-21	
	2-26	Mechanisms for requesting clarification and raising concerns	11,19-21	

GRI Standard	Disclosure	Description	Page	Omissions – Notes
GRI 2 General disclosures	2-27	Compliance and risk management	-	In 2023 no non-compliance with environmental and socioeconomic laws and regulations was detected.
	2-28	Membership in Associations	46	
	2-29	Identification and approach to stakeholder engagement	21-23	
	2-30	Percentage of total employees covered by collective bargaining agreements	43-44	
GRI 3 Material topics	3-1	Process of determining material topics	19-20	
	3.2	List of material topics	20-21	
Economic performance and value creation				
GRI 3 Material topics 2021	3-3	Management of material topics	18-21	
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	18	
Sustainability of the supply chain				
GRI 3 Material topics 2021	3-3	Management of material topics	18-21, 58-60	
GRI 204: Procurement practices 2016	204-1	Proportion of spending on national suppliers	59-60	
Anti-corruption				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 56	
GRI 205: Anticorruption 2016	205-3	Confirmed incidents of corruption and actions taken	56	There were no confirmed incidents of corruption in 2023
Economic value due to taxes				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 62-64	
GRI 207: 2019 taxes	207-1	Tax approach	62-64	
	207-2	Tax governance, control and risk management	62-64	
	207-3	Stakeholder involvement and management of tax concerns	62-64	
	207-4	Country-by Country Report	62-64	
Materials				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 28-30	

GRI Standard	Disclosure	Description	Page	Omissions – Notes
GRI 301: Materials 2016	301-1	Materials used	30	
Energy				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 28-30	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	31	
	302-3	Energy intensity	32	
Water and effluents				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 28-30	
GRI 303: Water and waste water 2018	303-1	Management approach	32-33	The increase in water consumption indicated in 2022 with respect to the previous document is due to the inclusion, for CEMBRE S.p.A., of water taken from wells for irrigation which in 2022 totalled around 5,354,000 litres.
	303-2		32-33	
	303-3	Water withdrawal	32-33	
Biodiversity				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 28-30	
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, operated in (or adjacent to) protected areas and areas of high biodiversity value outside protected areas	28-29	
Emissions				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 28-30	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	34-35	
	305-2	Indirect (Scope 2) GHG emissions	34-35	
	305-7	Nox, Sox and other significant emissions broken down by type and weight	35-36	
Waste				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 28-30	
GRI 306: Waste 2020	306-1	Management approach	36-38	
	306-2		36-38	
	306-3	Waste generated	36-38	
Employment				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 42-46	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	49	

GRI Standard	Disclosure	Description	Page	Omissions – Notes
GRI 402: Worker/management relations 2016	402-1	Minimum notification period for operating changes	43-44	
Worker health and safety				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 54-55	
GRI 403: Worker health and safety 2018	403-1	Management approach	54-55	
	403-2			
	403-3			
	403-4			
	403-5			
	403-6			
	403-7			
	403-9	Injuries at work	55	
Training and education				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 42-46	
GRI 404: 2016 Training and education	404-1	Average hours of training per year per employee	50-51	
Diversity and equal opportunities				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 42-46	
GRI 405: Diversity and equal opportunities 2016	405-1	Diversity of governance bodies and employee categories	49-50	
Non-discrimination				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 42-46	
GRI 406: Nondiscrimination 2016	406-1	Incidents of discrimination and corrective actions taken	52	
Customer health and safety				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 54-55	
GRI 416: Customer health and safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	55	
Marketing and labelling				
GRI 3 - Material topics 2021	3-3	Management of material topics	18-21, 54-55	
GRI 417: Marketing and labelling 2016	417-2	Label information non-compliance	55	
Non-GRI matters				
		Management of Innovations	66-67	



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Independent auditor's 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 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, par. 10, of Legislative Decree December 30, 2016, n. 254 (hereinafter "Decree") and article 5, par. 1 item g), of Consob Regulation n. 20267/2018, on the consolidated disclosure of non-financial information of Cembre S.p.A. and its subsidiaries (hereinafter "Group") for the year ended 31st December 2023 in accordance with article 4 of the Decree and approved by the Board of Directors on 14th March 2024 (hereinafter "DNF").

Our limited assurance engagement does not cover the information included in the paragraph "*European Taxonomy*" of the DNF, that are required by article 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.

Auditor's 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 the *International Ethics Standards Board for Accountants*, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. In the reference year of this engagement, 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.

Auditor's 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 limited assurance engagement 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 aimed 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 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 and other personnel of Cembre S.p.A. 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 evidences;
 - 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 Brescia site of Cembre S.p.A., that we have selected based on its activity, its relevance to the consolidated performance indicators and its 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 2023 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 above do not refer to the information included in the paragraph '*European Taxonomy*' of the DNF of the Group, that are required by article 8 of the European Regulation 2020/852.

Brescia, 29th March 2024

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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