

CEMBRE

SUSTAINABILITY REPORT 2022

NON-FINANCIAL STATEMENT 2022 IN ACCORDANCE
WITH ITALIAN LEGISLATIVE DECREE 254/2016



CEMBRE

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Letter to Stakeholders

2022 continued to be a difficult period in many respects: we are referring first and foremost to the conflict situation in Ukraine, the resulting increases in raw materials and energy, widespread price rises, and the complex situation of having to find many of our purchasing codes that still characterised the year.

Despite all this, the CEMBRE Group has continued to produce extremely positive results thanks to everyone's constant commitment. These results allow us to invest in people, facilities, equipment and product development.

CEMBRE confirms the theme of sustainability as an integral and fundamental part in the development of business life.

Attention to environmental impact both during the design of new products, in particular in relation to:

- the characteristics of the materials and production processes used
- the gradual migration from the more polluting traditional technology of endothermic powered tools to electric tools powered by batteries

and in the construction of new energy-efficient buildings (equipped with photovoltaic and geothermal systems) with a low impact on the environment and the land, is tangible evidence of our commitment.

We are convinced that operating in accordance with the values and principles of our Group Code of Conduct will allow us to create new and important opportunities for growth and ensure that we achieve ambitious goals by increasingly characterising our commitment to sustainability.

CEMBRE's commitment to sustainability is developed by consolidating an awareness of the importance of making a concrete commitment to combating climate change in order to mitigate its impact.

In 2022, this commitment was formalized and implemented in several projects that combine the three areas of sustainable development (people, environment and territory).

The main projects were related to sustainable mobility, energy efficiency, reduction of paper consumption, adoption of recyclable packaging, renewal of certifications and sustainable innovation.

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

Sustainable mobility

CEMBRE has prepared a 4-year (2022 - 2025) sustainable mobility project within its Home-Work Journey Plan, within which specific activities have been identified and are monitored annually.



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In particular, it should be noted that CEMBRE's commitment to supporting and encouraging sustainable mobility is fostering a gradual change in habits regarding systematic home-work journeys, increasing employees' financial savings and reducing the use of private vehicles, with consequent benefits in terms of traffic congestion and related ecological, environmental, health and social benefits.

With regard to the initiatives implemented to date in the field of sustainable mobility, CEMBRE confirms its continued commitment to promoting even broader interaction at a territorial level, where possible, with nearby companies, transport companies and local reference authorities. The goal is to increase the activities and services in favour of sustainable mobility and to develop a higher level of awareness with effects on improved liveability of the territory, greater wellbeing for all and concrete environmental protection.

Reducing Paper Consumption

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

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

In 2022, a process of evaluation of the different document flows of the Management System and archiving procedures began, with the aim of optimising processes and reducing paper consumption; for example, orders, which used to be printed on a single sheet, will be printed on both sides from 2022, effectively halving paper consumption for this process.

Furthermore, where paper could not be eliminated altogether, a decision was made to use recycled or virgin paper with the FSC (Forest Stewardship Council) label.

Recyclable Packaging

Reducing the environmental impact generated by product packaging is one of the aspects CEMBRE is working on most closely.

Several initiatives have already been launched: among them the fact that almost all of the raw materials for making the boxes come from wood-paper supply chains certified according to the Forest Stewardship Council standard.

Energy efficiency enhancement

The responsible use of energy resources, aimed at reducing consumption and/or making it more efficient, is a determining factor for Cembre. To this end, it continues along the path begun in 2021 where plans have been made to replace 900 traditional lighting systems with LED technology solutions in all the warehouses of the Brescia headquarters by 2026.

The replacement of these lighting fixtures will result in lower CO₂ emissions and in a reduction of lighting-related energy consumption by at least 40% compared to the current value.

In addition, as mentioned in the previous Declaration, CEMBRE expanded the photovoltaic plant at its Italian headquarters at the end of 2022, from about 200 KW to about 1,550 KW.



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The new investment will result in an overall annual electricity production of about 2 GWh in total internal consumption, which is about 20% of the company's energy requirement.

Adjustment of certifications

CEMBRE believes in the importance of certifications of compliance with international standards for controlling environmental impacts deriving from the company's activities, the protection of health and safety in the workplace and the fight against corruption. In fact, after having completed the process of bringing its second production unit in England up to ISO 45001 certification in 2021, in 2022 CEMBRE embarked on the process of obtaining ISO 37001:2016 certification, implementing a Management System for the Prevention of Corruption in line with the provisions of this standard.

Sustainable innovation

Innovation for CEMBRE is aimed not only at developing products that are increasingly cutting-edge, i.e. capable of anticipating and responding to the new requirements that characterise its sector, but also products that reduce environmental impact.

For some years now, Cembre has been investing in innovation and the development of solutions that can favour the evolution of processes, making the production flow more efficient and effective, taking actions also with regard to the "Industry 4.0" paradigm, which has been the driving force behind the development of industrial solutions consistent with this commitment.

Significant recognition for CEMBRE's work was awarded by EcoVadis, a French company that is now the world's largest provider of corporate sustainability assessments, which gave CEMBRE a "Gold Sustainability rating", confirming its commitment to sustainability issues. The Sustainability Rating was awarded on the basis of four macro-themes: environment, labour practices and human rights, ethics and sustainable procurement.

In conclusion, the Cembre Group, comprising more than 830 people as at 12/31/2022, renews its commitment to sustainability with an increasingly strong and cohesive vision.

We are convinced that together with our stakeholders we can continue to build a better future for the next generations.



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The corporate identity and Group profile

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

- 1969** CEMBRE (acronym for Costruzioni Elettro-Meccaniche BREsciane [Electro-Mechanical Constructions of Brescia]) is founded in Brescia
- 1977** Production is moved to the current office in via Serenissima, Brescia
- 1986** CEMBRE Ltd. is established in Coleshill, Birmingham, UK.
- 1988** CEMBRE S.a.r.l. is established in Bagneaux, Paris.
- 1990** The CEMBRE S.p.A Quality Management System is certified by LRQA according to ISO 9000:2008 standard.
- 1994** Establishment of CEMBRE España SL in Madrid, Spain.
- 1995** Establishment of CEMBRE AS in Stokke, Norway.
- 1997** CEMBRE GmbH is established in Munich, Germany. CEMBRE S.p.A. is listed on the Milan Stock Exchange.
- 1999** OELMA s.r.l. is purchased, a company specialised in the production of cable glands and electrical materials in general. CEMBRE Inc. is established in Edison, New Jersey, USA.
- 2001** CEMBRE S.p.A. enters the STAR segment of the Italian Stock Exchange MTA.
- 2002** Establishment of General Marking s.r.l. and acquisition of a company specialised in the production of row markers and electrical components.
- 2008** Certification of the CEMBRE S.p.A. Environmental Management System in accordance with standard ISO 14001:2004.
- 2011** Acquisition of 13,500 m² of warehouses adjacent to the Brescia office.
- 2012** Certification of the CEMBRE S.p.A. Worker Health and Safety Management System and that of the Italian regional offices, in accordance with standard OHSAS 18001:2007. Merger by acquisition of General Marking s.r.l. into CEMBRE S.p.A.
- 2016** Closure of CEMBRE AS.
- 2017** Certification of the CEMBRE Ltd Environmental Management System also in accordance with ISO 14001:2015 standard.
- 2018** CEMBRE GmbH acquires IKUMA 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.
- 2021** Transition from OHSAS18001 to ISO 45001 for the Brescia office and first certification for the UK office.
Agreement/understanding signed with the Municipality of Brescia for an additional 15,000 m² of area dedicated to future production expansion.
- 2022** Expansion of the photovoltaic park at the Brescia site.
Approval of the project within the framework of PNRR to redesign its "electrical connectors" production lines by 2025 in two new warehouses to be built.



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

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

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

MISSION

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

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

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

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



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Group Structure

The CEMBRE Group is present in 6 countries with its own offices and 2 production units. The parent company CEMBRE S.p.A., based in Brescia, is the largest manufacturing unit and directly holds 100% of all the other Group companies.

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

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



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

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



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Group highlights

| | | |
|---|--|----------------|
|  | Precise number of employees as at 12/31/2022 ¹ | 756 |
|  | Total hours of employee training | 25,205 |
|  | Consolidated turnover | €198.8 million |
|  | Economic value distributed | €181.1 million |
|  | Net investments | €12.3 million |
|  | Proportion of women in CEMBRE | 25.1% |
|  | Proportion of women on the Board of Directors | 50% |
|  | Value of extra group supplies | €141.2 million |
|  | Share of local supplies in the same geographical areas where the Group | 41.9% |
|  | Electricity from photovoltaic plant | 2.5% |
|  | Patents, utility and ornamental models | 267 |
|  | ISO 14001 and ISO 45001 certified production sites | 100% |

¹ the figure does not include contracted personnel



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CEMBRE Group Governance

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

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

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

Directors are appointed by the shareholders' meeting.

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

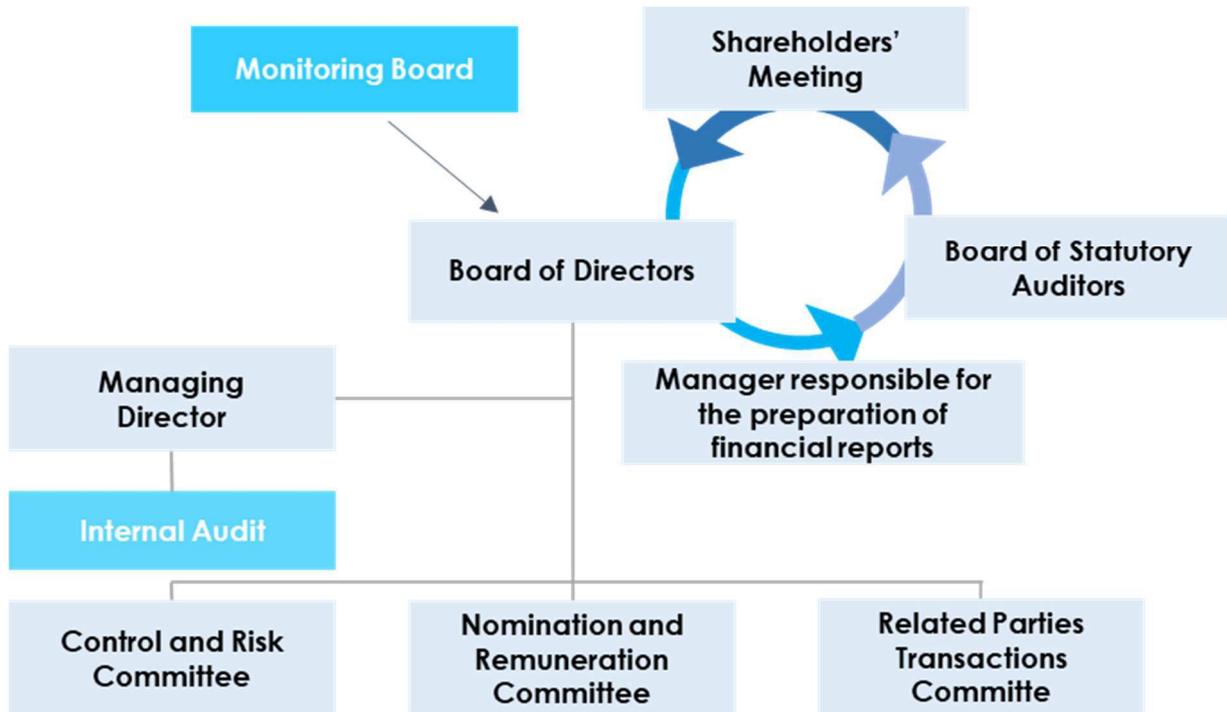
Within the Board, the Appointments and Remuneration Committee, the Control and Risks Committee and the Related Party Transactions Committee, have been established. An independent auditing firm audits the Group's consolidated financial statements and the Parent Company's financial statements.

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

The Appointments and Remuneration Committee has the task of assisting the Board in drawing up the company's "Remuneration Policy", illustrated in the Remuneration Report to which we refer.

CEMBRE S.p.A. has been listed on the Telematic Stock Market (MTA) since December 15, 1997, and since September 24, 2001 in the Euronext STAR Milan segment. The share capital is €8,840,000.00, subscribed and paid-in, divided up into 17,000,000 shares each with a face value of €0.52. As at the date of this report, the floating capital is 29.15%.

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



Sustainability has always been viewed with great attention by CEMBRE; 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, to which reference is made for more details.

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

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



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- Information and communication: is the process created to ensure the accurate and timely collection and communication of corporate information.
- Monitoring activities: is the set of activities necessary to verify and evaluate periodically the adequacy, operational efficiency and efficacy of internal controls.

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

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

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

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

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

The sales network

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

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

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



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

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



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

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



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Economic value generated and distributed and its economic impact

The Cembre Group reported a 19.2 percent revenue growth in 2022 compared to 2021, with a turnover of €198.8 million.

The performance of consolidated sales by geographical areas shows 19.9% growth in the Italian market, with sales of €84.4 million. Sales in the rest of Europe grew by 18.3% on the previous year to €93.2 million while sales in the rest of the World were 20.0% higher, reaching €21.2 million. In 2022, sales revenues to the Italian market represented 42.4% of the total (42.2% in 2021), sales to the rest of Europe 46.9% (47.2% in 2021) and sales in the rest of the world represented 10.7% of total sales (10.6% in 2021).

In 2022, the Group's net investments amount to €12.3 million.

| Economic data (GRI 201-1) | 2022 | 2021 | 2020 |
|--|-----------------|-----------------|-----------------|
| (thousands of euros) | | | |
| Revenues from sales and services provided | €198,796 | €166,835 | €137,137 |
| Other income and revenues, net of the use of provisions | (€989) | €737 | €786 |
| Losses on receivables | (€16) | (€45) | (€220) |
| Capitalised internal construction costs | 2,047 | 2,232 | €1,207 |
| Write-down of receivables | (€243) | (€63) | (€94) |
| Financial income | 59 | 3 | €7 |
| Foreign exchange gains (losses) | 93 | 201 | (€171) |
| ECONOMIC VALUE GENERATED (A) | €199,747 | €169,900 | €138,652 |
| Distributed to employees | €51,293 | €46,483 | €41,461 |
| Distributed to suppliers | €95,495 | €77,692 | €60,916 |
| Distributed to lenders | €105 | €103 | €134 |
| Distributed to shareholders¹ | €23,495 | €20,116 | €15,068 |
| Distributed to the public administration | €10,701 | €8,968 | €5,927 |
| External donations | €46 | €32 | €106 |
| ECONOMIC VALUE DISTRIBUTED (B) | €181,135 | €153,394 | €123,612 |
| Amortisation, depreciation, provisions and other impairment | €12,167 | €11,301 | €11,133 |
| Self-financing | €8,423 | €5,205 | €3,907 |
| ECONOMIC VALUE WITHHELD BY THE GROUP | €20,590 | €16,506 | €15,040 |

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



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Main types of risk

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

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

Environmental dimension:

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

Social dimension:

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

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

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

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



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

Business and governance dimension:

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

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

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

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

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

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

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

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

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

> **compliance risks:**

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



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

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

> **corruption risks:**

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

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

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

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



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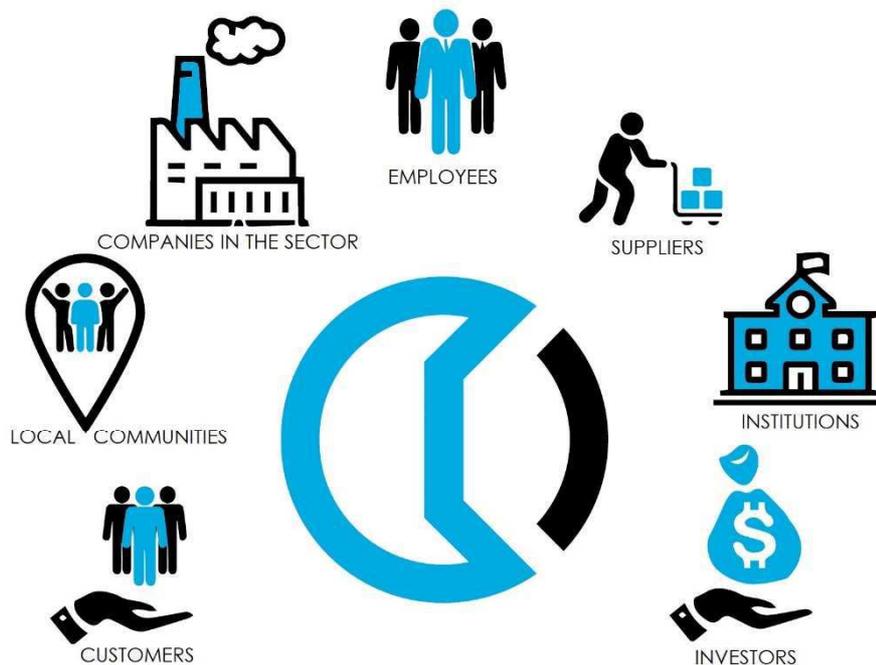
Materiality analysis and stakeholder engagement

The CEMBRE Group's non-financial reporting focuses on the importance of the various aspects of its activities and the positive or negative impacts (considering both actual and potential impacts) that may occur along the Group's entire value chain.

For a better understanding of the value chain in which CEMBRE operates, the main parties directly or indirectly affected and impacted by the company's activities (stakeholders), represented in the image, have been considered.

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

This allows the Group to maintain an open dialogue and communication between the company and its stakeholders, and to periodically verify alignment with the issues that have emerged as well as identify any new impacts caused.



STAKEHOLDERS



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

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



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

The materiality analysis was updated in 2022 according to the new GRI Standards, published in 2021 and with mandatory adoption for documents published from January 1, 2023, issued by the Global Reporting Initiative, which require the reporting of issues that identify the most significant positive or negative impacts caused directly or indirectly by the Group's activities.

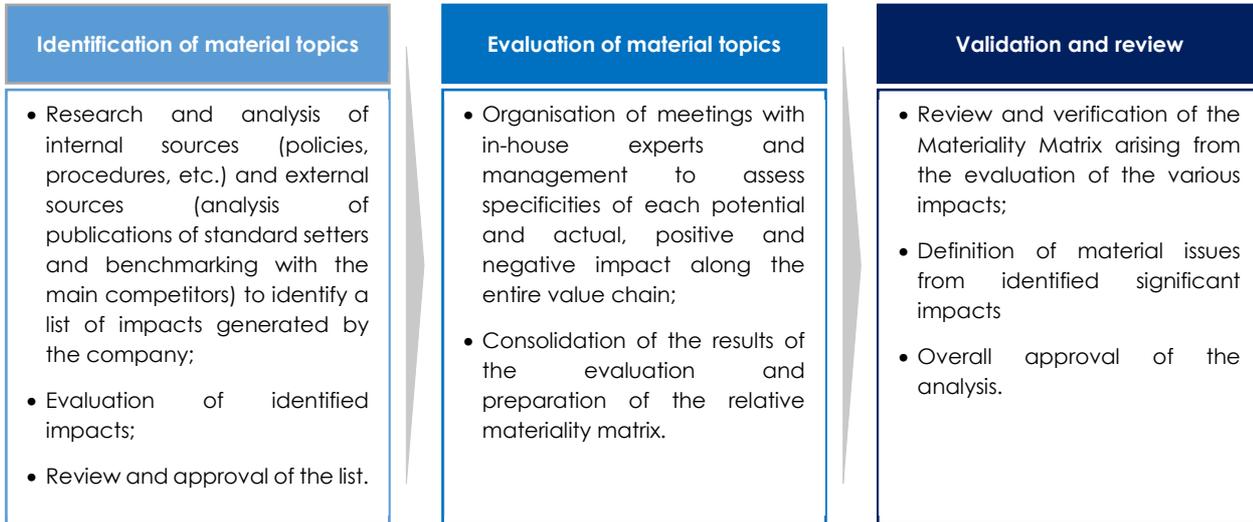
The sustainability manager carried out the analysis process with the involvement of top management and all the expert departments concerned with the various issues.

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



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The materiality analysis process was structured as follows:



The results emerging from the materiality analysis are summarised and illustrated in the table below; in particular, each topic falls within one of the three macro areas Social, Environmental and Governance, which contribute to identifying sustainability within CEMBRE.

Within each area, the most relevant material topics are indicated in descending order. The material matters emerging during the analysis are the starting point from which the Company has focused its non-financial information report.

The significance of a negative impact was defined by combining the severity and probability of the impact.

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

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

Probability, on the other hand, measures the likelihood of the impact occurring and has been assessed on a time scale divided into four degrees of significance (unlikely/remote, moderately likely, very likely and certain).



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

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



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



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

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



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Management of environmental matters

Risks and opportunities

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

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

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

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

25

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

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

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

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



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

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

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

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 evidenced by CEMBRE's materiality, environmental issues and their associated impacts are considered to be very important to the Group and are therefore included within business practices.

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

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

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

In order to integrate this environmental policy and focus within the company's operations, CEMBRE has integrated the ISO 14001 environmental management standard into its Corporate Management System for the Group's two production units, CEMBRE S.p.A. based in Brescia and CEMBRE Ltd (UK) based in the UK.

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

- once a month, consumption of energy, water, chemical substances, oil and the production of the most significant waste are monitored and compared with the hours of production and/or pieces produced, so as to obtain a series of clear, unique performance indicators. This data is highlighted by means of suitable graphs distributed



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to the Management and each Department Manager, so that it is disclosed to each individual operator;

- atmospheric emissions from the Italian factory's smokestacks are checked annually to measure the concentration of pollutants and verify that they are present in quantities below the limit values set by current legislation;
- annual checks of refrigeration systems for possible leakage of ozone depleting substances (F-GAS);
- waste management is carried out in accordance with company procedures and applicable laws;
- waste water is controlled every day by the Department Manager and at least once a month by a qualified external company.

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

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

Finally, in compliance with Italian Legislative Decree no. 102/2014 CEMBRE updated its energy diagnosis in 2022, as a result of which a number of energy efficiency activities were planned and implemented, such as the extension of the photovoltaic park to all the warehouses of the Italian plant, the execution of a periodic thermographic survey, in collaboration with a specialised external company, to identify any critical issues on the company's systems and allow action to be taken to reduce energy waste, the installation of software for the constant monitoring of electricity consumption, power absorbed, temperature and humidity levels in the production warehouses allowing more timely monitoring of consumption and more efficient management of resources. The next energy diagnosis is scheduled for 2026.

In 2022, CEMBRE was included among the 200 Italian companies leading in sustainability by a research activity conducted by Il Sole 24 Ore and the company STATISTA.

In addition, CEMBRE has been awarded by Codacons, the coordinator of associations for the defence of the environment and the protection of users' and consumers' rights, as "Friend of the Consumer", "Sustainability and Environmental Protection" section, thanks to its ongoing commitment to reducing and curbing CO₂ emissions.

The goal was achieved through the projects developed in the areas of sustainable mobility, energy efficiency and sustainable innovation.

Also in 2022, CEMBRE received significant recognition from EcoVadis, which awarded CEMBRE a "Gold Sustainability rating", confirming its commitment to sustainability issues.

The Sustainability Rating was awarded on the basis of four macro-themes: environment, labour practices and human rights, ethics and sustainable procurement.



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Non-financial performance

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

| | UoM | 2022 | 2021 | * 2020 |
|-----------------------------|-----------|------------------|------------------|------------------|
| Ferrous material | kg | 254,737 | 252,708 | 187,828 |
| Non-ferrous material | kg | 3,156,239 | 2,640,320 | 2,235,678 |
| Plastic | kg | 938,308 | 893,740 | 720,064 |
| Total | kg | 4,349,284 | 3,786,768 | 3,143,570 |

The year 2022 also saw a significant increase in sales and growth for the Group, setting a new sales volume record in CEMBRE's history, which also led to the consequent increase in raw materials used.

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

| | UoM | 2022 | 2021 | 2020 |
|----------------------------|-----------|----------------|----------------|----------------|
| Chemical substances | kg | 96,428 | 93,112 | 74,438 |
| Oil + lubricants | kg | 50,286 | 49,423 | 33,566 |
| Total | kg | 146,714 | 142,535 | 108,004 |

The increase in consumption can be attributed to the substantial rise in sales volumes in 2022.

In particular, an increase in the consumption of chemicals used for water purification is recorded, due to the higher amount of industrial water to be purified, coming from both the fining process and other departments.

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

| | UoM | 2022 | 2021 | 2020 |
|----------------|-----------|----------------|----------------|----------------|
| Paper | kg | 96,185 | 86,738 | 64,646 |
| Wood | kg | 207,835 | 187,555 | 158,250 |
| Plastic | kg | 15,305 | 13,804 | 11,494 |
| Total | kg | 319,325 | 288,097 | 234,390 |

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

| | UoM | 2022 | 2021 | 2020 |
|--|-----|--------|--------|-------|
| Electricity | MWh | 10,759 | 10,910 | 9,342 |
| of which self-produced and consumed by the photovoltaic plant | MWh | 244 | 241 | 254 |
| of which self-produced and sold by the photovoltaic plant | MWh | 0.003 | 0 | 0.15 |
| Energy from geothermal plant | MWh | 1,653 | 1,653 | 1,653 |
| Diesel | MWh | 3,739 | 3,713 | 2,788 |

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



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| | | | | |
|--------------------|------------|---------------|---------------|---------------|
| Petrol | MWh | 905 | 801 | 622 |
| Natural Gas | MWh | 4,101 | 5,161 | 4,440 |
| Naphtha | MWh | 0 | 161 | 246 |
| Total | MWh | 21,157 | 22,399 | 19,091 |

Despite the increase in production in 2022, energy consumption is in line with consumption in 2021, showing that the various energy efficiency activities are positively influencing energy consumption.

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

For the CEMBRE S.p.A. site, there has been a reduction in natural gas consumption, due to the combined effect of the milder climate and more efficient scheduling of departmental heating, thanks to the support of the remote monitoring tool for temperature levels installed in June 2022.

- **Carbon Footprint**

Climate change is now an ongoing inevitable process: greenhouse gas emissions are part of the cause for this change and will have to be reduced.

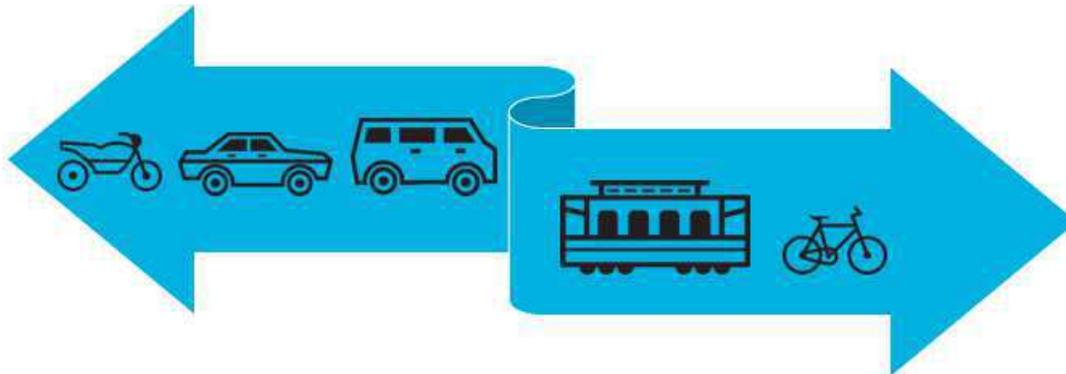
CEMBRE wishes to actively participate in the reduction of CO₂ emissions; hence, from the end of 2022 we have started a pathway to be able to measure and certify the carbon footprint of our products, based on life cycle assessment.

By 2023 we plan to measure the carbon footprint of the entire connector range, subsequently extending this activity to the other product ranges.

A detailed analysis of the impacts along the entire supply chain will allow us to understand the most critical phases, thus enabling us to take specific actions to improve performance over time with objective data.

- **Sustainable mobility**

The activities identified within CEMBRE S.p.A.'s Home-Work Journey Plan (PSCL) have shown that the efforts made to support and incentivise the 4-year (2022 - 2025) sustainable mobility project are fostering a gradual change in habits regarding systematic home-work journeys, increasing employees' financial savings and reducing the use of private vehicles, with consequent benefits in terms of traffic congestion and related ecological, environmental, health and social benefits.



The following tables show the figures for the main activities that have reduced CO₂ emissions from home-to-work journeys each year.

| LOCAL PUBLIC TRANSPORT | UoM | 2022 | 2021 | 2020 |
|---|---------------------|---------|---------|--------|
| Subscriptions taken out | no. | 18 | 10 | 10 |
| Estimated Km avoided by private car for 225 working days/year | Km | 121,500 | 60,000* | 55,700 |
| Emissions into the atmosphere avoided | tCO ₂ eq | 21.8 | 11.8* | 9.8 |

* The figure for 2021 was recalculated on the basis of 225 working days for a correct comparison with the year 2022; while 2020, being an anomalous year, was calculated on the basis of 200 working days.

| USE OF BICYCLES | UoM | 2022 |
|---------------------------------------|---------------------|--------|
| Cycling journeys | no. | 1,315 |
| Distance travelled | Km | 16,292 |
| Emissions into the atmosphere avoided | tCO ₂ eq | 2.9 |

The conversion factors used are as follows:

| Source | Conversion factor |
|---|-------------------|
| KGs of CO ₂ produced per km with medium diesel car | 0.16009 |
| KGs of CO ₂ produced per km with medium petrol car | 0.19923 |
| KGs of CO ₂ produced per km with medium car | 0.17966 |

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

We decided to use the average conversion factor between the two factors for the calculation; the average value considered in 2021 was 0.175125 Kg CO₂ / Km.

In 2022, the German subsidiary started an e-bike rental service. With this innovative and environmentally friendly incentive, Cembre GmbH translates its commitment to employee health and environmental protection by offering all its employees the opportunity to rent an e-bike for 36 months, for professional and private use, saving up to 40% of the typical



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price. This initiative is therefore aimed at promoting health and reducing CO₂ emissions from home-to-work travel.

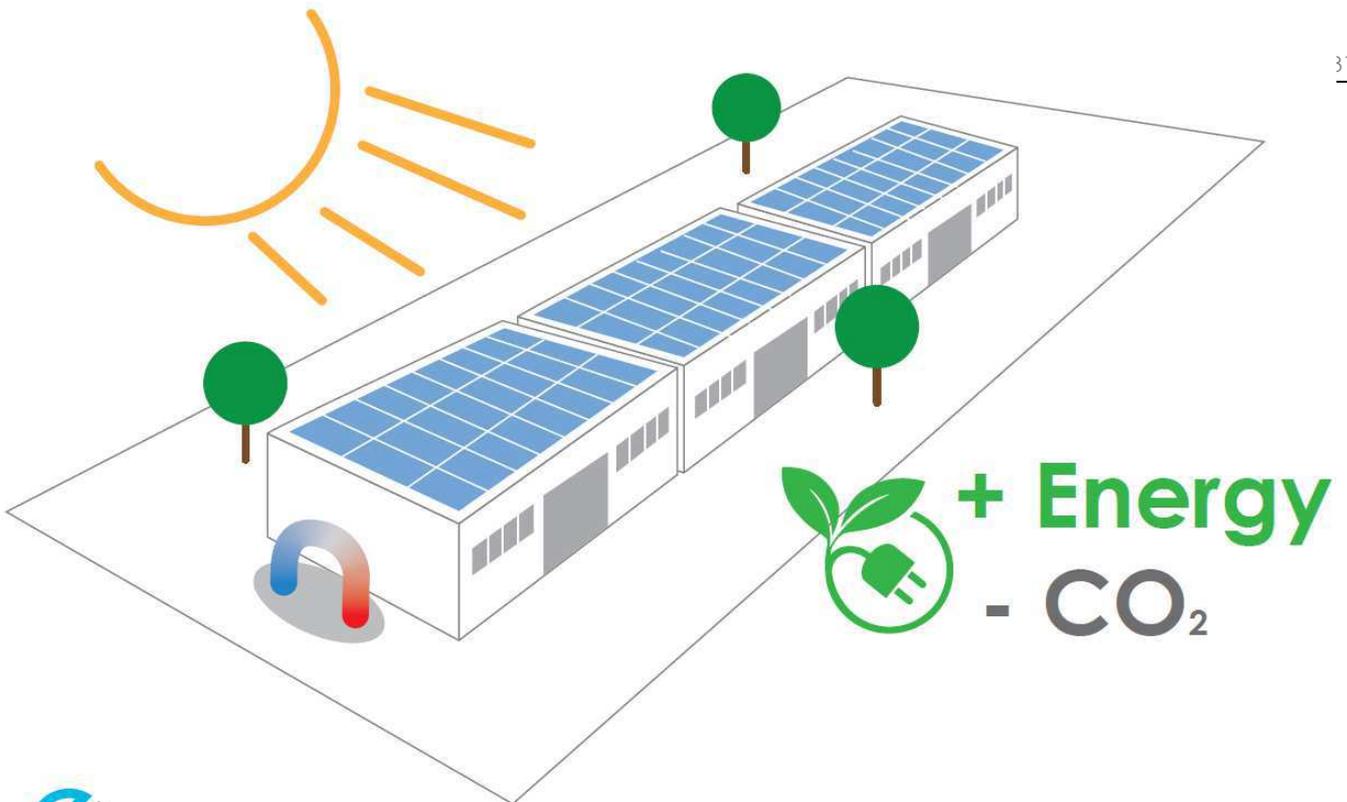
Photovoltaic panels

As mentioned in the previous Sustainability Report, in order to reduce its dependence on the market and to mitigate its impact on climate change by reducing its CO₂ emissions generated by energy consumption, in 2022, CEMBRE expanded the photovoltaic plant installed at its Brescia headquarters, increasing its power from 200KW to approximately 1,550 KW. This will allow us to:

- produce approximately 2GWh of self-generated energy per year from 2023 onwards
- feed an advanced geothermal exchanger for heating a warehouse of 10,000 m²
- meet around 20% of the energy needs of the entire plant
- avoid atmospheric emissions

In 2023, further investments are planned to install a photovoltaic plant for a power of approximately 500KW also at the UK headquarters in Birmingham.

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



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| CEMBRE S.p.A. | UoM | 2022 | 2021 | 2020 |
|---------------------------------------|---------------------|-------------|-------------|-------------|
| Electricity taken from the grid | kWh | 9,507,903 | 9,539,279 | 8,061,140 |
| Electricity taken from panels | kWh | 244,057 | 240,999 | 253,946 |
| Impact on plant requirements | % | 2.5 | 2.5 | 3.2 |
| Emissions into the atmosphere avoided | tCO ₂ eq | 76.9 | 75.9 | 85.3 |

| Source | Emission factor ³ |
|---|--|
| Kg CO ₂ eq avoided in the atmosphere | e.f. Italy = 315 grams CO ₂ / kWh |

The conversion factors used are as follows:

| Source | Conversion factor |
|-------------|---------------------------|
| Diesel | 11.91 MWh/t |
| Petrol | 11.98 MWh/t |
| Naphtha | 12.36 MWh/t |
| Natural Gas | 0.0098 MWh/m ³ |

The natural gas conversion factor is calculated starting from:

- the calorific power of natural gas, as obtained from the table of standard national parameters of coefficients used for the inventory of CO₂ emissions in the national inventory UNFCCC (average values 2019-2021), equal to 0.035337 GJ/stdm³
- and the conversion factor from GJ to MWh, which in technical literature is 0.27778
- **Energy intensity** (GRI 302-3)

| | UoM | 2022 | 2021 | 2020 |
|-------------------------|-------|---------------|---------------|---------------|
| Energy consumption | MWh | 21,156.91 | 22,399.58 | 19,090.25 |
| Consolidated turnover | €/000 | 199,750 | 166,835 | 137,137 |
| Energy intensity | | 10.592 | 13.426 | 13.921 |

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 ($\frac{\text{Energy consumption} \times 100}{\text{Turnover in thousands } \text{€}}$).

We continue along the path of replacing more than 900 traditional lighting fixtures with LED technology in all the warehouses of the Brescia headquarters by 2026, to reduce energy consumption and to contribute to the reduction of CO₂ emissions generated by electricity consumption for lighting.

This action will result in a saving in lighting-related energy consumption of approximately 40% compared to the current value; moreover, it is estimated that once fully operational, more than 112.5 tCO₂eq, otherwise released into the atmosphere, will be avoided.

³ taken from Terna for the Location-Based calculation



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|   | Department | UoM | 2022 | | |
|---|------------|-----|---------------|-------------------|------------------------|
| | | | Factory roofs | Automation Office | Tool room |
| Traditional lamps replaced | no. | | 26 (130W) | 35 (80W) | 94 (131W) 30 (430W) |
| LED technology lamps installed | no. | | 15 (50W) | 35 (47W) | 63 (201W) |
| Energy saving achieved | % | | 78% | 41.3% | 49.8% |

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

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

- **Water withdrawn by source⁵** (GRI 303-3)

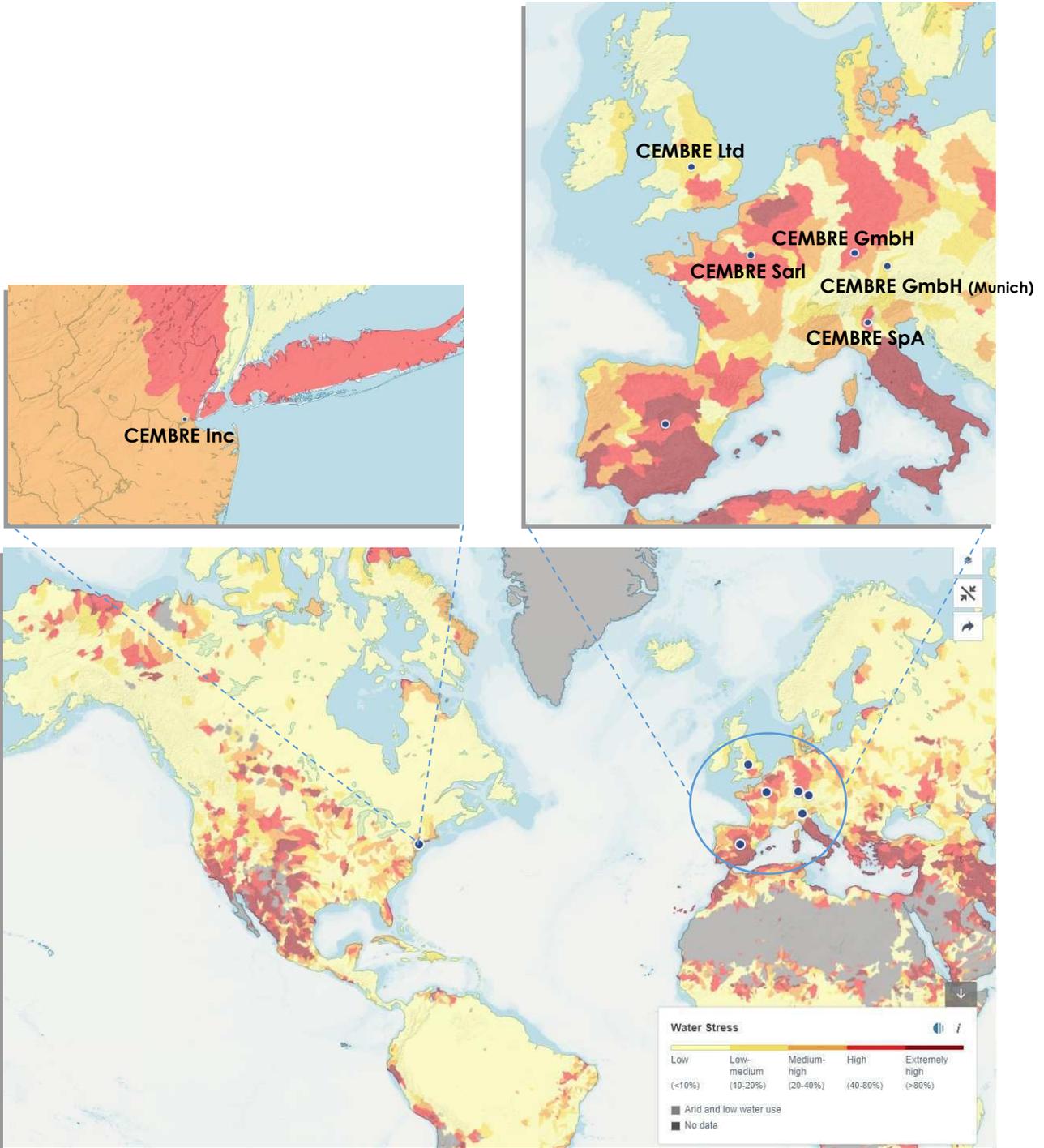
| | UoM | 2022 | 2021 | 2020 |
|--|----------|-------------------|-------------------|-------------------|
| From aqueducts | l | 20,202,900 | 12,746,119 | 14,668,029 |
| From wells | l | 19,508,000 | 24,237,000 | 20,066,000 |
| Total | l | 39,710,900 | 36,983,119 | 34,734,029 |
| <i>of which water withdrawn from water-stressed areas or sensitive locations</i> | <i>l</i> | <i>36,189,900</i> | <i>34,708,269</i> | <i>32,357,800</i> |

The increase in water consumption from the aqueduct in 2022 is mainly attributable to a leak in the Cembre S.p.A. plant, which resulted in a threefold increase in consumption for the July-October period compared to the same period last year.

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

⁴ taken from Terna for the Location-Based calculation

⁵ The information for the American subsidiary, CEMBRE Inc., is not available. The business office in Weinstadt, Germany, was also added to the 2022 monitoring as approximately 140,000 litres of water were taken from the aqueduct and as it falls in a "high" water stress area.



All the water taken is discharged, after treatment⁶; the water withheld for the manufacturing process is also released into the drains after purification, upon completion of the work cycle.

⁶ Industrial water (water from the well) at the Italian facility is treated on site according to defined procedures and, only after successful completion of the controls, discharged into the drains.



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

| | UoM | 2022 | 2021 | 2020 |
|--------------------------|--------------------------|-----------------|-----------------|-----------------|
| from Diesel | † CO ₂ e | 994.82 | 987.95 | 738.46 |
| from Petrol | † CO ₂ e | 238.02 | 210.75 | 164.14 |
| from Natural Gas | † CO ₂ e | 831.90 | 1044.29 | 898.81 |
| from Naphtha | † CO ₂ e | 0 | 42.6 | 64.9 |
| from refrigerating gases | † CO ₂ e | 145.7 | 26.7 | 58.73 |
| Total | † CO₂e | 2,210.42 | 2,312.29 | 1,925.09 |

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

For the CEMBRE S.p.A. site, there has been a reduction in natural gas consumption, due to the combined effect of the milder climate and more efficient scheduling of departmental heating, thanks to the support of the remote monitoring tool for temperature levels installed in June 2022.

| Indirect emissions (Scope 2) | UoM | 2022 | 2021 | 2020 |
|------------------------------|---------------------|----------|----------|----------|
| Electricity - Location based | † CO ₂ e | 3,313.81 | 3,300.17 | 2,999.99 |
| Electricity - Market based | † CO ₂ e | 4,768.52 | 4,741.75 | 4,114.38 |

The coefficients used to calculate direct emissions are taken from the national standard parameters table of coefficients used for the CO₂ emissions inventory in the UNFCCC national inventory, obtained from ISPRA 2022 data:

| | UoM | Coefficients |
|-------------|-------------------------------------|--------------|
| Diesel | † CO ₂ e/t | 3.169 |
| Petrol | † CO ₂ e/t | 3.152 |
| Natural Gas | † CO ₂ e/dm ³ | 1.991 |

The coefficient used to calculate Naphtha emissions in 2020, 2021 and 2022, shown in the national standard parameters table of coefficients used for the CO₂ emissions inventory in the UNFCCC national inventory (average values for 2019-2021), equal to 73.3 † CO₂e/TJ.

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

| | UoM | GWP |
|--------------|-------------------------|----------|
| Fgas - R410A | kg CO ₂ e/kg | 2,255.5 |
| Fgas - R404A | kg CO ₂ e/kg | 4,728 |
| Fgas - R407C | kg CO ₂ e/kg | 1,907.93 |

The emissions value was obtained by applying the formula:



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

On the other hand, with respect to indirect emissions:

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

| Country | UoM | Location Based | Market Based |
|----------------|-------------------------|----------------|--------------|
| Italy | † CO ₂ e/MWh | 0.315 | 0.456 |
| United Kingdom | † CO ₂ e/MWh | 0.261 | 0.351 |
| France | † CO ₂ e/MWh | 0.056 | 0.048 |
| Spain | † CO ₂ e/MWh | 0.210 | 0.295 |
| USA | † CO ₂ e/MWh | 0.374 | 0.386 |
| Germany | † CO ₂ e/MWh | 0.393 | 0.617 |

- **NOx and other significant emissions⁷ (GRI 305-7)**

| | UoM | 2022 | 2021 | 2020 |
|-----|-----|-------|-------|-------|
| NOx | † | 1.397 | 1.378 | 0.946 |
| SOx | | 0 | 0.003 | 0.025 |
| VOC | † | 0.586 | 0.557 | 0.449 |
| PM | † | 0.078 | 0.041 | 0.075 |

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

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

⁷ Data has been calculated, considering:

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

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

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



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- **Waste generated** (GRI 306-3)

| | UoM | 2022 | 2021 | 2020 |
|----------------------|-----------|------------------|------------------|------------------|
| Hazardous | kg | 364,537 | 445,881 | 360,413 |
| Non-hazardous | kg | 1,026,019 | 1,142,745 | 1,350,875 |
| Total | kg | 1,390,556 | 1,588,626 | 1,711,288 |

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

With regard to hazardous waste, the reduction recorded in 2022 compared to 2021 is mainly due to the decrease in waste generation of EWC 110105* (pickling acids) and EWC 120109* (emulsions and solutions for machinery), which had increased in the previous year due to additional cleaning work in the Galvanic Chemicals plant and the centralised emulsions plant in the Numerical Control Machinery department.

The reduction in non-hazardous waste generation is mainly due to the conversion of part of the copper turning residue from waste in 2021 to by-product in 2022.

- **Waste for recycling**

| | UoM | 2022 | 2021 | 2020 |
|----------------------|-----------|------------------|------------------|------------------|
| Hazardous | kg | 112,374 | 155,089 | 139,813 |
| Non-hazardous | kg | 976,349 | 1,100,201 | 1,191,102 |
| Total | kg | 1,088,723 | 1,255,290 | 1,330,915 |

- **Waste stored on site**

| | UoM | 2022 | 2021 | 2020 |
|----------------------|-----------|--------------|--------------|---------------|
| Hazardous | kg | 400 | 764 | 500 |
| Non-hazardous | kg | 1,000 | 4,000 | 28,642 |
| Total | kg | 1,400 | 4,764 | 29,142 |

- **Waste for landfill disposal**

| | UoM | 2022 | 2021 | 2020 |
|----------------------|-----------|----------------|----------------|----------------|
| Hazardous | kg | 232,693 | 268,600 | 220,100 |
| Non-hazardous | kg | 4,340 | 5,522 | 11,754 |
| Total | kg | 237,033 | 274,122 | 231,854 |



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- Waste sent for reuse

| | UoM | 2022 | 2021 | 2020 |
|---------------|-----------|--------------|----------|------------|
| Hazardous | kg | - | - | - |
| Non-hazardous | kg | 6,300 | - | 870 |
| Total | kg | 6,300 | - | 870 |

- Waste sent for energy recovery

| | UoM | 2022 | 2021 | 2020 |
|---------------|-----------|---------------|---------------|--------------|
| Hazardous | kg | 3,530 | 4,197 | - |
| Non-hazardous | kg | 15,775 | 13,720 | 5,110 |
| Total | kg | 19,305 | 17,917 | 5,110 |

- Waste sent to incinerator

| | UoM | 2022 | 2021 | 2020 |
|---------------|-----------|---------------|---------------|----------------|
| Hazardous | kg | 15,340 | 17,231 | - |
| Non-hazardous | kg | 9,462 | 9,485 | 108,582 |
| Total | kg | 24,802 | 26,716 | 108,582 |

- Waste sent for composting

| | UoM | 2022 | 2021 | 2020 |
|---------------|-----------|--------------|--------------|----------|
| Hazardous | kg | - | - | - |
| Non-hazardous | kg | 5,916 | 5,651 | - |
| Total | kg | 5,916 | 5,651 | - |

- Waste other types of destination

| | UoM | 2022 | 2021 | 2020 |
|---------------|-----------|--------------|--------------|--------------|
| Hazardous | kg | 200 | - | - |
| Non-hazardous | kg | 6,878 | 4,165 | 4,815 |
| Total | kg | 7,078 | 4,165 | 4,815 |



CEMBRE

Management of social and staff-related matters

Risks and opportunities

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

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

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

The policies applied by the CEMBRE Group

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

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

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

- **The value of people**

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

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



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This approach has allowed it to attract young talent and, at the same time, gain the loyalty of employees and collaborators, as is borne out by the data on the average length of service of Cembre Spa, which in 57% of cases exceeds 10 years.

The CEMBRE Group's workforce as at December 31, 2022 is 756 people.

More specifically, the employment trends recorded in 2022 regard:

- hiring of 117 people;
- leaving of 89 people;

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

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

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

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

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

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

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



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

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

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

- **Training**

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

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

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

In 2022, open subscriptions to libraries of e-learning courses were made available free of charge to meet both the professional and personal development needs of employees, allowing individuals to choose which skills and competencies to acquire/develop or enhance.

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

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

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



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- **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 cooperation with various local public transport bodies offering public transport passes at favourable rates and a bicycle incentive scheme with rewards;
- the collaboration with a **Tax Assistance Centre** to offer employees the chance of making their tax returns at the Company's office, while also paying the predominant portion of the cost of the service;
- the collaboration with a **Patronage** to guarantee assistance in social security matters free of charge to employees.

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

- concession of **leave for family reasons**, in order to take care or assist relatives;
- a **book package** to further study school subjects for children of employees who successfully attend middle school;
- **study grants** to deserving children of employees attending secondary schools and university;
- **distribution of toys** to children of employees aged under 10 during the Christmas period in cooperation with CRAL
- the annual **flu vaccination** campaign, carried out in the company in collaboration with Fondazione Poliambulanza under the supervision of the company doctor, the cost of which falls entirely on the company.

Alongside its established initiatives, in 2022 CEMBRE S.p.A. decided to stand by its employees in bearing the increased costs they faced for bills, fuel and expenses by giving €200 petrol vouchers in May and a further €1,000 between October and December as shopping vouchers.

In addition, for the entire period from May to December 2022, CEMBRE decided to directly bear the entire share of canteen costs, including the share usually borne by employees.

In 2022, a Mental Health Responders course was set up at the UK headquarters and 9 staff members were trained through a specialised company on a voluntary basis who held monthly meetings with an Action Plan related to the organisation's Wellbeing.



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In addition to the various initiatives promoted, the new wellness hall was inaugurated in 2022.



Collaboration with the Birmingham-based Mind company will continue in 2023 and new initiatives will be planned; in addition, the training of Mental Health Responders will continue, in order to improve the quality of the service offered in the company.

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 2022, despite the covid-19 restrictions that characterised the first part of the year, Cembre SpA hosted 7 students for university curricular traineeships and 2 students for curricular traineeships from Technical Institutes.

In collaboration with a cooperative in the area we also hosted an "apprenticeship aimed at social inclusion, autonomy of people and rehabilitation".

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

In order to strengthen the link with local educational institutions, in 2022, the Company made cash donations and supplies of material to be used in the laboratories, amounting to more than €2,000.

Among the charitable initiatives supported by CEMBRE there are also donations to various associations including: Save the Children, Telefono Azzurro-Rosa, Medicus Mundi, Caritas, MUSEKE Foundation for a total amount of €43,500.



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

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

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

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

Commitment to the fight against Covid-19

CEMBRE also maintained high levels of focus in all geographical areas of the Group in 2022.

Throughout 2022, CEMBRE SpA continued to constantly update the rules of the "Company Protocol for the Regulation of Measures to Combat and Contain the Spread of the Covid-19 Virus in the Workplace" in order to minimize the risk of contagion and, at the same time, ensure the continuity of supply of its products.

Also in 2022, as an additional safety measure in the event of contact/cohabitation with Covid-19 cases and when returning from international travel, Cembre SpA organised and bore the costs of molecular and antigenic swabs of employees in Brescia.

Non-financial performance

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

| | UoM | 2022 | 2021 | 2020 |
|---------------------------|-----|------|------|------|
| Contracted workers | no. | 80 | 74 | 38 |



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Contracted workers are hired directly by the group companies or through companies specialising in personnel recruitment and administration and mainly perform the activities of production workers.

The increase in the number of contracted workers is attributable to the considerable increase in production volumes in 2022, and the Cembre Group does not hire non-guaranteed hours employees.

The tables concerning human capital, shown below, present the values referring to the situation as at December 31, 2022.

- **Staff by company** (GRI 2-7)

| | UoM | 2022 | 2021 | 2020 |
|--------------------|-----|------|------|------|
| CEMBRE SpA | no. | 464 | 450 | 453 |
| CEMBRE Gmbh | no. | 61 | 56 | 58 |
| CEMBRE Ltd. | no. | 119 | 112 | 105 |
| CEMBRE Sarl | no. | 31 | 36 | 32 |
| CEMBRE SLU | no. | 44 | 45 | 42 |
| CEMBRE Inc. | no. | 37 | 29 | 31 |

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

| | UoM | 2022 | | | 2021 | | | 2020 | | |
|----------------------|-----|--------|------|-------|--------|------|-------|--------|------|-------|
| | | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| Managers | no. | 1 | 11 | 12 | 0 | 19 | 19 | 0 | 20 | 20 |
| Executives | no. | 6 | 24 | 30 | 4 | 15 | 19 | 4 | 15 | 19 |
| White collars | no. | 110 | 276 | 386 | 108 | 260 | 368 | 107 | 256 | 363 |
| Blue collars | no. | 72 | 256 | 328 | 67 | 255 | 322 | 70 | 249 | 319 |
| Total | no. | 189 | 567 | 756 | 179 | 549 | 728 | 181 | 540 | 721 |

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. 25.1% of the workforce of the CEMBRE Group are women, this percentage remaining constant in the last three years.

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

| | UoM | 2022 | | | 2021 | | | 2020 | | |
|---------------------|-----|--------|------|-------|--------|------|-------|--------|------|-------|
| | | 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 | 1 | 1 | 2 | 2 | 1 | 3 | 2 | 1 | 3 |
| >50 years | N | 3 | 3 | 6 | 2 | 3 | 5 | 1 | 4 | 5 |
| Total | N | 4 | 4 | 8 | 4 | 4 | 8 | 3 | 5 | 8 |



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

| | UoM | 2022 | | | 2021 | | | 2020 | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| <30 years | no. | 21 | 85 | 106 | 13 | 82 | 95 | 14 | 82 | 96 |
| 30-50 years | no. | 108 | 317 | 425 | 108 | 286 | 394 | 107 | 307 | 414 |
| >50 years | no. | 60 | 165 | 225 | 58 | 181 | 239 | 60 | 151 | 211 |
| Total | no. | 189 | 567 | 756 | 179 | 549 | 728 | 181 | 540 | 721 |

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

| | UoM | 2022 | | | 2021 | | | 2020 | | |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| Managers | | | | | | | | | | |
| <30 years | no. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30-50 years | no. | 0 | 2 | 2 | 0 | 5 | 5 | 0 | 7 | 7 |
| >50 years | no. | 1 | 9 | 10 | 0 | 14 | 14 | 0 | 13 | 13 |
| Total | no. | 1 | 11 | 12 | 0 | 19 | 19 | 0 | 20 | 20 |
| Executives | | | | | | | | | | |
| <30 years | no. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30-50 years | no. | 4 | 11 | 15 | 3 | 9 | 12 | 3 | 8 | 11 |
| >50 years | no. | 2 | 13 | 15 | 1 | 6 | 7 | 1 | 7 | 8 |
| Total | no. | 6 | 24 | 30 | 4 | 15 | 19 | 4 | 15 | 19 |
| White collars | | | | | | | | | | |
| <30 years | no. | 14 | 46 | 60 | 12 | 34 | 46 | 13 | 35 | 48 |
| 30-50 years | no. | 62 | 142 | 204 | 67 | 121 | 188 | 65 | 150 | 215 |
| >50 years | no. | 34 | 88 | 122 | 29 | 105 | 134 | 29 | 71 | 100 |
| Total | no. | 110 | 276 | 386 | 108 | 260 | 368 | 107 | 256 | 363 |
| Blue collars | | | | | | | | | | |
| <30 years | no. | 7 | 39 | 46 | 1 | 48 | 49 | 1 | 47 | 48 |
| 30-50 years | no. | 42 | 162 | 204 | 38 | 151 | 189 | 39 | 142 | 181 |
| >50 years | no. | 23 | 55 | 78 | 28 | 56 | 84 | 30 | 60 | 90 |
| Total | no. | 72 | 256 | 328 | 67 | 255 | 322 | 70 | 249 | 319 |

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

| | UoM | 2022 | | | 2021 | | | 2020 | | |
|--------------------------------|------------|--------------|--------------|--------------|-------------|--------------|-------------|-------------|-------------|-------------|
| | | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| <30 years | no. | 15 | 32 | 47 | 3 | 23 | 26 | 7 | 14 | 21 |
| 30-50 years | no. | 10 | 40 | 50 | 6 | 25 | 31 | 5 | 21 | 26 |
| >50 years | no. | 4 | 16 | 20 | 4 | 9 | 13 | 4 | 9 | 13 |
| Total | no. | 29 | 88 | 117 | 13 | 57 | 70 | 16 | 44 | 60 |
| Hiring rate⁸ | % | 15.3% | 15.5% | 15.5% | 7.3% | 10.4% | 9.6% | 8.8% | 8.1% | 8.3% |

⁸ The hiring rate is calculated as the ratio of the number of hires in the year 2022 to the total number of employees as of 12/31/2022



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

| | UoM | 2022 | | | 2021 | | | 2020 | | |
|----------------|------------|-----------|-----------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| Italy | no. | 12 | 37 | 49 | 3 | 19 | 22 | 5 | 16 | 21 |
| Rest of Europe | no. | 14 | 38 | 52 | 7 | 31 | 38 | 11 | 26 | 37 |
| Rest of World | no. | 3 | 13 | 16 | 3 | 7 | 10 | 0 | 2 | 2 |
| Total | no. | 29 | 88 | 117 | 13 | 57 | 70 | 16 | 44 | 60 |

- Outgoing staff ⁹ (GRI 401-1)

| | UoM | 2022 | | | 2021 | | | 2020 | | |
|-----------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| <30 years | no. | 6 | 21 | 27 | 2 | 14 | 16 | 4 | 10 | 14 |
| 30-50 years | no. | 8 | 32 | 40 | 4 | 19 | 23 | 6 | 17 | 23 |
| >50 years | no. | 5 | 17 | 22 | 9 | 15 | 24 | 7 | 15 | 22 |
| Total | no. | 19 | 70 | 89 | 15 | 48 | 63 | 17 | 42 | 59 |
| Turnover rate ¹⁰ | % | 10.1% | 12.3% | 11.8% | 8.4% | 8.7% | 8.7% | 9.4% | 7.8% | 8.2% |

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

| | UoM | 2022 | | | 2021 | | | 2020 | | |
|----------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | Female | Male | Total | Female | Male | Total | Female | Male | Total |
| Italy | no. | 10 | 25 | 35 | 5 | 20 | 25 | 7 | 13 | 20 |
| Rest of Europe | no. | 9 | 37 | 46 | 6 | 20 | 26 | 10 | 23 | 33 |
| Rest of World | no. | 0 | 8 | 8 | 4 | 8 | 12 | 0 | 6 | 6 |
| Total | no. | 19 | 70 | 89 | 15 | 48 | 63 | 17 | 42 | 59 |

- Staff by contract type (GRI 2-7)

| | UoM | 2022 | | | | | | | Total |
|--------------|------------|---------------|------------|-------------|------------|-------------|------------|------------|-------|
| | | Cembre S.p.A. | Cembre Ltd | Cembre Sarl | Cembre SLU | Cembre GmbH | Cembre Inc | | |
| Full time | female | no. | 102 | 22 | 8 | 4 | 8 | 12 | 156 |
| | male | no. | 349 | 84 | 23 | 38 | 42 | 24 | 560 |
| Part time | female | no. | 11 | 10 | | 2 | 10 | 1 | 34 |
| | male | no. | 2 | 3 | | | 1 | | 6 |
| Total | no. | 464 | 119 | 31 | 44 | 61 | 37 | 756 | |

¹⁰ The turnover rate is calculated as the ratio of the number of dismissals in the year 2022 to the total number of employees as of 12/31/2022



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| | | 2021 | | | | | | | |
|--------------|--------|------------|---------------|------------|-------------|------------|-------------|------------|------------|
| | | UoM | Cembre S.p.A. | Cembre Ltd | Cembre Sarl | Cembre SLU | Cembre GmbH | Cembre Inc | Total |
| Full time | female | no. | 102 | 20 | 8 | 3 | 7 | 8 | 148 |
| | male | no. | 335 | 79 | 28 | 39 | 38 | 20 | 539 |
| Part time | female | no. | 9 | 9 | - | 3 | 9 | 1 | 31 |
| | male | no. | 4 | 4 | - | - | 2 | - | 10 |
| Total | | no. | 450 | 112 | 36 | 45 | 56 | 29 | 728 |

| | | 2020 | | | | | | | |
|--------------|--------|------------|---------------|------------|-------------|------------|-------------|------------|------------|
| | | UoM | Cembre S.p.A. | Cembre Ltd | Cembre Sarl | Cembre SLU | Cembre GmbH | Cembre Inc | Total |
| Full time | female | no. | 105 | 19 | 7 | 2 | 8 | 9 | 150 |
| | male | no. | 336 | 74 | 25 | 36 | 39 | 21 | 531 |
| Part time | female | no. | 8 | 9 | - | 4 | 9 | 1 | 31 |
| | male | no. | 4 | 3 | - | - | 2 | - | 9 |
| Total | | no. | 453 | 105 | 32 | 42 | 58 | 31 | 721 |

- Staff by contract term (GRI 2-7)

| | | 2022 | | | | | | | Total |
|--------------|--------|------------|---------------|------------|-------------|------------|-------------|------------|------------|
| | | UoM | Cembre S.p.A. | Cembre Ltd | Cembre Sarl | Cembre SLU | Cembre GmbH | Cembre Inc | |
| Permanent | female | no. | 105 | 32 | 8 | 6 | 18 | 13 | 182 |
| | male | no. | 336 | 87 | 23 | 38 | 43 | 24 | 551 |
| Fixed term | female | no. | 8 | - | - | - | - | - | 8 |
| | male | no. | 15 | - | - | - | - | - | 15 |
| Total | | no. | 464 | 119 | 31 | 44 | 61 | 37 | 756 |

| | | 2021 | | | | | | | |
|--------------|--------|------------|---------------|------------|-------------|------------|-------------|------------|------------|
| | | UoM | Cembre S.p.A. | Cembre Ltd | Cembre Sarl | Cembre SLU | Cembre GmbH | Cembre Inc | Total |
| Permanent | female | no. | 108 | 28 | 7 | 6 | 15 | 9 | 173 |
| | male | no. | 323 | 83 | 27 | 38 | 40 | 20 | 531 |
| Fixed term | female | no. | 3 | 1 | 1 | - | 1 | - | 6 |
| | male | no. | 16 | - | 1 | 1 | - | - | 18 |
| Total | | no. | 450 | 112 | 36 | 45 | 56 | 29 | 728 |

| | | 2020 | | | | | | | |
|--------------|--------|------------|---------------|------------|-------------|------------|-------------|------------|------------|
| | | UoM | Cembre S.p.A. | Cembre Ltd | Cembre Sarl | Cembre SLU | Cembre GmbH | Cembre Inc | Total |
| Permanent | female | no. | 112 | 28 | 7 | 5 | 15 | 10 | 177 |
| | male | no. | 325 | 77 | 24 | 36 | 40 | 21 | 523 |
| Fixed term | female | no. | 1 | - | - | 1 | 2 | - | 4 |
| | male | no. | 15 | - | 1 | - | 1 | - | 17 |
| Total | | no. | 453 | 105 | 32 | 42 | 58 | 31 | 721 |



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

| | UoM | 2022 | 2021 | 2020 |
|--------------|----------|-------------|-------------|------------|
| Female | H | 17.7 | 9.9 | 3.8 |
| Male | H | 38.5 | 14.4 | 8.2 |
| Total | H | 33.3 | 13.3 | 7.1 |

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

| | UoM | 2022 | 2021 | 2020 |
|--|----------|-----------------|----------------|----------------|
| Managerial (inter-company general management, new courses to improve soft skills, etc.) | | | | |
| Managers | h | 7.5 | 60.0 | 0.0 |
| Executives | h | 50 | 4.0 | 0.0 |
| White collars | h | 1,396.5 | 679.5 | 846.0 |
| Blue collars | h | 260 | 48.0 | 8.0 |
| Total | h | 1,714.0 | 791.5 | 854.0 |
| Plant maintenance and knowledge of technical systems | | | | |
| Managers | h | 0 | 4.5 | 0.0 |
| Executives | h | 20 | 4.8 | 0.0 |
| White collars | h | 156 | 209.0 | 86.0 |
| Blue collars | h | 1,092.5 | 578.3 | 251.0 |
| Total | h | 1,268.5 | 796.5 | 337.0 |
| Technical-professional dedicated to knowledge of processes and systems | | | | |
| Managers | h | 323 | 200.0 | 65.0 |
| Executives | h | 493.5 | 292.0 | 196.5 |
| White collars | h | 12,706.1 | 4,427.4 | 1,232.0 |
| Blue collars | h | 3,767.6 | 1,850.0 | 1,318.0 |
| Total | h | 17,290.1 | 6,769.4 | 2,811.5 |
| Compliance (Code of Conduct, Model 231, ...) | | | | |
| Managers | h | 13.5 | 1.5 | 5.0 |
| Executives | h | 15.5 | 0.0 | 8.0 |
| White collars | h | 544.5 | 49.2 | 176.0 |
| Blue collars | h | 171.1 | 14.1 | 18.0 |
| Total | h | 744.6 | 64.8 | 207.0 |
| Worker Health and Safety, Environment, Quality | | | | |
| Managers | h | 21.25 | 9.0 | 67.0 |
| Executives | h | 87.25 | 39.0 | 21.5 |
| White collars | h | 1,882.3 | 557.0 | 279.5 |
| Blue collars | h | 2,196.7 | 628.0 | 554.0 |
| Total | h | 4,187.5 | 1,233.0 | 922.0 |



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| <i>Total</i> | | | | | |
|--------------|----------------------|----------|-----------------|----------------|----------------|
| | Managers | h | 365.3 | 275.0 | 137.0 |
| | Executives | h | 666.3 | 339.8 | 226.0 |
| | White collars | h | 16,685.4 | 5,922.1 | 2,619.5 |
| | Blue collars | h | 7,487.8 | 3,118.3 | 2,149.0 |
| | Total | h | 25,204.7 | 9,655.2 | 5,131.5 |

The overall volume of training activities (number of speeches, hours delivered, participation) has increased significantly compared to previous years, which were affected by the health emergency; in addition, refresher courses dedicated to the 231 Organisational Model and the "CEMBRE Group Anti-Corruption Policy" were delivered in 2022.

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

Incidents of discrimination (GRI 406-1)

The CEMBRE Group did not record any findings related to incidents of discrimination in the 2020-2022 three-year period. All activities undertaken are carried out in compliance with the provisions of the Code of Conduct, which acknowledges respect for the person and their dignity as an essential, paramount principle of operating for the CEMBRE Group.



Annual total remuneration ratio (GRI 2-21)

| | 2022 | 2021 | 2020 |
|--|------|------|------|
| Annual remuneration ratio (GRI 2-21a) | 10.1 | 10.4 | 8.5 |
| Percentage increase ratio change (GRI 2-21b) | -2 | 25.6 | - |

The total annual remuneration ratio is an index calculated by using the following formula:

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

The change in the annual total remuneration ratio is an index calculated by using the following formula:

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

The numerator also consists of the fees and bonuses received as a member of the Board of Directors, the person holding the position of Manager and member of the Board of Directors.

The denominator consists of the following data relating only to Cembre SpA:

- all employees in the reference year
- for part-time employees, the RAL has been adjusted to the part-time percentage

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The remuneration policies define how all Group stakeholders, including directors, are remunerated, and the remunerations included are as follows:

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

The index for item "2-21b" decreased in 2022 as the value of the equity incentive plan decreased.



CEMBRE

Health and safety management

Risks and opportunities

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

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

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

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

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The policies applied by the CEMBRE Group

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

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

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

Following the recent extension (2021) of the same certification to the CEMBRE Group's second production unit based in the UK, a process of integration of systems, including the worker health and safety system, is being initiated through regular meetings and visits between the two plants.



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

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

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

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

No cases of non-conformity with the laws and/or regulations have been reported in the three-year period, in connection with products and services supplied by the CEMBRE Group.
(GRI 416-2)



Non-financial performance

• Occupational injuries, injury indices (GRI 403-9)

| | UoM | 2022 | 2021 | 2020 |
|--|-----|-----------|-----------|-----------|
| Injuries at work | no. | 7 | 11 | 9 |
| of which serious injuries | no. | 0 | 0 | 0 |
| of which fatal injuries | no. | 0 | 0 | 0 |
| Hours worked | no. | 1,276,743 | 1,275,922 | 1,187,603 |
| Injury frequency index | % | 5.48 | 8.62 | 7.58 |
| Serious injury frequency index ¹¹ | % | 0 | 0 | 0 |
| Fatal injury frequency index | % | 0 | 0 | 0 |

In 2022, seven injuries were recorded, down from the previous year; when comparing this result to the number of hours worked, a clearly declining trend can be seen.

The main types of injuries occurring in 2022 are bruises and cuts.

The injury frequency index is calculated as the ratio of the number of injuries and the hours worked, multiplied by one million ($\frac{N.Injuries}{Hours\ worked} \times 1.000.000$).

Eight accident reports (NEAR MISSES) were registered during 2022.

The Cembre Group also uses external staff, whose commitment in 2022 amounted to 135,397 hours worked. It should be noted that three injuries occurred in 2022 in this category of employees.

Below is a brief description of the injuries:

- Graze (eyebrow arch - right wrist - left knee) following a fall down the stairs.
- Knee sprain as a result of tripping.
- Left eye burn during mould maintenance.

In 2022, there were no cases of accidents on the road for transport organised by the CEMBRE Group.

Product labelling (GRI 417-2)

In 2022, there were no cases of non-compliance with regard to information and labelling of products and services.

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



CEMBRE

Management of the fight against corruption

Risks and opportunities

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

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

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

The policies applied by the CEMBRE Group

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

In addition, in November 2021 CEMBRE's Board of Directors adopted, to complete the Group's Code of Conduct already in existence, a Group Anti-Corruption Policy, with the specific aim of providing reference guidelines in combating corrupt phenomena and disseminating within the Group the principles and rules to be followed to exclude direct and indirect, active and passive corrupt conduct of any kind. This Policy was last updated by the Board of Directors on March 3, 2023.

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

A training course dedicated to the 231 Organisational Model and the "CEMBRE Group Anti-Corruption Policy" was delivered to CEMBRE staff during 2022. Some specific training initiatives also reached agents, customers and suppliers. The training activity will continue in 2023.

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

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



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

Non-financial performance (GRI 205-3)

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



CEMBRE

Supply chain management

Risks and opportunities

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

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

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

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

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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.

Conflict in Ukraine

The CEMBRE Group was not significantly exposed to markets affected by the Russian-Ukrainian conflict, as we receive no direct supplies from these markets.

However, this dire situation has also affected the CEMBRE Group indirectly, through the consequent increases in the price of raw materials and energy, widespread price rises and the complexity of sourcing many of our purchase codes.

The policies applied by the CEMBRE Group

Supply chain management is a priority for CEMBRE and is essential to ensure responsible sourcing; as a multinational company, CEMBRE purchases raw materials, products and services from suppliers in different countries, in different cultural, social and economic



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environments. In this context, the procurement for the Group is carried out in accordance with elaborate procedures that aim to promote the development of stable relationships with its partners, as well as to ensure compliance with ethical principles, continuous innovation, and the improvement of quality and sustainability aspects throughout the supply chain.

At the end of 2022 a digital platform was activated in CEMBRE S.p.A., which contains a module dedicated to the preliminary registration and accreditation of new suppliers: subscription through the platform is a binding prerequisite to the successful conclusion of the approval process.

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

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

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

A specific automated electronic archiving procedure of the Safety Data Sheets allows for constant monitoring of the obsolescence of said sheets and guarantees that they are available to product users for rapid consultation, where needed. Archiving also involves the entry of data relative to the use of the product, such as: the using department, the methods of use, the quantity used and the date of archiving, which determines the period for which the Safety Data Sheets are valid, beyond which the supplier must be asked to update the documentation (validity is set to three years).

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

CEMBRE S.p.A. uses tin in its manufacturing process, which comes under the scope of materials potentially coming from zones of conflict. In order to avoid such a situation, CEMBRE has adopted a Conflict Minerals Policy available on the corporate website.

Non-financial performance (GRI 204-1)

In 2022, all the machinery, industrial plants, raw materials, components, materials and services auxiliary to production that were processed and integrated into CEMBRE products generated a purchase value of over **€174.9** million.



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| CEMBRE SpA | UoM | 2022 | 2021 | 2020 |
|----------------------------------|----------|---------------|---------------|---------------|
| Procurement expenses | € | 112,510,960 | 76,485,559 | 56,137,530 |
| of which local suppliers | € | 63,182,014 | 50,302,878 | 37,698,818 |
| value of extra group supplies | € | 111,343,401 | 76,485,559 | 56,137,530 |
| Local percentage of total | % | 56.16% | 65.77% | 67.15% |

| CEMBRE Ltd | UoM | 2022 | 2021 | 2020 |
|----------------------------------|----------|---------------|---------------|---------------|
| Procurement expenses | € | 14,187,265 | 16,458,103 | 12,337,747 |
| of which local suppliers | € | 5,331,584 | 3,429,199 | 2,944,020 |
| value of extra group supplies | € | 9,356,064 | 6,064,854 | 4,847,633 |
| Local percentage of total | % | 37.58% | 20.84% | 23.86% |

| CEMBRE SARL | UoM | 2022 | 2021 | 2020 |
|----------------------------------|----------|---------------|---------------|---------------|
| Procurement expenses | € | 8,980,046 | 8,597,230 | 7,310,007 |
| of which local suppliers | € | 1,186,720 | 1,714,338 | 1,211,431 |
| value of extra group supplies | € | 1,697,453 | 2,086,079 | 1,622,559 |
| Local percentage of total | % | 13.22% | 19.94% | 16.57% |

| CEMBRE España SLU | UoM | 2022 | 2021 | 2020 |
|----------------------------------|----------|--------------|--------------|--------------|
| Procurement expenses | € | 11,353,491 | 8,338,457 | 7,565,229 |
| of which local suppliers | € | 706,209 | 364,255 | 637,273 |
| value of extra group supplies | € | 2,560,115 | 1,764,028 | 1,810,423 |
| Local percentage of total | % | 6.22% | 4.37% | 8.42% |

| CEMBRE GmbH | UoM | 2022 | 2021 | 2020 |
|----------------------------------|----------|--------------|--------------|--------------|
| Procurement expenses | € | 18,637,759 | 13,965,231 | 12,177,137 |
| of which local suppliers | € | 1,733,646 | 1,367,771 | 839,486 |
| value of extra group supplies | € | 12,202,856 | 9,808,379 | 4,621,205 |
| Local percentage of total | % | 9.30% | 9.79% | 6.89% |

| CEMBRE Inc. | UoM | 2022 | 2021 | 2020 |
|----------------------------------|----------|---------------|---------------|---------------|
| Procurement expenses | € | 9,270,709 | 7,017,414 | 4,789,968 |
| of which local suppliers | € | 1,173,950 | 801,216 | 720,618 |
| value of extra group supplies | € | 4,049,518 | 2,215,730 | 2,477,360 |
| Local percentage of total | % | 12.66% | 11.42% | 15.04% |



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



CEMBRE

Management of legal and fiscal matters

Risks and opportunities

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

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

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

The policies applied by the CEMBRE Group

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

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

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

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

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



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Non-financial performance

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

| 2022 | CEMBRE SpA | CEMBRE GmbH | CEMBRE Ltd | CEMBRE Sarl | CEMBRE SLU | CEMBRE Inc |
|--------------------------------------|--------------------------------|-------------|--------------------------------|-------------|------------|------------|
| Assets | Manufacturing and distribution | Commercial | Manufacturing and distribution | Commercial | Commercial | Commercial |
| number of employees | 464 | 61 | 119 | 31 | 44 | 37 |
| (euro '000) | | | | | | |
| Revenues from sales to third parties | €109,318 | €21,935 | €25,293 | €12,123 | €16,988 | €13,138 |
| Intragroup revenues | €40,198 | €128 | €2,281 | €279 | €13 | €54 |
| Profit/loss before tax | €38,198 | €1,740 | €2,982 | €828 | €2,025 | €634 |
| Tangible assets | €75,158 | €2,721 | €5,125 | €373 | €2,369 | €827 |
| Income taxes cash criterion | €9,616 | €249 | €876 | - | €497 | €465 |
| Income tax on profits/losses | €9,044 | €482 | €471 | €171 | €495 | €147 |

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



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



CEMBRE

Management of Innovations

Risks and opportunities

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

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

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

The policies applied by the CEMBRE Group

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

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

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

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

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



Non-financial performance

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

- **Industry 4.0:** The company is interested in taking advantage of all the opportunities that have emerged in recent years and has initiated projects to interconnect existing machines and plants. In addition, special attention is paid to the selection of new acquisitions, selecting state-of-the-art ones that can provide better quality and greater longevity. Projects are underway to deploy some of the 4.0 enabling technologies including Industrial IoT, Big Data, Artificial Intelligence and Machine learning. This also includes the market launch of the new portable and always-connected MG4 printer.

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

- **Improving working conditions and man-machine collaboration**
 - the plastic moulding department underwent a re-layout to improve the organisation and ergonomics of the mould maintenance area;
 - a new assembly machine for cable glands has been installed in the same department, which makes it possible to avoid manual packing operations and thus allows the workers, previously engaged in this task, to devote themselves to other non-repetitive activities;
 - in the labelling department, a new pad printing machine and ink preparation bench were installed to replace the existing ones, improving both the ergonomics of operations and the healthiness of the environment;
 - in the same department, a new electric trolley was introduced to move the semi-finished products used in label production safely and without overloading the operator;
 - a similar acquisition was made in the cutting department with an electric conveyor and two trolleys for the safe and effortless handling of bars by the operator;
 - in the tool assembly department, a re-layout operation was carried out to improve internal material handling flows and the ergonomics of the packing stations, which were designed to minimise operator loads;
 - at the end of 2022 the European project ShareWork was closed. It aimed to raise the level of human-robot collaboration by making the machine aware of the operator and the environment around it. The project objectives were fully achieved and approved by the European Community. Starting in 2023, new activities will be launched to make the newly developed working methods operational.
 - a putty cutter was installed in the packaging department to be supplied together with the aluminium lugs, which avoids repetitive cutting tasks for the operators, who are now totally released from this operation;
 - finally, temperature and humidity measurement devices have been installed in all production departments to monitor the microclimate and intervene promptly when improvement actions are needed.



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- **Energy and production efficiency**
 - a new washing machine was integrated at the output of one of the double-column transfer presses used for the production of tube lugs. This addition made it possible to remove a post-moulding step and thus reduce the production lead time;

- **Improving the reliability of finished products**
 - the installation of a number of test benches for finished tools (B500, B1300, LD and SD series) was completed as part of an extensive project to modernise them for this entire product line. The objectives include a more accurate product quality check before shipping to the customer and the collection of more data on products to allow the continuous improvement of the production process and the extraction of information useful for the optimisation of existing products and the development of new, better performing products. The aim is therefore to avoid rework and thus make the process more sustainable.
 - in this perspective, the tool room of the numerical control machine department was completely renovated in terms of layout, to improve the workflow and ergonomics of the operators, and with regard to the machines, introducing a new vertical tool storage system and new presetting machines. These make it possible to improve the machining quality of parts and thus avoid rework.



European Taxonomy

Introduction

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

In order to be defined as "eco-sustainable", economic activities must contribute substantially to the achievement of at least one of the six environmental objectives defined in art. 9 of the same Regulation, do no significant harm (Do No Significant Harm - DNSH) to any of the above environmental objectives, respect minimum social guarantees, recognizing the importance of international rights and standards and meet the technical screening criteria defined by the Regulation for each activity.

In particular, pursuant to art. 3 and 9 of the Regulation, companies that fall under the scope of application of Legislative Decree 254/2016 are being asked to report, beginning in 2021, information regarding turnover, capital expenditure (CAPEX), and operating expenditure (OPEX) for all activities identified as taxonomy aligned and non-taxonomy aligned with respect to the two climate change related objectives: Climate Change Mitigation and Climate Change Adaptation. For the second year of application, the information provided will also have to verify compliance with the technical screening criteria, the DNSH criterion and the minimum social guarantees. Consequently, activities that are considered environmentally sustainable are defined as eligible (taxonomy eligible) and ineligible.

The aligned activities of the Cembre Group

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

- Production of battery-powered tools as a replacement for internal combustion engines (*ref. activity 3.6*);
- Operation and maintenance of photovoltaic plant (*ref. activity 4.1*);
- Purchase and leasing of motor vehicles (*ref. activity 6.5*);
- Replacement of light fittings with LED modules (*ref. activity 7.3*);
- Installation and maintenance of charging stations for electric vehicles (*ref. activity 7.4*);

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



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- For the calculation of **KPI turnover**, the sum of revenues from the sale of products and the provision of services was considered in accordance with IAS 1 par. 82(a) and Directive 2013/34/EU, which defines, with respect to the denominator, "Net Turnover" as revenues from the sale of products and the provision of services net of VAT, returns and other added taxes;
- The **CAPEX KPI** takes into account the sum of all increases, occurring over 2022, to tangible and intangible elements of the balance sheet including capitalized assets related to R&D and rights of use arising from IFRS 16;
- The **OPEX KPI** takes into account the sum of operating expenses associated with R&D, maintenance of production facilities, day-to-day servicing of assets and short-term leases.

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

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

| KPI | 2022 Aligned quota | 2022 Non-aligned quota |
|----------|-----------------------|---------------------------|
| Turnover | 2.75% | 97.25% |
| CAPEX | 5.45% | 94.55% |
| OPEX | 0% | 100% |

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

- Renovation of building D relating to Cembre S.p.A. (ref. Activity 7.2);
- Management and maintenance of electric heat pumps (ref. activity 4.16);

The aforementioned activities are to be considered as non-taxonomy aligned because, for the year 2022, the minimum criteria required in Delegated Regulation (EU) 2021/2139 with regard to climate change mitigation and adaptation objectives and the DNSH principle are not met.

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



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Share of operating expenses from products and services associated with taxonomy aligned activities - Disclosure for the year 2022

| Economic activities (1) | Code(s) (2) | Absolute turnover (3) | Share of turnover (4) | Criteria to contribute substantially | | | | | | | Criteria for "do no significant harm" | | | | | Share of turnover aligned with taxonomy, Year 2022 (18) | Category (enabling activity) (20) | Category (transitional activities) (21) | |
|-------------------------|-------------|-----------------------|-----------------------|--------------------------------------|----------------------------------|--------------------------------|----------------------|---------------|----------------------------------|--------------------------------|---------------------------------------|---------------------------------|-----------------------|----------------|----------------------------------|---|-----------------------------------|---|-------------------------|
| | | | | Climate change mitigation (5) | Adaptation to climate change (6) | Water and marine resources (7) | Circular Economy (8) | Pollution (9) | Biodiversity and ecosystems (10) | Climate change mitigation (11) | Adaptation to climate change (12) | Water and marine resources (13) | Circular Economy (14) | Pollution (15) | Biodiversity and ecosystems (16) | | | | Minimum Safeguards (17) |
| | | € million | % | % | % | % | % | % | % | % | S/N | S/N | S/N | S/N | S/N | S/N | % | A | T |

A. ACTIVITIES ELIGIBLE FOR TAXONOMY

A.1 Environmentally sustainable activities (taxonomy aligned)

| | | | | | | | | | | | | | | | | | | | |
|---|---|-------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|-------|--|--|
| Operating expenses of environmentally sustainable activities (taxonomy aligned) (A.1) | - | 0.00% | | | | | | | | | | | | | | | 0.00% | | |
|---|---|-------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|-------|--|--|

A.2 Activities eligible for taxonomy but not environmentally sustainable (non-taxonomy aligned activities)

| | | | | | | | | | | | | | | | | | | | |
|--|------|------|-------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Installation and operation of electric heat pumps | 4.16 | 0.01 | 0.04% | | | | | | | | | | | | | | | | |
| Operating expenses of activities eligible for taxonomy but not environmentally sustainable (non-taxonomy aligned activities) (A.2) | | 0.01 | 0.04% | | | | | | | | | | | | | | | | |
| Total (A.1 + A.2) | | 0.01 | 0.04% | | | | | | | | | | | | | | | | |

B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY

| | | |
|--|-------|--------|
| Operating expenses of activities not eligible for taxonomy (B) | 25.09 | 99.96% |
| Total (A + B) | 25.10 | 100% |

Technical Evidence

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

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

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

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



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| CO ₂ emissions | UoM | Screwdriver | Drills | Boring machines |
|------------------------------|------------------------|---------------|---------------|-----------------|
| Combustion engine | gCO ₂ /hole | 2.7591 | 3.9129 | 2.7390 |
| Battery | | 0.5064 | 0.6330 | 0.4431 |
| CO₂ saving | % | 81.64% | 83.82% | 83.82% |

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

- the economic activity manufactures technologies aimed at substantially reducing lifecycle greenhouse gas emissions, and demonstrates such a reduction, compared to the best available alternative technologies/solutions/products on the market (manufacture of battery-powered tools to replace internal combustion engine tools);
- lifecycle greenhouse gas emission reductions are calculated using Commission Recommendation 2013/179/EU;
- the activity meets the criteria of Appendices A, B, C, D of Delegated Reg. (EU) 2021 of June 04, 2021 supplementing Reg. (EU) 2020/852;
- The activity assesses the availability, adopting where possible, techniques that support:
 - a) the re-use and utilisation of secondary raw materials and re-used components in the manufacture of products;
 - b) the design for high durability, recyclability, ease of disassembly and adaptability of manufactured products;
 - c) a waste management that favours recycling over disposal in the manufacturing process;
 - d) information on and traceability of potentially hazardous substances throughout the lifecycle of manufactured products.

Operation and maintenance of photovoltaic plant

With reference to activity 4.1 (Power generation by photovoltaic solar technology), asbestos abatement and re-roofing activities were carried out in 2022 on building no. 29. These are preparatory operations for the installation of additional photovoltaic panels.

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

- the activity produces electricity by using photovoltaic solar technology;



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- the activity meets the criteria of Appendices A and D of Delegated Reg. (EU) 2021 of June 04, 2021 supplementing Reg. (EU) 2020/852;
- the activity assesses the availability of equipment and components that are highly durable and recyclable and easy to dismantle and redevelop, using them where possible.

Purchase and lease of cars

With reference to activity 6.5 (Transport by motorbikes, cars and light commercial vehicles), the following transactions were performed in 2022:

- Purchase for Cembre Ltd: BMW 3 Series M Sport Saloon Hybrid White;
- Lease for Cembre Ltd: Audi Q4 Etron;
- Lease for Cembre GmbH: SKODA Superb Combi IV sportline Hybrid.

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

| Model | gCO ₂ /km | Source |
|---|----------------------|---|
| BMW 3 Series Msport Saloon Hybrid White | 31-35 | https://www.bmw.ie/en/all-models/3-series/saloon/2022/bmw-3-series-saloon-technical-data.html#tab-8-0 |
| Skoda Superb Combi IV sportline Hybrid | 35 | https://www.skoda-auto.it/news/news/superb-iv-inaugura-programma-mobilita-elettrificata-skoda-italia |
| Audi Q4 Etron | 0 | https://www.audi.it/it/web/it/modelli/q4-e-tron/q4-e-tron.html |

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

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

- for vehicles of category M1 and N1, both of which fall within the scope of Regulation (EC) no. 715/2007: until December 31, 2025, the specific CO₂ emissions, as defined in Article 3(1)(h) of Regulation (EU) 2019/631, are less than 50 g CO₂/km (light-duty and zero-emission vehicles);
- the activity meets the criteria of Appendix A of Delegated Reg. (EU) 2021 of June 04, 2021 supplementing Reg. (EU) 2020/852;
- M1 and N1 category vehicles are:
 - (a) reusable or recyclable by at least 85% by weight;



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- (b) reusable or recoverable by at least 95% by weight. Measures are in place for waste management both during use (maintenance) and at end-of-life, including reuse and recycling of batteries and electronic components (in particular their essential raw materials), in accordance with the waste hierarchy;
- The vehicles comply with the requirements of the latest applicable stage of the Euro 6 type-approval for light vehicle emissions established in accordance with Regulation (EC) no. 715/2007. The vehicles comply with the emission thresholds for clean light vehicles in table 2 of the annex to Directive 2009/33/EC of the European Parliament and of the Council. For road vehicles of categories M and N, the tyres comply with the requirements for external rolling noise in the highest class and the rolling resistance coefficient (which affects the energy efficiency of the vehicle) in the two highest classes as laid down in Regulation (EU) 2020/740 and as can be verified by the European Energy Label Register (EPREL). The vehicles comply with Regulation (EU) no. 540/2014 of the European Parliament and of the Council.

Replacement of light fittings with LED modules

With reference to activity 7.3 (Installation, maintenance and repair of energy efficiency devices) in 2022, 185 conventional lamps were replaced with 113 LED technology lamps, resulting in an energy saving of 52.04%, as presented in the following table.

| Lighting-related energy saving | UoM | 2022 | | | |
|--------------------------------|----------|---------------|-------------------|------------------------|---------------|
| | | Factory roofs | Automation Office | Tool room | Total (W) |
| Traditional lamps replaced | no. | 26 (130W) | 35 (80W) | 94 (131W) 30 (430W) | 31,394 |
| LED technology lamps installed | no. | 15 (50W) | 35 (47W) | 63 (201W) | 15,058 |
| Energy saving achieved | % | 78% | 41.25% | 49.78% | 52.04% |

For the purposes of taxonomic alignment, Cembre considers that LED lamp installation operations comply with the technical screening criteria for activity 7.3, such as:

- the activity consists of one of the following individual measures, provided they comply with the minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and, where applicable, are classified in the two highest energy efficiency classes, in accordance with Regulation (EU) 2017/1369 and the delegated acts adopted pursuant to that Regulation: (d) installation and replacement of energy-efficient light sources;



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- the activity meets the criteria of Appendices A and C of Delegated Reg. (EU) 2021 of June 04, 2021 supplementing Reg. (EU) 2020/852.

Installation and maintenance of charging stations for electric vehicles

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

For the purposes of taxonomic alignment, Cembre considers that the installation of charging stations at Cembre Sarl's premises complies with the technical screening criteria for activity 7.4, such as:

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

Methodological aspects

Process for defining activities aligned to taxonomic requirements

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

- Mapping of individual eligible activities carried out by the various Group companies and subsequent skimming of the various activities according to the operations carried out by the individual company.
- For each eligible activity identified, both specific technical screening criteria and DNSH ("Do no significant harm") requirements were mapped. Evidence of specific individual requests was collected.
- Having identified the taxonomy aligned activities, these were then extrapolated from the accounts in order to associate each individual activity with the relevant economic values generated in 2022 in terms of revenues generated; the CapEx and OpEx that contribute to preserving or increasing the useful life of tangible or intangible assets related.



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TURNOVER

Numerator

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

- Energy-efficient machinery manufacturing activities: 2.75% of the total turnover achieved by the Cembre Group (3.6 “*Manufacture of other low-carbon technologies*” in Annex I). Includes the turnover related to alternative battery-powered tools to those with combustion engines.

Denominator

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

CAPEX

Numerator

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

- Energy-efficient machinery manufacturing activities: 1.57% of total capex incurred (3.6 “*Manufacture of other low-carbon technologies*”); Includes the accrued portion of investments in machinery related to the use of the same for the production of alternative battery-powered tools to those with combustion engines.
- Operation and maintenance of photovoltaic plant: 2.77% of total capex incurred (4.1 “*Power generation by photovoltaic solar technology*”); Includes the share relating to the remediation and re-roofing activities in preparation for the installation of new photovoltaic panels.
- Purchases and leases of cars regulated by IFRS 16: 0.53% of total capex incurred (6.5 “*Transportation by motorcycles, cars and light commercial vehicles*”); Includes all automobile additions, whether from purchase or new leases.
- Led light installation activities: 0.33% of total capex incurred (7.3 “*Installation, maintenance and repair of energy efficiency devices*”); Includes the investments incurred to replace traditional lighting systems with LED lighting systems.
- Installation of electric car charging stations: 0.25% of total capex incurred (7.4 “*Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking spaces pertaining to buildings)*”); Includes investments incurred for the purchase of electric car charging stations.



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Denominator

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

The increases in value generated during 2022 relate to tangible, intangible and right of use of assets (according to IFRS 16). The values taken into consideration have been selected by excluding the effects of amortization, depreciation, write-downs and changes in fair value, as required by the Regulation.

OPEX

During the year 2022, no investments were made related to *eligible* assets that could contribute to the calculation of OPEX.



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Methodological note

The Consolidated Non-Financial Declaration of the CEMBRE Group has been prepared in accordance with Italian Legislative Decree 254/2016 as amended and according to the GRI Sustainability Reporting Standards published in 2016 and updated in 2021 by the Global Reporting Initiative (GRI) - In accordance approach. This version of the GRI Standards is mandatory for the documents published from January 1, 2023.

The GRI Standards require that the Declaration contain information on aspects considered material, i.e. those aspects that can identify significant impacts generated by the organisation from an economic, environmental and social perspective.

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 01/01/2022 and 12/31/2022. 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;
- sustainability context: the Consolidated Non-Financial Declaration was prepared by measuring the impacts generated, directly and indirectly, by the Cembre Group along the entire value chain. The analysis is based on information from recognised international sources as well as insights from within the company in relation to the management of these issues.
- verifiability and completeness: 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 that have validated the contents and impacts with respect to their areas of competence. The final document, as a whole, was presented to and discussed and approved by the Board of Directors on March 14, 2023.



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

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

Unless otherwise specified in each chapter, the data and information of this Declaration refer to the Companies belonging to the CEMBRE Group as at December 31, 2022, 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 of environmental aspects, as their impact on said indicators is not deemed relevant.

Within the document, where necessary, specific notes are made regarding changes to the 2020 and 2021 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 Declaration. The procedure was approved in November 2020.

The contact person for the NFD of Cembre S.p.A. located in Brescia at Via Serenissima, 9 is Luigi Vitelli (luigi.vitelli@cembre.com), a copy of the 2022 NFD is available on the website luigi.vitelli@cembre.com

Please note that the last document published, prior to this document, is the 2021 Consolidated Non-Financial Declaration (NFD).

Brescia, March 14, 2023

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



APPENDICES

Table of correlation between the CEMBRE material topics and GRI aspects

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

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 2-9.

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

| GRI Standard | Disclosure | Description | Page | Omissions - Notes |
|------------------------------------|------------|---|------------------------|--|
| GRI 2 - General disclosures | 2-1 | Organisational details | Cover, back cover, 7-9 | |
| | 2-2 | Entities included in the Sustainability Report | 79 | There are no differences in scope |
| | 2-3 | Reporting period, frequency and point of contact | 79 | Annual |
| | 2-4 | Review of information | 79 | |
| | 2-5 | External assurance | 86 | Audit report of the independent auditors |
| | 2-6 | Activities, value chain and other business relationships | 6-7-9-11-12-49 | No significant changes were made to the organisation |
| | 2-7 | Information on employees and other workers | 39-42, 44-48 | |
| | 2-8 | Non-employees | 44 | |
| | 2-9 | Government structure and composition | 10-12 | |
| | 2-10 | Appointment and selection of the highest governing body | 10 | |
| | 2-11 | President of the highest governing body | 10 | |
| | 2-12 | Role of the highest governing body in impact management control | 11 | |
| | 2-13 | Delegation of responsibility for impact management | 11-12, 78 | |
| | 2-14 | Role of the highest governing body in sustainability reporting | 11-12, 78 | |
| | 2-15 | Conflicts of interest | 10 | |
| | 2-16 | Communication of critical issues | 61-62 | |



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| GRI Standard | Disclosure | Description | Page | Omissions - Notes |
|--------------------------------|------------|---|----------|---|
| | 2-17 | Collective knowledge of the highest governing body | 3-5 | |
| | 2-18 | Performance evaluation of the highest governing body | 10-12 | |
| | 2-19 | Rules concerning remuneration | 11, 51 | |
| | 2-20 | Procedure for determining remuneration | 11, 51 | |
| | 2-21 | Annual total remuneration ratio | 51 | Only the scope of Cembre SpA was taken into account |
| | 2-22 | Sustainable Development Strategy Statement | 3-5 | |
| | 2-23 | Policy commitment | 27,41,61 | |
| | 2-24 | Integration of policy commitments | 27,41,61 | |
| | 2-25 | Processes to remedy negative impacts | 7, 19-21 | |
| | 2-26 | Mechanisms for requesting clarification and raising concerns | 7, 19-21 | |
| | 2-27 | Compliance and risk management | - | In 2022 no non-compliance with environmental and socio-economic laws and regulations was detected |
| | 2-28 | Membership in Associations | 44 | |
| | 2-29 | Identification and approach to stakeholder engagement | 19-21 | |
| | 2-30 | Percentage of total employees covered by collective bargaining agreements | 41-42 | |
| GRI 3 - Material topics | 3-1 | Process of determining material topics | 18-24 | |
| | 3.2 | List of material topics | 22 | |



| GRI Standard | Disclosure | Description | Page | Omissions - Notes |
|--|-------------------|--|--------------|---|
| Economic performance and value creation | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 14, 18-24 | |
| GRI 201: Economic performance 2016 | 201-1 | Direct economic value generated and distributed | 14 | |
| Sustainability of the supply chain | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-24, 57-59 | |
| GRI 204: Procurement practices 2016 | 204-1 | Proportion of spending on local suppliers | 59-60 | |
| Anti-corruption | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-24, 55-56 | |
| GRI 205: Anti-corruption 2016 | 205-3 | Confirmed incidents of corruption and actions taken | 56 | There were no confirmed incidents of corruption in 2022 |
| Economic value due to taxes | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-24, 61-63 | |
| GRI 207: Tax 2019 | 207-1 | Tax approach | 61-63 | |
| | 207-2 | Tax governance, control and risk management | 61-63 | |
| | 207-3 | Stakeholder involvement and management of tax concerns | 61-63 | |
| | 207-4 | Country-by-Country Report | 61-63 | |
| Materials | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-27 | |
| GRI 301: Materials 2016 | 301-1 | Materials used | 28 | |
| Energy | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-29 | |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organisation | 28-29 | |
| | 302-3 | Energy intensity | 32 | |
| Water and effluents | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-27, 33 | |
| GRI 303: Water and waste water 2018 | 303-3 | Water withdrawal | 33 | |
| Biodiversity | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-27 | |



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| GRI Standard | Disclosure | Description | Page | Omissions - Notes |
|---|------------------|--|------------------|-------------------|
| GRI 304: Biodiversity 2016 | 304-1 | Operational sites owned, leased, operated in (or adjacent to) protected areas and areas of high biodiversity value outside protected areas | 25-26 | |
| Emissions | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-27, 35-36 | |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 35 | |
| | 305-2 | Indirect (Scope 2) GHG emissions | 35 | |
| | 305-7 | Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions by type and weight | 36 | |
| Waste | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-27, 37 | |
| GRI 306: Waste 2020 | 306-3 | Waste generated | 37-38 | |
| Employment | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-24, 39-43 | |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | 46-47 | |
| Worker health and safety | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-24, 52-54 | |
| GRI 403: Worker health and safety 2018 | 403-1 | Management approach | 52-54 | |
| | 403-2 | | | |
| | 403-3 | | | |
| | 403-4 | | | |
| | 403-5 | | | |
| | 403-6 | | | |
| | 403-7 | | | |
| 403-9 | Injuries at work | 54 | | |
| Training and education | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-24, 39-43, 50 | |
| GRI 404: Training and education 2016 | 404-1 | Average hours of training per year per employee | 49-50 | |
| Diversity and equal opportunities | | | | |



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| GRI Standard | Disclosure | Description | Page | Omissions - Notes |
|--|------------|---|--------------|-------------------|
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-24, 39-43 | |
| GRI 405: Diversity and equal opportunities 2016 | 405-1 | Diversity of governance bodies and employee categories | 45-46 | |
| Non-discrimination | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-24, 39-43 | |
| GRI 406: Non-discrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | 50 | |
| Customer health and safety | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-24, 52-54 | |
| GRI 416: Customer health and safety 2016 | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 53 | |
| Marketing and labelling | | | | |
| GRI 3 - Material topics 2021 | 3-3 | Management of material topics | 18-24, 52-54 | |
| GRI 417: Marketing and labelling 2016 | 417-2 | Label information non-compliance | 54 | |
| Non-GRI matters | | | | |
| | | Management of Innovations | 64-66 | |

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

(Translation from the original Italian text)

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

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of Cembre S.p.A. and its subsidiaries (hereinafter the "Group" or "Cembre Group") for the year ended on 31st December 2022 in accordance with article 4 of the Decree and approved by the Board of Directors on 14th March 2023 (hereinafter "DNF"). Our limited assurance engagement does not cover the information included in the paragraph "European Taxonomy" of the DNF, that are required by art. 8 of the European Regulation 2020/852.

Responsibilities of Directors and Board of Statutory Auditors for the DNF

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

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

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

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

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

Auditors' independence and quality control

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

Auditors' responsibility

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

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

In particular, we have performed the following procedures:

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

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

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

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

- at Group level
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available 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 Brescia site 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 a site visit during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the Cembre Group for the year ended on 31st December 2022 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the *GRI Standards*.

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

Brescia, 29th March, 2023

EY S.p.A.
Signed by: Andrea Barchi, Auditor

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



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