

**CEMBRE**

**SUSTAINABILITY REPORT 2020**

NON-FINANCIAL STATEMENT 2020 IN ACCORDANCE  
WITH ITALIAN LEGISLATIVE DECREE 254/2016



# CEMBRE

## Contents

<b>LETTER TO STAKEHOLDERS</b>	<b>3</b>
<b>THE CORPORATE IDENTITY AND GROUP PROFILE</b>	<b>5</b>
<b>MAIN TYPES OF RISK</b>	<b>14</b>
<b>MATERIALITY ANALYSIS AND STAKEHOLDER ENGAGEMENT</b>	<b>17</b>
<b>MANAGEMENT OF ENVIRONMENTAL MATTERS</b>	<b>22</b>
Risks and opportunities	22
The policies applied by the CEMBRE Group	23
Non-financial performance	25
<b>MANAGEMENT OF SOCIAL AND STAFF-RELATED MATTERS</b>	<b>32</b>
Risks and opportunities	32
The policies applied by the CEMBRE Group	33
Product labelling	43
<b>HEALTH AND SAFETY MANAGEMENT</b>	<b>44</b>
Risks and opportunities	44
The policies applied by the CEMBRE Group	45
Non-financial performance	46
<b>MANAGEMENT OF THE FIGHT AGAINST CORRUPTION</b>	<b>49</b>
Risks and opportunities	49
The policies applied by the CEMBRE Group	49
Non-financial performance	51
<b>SUPPLY CHAIN MANAGEMENT</b>	<b>52</b>
Risks and opportunities	52
The policies applied by the CEMBRE Group	52
Non-financial performance	54
<b>MANAGEMENT OF LEGAL AND FISCAL MATTERS</b>	<b>55</b>
Risks and opportunities	55
The policies applied by the CEMBRE Group	55
Non-financial performance	56
<b>METHODOLOGICAL NOTE</b>	<b>57</b>



# CEMBRE

## Letter to Stakeholders

Dear Stakeholders,

As Chairman and CEO of Cembre Spa, I am pleased to present to you our 2020 Consolidated Non-Financial Declaration, a document through which the Company reports on its commitment to social responsibility and sustainability.

Since its inception, Cembre has operated with passion and determination according to deeply-rooted values and principles while respecting the environment and people.

The Group has always paid great attention to constant dialogue with its stakeholders and the environment in which it operates on the issues deemed most relevant in sustainability.

Cembre's success, in over 50 years of activity, has been made possible thanks to the constant contribution of its stakeholders, who have cooperated constructively in the development of new ideas, projects, and increasingly innovative products.

Cembre intends to strengthen and consolidate over time its collaboration with its stakeholders because we believe that this will lead us to increasingly important and challenging objectives.

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 Ethics.

Our culture is geared towards technological innovation, product quality, and reliability, with a flexible structure able to anticipate market developments and better interpret new needs.

Technological acceleration, climate change, and awareness of human resources' importance are among the main elements characterising the change taking place in our society.

We are living through a transition made even more complex and dramatic by the recent spread of the coronavirus (Covid-19) pandemic that is affecting the entire world.

In response to this emergency, we have acted promptly and decisively in all geographical areas of our Group to minimise our employees' infection risk and, at the same time, ensure the continuity of supply of our products in all Cembre's countries of operation.

The current materiality matrix, valid for the three years 2020-2022, expresses the commitment of the Cembre Group to consciously reduce the negative impact that all of the Company's activities may have on the environment and society, enhancing instead all the positive aspects that a company may guarantee to the social fabric in which it is rooted.

In 2020, Cembre also confirmed its commitment to developing several projects and initiatives supporting local communities in priority areas, such as respect for the



## **CEMBRE**

environment, promotion and protection of the most disadvantaged, development of education and training, art, culture, and sports.

Cembre chose to appoint a Sustainability Manager to improve its ability to manage the broad issue of sustainability and to spread the culture of social, environmental, and economic responsibility in all the Group's locations.

Cembre intends to make sustainability one of the critical elements of its action to face new challenges successfully and create, together with our stakeholders, its new business model capable of focusing on innovation and circularity, developing a virtuous synergy between values, economy, and productive development, convinced that this is the way to create new and vital opportunities for growth.



# CEMBRE

## The corporate identity and Group profile

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

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



# CEMBRE

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

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

## Mission

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

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

The CEMBRE Group Management team has set itself the aim of structuring the Company in a modern manner within the European and international market and supplying all corporate levels with the general rules and procedures necessary to guarantee the maintenance and improvement of product quality, the safeguarding of the environment and health and safety at work.

The Corporate Policy, prepared by the Management, sets out the aims and general guidelines to be pursued in maintaining and improving the Company Management System; these aims can be achieved through:

- the use of suitable resources;
- the dissemination within and, where envisaged, outside the CEMBRE Group, of the Corporate Policy, aims, indicators and targets envisaged;
- training of all staff on the Company Management System;
- the sensitisation of all collaborators towards the importance of satisfying both internal and external stakeholders' needs;
- compliance with laws, regulations, provisions and procedures;
- the regular review of the Company Management System.



# CEMBRE

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

The Company Management System, which is standardised following the provisions of standards ISO 9001:2015, ISO 14001:2015, and standard BS OHSAS 18001:2007 (in April 2021, the transition from the current OHSAS18001 to ISO 45001 standard will take place), is the tool used to translate the principles of the Corporate Policy into goals and monitor their achievement.

The Group Management, the directors of the subsidiaries and all managers of the various company areas are involved in encouraging staff to participate more and ensuring the continuous improvement of the effectiveness and efficiency of processes, in order to satisfy the established objectives.

All activities carried out by the CEMBRE Group are focussed on ensuring both internal and external customer satisfaction; this is constantly monitored, not only on the basis of the analysis of the complaints received, but through the documented monitoring of the activities carried out and the regular measurement of the quality of the services offered.

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

## Group Structure

In 2020, following the merger of IKUMA into CEMBRE GmbH, the number of companies in the CEMBRE Group was reduced from 7 to 6 units. The parent company CEMBRE S.p.A., based in Brescia, is the largest production unit and directly owns 100% of all other Group companies.

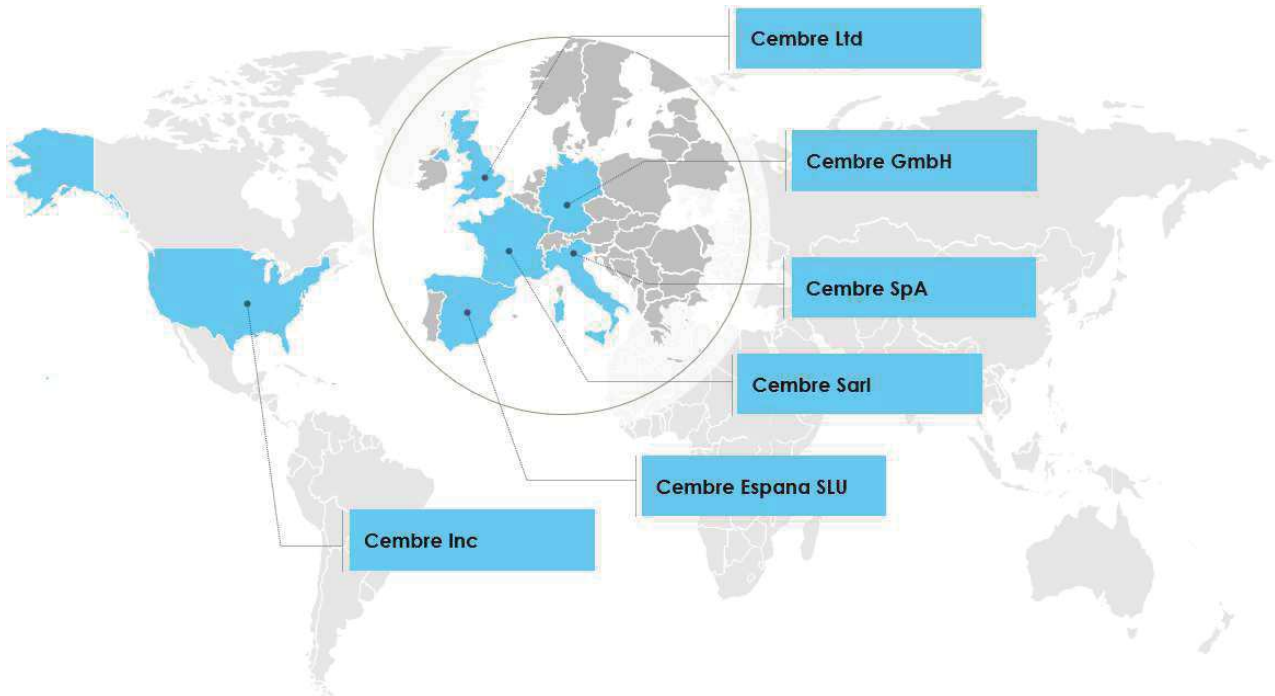
In addition to serving its Italian and foreign customers, the parent company also supplies products that are marketed by the foreign subsidiaries in the respective national markets.

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

Following the merger of IKUMA into CEMBRE GmbH, the Stuttgart office is considered a regional office.



**CEMBRE**



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

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

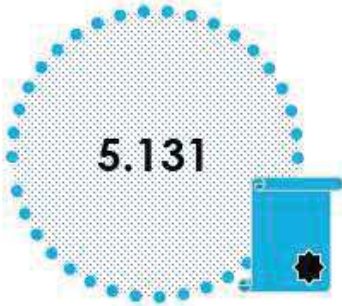




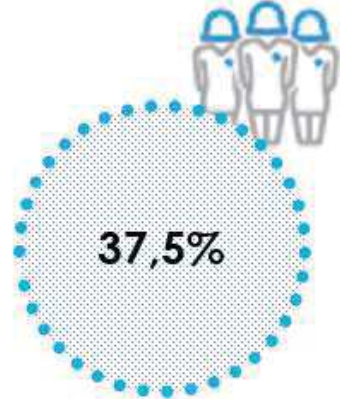
# CEMBRE

## Group highlights

TOTAL TRAINING HOURS



TOTAL EMPLOYEES

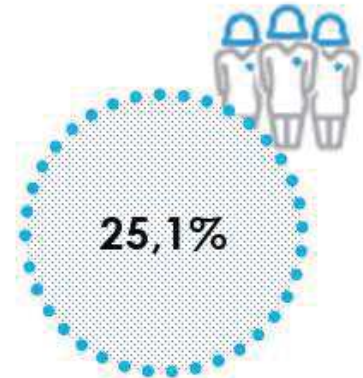


SHARE OF WOMEN IN THE BOARD

TURNOVER



DISTRIBUTED ECONOMIC VALUE



SHARE OF WOMEN IN CEMBRE



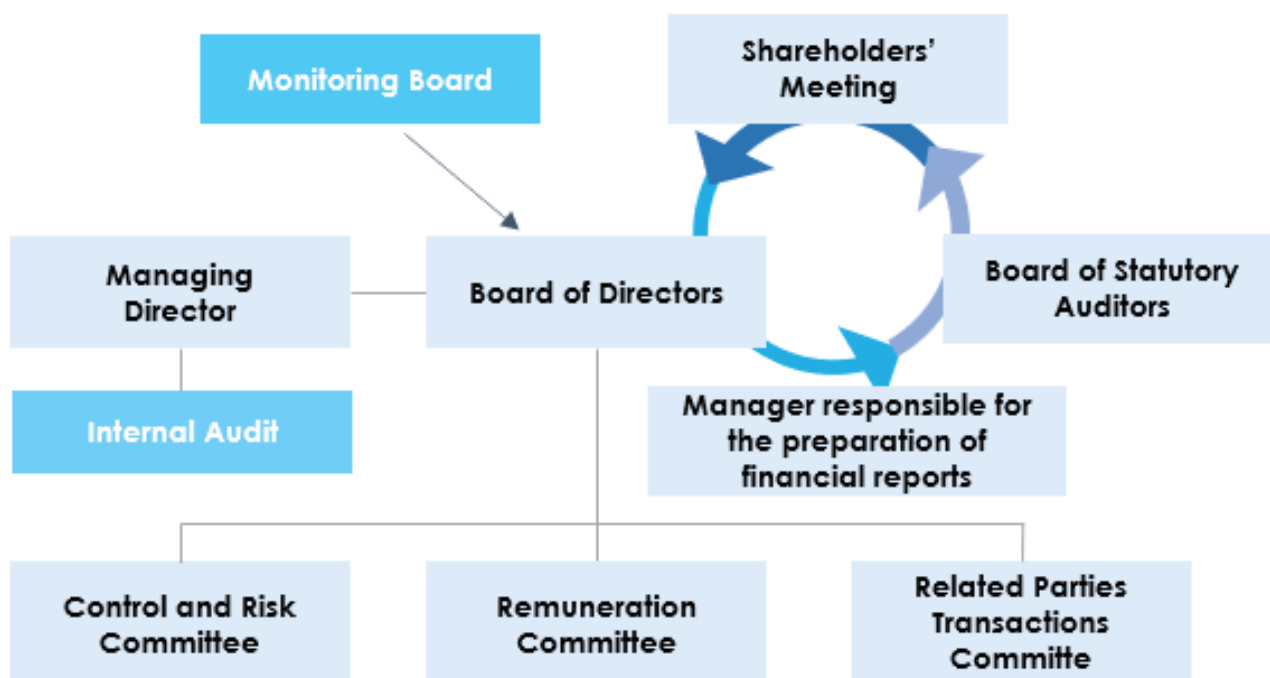
# CEMBRE

## CEMBRE Group Governance

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

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

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



CEMBRE S.p.A. has been listed on the Telematic Stock Market (MTA) since 15 December 1997, and since 24 September 2001 in the STAR segment. The share capital is €8,840,000.00, subscribed and paid-in, divided up into 17,000,000 shares each with a face value of €0.52. As at the date of this report, the floating capital is 28.91%.

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



# CEMBRE

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

The Group governance model is described within the “Report on Corporate Governance and Ownership Structures”, prepared in accordance with the provisions of Art. 123-bis of the Consolidated Finance Act and published on the website [www.cembre.com](http://www.cembre.com), to which reference is made for more details.

## The sales network

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.

As already described above, the growth in CEMBRE's business volumes and the consequent need to supply suitable support to foreign customers, over the years has led to the establishment of companies in the main European countries and in the United States of America.





# CEMBRE

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





## Economic value generated and distributed and economic impact

In 2020, the economic value generated by the Group was EUR 137.1 million. The analysis given below shows the flow of resources sent to the various stakeholders, such as employees, suppliers of goods, services and capital and the Public Administration and general public, by means of external donations.

The table below shows the trend over the last three years, where the effect of the ongoing pandemic crisis is evident. The pandemic effects have severely affected the economic fabric, leading to a collapse in demand and a drop in investment. Although the Group experienced a reduction in its turnover, it could limit the crisis's effects, mainly thanks to the positive performance recorded in the fourth quarter of 2020.

As a result, the CEMBRE Group again recorded a positive financial result in FY 2020. For such reason, together with a solid capital base, is a guarantee for the company's continuity, even after exceptional events such as the one that has occurred in recent months.

<b>Economic figures</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
(thousands of euros)			
Revenues from sales and services provided	€ 137,137	€ 146,296	€ 144,096
Other income and revenues, net of the use of provisions	€ 786	€ 979	€ 611
Losses on receivables	(€ 220)	(€ 53)	(€ 26)
Capitalised internal construction costs	€ 1,207	€ 1,055	€ 958
Write-down of receivables	(€ 94)	(€ 28)	(€ 89)
Financial income	€ 7	€ 7	€ 8
Foreign exchange gains (losses)	(€ 171)	(€ 81)	(€ 82)
<b>ECONOMIC VALUE GENERATED (A)</b>	<b>€ 138,652</b>	<b>€ 148,175</b>	<b>€ 145,476</b>
Distributed to employees	€ 41,461	€ 41,693	€ 39,989
Distributed to suppliers	€ 60,916	€ 69,448	€ 70,120
Distributed to lenders	€ 134	€ 170	€ 57
Distributed to shareholders <sup>1</sup>	€ 15,068	€ 15,048	€ 15,048
Distributed to the public administration	€ 5,927	€ 5,247	€ 5,630
External donations	€ 106	€ 35	€ 31
<b>ECONOMIC VALUE DISTRIBUTED (B)</b>	<b>€ 123,612</b>	<b>€ 131,641</b>	<b>€ 130,875</b>
<b>ECONOMIC VALUE WITHHELD BY THE GROUP</b>	<b>€ 15,040</b>	<b>€ 16,534</b>	<b>€ 14,601</b>
Amortisation, depreciation, provisions and other impairment	€ 11,133	€ 9,892	€ 6,914
Self-financing	€ 3,907	€ 6,642	€ 7,687
<b>ECONOMIC VALUE WITHHELD BY THE GROUP</b>	<b>€ 15,040</b>	<b>€ 16,534</b>	<b>€ 14,601</b>

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



# CEMBRE

## Main types of risk

CEMBRE carries out a risk assessment every two years to update its risk map and define actions to be implemented to contain risks and identify opportunities for improvement.

The analysis takes into account the assessment of the risk perceived by the company's main stakeholders.

The mapping of these risks is in line with the approach to identify the main corporate risks (financial, strategic, governance, operational, digital, and compliance), which are continuously monitored through the company's internal auditing process.

In particular, the main risks identified are the following.

### 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:** material damage resulting from climate change could cause damage to assets and infrastructures, with the possibility of prolonged unavailability of these assets. This will be analysed in the next risk assessment due at the end of 2021.

### Social dimension:

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

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

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

CEMBRE intends to limit and eliminate 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, using Personal Protective Equipment (PPE), and promoting specific training opportunities.





## CEMBRE

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

### **Business and governance dimension:**

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

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

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

Also, a data encryption system has been implemented on all portable devices.

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

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

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

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

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

### > **compliance risks:**

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



## **CEMBRE**

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

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





**CEMBRE**

## Materiality analysis and stakeholder engagement

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

CEMBRE felt it necessary to define better the main parties directly or indirectly affected by the company's activities (stakeholders) when updating this declaration. Following this, the materiality matrix was updated, conducting a series of analyses to refine the engagement process according to the points of attention identified.

Since dialogue with the company's primary stakeholders is considered fundamental, a process has been launched to survey the various company departments responsible for day-to-day stakeholder relations. The outcome of this process has led to the identification of 7 main categories of stakeholder, with whom CEMBRE has already established an active and constant dialogue over the years, both individually (visits, dedicated events in the company) and collectively (publications on websites, social media, participation in and organisation of conferences) based on values of transparency and trust.

These involvement activities are primarily of an informative and consultative nature, while CEMBRE intends to initiate, in the coming months, more appropriate ways of consolidating an ongoing and mutually beneficial dialogue with the several stakeholders.





# CEMBRE

The table below summarises the listening and engagement tools and expectations of all CEMBRE's stakeholders to whom it is required to respond.

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



# CEMBRE

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

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

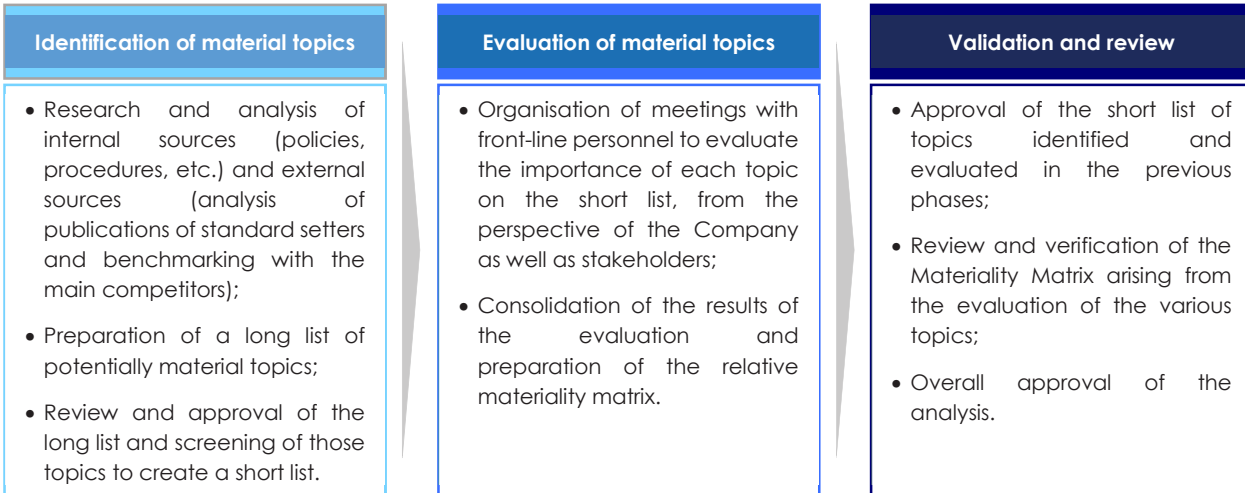
The sustainability manager carried out the analysis process with the involvement of top management and all the departments concerned with the various issues.

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



# CEMBRE

The materiality analysis process was structured as follows:



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

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

Compared to last year, the method for setting the materiality threshold has changed to use a more conservative approach, including, among material matters, those issues that are only relevant to the company or its stakeholders.

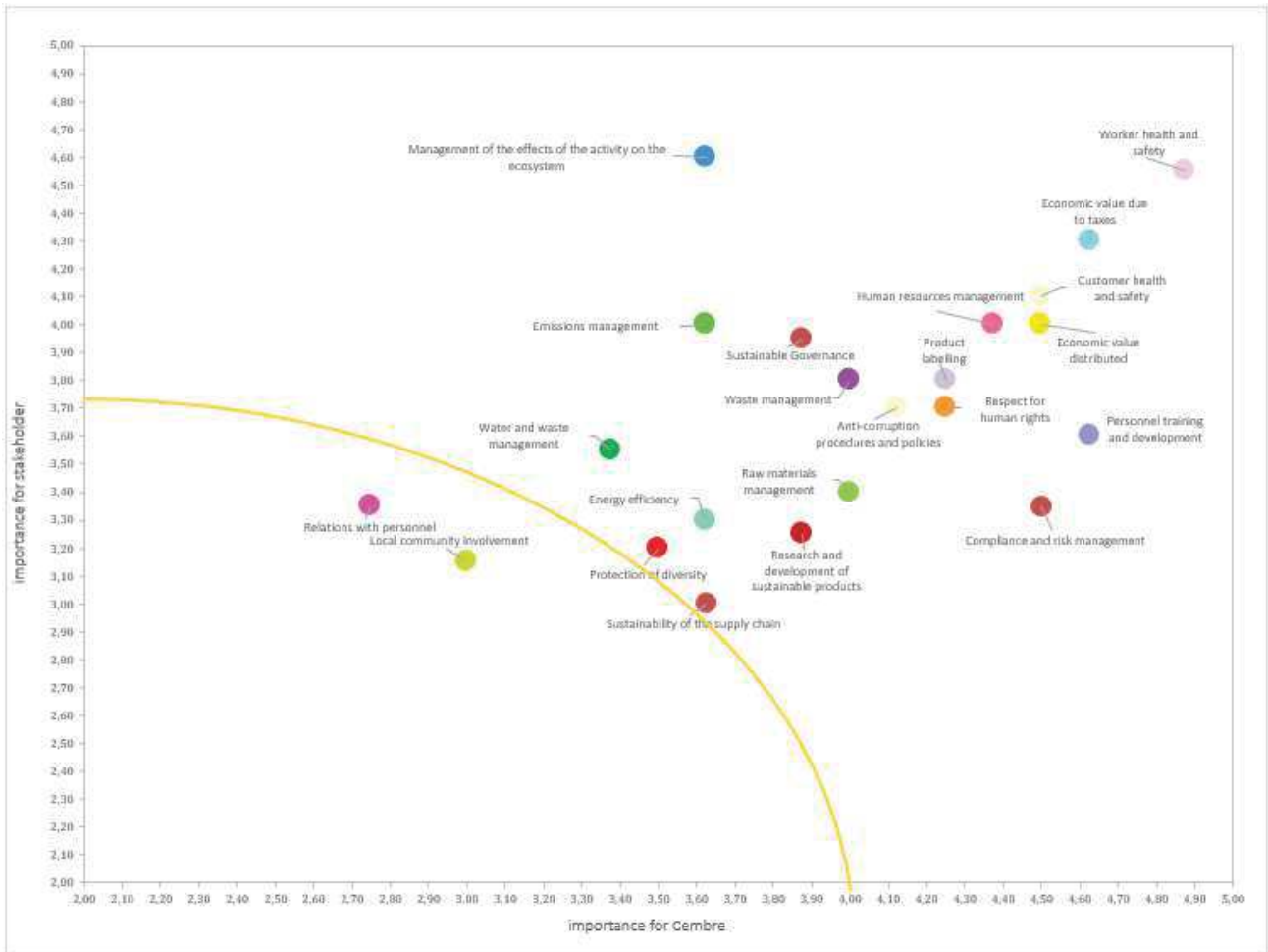
The threshold was defined by averaging the scores related to internal and external relevance.

As foreseen in the procedure approved by the Board of Directors in November 2020, the materiality analysis was updated three years after the first reporting (2017). The materiality analysis will still be subject to annual assessment for its validity before the next three-year update.



# CEMBRE

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





**CEMBRE**

## Management of environmental matters

### Risks and opportunities

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

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

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

- risk of environmental pollution due to inadequacy or malfunction of the water purification and disposal plants or incorrect handling, use and storage of hazardous substances, oils and chemical products;
- risk of non-conformity of plants due to obsolescence, wear and tear or legislative changes.

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

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

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



# CEMBRE

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.

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

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

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

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

## **The policies applied by the CEMBRE Group**

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

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

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

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

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

The same certification has also been extended to CEMBRE Ltd (UK), a company based in Great Britain and the second manufacturing unit of the CEMBRE Group. Legislative compliance is also assured through the verification and update of applicable laws and





## CEMBRE

regulations by means of a legislative verification programme, at least once a year, which is documented and disclosed to the company Management team. Verification of legislative compliance is audited both internally and externally, by third party certifying entities.

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

- once a month, consumption of energy, raw materials and water is monitored and compared with the hours of production and/or pieces produced, for each operative department, so as to obtain a series of clear, unique performance indicators. This data is highlighted by means of suitable graphs distributed to the Management and each Department Manager, so that it is disclosed to each individual operator;
- for the Italian plant, polluting emissions from flues and waste management are controlled annually, as required by the law, by the Environmental Management Department; more specifically, air-conditioning plants and the consumption of cryogenic gases are verified.
- waste water is controlled every day by the Department Manager and at least once a month by a qualified external company.

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

Over the various years, the company has undergone numerous customer audits, including run by Batenburg, DEKKRA, Rail for PRORAIL, DB, SNCF, etc., obtaining positive ratings.

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

Intending to minimise the environmental impact, including indirect actions, Cembre, also this year, maintained an agreement with the Brescia Mobilità Group to guarantee its employees the possibility of using public transport when travelling to and from work and home, at special rates.





# CEMBRE

## Non-financial performance

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

	UoM	2020	2019	2018
Ferrous material	kg	464,032	504,496	787,479
Non-ferrous material	kg	4,267,933	4,609,179	4,871,053
Plastic	kg	1,786,033	1,962,834	2,049,639
<b>Total</b>	<b>kg</b>	<b>6,517,998</b>	<b>7,076,508</b>	<b>7,708,172</b>

The significant constriction of the volumes of material consumption in the three categories (ferrous, non-ferrous, plastic) is linked to the blocking of the leading manufacturing activities for part of the first quarter of the year due to the lock-down imposed by the Covid-19 pandemic.

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

	UoM	2020	2019	2018
Chemical substances	kg	74,438	78,448	90,255
Oil + lubricants	kg	33,566	49,881	48,941
<b>Total</b>	<b>kg</b>	<b>108,004</b>	<b>128,329</b>	<b>139,196</b>

The reduction in oil, lubricant and chemical consumption between 2019 and 2020 is always connected to a total or partial shutdown for some manufacturing departments during the lock-down period in the first part of the year

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

	UoM	2020	2019	2018
Paper	kg	64,646	58,868	60,574
Wood	kg	158,250	210,572	203,968
Plastic	kg	11,494	12,691	22,181
<b>Total</b>	<b>kg</b>	<b>234,390</b>	<b>282,131</b>	<b>286,723</b>



# CEMBRE

## • Total energy consumption (GRI 302-1)

	UoM	2020	2019	2018
Electricity	MWh	9,341.74	9,440.26	9,557.75
<i>of which self-produced and consumed by the photovoltaic plant</i>	MWh	253.95	212.73	-
<i>of which self-produced and sold by the photovoltaic plant</i>	MWh	0.15	0.03	-
Energy from geothermal plant	MWh	1653.12	1653,12*	-
Diesel	MWh	2,787.74	3,424.29	3,356.67
Petrol	MWh	621.73	888.44	877.41
Natural Gas	MWh	4,439.83	4,090.63	4,288.66
Naphtha	MWh	246.1	125.55	111.62
<b>Total</b>	<b>MWh</b>	<b>19,090.25</b>	<b>19622,29*</b>	<b>18,192.11</b>

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

The following image shows the performance obtained in 2020 thanks to the panels installed at the Brescia unit.

**+ Energy - CO<sub>2</sub>**

The photovoltaic system enables us to:

- power an advanced geothermal heat exchanger for the heating of the industrial building
- satisfy more than 3% of energy required for the entire plant
- avoid the emission of 85 t/CO<sub>2</sub> into the atmosphere in 2020

**CEMBRE**

This investment is a first step for CEMBRE towards a continuous reduction of its CO<sub>2</sub> emissions.



# CEMBRE

The conversion factors used are as follows:

	Source	Conversion factor
	Diesel	11.91 MWh/t
	Petrol	11.89 MWh/t
	Naphtha	12.36 MWh/t
	Natural Gas	0.009800277 MWh/m <sup>3</sup>

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 CO<sub>2</sub> emissions in the national inventory UNFCCC (average values 2017-2019), equal to 0.035281 GJ/stdm<sup>3</sup>
- and the conversion factor from GJ to MWh, which in technical literature is 0.27778

- **Energy intensity** (GRI 302-3)

	UoM	2020	2019	2018
Energy consumption	MWh	19,090.25	19622,29*	18,192.11
Consolidated turnover	€/000	137,137	146,296	144,096
<b>Energy intensity</b>		<b>13.921</b>	<b>13,412*</b>	<b>12.625</b>

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

Energy intensity is calculated as the ratio of total energy consumption, corresponding to the sum of direct consumption and indirect consumption, multiplied by one hundred and consolidated turnover in thousands of euros ( $\frac{\text{Energy consumption} \times 100}{\text{Turnover in } \text{€}/000}$ ).

- **Water collected by source\***

	UoM	2020	2019	2018
From aqueducts	l	14,668,029	15,626,941	16,234,606
From wells	l	20,066,000	15,953,000	16,864,000
<b>Total</b>	<b>l</b>	<b>34,734,029</b>	<b>31,579,941</b>	<b>33,098,606</b>
<i>of which water withdrawn from water-stressed areas or sensitive locations</i>	l	<b>32,357,800</b>	<b>28,986,050</b>	<b>30,483,477</b>

\*The information for the American subsidiary, CEMBRE Inc., is not available. The increase in water consumption observed in 2020 compared to 2019 and 2018 is due to the inclusion, for Cembre S.p.A., of well withdrawals for irrigation use which in 2019 and 2018 amounted to about 3,000,000 litres.

From this year, Cembre S.p.A. reports information relating to water withdrawals according to the new GRI 303-3 (2018) indicator. Therefore, the value for water withdrawn in water-stressed areas is also reported. Based on information from the online



# CEMBRE

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

All the water taken is discharged, after treatment, into the drains upon completion of the work cycle<sup>2</sup>; the water withheld for the manufacturing process is also released into the drains after purification.

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

Direct emissions (Scope 1)	UoM	2020	2019	2018
from Diesel	† CO <sub>2</sub> e	738.46	907.08	893.39
from Petrol	† CO <sub>2</sub> e	164.14	234.55	231.64
from Natural Gas	† CO <sub>2</sub> e	898.81	819.26	865.86
from Naphtha	† CO <sub>2</sub> e	64.9	33.13	29.46
from refrigerating gases	† CO <sub>2</sub> e	58.73	13.57	134.22
<b>Total</b>	<b>† CO<sub>2</sub>e</b>	<b>1,925.09</b>	<b>2,007.59</b>	<b>2,154.57</b>

Emissions from refrigerant gases in 2020 increased because of leaks due to faults at cooling plants.

Indirect emissions (Scope 2)	UoM	2020	2019	2018
Electricity - Location based	† CO <sub>2</sub> e	2,999.99	3,242.08	3,394.46
Electricity - Market based	† CO <sub>2</sub> e	4,114.38	4,404.82	4,482.45

The coefficients used to calculate direct emissions are taken from the national standard parameters table of coefficients used for the CO<sub>2</sub> emissions inventory in the UNFCCC national inventory, obtained from ISPRA 2021 data:

	UoM	Coefficients
Diesel	† CO <sub>2</sub> e/t	3.155
Petrol	† CO <sub>2</sub> e/t	3.140
Natural Gas	† CO <sub>2</sub> e/dm <sup>3</sup>	1.984

The coefficient used to calculate Naphtha emissions in 2018, 2019 and 2020, shown in the national standard parameters table of coefficients used for the CO<sub>2</sub> emissions inventory in the UNFCCC national inventory (average values for 2017-2019), equal to 73.3 t CO<sub>2</sub>e/TJ.

<sup>2</sup>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.



# CEMBRE

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

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

The emissions value was obtained by applying the formula:

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

On the other hand, with respect to indirect emissions:

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

Country	UoM	Location Based	Market Based
Italy	t CO <sub>2</sub> e/MWh	0.336	0.466
United Kingdom	t CO <sub>2</sub> e/MWh	0.273	0.348
France	t CO <sub>2</sub> e/MWh	0.056	0.043
Spain	t CO <sub>2</sub> e/MWh	0.255	0.343
USA	t CO <sub>2</sub> e/MWh	0.399	0.324
Germany	t CO <sub>2</sub> e/MWh	0.449	0.609

- **NOx and other significant emissions<sup>3</sup> (GRI 305-7)**

	UoM	2020	2019	2018
NOx	t	0.946	1.021	0.391
VOC	t	0.449	0.524	0.886
PM	t	0.075	0.048	0.139

The data refer only to CEMBRE S.p.A. For the UK subsidiary, CEMBRE Ltd., data has not been recorded, because not required by the local legislation, whilst the other

<sup>3</sup>Data has been calculated, considering:

- the concentration (expressed in mg/Nm<sup>3</sup>) of the element measured in the individual flues
- the nominal capacity of each flue, expressed in Nm<sup>3</sup>/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 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.



# CEMBRE

subsidiaries, which only carry out commercial activities, do not generate any significant emissions.

Nitrogen oxide values relate to the thermal plants, the negative trend in 2019-2020 is contextualised with the methods and measurement periods given that there are changes in value linked to the weather conditions during monitoring. Having said this, it should be stressed that all values recorded are fully in line with the limits prescribed by the Single Environmental Authorisation AUA 672/2019.

- **Waste generated** (GRI 306-2)

	UoM	2020	2019	2018
Hazardous	kg	360,413	331,590	344,550
Non-hazardous	kg	1,350,875	1,445,643	1,344,269
<b>Total</b>	<b>kg</b>	<b>1,711,288</b>	<b>1,777,233</b>	<b>1,688,819</b>

Concerning hazardous waste, the increase recorded in 2020, compared to 2019, was due to two significant deliveries: the first of 17,000 kg of saltwater from the washing machine in the cutting department and a second of 10,000 kg of galvanic mud from the tin plating department.

## Waste for recycling

	UoM	2020	2019	2018
Hazardous	kg	139,813	134,720	-
Non-hazardous	kg	1,191,102	1,290,045	-
<b>Total</b>	<b>kg</b>	<b>1,330,915</b>	<b>1,424,765</b>	<b>-</b>

- **Waste stored on site**

	UoM	2020	2019	2018
Hazardous	kg	500	4,060	-
Non-hazardous	kg	28,642	9,886	-
<b>Total</b>	<b>kg</b>	<b>29,142</b>	<b>13,946</b>	<b>-</b>

- **Waste for landfill disposal**

	UoM	2020	2019	2018
Hazardous	kg	220,100	192,810	-
Non-hazardous	kg	11,754	2,780	-
<b>Total</b>	<b>kg</b>	<b>231,854</b>	<b>195,590</b>	<b>-</b>



# CEMBRE

- **Waste sent for reuse**

	<b>UoM</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Hazardous	kg	-	-	-
Non-hazardous	kg	870	2,500	-
<b>Total</b>	<b>kg</b>	<b>870</b>	<b>2,500</b>	-

- **Waste sent for energy recovery**

	<b>UoM</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Hazardous	kg	-	-	-
Non-hazardous	kg	5,110	9,170	-
<b>Total</b>	<b>kg</b>	<b>5,110</b>	<b>9,170</b>	-

- **Waste sent to incinerator**

	<b>UoM</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Hazardous	kg	-	-	-
Non-hazardous	kg	108,582	114,283	-
<b>Total</b>	<b>kg</b>	<b>108,582</b>	<b>114,283</b>	-

- **Waste other types of destination**

	<b>UoM</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Hazardous	kg	-	-	-
Non-hazardous	kg	4,815	16,979	-
<b>Total</b>	<b>kg</b>	<b>4,815</b>	<b>16,979</b>	-

The data for 2018 are not shown in the table as, from 2019, a new method for collecting information on waste generated has been introduced, which provides greater detail regarding the disposal type adopted.

For 2018, the amount of waste generated was 1,688,819 (of which 344,550 was hazardous). Specifically, waste for recovery (recycling, reuse), disposal (landfill, energy recovery, incineration, other destination), and on-site storage amounted to 1,409,822 (of which 190,724 hazardous), 278,997 (of which 153,826 hazardous), and 3,660 (of which 2,500 hazardous), respectively.



**CEMBRE**

## Management of social and staff-related matters

### Risks and opportunities

Following the spread of the coronavirus pandemic (Covid-19) in several parts of the world, in response to this emergency, CEMBRE has acted with promptness and determination in all the geographical areas of our Group to minimize the risk of infection and, at the same time, ensure the continuity of supply of its products.

CEMBRE has also established a Company Committee composed of the Employer, the Company Doctor, RSPP, and RLS to apply and verify the application of the Company Protocol's provisions for the Regulation of Measures to Combat and Contain the Spread of the COVID-19 Virus in the Workplace.

CEMBRE is today the leading Italian manufacturer and one of the largest European manufacturers of electrical compression connectors and related installation tooling. Extensive know-how in the field of electrical connectors, strong R&D activity and continuous innovation in manufacturing technologies and product specification, allow CEMBRE to respond quickly to an increasingly demanding market expectation for high-quality products that are reliable, durable and safe. In order to maintain these production standards, highly qualified staff are required, specialised in different business activities.

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

The loss of such resources could harm the company's development and growth.

Similarly, the Company is constantly looking for new staff with high potential or relevant professional profiles to be placed in critical positions in order to ensure the development and continuity of the Group. Moreover, the difficulties in obtaining staff on the labour market whose skills and profile match CEMBRE's organisational needs are ongoing challenges for the company.

In order to manage staff, CEMBRE must constantly monitor the following risk areas:

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





# CEMBRE

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

## The policies applied by the CEMBRE Group

- **The value of people**

The CEMBRE Group believes in the growth and optimisation of people, the protection of health and safety and the creation of a workplace that fosters human and professional growth. The Group offers all employees and collaborators equal career opportunities on the basis of merits, professional and managerial skills and active involvement in company development and improvement processes. This approach has allowed it to attract young talent and, at the same time, gain the loyalty of employees and collaborators already working in the Company, as is borne out by the data on the average length of service, in many cases, reaching 20/30 years.

The CEMBRE Group's workforce as at 31 December 2020 is 721 people.

More specifically, the employment trends recorded in 2020 regard:

- hiring of 60 people;
- leaving of 59 people;

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

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

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

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



# CEMBRE

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

The Group does not tolerate any form of discrimination or unfair treatment based on gender, race, disability, ethnic or cultural origin, religion or beliefs, age or sexual orientation. The diversity policy adopted within the governance bodies is regulated by Article no. 15, paragraph 5 of the CEMBRE S.p.A. By-Laws. Contracts in general, purchase orders, letters hiring employees and agents, include all clauses to inform the counterparty of the adoption of the 231 Model and the Code of Conduct by CEMBRE S.p.A.; failure by the counterparty to comply with these clauses constitutes serious breach of contractual obligations.

Relations with social parties are regulated by respective applicable rules.

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

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

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

- **Training**

In order to satisfy the business needs and production standards, the Group makes sure to attribute the responsibilities, relative to the activities that affect product/service quality, the environment and HSW, considering the competences, the degree of education, work experience and training supplied. All Group staff must be aware of the strategic role and importance of their work, so as to achieve the objectives set.



## CEMBRE

This awareness particularly regards the company policy, objectives, indicators and targets of the CEMBRE Group, respect for laws and provisions, the possibility of reporting ways by which to improve products, processes, health and safety in the workplace and the external environment, which may affect the processes, works and management of the Group.

Staff is sensitised through the continuous monitoring of processes, staff meetings, training, etc. The Company ensures that it trains employees according to their different duties and seniority levels: staff are trained when hired, if their duties should change and when procedures, works, machinery, technology and products or hazardous substances are updated or altered.

Finally, the Company ensures that it can offer a carefully-focussed training plan if shortcomings should be noted in staff experience or training.

The activities for which a specific qualification is required concern all performers of activities for which the law defines the need for specific information, education and training.

In general, the CEMBRE Group is committed to delivering all training, information and teaching required by the laws, rules and regulations in force. The process plan and competence sheets prepared for the main company departments set out the minimum requirements in terms of experience, training, preparation and teaching of staff, training, teaching and information methods and the related responsibilities defined for the various tasks.

The HR Office is in charge of recording training delivered and, where envisaged, verifying its effectiveness by assessing performance, experience and know-how, which on the one hand allow for the determination of the individual contribution to the organisation and the definition of progress made and, on the other, for the outlining of areas for improvement on which to intervene.

- **Performance assessment systems**

CEMBRE S.p.A. assesses the commitment and performance of employees using compensation policies that differ according to performance and professional and managerial skills, considering:

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

The compensation systems are regularly updated by monitoring changes in the reference salary markets and applying criteria based on meritocracy and internal fairness.



# CEMBRE

- **Company welfare**

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

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

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

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

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

Alongside its established initiatives, in 2020, CEMBRE S.p.A. took care of its employees and their families by implementing a series of extraordinary initiatives.

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

In June, July, and August 2020, CEMBRE S.p.A. drew up a financial programme to compensate 50% of the salary reduction linked to the redundancy fund during the six weeks of company closure, imposed by the government, by providing more than €300,000 to its employees.



## CEMBRE

In June 2020, CEMBRE S.p.A. entered into a partnership with the Fondazione Poliambulanza Istituto Ospedaliero in Brescia, offering all employees the opportunity to undergo a free serological test for anti-Sars-CoV-2 antibodies directly at the Company's office. A total of 370 tests were provided.

In October 2020, CEMBRE S.p.A. also launched an anti-flu vaccination campaign, which was borne entirely by the company. The 275 doses of the anti-flu vaccine were administered at the Company in collaboration with Poliambulanza under the company doctor's supervision.

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

Also, in 2020, as an additional safety measure in contact with Covid-19 cases, 53 swab tests were carried out with the Istituto Fondazione Poliambulanza in Brescia on employees returning from national and international trips.

- **Relations with the local community**

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

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

During 2020, despite restrictions related to Covid-19, 3 students (2 remotely) were hosted for school and university internships.

In order to strengthen the link with local educational institutions, in 2020, the Company made cash donations and supplies of material to be used in the laboratories, amounting to €13,180.80.

In November 2020, CEMBRE S.p.A. also offered a scholarship worth €6,800 to a student of the Digital Transformation Master at Digital Universitas in Brescia.

Through the Education Department of the Municipality of Brescia, CEMBRE S.p.A. donated 20 tablets in 2020, which were given to compulsory school students in the city's comprehensive schools as support for distance learning.

Other charitable initiatives supported by CEMBRE include donations to Save the Children, Telefono Azzurro, Fondazione Comunità Bresciana Onlus, Fondazione Poliambulanza, Italian Red Cross and COSP Mazzano for a total of €106,000.



# CEMBRE

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

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

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

Association	Main objectives
Brescia Industrial Association (since 2021 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.

## • Commitment to the fight against Covid-19

By joining the initiative launched by Isinnova in March 2020, CEMBRE S.p.A. has manufactured and delivered "Dave" and "Charlotte" valves for the transformation of a particular type of snorkeling face masks into a mask for lung ventilation, contributing and supporting the action of doctors and healthcare personnel in the fight against Covid-19.

To contain and combat COVID-19, the Group incurred approximately €214,000 in costs related to the purchase of goods, assets, and services (vaccination campaign, serological campaign, surgical or FFP2 masks, gloves, sanitising gel, thermo-cameras, temperature control service from an external company, infrared thermometers, solvency nasopharyngeal swabs, etc.).

## Non-financial performance

The data given in the table below does not include the Group's temporary workers, who, as at 31/12/2018, numbered 34, whilst as at 31/12/2019, there were 41 and as at 31/12/2020, there were 38.



# CEMBRE

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

	UoM	2020	2019	2018
CEMBRE Spa	no.	453	452	447
CEMBRE Gmbh	no.	58	54	34
CEMBRE Ltd.	no.	105	105	111
CEMBRE Sarl	no.	32	30	26
CEMBRE SLU	no.	42	44	42
CEMBRE Inc.	no.	31	35	33

\*The number of staff at IKUMA in 2018 and 2019 was added to the number of staff at CEMBRE GmbH.

The figure refers to the precise number of employees as at 31/12/2020.

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

	UoM	2020			2019			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Managers	no.	0	20	20	0	16	16	0	16	16
Executives	no.	4	15	19	4	17	21	3	17	20
White collars	no.	107	256	363	101	250	351	94	230	324
Blue collars	no.	70	249	319	77	255	332	76	257	333
<b>Total</b>	<b>no.</b>	<b>181</b>	<b>540</b>	<b>721</b>	<b>182</b>	<b>538</b>	<b>720</b>	<b>173</b>	<b>520</b>	<b>693</b>

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. 25% of the workforce of the CEMBRE Group are women.

- **Members of the Board of Directors**

	UoM	2020			2019			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	N	0	0	0	0	0	0	0	0	0
30-50 years	N	2	1	3	2	1	3	2	1	3
>50 years	N	1	4	5	1	4	5	1	4	5
<b>Total</b>	<b>N</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>3</b>	<b>5</b>	<b>8</b>

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

	UoM	2020			2019			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	no.	14	82	96	15	96	111	14	104	118
30-50 years	no.	107	307	414	109	299	408	105	272	377





# CEMBRE

>50 years	no.	60	151	<b>211</b>	58	143	<b>201</b>	54	144	<b>198</b>
<b>Total</b>	<b>no.</b>	<b>181</b>	<b>540</b>	<b>721</b>	<b>182</b>	<b>538</b>	<b>720</b>	<b>173</b>	<b>520</b>	<b>693</b>

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

	UoM	2020			2019			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<i>Managers</i>										
<30 years	no.	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
30-50 years	no.	0	7	<b>7</b>	0	6	<b>6</b>	0	5	<b>5</b>
>50 years	no.	0	13	<b>13</b>	0	10	<b>10</b>	0	11	<b>11</b>
<b>Total</b>	<b>no.</b>	<b>0</b>	<b>20</b>	<b>20</b>	<b>0</b>	<b>16</b>	<b>16</b>	<b>0</b>	<b>16</b>	<b>16</b>
<i>Executives</i>										
<30 years	no.	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
30-50 years	no.	3	8	<b>11</b>	3	10	<b>13</b>	1	7	<b>8</b>
>50 years	no.	1	7	<b>8</b>	1	7	<b>8</b>	2	10	<b>12</b>
<b>Total</b>	<b>no.</b>	<b>4</b>	<b>15</b>	<b>19</b>	<b>4</b>	<b>17</b>	<b>21</b>	<b>3</b>	<b>17</b>	<b>20</b>
<i>White collars</i>										
<30 years	no.	13	35	<b>48</b>	14	41	<b>55</b>	13	45	<b>58</b>
30-50 years	no.	65	150	<b>215</b>	62	138	<b>200</b>	58	122	<b>180</b>
>50 years	no.	29	71	<b>100</b>	25	71	<b>96</b>	23	63	<b>86</b>
<b>Total</b>	<b>no.</b>	<b>107</b>	<b>256</b>	<b>363</b>	<b>101</b>	<b>250</b>	<b>351</b>	<b>94</b>	<b>230</b>	<b>324</b>
<i>Blue collars</i>										
<30 years	no.	1	47	<b>48</b>	1	55	<b>56</b>	1	59	<b>60</b>
30-50 years	no.	39	142	<b>181</b>	44	145	<b>189</b>	46	138	<b>184</b>
>50 years	no.	30	60	<b>90</b>	32	55	<b>87</b>	29	60	<b>89</b>
<b>Total</b>	<b>no.</b>	<b>70</b>	<b>249</b>	<b>319</b>	<b>77</b>	<b>255</b>	<b>332</b>	<b>76</b>	<b>257</b>	<b>333</b>

- **Incoming staff** (GRI 401-1)

	UoM	2020			2019			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	no.	7	14	21	7	26	<b>33</b>	8	36	<b>44</b>
30-50 years	no.	5	21	26	15	35	<b>50</b>	6	20	<b>26</b>
>50 years	no.	4	9	13	2	8	<b>10</b>	5	10	<b>15</b>
<b>Total</b>	<b>no.</b>	<b>16</b>	<b>44</b>	<b>60</b>	<b>24</b>	<b>69</b>	<b>93</b>	<b>19</b>	<b>66</b>	<b>85</b>
<b>Hiring rate</b>	<b>%</b>	<b>8.8%</b>	<b>8.1%</b>	<b>8.3%</b>	<b>13.2%</b>	<b>12.8%</b>	<b>12.9%</b>	<b>11.0%</b>	<b>12.7%</b>	<b>12.3%</b>





# CEMBRE

- Incoming staff by geographical area (GRI 405-1)

	UoM	2020			2019			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Italy	no.	5	16	21	3	24	27	6	30	36
Rest of Europe	no.	11	26	37	17	37	54	11	30	41
Rest of World	no.	0	2	2	4	8	12	2	6	8
<b>Total</b>	<b>no.</b>	<b>16</b>	<b>44</b>	<b>60</b>	<b>24</b>	<b>69</b>	<b>93</b>	<b>19</b>	<b>66</b>	<b>85</b>

- Outgoing staff<sup>4</sup> (GRI 401-1)

	UoM	2020			2019			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
<30 years	no.	4	10	14	4	18	22	2	13	15
30-50 years	no.	6	17	23	9	21	30	9	22	31
>50 years	no.	7	15	22	4	15	19	4	18	22
<b>Total</b>	<b>no.</b>	<b>17</b>	<b>42</b>	<b>59</b>	<b>17</b>	<b>54</b>	<b>71</b>	<b>15</b>	<b>53</b>	<b>68</b>
<b>Turnover rate</b>	<b>%</b>	<b>9.4%</b>	<b>7.8%</b>	<b>8.2%</b>	<b>9.3%</b>	<b>10.0%</b>	<b>9.9%</b>	<b>8.7%</b>	<b>10.2%</b>	<b>9.8%</b>

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

	UoM	2020			2019			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Italy	no.	7	13	20	4	18	22	5	22	27
Rest of Europe	no.	10	23	33	11	28	39	9	27	36
Rest of World	no.	0	6	6	2	8	10	1	4	5
<b>Total</b>	<b>no.</b>	<b>17</b>	<b>42</b>	<b>59</b>	<b>17</b>	<b>54</b>	<b>71</b>	<b>15</b>	<b>53</b>	<b>68</b>

- Staff by contract type (GRI 102-8)

	UoM	2020			2019			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Full time	no.	150	531	681	152	529	681	144	515	659
Part time	no.	31	9	40	30	9	39	29	5	34
<b>Total</b>	<b>no.</b>	<b>181</b>	<b>540</b>	<b>721</b>	<b>182</b>	<b>538</b>	<b>720</b>	<b>173</b>	<b>520</b>	<b>693</b>

<sup>4</sup>It should be noted that, in 2019, the Company introduced a new calculation method which considers employees who left as at 31 December of the reporting year in the workforce at year-end.



# CEMBRE

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

	UoM	2020			2019			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Permanent	no.	177	523	<b>700</b>	177	517	<b>694</b>	165	479	<b>644</b>
Fixed term	no.	4	17	<b>21</b>	5	21	<b>26</b>	8	41	<b>49</b>
<b>Total</b>	<b>no.</b>	<b>181</b>	<b>540</b>	<b>721</b>	<b>182</b>	<b>538</b>	<b>720</b>	<b>173</b>	<b>520</b>	<b>693</b>

- **Total average per capita training hours**

	UoM	2020	2019	2018
Female	H	3.8	6.8	7.5
Male	H	8.2	21.5	13.4
<b>Total</b>	<b>H</b>	<b>7.1</b>	<b>17.8</b>	<b>11.9</b>

- **Training hours by topic**

	UoM	2020	2019	2018
<i>Managerial (inter-company general management, new courses to improve soft skills, etc.)</i>				
<b>Managers</b>	h	0.0	40.0	69.0
<b>Executives</b>	h	0.0	42.0	67.0
<b>White collars</b>	h	846.0	299.5	2,118.0
<b>Blue collars</b>	h	8.0	51.0	156.0
<b>Total</b>	<b>h</b>	<b>854.0</b>	<b>432.5</b>	<b>2,410.0</b>
<i>Plant maintenance and knowledge of technical systems</i>				
<b>Managers</b>	h	0.0	42.0	0.0
<b>Executives</b>	h	0.0	121.5	1.5
<b>White collars</b>	h	86.0	1,190.0	186.5
<b>Blue collars</b>	h	251.0	351.5	1,865.5
<b>Total</b>	<b>h</b>	<b>337.0</b>	<b>1,705.0</b>	<b>2,053.5</b>
<i>Technical-professional dedicated to knowledge of processes and systems</i>				
<b>Managers</b>	h	65.0	221.0	5.0
<b>Executives</b>	h	196.5	371.0	34.5
<b>White collars</b>	h	1,232.0	4,075.0	543.5
<b>Blue collars</b>	h	1,318.0	3,601.5	179.0
<b>Total</b>	<b>h</b>	<b>2,811.5</b>	<b>8,268.5</b>	<b>762.0</b>
<i>Compliance (code of conduct, model, internal control system on the corporate disclosure, etc.)</i>				
<b>Managers</b>	h	5.0	9.5	13.0
<b>Executives</b>	h	8.0	11.0	69.0
<b>White collars</b>	h	176.0	275.0	559.5
<b>Blue collars</b>	h	18.0	138.0	93.4
<b>Total</b>	<b>h</b>	<b>207.0</b>	<b>433.5</b>	<b>734.9</b>



# CEMBRE

<i>Worker Health and Safety, Environment, Quality</i>				
<b>Managers</b>	h	67.0	3.0	19.0
<b>Executives</b>	h	21.5	42.0	48.5
<b>White collars</b>	h	279.5	806.0	786.0
<b>Blue collars</b>	h	554.0	1,106.0	1,449.8
<b>Total</b>	<b>h</b>	<b>922.0</b>	<b>1,957.0</b>	<b>2,303.3</b>
<i>Other</i>				
<b>Managers</b>	h	0.0	0.0	0.0
<b>Executives</b>	h	0.0	0.0	0.0
<b>White collars</b>	h	0.0	0.0	1.0
<b>Blue collars</b>	h	0.0	0.0	3.0
<b>Total</b>	<b>h</b>	<b>0.0</b>	<b>0.0</b>	<b>4.0</b>
				<i>Total</i>
<b>Managers</b>	<b>h</b>	<b>137.0</b>	<b>395.5</b>	<b>106.0</b>
<b>Executives</b>	<b>h</b>	<b>226.0</b>	<b>507.5</b>	<b>220.5</b>
<b>White collars</b>	<b>h</b>	<b>2,619.5</b>	<b>6,645.5</b>	<b>4,194.5</b>
<b>Blue collars</b>	<b>h</b>	<b>2,149.0</b>	<b>5,248.0</b>	<b>3,746.7</b>
<b>Total</b>	<b>h</b>	<b>5,131.5</b>	<b>12,796.5</b>	<b>8,267.7</b>

With regard to human capital, the values refer to the situation as at 31/12/2020.

With respect to 2019, the total volume of training (the number of interventions, hours delivered, participations) has increased significantly in line with the strategic objectives of continuous improvement. In fact, 5,131.5 hours of training were provided in 2020, a decrease of compared to 7,665 hours in 2019, as only the mandatory safety training hours and the training hours of already active courses were provided.

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

The CEMBRE Group has never recorded any findings with regards to failure to respect human rights; all activities undertaken are carried out in compliance with the provisions of the Code of Ethics, which acknowledges respect for the person and their dignity as an essential principle of paramount importance in working for the Cembre Group.

## Product labelling

(GRI 417-2)

In 2020, there were no cases of non-compliance with regard to information and labelling of products and services.



**CEMBRE**

## Health and safety management

### Risks and opportunities

Health and safety in the workplace has, in recent years, become increasingly important. The growing sensitivity of businesses, also stimulated by some rather dramatic events that have shaken up public opinion, has led to the implementation of a series of procedures and the installation of tools able to reduce the risk of injuries and incidents at work, as far as possible. In addition to the dutiful attention paid to limiting danger situations, the importance of well-being in the workplace has been recognised, both in terms of protecting the worker and enhancing the efficiency of the business activity.

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

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

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

To mitigate and prevent these risks, the CEMBRE Group has implemented procedures and instructions within its Integrated Management System that take account of these effects under the OHSAS 18001 standard (the transition from the current OHSAS18001 to ISO 45001 standard will take place in April 2021). This management system is monitored through internal and external audits and through the Management Review.



# CEMBRE

## The policies applied by the CEMBRE Group

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

Following the Risk Assessment Document and preventing or at least mitigating the risks identified, CEMBRE implements the activities necessary to reduce such risks, such as the adoption of Individual Protection Devices (PPE) and the promotion of specific training opportunities.

CEMBRE, according to international models and best practices (CoSO Integrated Framework), has implemented its Management System to ensure risk prevention and monitoring, obtaining certification to the OHSAS 18001 standard for Workers' Safety (LRQA certification obtained by CEMBRE S.p.A. in 2012).

In addition to the legal requirements, the CEMBRE Group also pays careful attention to the workplace so as to ensure that work can be carried out in a safe, comfortable environment. Such attention specifically regards: management and maintenance of infrastructures and vehicles, cleaning, tidiness and hygiene at the workstations, definition of emergency and fire-fighting plans, training and information to employees on safety and the use of personal protection equipment, involvement of internal and external staff to ensure that they are aware of the importance of their work and their contribution towards maintaining and improving working conditions and the workplace.

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

CEMBRE, under the principles set out in the Group's Code of Ethics, has developed a series of procedures and operating instructions to prevent accidents and injuries, such as the constant maintenance and replacement of machinery and facilities used to ensure a safe and comfortable working environment. In addition, fire and emergency plans are defined within the plant.

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



# CEMBRE

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

## Non-financial performance

- Injuries at work, injury rates**

	UoM	2020	2019	2018
Injuries at work	no.	9	26	34
of which serious injuries	no.	0	0	2
of which fatal injuries	no.	0	0	0
Hours worked	no.	1,187,603	1,257,368	1,218,294
Injury frequency index	%	7.58	20.68	27.90
Serious injury frequency index	%	0	0	1.64
Fatal injury frequency index	%	0	0	0

In 2020, there was a significant decline in the number of work-related accidents recorded within the Cembre Group. This was due to the effects of the Covid-19 pandemic on work, which caused both a decrease in the number of hours worked on site or plant and some plant shutdowns. These two aspects combined have led to a decrease in accidents.

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

There were 9 incidents (near misses) involving employees and contractors in 2020.

Most of the accidents that occurred during the period under review occurred on the footpath on the way from the ward to the exit of the company and therefore did not relate to the typical risk of the employee's job; in other cases, they involved minor injuries (bruises, cuts), which were treated inside the plants by the staff trained in first aid or by the company doctor.

The Cembre Group also uses external staff, whose commitment in 2020 amounted to 50,497 hours worked. It should be noted that only one accident occurred in 2020 in this category of employees.

In 2020, there were no cases of accidents on the road for transport organised by the Cembre Group.

Serious injuries are events that entailed a prognosis exceeding 6 months. There were no cases of serious accidents in 2020.

No fatal accidents occurred during the three-year period.



## CEMBRE

The CEMBRE Group does not have risk conditions higher than those in most engineering companies, the main ones of which are:

### Overhead work, falling from heights

*Circumstance that determines the presence of risk:* Access and parking at raised work stations of machines / machinery and the relevant access steps. Use of portable steps. Occasional use of extensible moveable bridge.

*Measures in place:* mental and physical fitness certificate issued by the competent doctor. Information, training, education by external authorised companies and appointment of Employer. Work and emergency procedures. Special personal protective equipment periodically checked by an authorised external firm. Appropriate equipment. Adequately protected raised work stations.

- Assisted handling of materials

*Circumstance that determines the presence of risk:* Handling of materials through electric pallet jacks or forklift trucks (risk of accident, crushing, collision, etc.).

*Measures in place:* Observance of the capacity of the equipment used. Anti-collision device of electric pallet jacks. Flooring suited to the nature of the processing which is not uneven or coarse. Adequate internal lighting. Suitable transit and operation areas for pallet jacks/forklift trucks. Regular maintenance checks by qualified personnel. Employee information, training and education. Work and emergency procedures.

- Moving machine parts - dangerous movement of machinery components during processing. Cuts and lesions

*Circumstance that determines the presence of risk:* Contact with dangerous moving parts of machine tools; risk of confinement in robotic islands and work areas accessible by machines.

*Measures in place:* Adequate safety devices (emergency buttons, safety micro-switches, protective casing, energy recovery protection devices, etc.). Suitable signage. Information, training, education. Periodic logged scheduled maintenance. Suitable personal protective equipment and work tools. Work and emergency procedures.

- Repetitive movements of the upper limbs and posture

*Circumstance that determines the presence of risk:* work activities that involve the risk from repetitive movements and efforts of the upper limbs.

*Measures in place:* in the activities subject to risk there is the possibility of switching work positions (seated, upright) to reduce the risk from fixed and prolonged postures. Pace of work determined autonomously by the worker.



## CEMBRE

There are adequate work breaks and recovery time during assembly activities. Information, training, education. Work procedures.

- Falling material from heights (lifting and handling of materials with overhead travelling crane).

*Circumstance that determines the presence of risk:* risk present during the phase of lifting and handling of materials with crane or during the handling of materials using pallet jacks from warehouses.

*Measures in place:* signage. Employee information, training, education (annual revaluation for the reconfirmation of internal certificate). Regular maintenance of lifting equipment, of limit switches, safety, coupling and harness devices. Periodic legal checks and periodic verification of lifting accessories. Respect for lifting capacities. Work and emergency procedures. Prohibition of parking in the operation areas of lifting equipment. Suitable Personal Protective Equipment.

- Electrical

*Circumstance that determines the presence of risk:* risk of direct and indirect contact with live parts.

*Measures in place:* plant compliance with state of the art. Actions only on disconnected machines/systems: actions on machines/live systems reserved to specialised personnel with the necessary Personal Protective Equipment. Safety signage: electrical panel operations only permitted to authorised personnel, electrical panel hazard when live. Regular controls of the electrical equipment of machines by qualified personnel. Periodic checks of the earthing system. Work and emergency procedures.

As part of the improvement measures, in 2020, CEMBRE commissioned a qualified external technician to carry out a thermographic analysis to prevent electrical and fire risks using the infrared thermography method under the UNI EN ISO 9712 standard. The analysis was carried out on the plant's electrical transformer rooms, departmental electrical panels, and machinery/plants considered to be strategic (about 100 thermographs taken). The equipment analysed was found to be in good condition.





**CEMBRE**

## Management of the fight against corruption

### Risks and opportunities

The fight against corruption is a duty for all businesses; indeed, all players should aim to guarantee that the market operates according to economic rules and is not influenced by opportunistic actions that do nothing else but increase the social costs of the business. The main risks connected with the failure to prevent corruption are:

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

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.

### The policies applied by the CEMBRE Group

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

- Control environment: this is the environment in which the individuals operate and it represents the culture relative to control permeated within the organisation. It consists of the following elements: company organisation chart, system of delegations and powers of attorney, organisational provisions, public disclosure procedure of Inside Information, procedure for significant operations and with Related Parties, procedure for the fulfilment of Internal Dealing obligations, Administrative-Accounting Control Model and the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001, including the Code of Conduct, which is an integral part thereof.
- 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. The activities are managed through the adoption of administrative and accounting control procedures: set of corporate procedures for the preparation and disclosure of accounting information (e.g. Group accounting manual, related administrative and accounting procedures and in particular financial statements and reporting in general, managerial accounting forms);



## CEMBRE

- Information and communication: is the process created to ensure the accurate and timely collection and communication of corporate information. With regards to the financial disclosure, the Administrative-Accounting Control Model adopted by the Company in accordance with Italian Law no. 262/2005 regulates the rules and procedures for the correct preparation of the accounting disclosure.
- 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 line with the Group's Code of Conduct, all subsidiaries 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.

## **Non-financial performance** *(GRI 205-3)*

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



**CEMBRE**

## Supply chain management

### Risks and opportunities

The specificity of the products, intended for a market of highly-specialised users, and the need for the rigorous respect of high quality standards in the procurement of products and services, are characteristics that often lead to the need for a commercial relationship with a limited number, in some cases even just one, of suppliers. CEMBRE's aim is to minimise the risk deriving from sudden shortages of supply by means of a continuous search for alternative "sources" and constantly expanding upon its technical and production potential.

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

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

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

52

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 adherence 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.

### The policies applied by the CEMBRE Group

Group procurement takes place in compliance with procedures prepared to guarantee the uniformity and repetitiveness of the activity, as well as supplier compliance in terms of quality and respect for ethical standards and environmental protection.

More specifically, the Purchasing Office has the task of identifying potential new suppliers to be included in the procurement process, so as to guarantee CEMBRE competitiveness, continuity of supply and high product quality.



## CEMBRE

All potential suppliers to the Company, both services, and products, are subjected to an initial "qualification" process through a "prior assessment checklist" to determine the supplier's ability to meet all requirements.

More specifically, the aim is to highlight the supplier's ability to ensure transparent processes with suitable standards of environmental sustainability, respect for the ethical principles and conduct required by CEMBRE, such as respect for human rights, anti-corruption or social standards imposed by the business, and enjoy an adequate reputation in the media.

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

The information collected during this phase is used in obtaining the final result of supplier approval.

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

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

A specific automated electronic archiving procedure of the Safety Data Sheets allows for constant monitoring of the obsolescence of said sheets and guarantees that they are available to product users for rapid consultation, where needed.

Archiving also involves the entry of data relative to the use of the product, such as: the using department, the methods of use, the quantity used and the date of archiving, which determines the period for which the Safety Data Sheets are valid, beyond which the supplier must be asked to update the documentation (validity is set to 3 years).

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

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



# CEMBRE

## Non-financial performance

CEMBRE Spa	UoM	2020	2019	2018
Procurement expenses	€	56,137,530	66,619,283	77,443,880
<i>of which local suppliers</i>	€	37,698,818	45,269,777	55,594,100
<b>Local percentage of total</b>	<b>%</b>	<b>67.15%</b>	<b>67.95%</b>	<b>71.79%</b>

CEMBRE Ltd	UoM	2020	2019	2018
Procurement expenses	€	12,337,747	14,436,181	15,317,995
<i>of which local suppliers</i>	€	2,944,020	3,197,723	3,815,518
<b>Local percentage of total</b>	<b>%</b>	<b>23.86%</b>	<b>22.15%</b>	<b>24.91%</b>

CEMBRE SARL	UoM	2020	2019	2018
Procurement expenses	€	7,310,007	8,185,028	7,927,489
<i>of which local suppliers</i>	€	1,211,431	1,152,108	1,337,321
<b>Local percentage of total</b>	<b>%</b>	<b>16.57%</b>	<b>14.08%</b>	<b>16.87%</b>

CEMBRE España SLU	UoM	2020	2019	2018
Procurement expenses	€	7,565,229	7,990,053	7,103,999
<i>of which local suppliers</i>	€	637,273	426,938	529,132
<b>Local percentage of total</b>	<b>%</b>	<b>8.42%</b>	<b>5.34%</b>	<b>7.45%</b>

CEMBRE GmbH	UoM	2020	2019	2018
Procurement expenses	€	12,177,137	10,811,816	10,938,397
<i>of which local suppliers</i>	€	839,486	1,544,670	2,582,945
<b>Local percentage of total</b>	<b>%</b>	<b>6.89%</b>	<b>14.3%</b>	<b>23.6%</b>

CEMBRE Inc.	UoM	2020	2019	2018
Procurement expenses	€	4,789,968	7,009,036	8,390,603
<i>of which local suppliers</i>	€	720,618	795,354	519,866
<b>Local percentage of total</b>	<b>%</b>	<b>15.04%</b>	<b>11.35%</b>	<b>6.20%</b>

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



**CEMBRE**

## Management of legal and fiscal matters

### Risks and opportunities

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

In order to have better visibility of the relevant regulations to which CEMBRE is subject and required to comply, as well as to assess possible business impacts/opportunities, a "Group Legal and Corporate Affairs Office" was set up in January 2020. This Office is also responsible for coordinating the Group's legal advisors in the various countries where it operates and for monitoring legal compliance at the Group level.

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

### The policies applied by the CEMBRE Group

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

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

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

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



# CEMBRE

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)

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





**CEMBRE**

## Methodological note

The Consolidated non-financial declaration of the CEMBRE Group has been prepared in accordance with Italian Legislative Decree 254/2016 as amended and according to the GRI Sustainability Reporting Standards published in 2016 by the Global Reporting Initiative (GRI) - In accordance approach - Core.

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

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

- accuracy: the data and information included in the Declaration has been verified by the respective department managers, so as to validate its accuracy and authenticity;
- timeliness: the Consolidated non-financial declaration will be published once a year, at the same time as the Annual Financial Report;
- comparability and clarity: in preparing the Consolidated non-financial declaration, clear, concise language was used, along with tables and graphs, so as to ensure that it is understood by all stakeholders. The information included in the report refers to the period running between 01/01/2020 and 31/12/2020. Where available, the data relating to the previous years has been included, so as to allow for an assessment of the trend of Group operations over the medium-term. Any absence of such a comparison is due to the lesser relevance of the performance over the years or the impossibility of recovering information relative to previous years. Finally, as regards the quantitative information given in the Declaration for which estimates were used, this detail is duly noted in the various chapters;
- balance: the data and information given in the Declaration has been portrayed realistically and in a timely manner; indicators reflect the Group's performance in the reporting period;
- reliability: the Consolidated non-financial declaration has been prepared by a specifically-formed working party, whose members have been identified from the various Group company departments and who have validated the contents with respect to their areas of competence. The final document, as a whole, was presented to and discussed and approved by the Board of Directors on 11 March 2021.



# CEMBRE

The Consolidated non-financial declaration has been subject to a limited audit by the independent auditing firm, EY S.p.A.

Unless otherwise specified in each chapter, the data and information of this Declaration refer to the Companies belonging to the CEMBRE Group as at 31 December 2020, fully consolidated within the Annual Financial Report. The Italian offices and warehouses used exclusively for commercial purposes have been excluded from the perimeter of reporting, as their impact on said indicators is not relevant.

Within the document, where necessary, specific notes are made regarding changes to the 2018 and 2019 data.

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

The contact person for the NFD of Cembre S.p.A. located in Brescia at Via Serenissima, 9 is Luigi Vitelli ([luigi.vitelli@cembre.com](mailto:luigi.vitelli@cembre.com)), a copy of the 2020 NFD is available on the website [www.cembre.com](http://www.cembre.com)

Please note that the last document published, prior to this document, is the 2019 Consolidated Non-Financial Declaration (NFD).

Brescia, March 11, 2021

**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 theme	Topic specific GRI Standard	Scope of impacts	
			Impacts inside the Group	Impacts outside the Group
Environmental	Raw materials management	GRI 301 – Materials	Entire Group (particularly CEMBRE Spa and CEMBRE Ltd)	Suppliers
	Energy efficiency	GRI 302 – Energy		
	Water and waste management	GRI 303 – Water		
	Emissions management	GRI 305 – Emissions		
	Compliance and risk management	GRI 307 – Environmental compliance		
	Waste management	GRI 306 - Effluents and waste		
	Management of the effects of the activity on the ecosystem.	GRI 304 - Biodiversity	CEMBRE Spa and CEMBRE Ltd	
Social	Economic value obtained and distributed	GRI 201 - Economic performance	Entire Group	
	Economic value due to taxes	GRI 207 - Taxes	Entire Group	
	Compliance and risk management	GRI 419 – Socio-economic compliance	Entire Group	
	Customer health and safety	GRI 416 - Customer health and safety	Entire Group	Sales network
	Product labelling	GRI 417 – Marketing and labelling	Entire Group	Sales network
	Sustainability of the supply chain	GRI 204 – Procurement practices	Entire Group	
Relating to staff	Human resources management	GRI 401 - Employment GRI 102 - General disclosures	Entire Group	
	Personnel training and development	GRI 404 - Training and education		
	Protection of diversity	GRI 405 - Diversity and equal opportunity GRI 406 - Non-discrimination		
	Worker health and safety	GRI 403 - Occupational health and safety		Entire Group



# CEMBRE

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

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

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

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



**GRI Standards correspondence table**

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Description</b>	<b>Page</b>	<b>Omissions - Notes</b>
GRI 102 - General disclosures	102-1	Name of the organisation	Cover page	
	102-2	Activities, brands, products and services	6-7	
	102-3	Location of headquarters	Back cover	
	102-4	Location of operations	8	
	102-5	Ownership and legal form	10	
	102-6	Markets served	11-12	
	102-7	Scale of the organisation	9	
	102-8	Information on employees and other workers	39-42	
	102-9	Supply chain	52	
	102-10	Significant changes to the organisation and its supply chain	7	No significant changes were made to the organisation
	102-11	Principle of prudence	14	
	102-12	External initiatives	37	
	102-13	Membership in Associations	38	
	102-14	Statement by a senior executive	3-4	
	102-15	Key impacts, risks and opportunities	14-15-16, 59	
	102-16	Values, principles, standards and norms of behaviour	3-4, 6	
	102-18	Governance structure	10	
	102-40	List of stakeholder groups	17-19	
	102-41	Percentage of total employees covered by collective bargaining agreements	34	
	102-42	Identification and selection of stakeholders	17	
	102-43	Stakeholder engagement modalities	17-19	
	102-44	Key issues and critical points raised	19-21	
	102-45	Entities included in the organisation's consolidated financial statements or equivalent documents	-	There are no differences in scope
	102-46	Defining report content and topic boundaries	58	
	102-47	List of material topics	19-21, 59	
	102-48	Review of information	58	
	102-49	Changes in the list of material topics and related scope	19-21, 59	
	102-50	Reporting period	57	
	102-51	Date of most recent report	59	
	102-52	Reporting cycle	-	Annual



# CEMBRE

GRI Standard	Disclosure	Description	Page	Omissions - Notes
	102-53	Contact details for enquiries regarding the report	59	
	102-54	Claims of reporting in accordance with the GRI Standards	57	
	102-55	GRI content index	61	
	102-56	External assurance	65	Audit report of the independent auditors
GRI 201 - Economic performance 2016	103-1 103-2 103-3	Management approach	13, 20-21	
	201-1	Direct economic value generated and distributed	13	
GRI 204 – Procurement practices 2016	103-1 103-2 103-3	Management approach	20-21, 52-53	
	204-1	Proportion of spending on local suppliers	54	
GRI 205 - Anti-corruption 2016	103-1 103-2 103-3	Management approach	20-21, 49-50	
	205-3	Confirmed incidents of corruption and actions taken	51	There were no confirmed incidents of corruption in 2020
GRI 207- 2019 Taxes	103-1 103-2 103-3	Management approach	20-21, 55-56	
	207-1	Tax approach	55-56	
	207-2	Tax governance, control and risk management	55-56	
	207-3	Stakeholder involvement and management of tax concerns	55-56	
	207-4	Country-by-Country Report	56	
GRI 301 – Materials 2016	103-1 103-2 103-3	Management approach	20-24	
	301-1	Materials used	25	
GRI 302 - Energy 2016	103-1 103-2 103-3	Management approach	20-24	
	302-1	Energy consumption within the organisation	26	
	302-3	Energy intensity	27	
GRI 303 - Water 2018	103-1 103-2 103-3	Management approach	20-24	
	303-1	Interacting with water as a shared resource	27-28	
	303-2	Management of impacts related to water discharge	27-28	
	303-3	Water withdrawal	27	
GRI 304 – Biodiversity 2016	103-1 103-2 103-3	Management approach	20-24	
	304-1	Operational sites owned, leased, operated in (or	22-23	



# CEMBRE

GRI Standard	Disclosure	Description	Page	Omissions - Notes	
		adjacent to) protected areas and areas of high biodiversity value outside protected areas			
GRI 305 - Emissions 2016	103-1 103-2 103-3	Management approach	20-24		
	305-1	Direct (Scope 1) GHG emissions	28		
	305-2	Indirect (Scope 2) GHG emissions	28		
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions by type and weight	29		
GRI 306 - Effluents and waste 2016	103-1 103-2 103-3	Management approach	20-24		
	306-2	Waste by type and disposal method	30-31		
GRI 307 - Environmental compliance 2016	103-1 103-2 103-3	Management approach	20-24		
	307-1	Non-compliance with environmental laws and regulations	-	In 2020 no non-compliance with environmental laws and regulations was detected	
GRI 401 - Employment 2016	103-1 103-2 103-3	Management approach	20-21, 32-34		
	401-1	New employee hires and employee turnover	40-41		
GRI 403 - Occupational health and safety 2018	103-1 103-2 103-3	Management approach	20-21, 44-46		
	403-1 403-2 403-3 403-4 403-5 403-6 403-7	Management approach	43, 44-48		
	403-9	Injuries at work	46		
	GRI 404 - Training and education 2016	103-1 103-2 103-3	Management approach	20-21, 34-37	
		404-1	Average hours of training per year per employee	42-43	
		GRI 405 - Diversity and equal opportunity 2016	103-1 103-2 103-3	Management approach	20-21, 32-34
	405-1		Diversity of governance bodies and employee categories	39-41	
GRI 406 - Non-discrimination 2016	103-1 103-2 103-3	Management approach	20-21, 32-34		



# CEMBRE

GRI Standard	Disclosure	Description	Page	Omissions - Notes
	406-1	Incidents of discrimination and corrective actions taken	-	No cases of discrimination were reported in 2020
GRI 416 – Customer health and safety 2016	103-1 103-2 103-3	Management approach	20-21, 45-46	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	There were no incidents of product non-compliance in 2020
GRI 417 - Product labelling	103-1 103-2 103-3	Management approach	20-21, 45-46	
	417-2	Label information non-compliance	-	There were no cases of non-compliance in 2020.
GRI 419 – Socio-economic compliance 2016	103-1 103-2 103-3	Management approach	20-21, 45-46	
	419-1	Non-compliance with laws and regulations in the social and economic area	-	There were no cases of non-compliance with social and economic regulations in 2020
Non-GRI matters	Disclosure	Description	Page	Omissions - Notes
Research and development of sustainable products	103-1			
	103-2	Management approach	20-24	
	103-3			



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

(Translation from the original Italian text)

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

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Cembre S.p.A. and its subsidiaries (hereinafter the "Group" or "Cembre Group") for the year ended on December 31, 2020 in accordance with article 4 of the Decree and approved by the Board of Directors on March 11, 2021 (hereinafter "DNF").

### **Responsibilities of Directors and Board of Statutory Auditors for the DNF**

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

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

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

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

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

### **Auditors' independence and quality control**

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

## **Auditors' responsibility**

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

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

In particular, we have performed the following procedures:

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

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

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

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

- at Group level

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

## **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Cembre Group for the year ended on December 31, 2020 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.

Brescia, March 24, 2021

EY S.p.A.

Signed by: Stefano Colpani, Auditor

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



**CEMBRE SpA**

Via Serenissima, 9 • 25135 Brescia ITALY  
Ph +39 030 3692.1 • Fax +39 030 3365766  
[www.cembre.com](http://www.cembre.com) • [info@cembre.com](mailto:info@cembre.com)