



2021 SUSTAINABILITY REPORT



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Letter to Stakeholders

Dear Stakeholders,

It is with pride that we present our first Sustainability Report 2021, which is the result of a long-standing commitment.

Since the beginning of our history in 1964, Cofle has had a focus on what were not yet called CSR policies, and a strong respect for the environment in which it operated.

This behaviour has characterized Cofle throughout its growth and will continue to characterize it in its expansion abroad. In fact, it is our goal to prepare a Consolidated Non-Financial Declaration covering all foreign subsidiaries by 2024.

We therefore started our non-financial reporting journey from our Italian locations; the logistics plants in Pozzo d'Adda and our Headquarters in Trezzo sull'Adda, a town located between Milan and Bergamo, an area rich in history and natural beauty. Manufacturing settlements have always been an important part of the history of these areas. We have always found it possible to coexist as an industrial reality even in a context that over time has become a protected park. That is why, in addition to operating a strict and constant control of production waste, in 2014 we installed solar panels in our factories, cutting energy costs and lowering our environmental impact. The privilege of working surrounded by beauty also makes us feel a responsibility to preserve this unique territory.

The Group's growth strategy, which to date has a production and commercial presence in six countries, and has further expansion targets, sees its foundations in respect for environmental, human and economic resources, and is also expressed in social projects in support of childhood, education, territorial protection, sport and health.

In order to generate sustainable value over time, we have assessed our strengths, but also, and more importantly, we have become aware of the paths needed to improve our impact on ESG issues in the medium and long term. We do not want to simply adapt to existing legislation and rules, but to be leading players in a scenario that will increasingly see companies implementing this virtuous change.

Thanks are due to all the people involved, without whose help it would not have been possible to achieve and report on the results; from Cofle employees, to our customers and suppliers, to the partners and shareholders who support and sustain our ambitions for sustainable growth.

Walter and Alessandra Barbieri

The Cofle Group

Cofle is a worldwide Group with a presence in six countries, 6 production sites, modern and efficient logistics centres, a design and co-engineering department and more than 550 employees.

The Aftermarket Catalogue has more than 7,000 solutions, all created and developed on the basis of OEM know-how and in accordance with OEM specifications.

Highlights

ENVIRONMENT



44.7% Power from renewable sources
[-29 tCO₂e emitted]



-18.8% Total energy consumption per euro of revenue (2021 v. 2020)



96% of Aluminium and Zamak from recycling
[-385 tCO₂e emitted]



-14.8% Total waste produced per euro of revenue (2021 v. 2020)



-19.9% Direct and indirect emissions (scope 1 and 2) of greenhouse gases per euro of revenue (2021 vs. 2020)



40% Average recycled component in wood and cardboard packaging [-53 tCO₂e emitted]

SOCIAL



100% employees hired on open-ended contracts



41,5% women in the company



+5,7% employee growth (2022 v. 2020)



50% recruitment age < 30



100% suppliers assessed with sustainability criteria
90% in possession of certifications



Only one work accident recorded in 2021
0.04% severity index



Annual performance bonus paid to all workers



Welfare. Possibility to exchange the prize for services: gym, theatre, health check-up, etc



Projects for territorial sustainability

ECONOMICS AND GOVERNANCE



+ 45,7% Economic value produced
34.4 M€



+11,5% Economic value distributed to employees



Ethics and Transparency
Code of Ethics and adoption of the WCM (World Class Manufacturing) model



Ethics and Transparency
Internal dealing procedure
Insider Register
Procedure for Related Party Transactions



Integrated Management System quality and environment in accordance with UNI EN ISO 9001 and 14001 standards



Investment in Research and Development
8 Patents

History

1960s

In 1964, Bruno Barbieri founded Cofle, introducing an innovative system in the manufacture of control cables for the automotive industry. The first production line was original equipment (OEM) cables for major Italian brands.

1980s

The first factory for the in-house production of cables, inner tubes, sheathed cables, sheathed ducts for pull and push-pull cables was established; the start of this process of verticalization of production would enable Cofle to become a company with fully in-house production.

2000s

The company received a strong impetus in its expansion abroad. In quick succession, Cofle DCI and Cofle TK, both in Turkey, and Cofle China were founded. During these years, the foundations were laid for Cofle do Brasil, which started production in 2016, and Cofle Taylor India, which opened in 2019.

1970s

The company grew rapidly, moving into the new factory within a few years. The range of control cables for the automotive sector, as well as the range of control systems for agricultural and earth-moving machinery, were significantly expanded. Cofle started distributing its solutions on a global basis.

1990s

These are the years of success for the Aftermarket division: its increasingly strong recognition in the markets led Cofle to create a new logistics centre with a 4,000 square metre warehouse. Cofle began its expansion abroad by founding Tabo in Turkey, dedicated to the production of Aftermarket items originally intended for the Middle East and North African markets.

TODAY

Cofle is a worldwide Group with a presence in 6 countries, 6 production sites, modern and efficient logistics centres, two design and co-engineering departments and more than 550 employees.

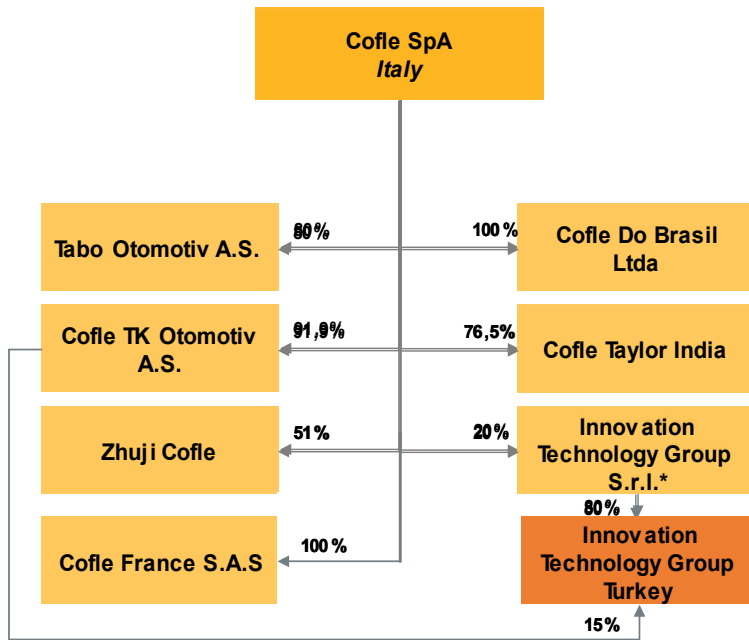
The After market Catalogue has more than 7,000 solutions, all created and developed on the basis of OEM know-how and in accordance with OEM specifications.

Presence in the world



Group's structure

Corporate Governance



Board of Directors

- Chairman & CEO
Walter Barbieri
- Director
Alessandra Barbieri
- Director
Silvio Benedetti
- Independent Director
Enrico Mambelli
- Director
Sergio Buoncrisiano

Statutory Auditors

- Chairman
Giuseppe Rota
- Auditor
Arturo Carcassola
- Auditor
Ugo Palumbo
- Supplementary Auditor
Pietro Longaretti
- Supplementary Auditor
Luca Perico

Audit Firm



ITG shareholders: Walter Barbieri (31%), Pierangelo Margutti (~24%), Alessandro Plebani (~24%)

ITG Turkey minority shareholders: local partner (5%)

Cofle Taylor India Minority Shareholders: local industrial partner

Cofle Zhujì Minority Shareholders: local industrial partner

Tabo Otomotiv AS & Cofle TK Otomotiv AS: local industrial partners and local managers

Source: Top Management Cofle S.p.A., Cerved 5

Vision and Mission

INTRODUCTION COFLE GROUP SUSTAINABILITY GOVERNANCE ENVIRONMENT SOCIAL FUTURE COMMITMENTS APPENDIX

COFLE GROUP

VISION AND MISSION

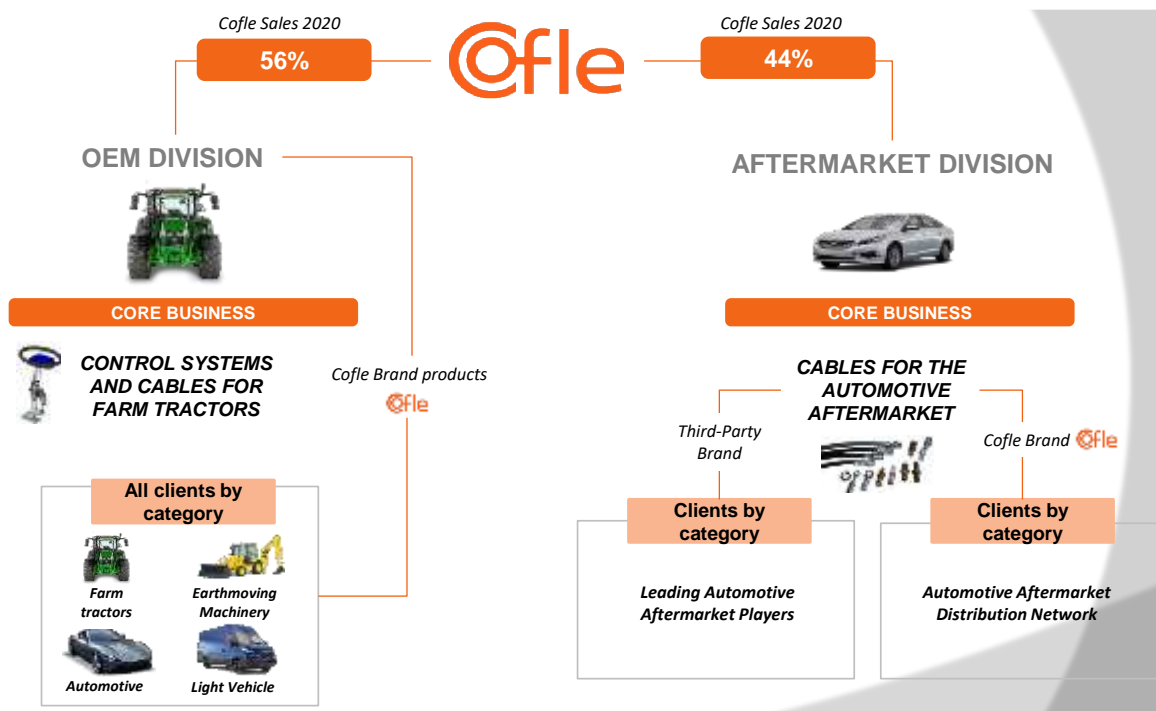
MISSION
DISTRIBUTE PRODUCTS AROUND THE WORLD THAT IMPROVE THE SAFETY AND THE QUALITY OF LIFE OF THE END CUSTOMER AND CERTIFY THE EXCELLENCE OF OUR BRAND

PURPOSE
BEING AT OUR CUSTOMERS' SIDE CREATING QUALITY CUSTOMISED PRODUCTS. PERFECT FOR THE MOMENT. YET PROJECTED TO THE FUTURE

VALUES
SKILLS
CONCRETENESS
DETERMINATION
SAFENESS
HONESTY
TEAM SPIRIT
SOLIDARITY
RESPECT FOR THE ENVIRONMENT

VALUE CREATION

Business Model



Original Equipment Manufacturer Division

The Cofle Group is a recognized world leader in the agricultural, earth moving equipment, commercial vehicle and premium automotive sectors, offering a diverse range of highly customized products with the highest levels of quality, service and innovation. Our success is based on our special ability to develop reverse-engineered and co-engineered products, perfectly in line with our customers' requirements, all manufactured with obsessive attention to detail.

Aftermarket Division

Cofle Group has global and recognized leadership in the Aftermarket, built on one-stop service, quality equal to the original and a complete product range with competitive price positioning

Research and Development

OEM research and development is based on **co-engineering principles**: Cofle focuses its efforts on disrupting cutting-edge technologies to offer its OEM customers the most innovative solutions.

In a new project, Cofle's OEM R&D department collaborates directly with the customer's R&D department in a co-engineering procedure that ends with the sharing of 3D prototypes. In a re-sourcing tender, however, Cofle is subject to a test-market. If successful, the Group will undertake the next steps in the value chain

Aftermarket research and development is based on **Reverse-Engineering principles**: Cofle focuses its efforts on staying up-to-date with the latest innovations introduced by car manufacturers.

Cofle's Aftermarket R&D department carries out a detailed analysis of the original product in order to understand its technical characteristics, the raw material used and the quality of the product. Given its vast experience, Cofle's R&D department is often able to provide updates and improvements on the original product. And it is precisely this ability and experience, hard to find in today's AM market, that has enabled Cofle to pass over the years even the most demanding audits and become a reliable supplier to market leaders such as Bosch and Continental.

Research and development activities employ a total of 28 people between Italy and Turkey, and are carried out internally and externally.

In particular, Cofle Tk has a dedicated *Designed Centre* employing 22 people actively engaged in the development of new products for the OEM market.

ITG (Innovation Technology Group), a subsidiary of the Cofle Group, develops new ideas and technological solutions to create innovative, cutting-edge products for both business areas and the production process.

Current Projects

Cofle's ongoing innovative solutions include:

- Mechatronics (OEM)
- Electronic sensors and controls (OEM)
- Integration of mechanical and electrical systems (OEM & AM)

In particular, the Group's innovations in recent years include:

- Electronic parking brakes for tractors
- Mechanical self-adjusting handbrake cable
- Fixed central steering column
- Range of after market brake pipes
- EPB for the automotive after market
- Electronic self-adjustment for tractor brake cable - Electronic manipulators
- Innovative tractor ladder with lighting
- Extendible support arms

Patents

Patents	Patents	Country	Issue Date
	COLONNA STERZO MULTIFUNZIONALE	- Italy - France - Germany - United Kingdom - Turkey	06/04/2016
	GIUNTO IN UNA COLONNA STERZO INCLINABILE	- Italy - France - Germany - United Kingdom - Turkey	06/04/2016 27/04/2016
	TRASMISSIONE FLESSIBILE UNIVERSALE	- Italy	08/02/2016 20/02/2019
	COLONNA STERZO INCLINABILE	- Italy - France - Germany - United Kingdom - Turkey	20/11/2018 02/01/2019
	GRUPPO LEVA FRENO	- Italy - France - Germany	19/10/2020
	DISPOSIZIONE DI CAVO DI CONTROLLO	- Italy	13/07/2017
	DISPOSIZIONE DI LEVA DI COMANDO	- Italy	13/07/2017
	SCALA Componibile Modulare	- Italy	13/07/2017

Quality: the measurement laboratory

In addition to the usual equipment, COFLE's measurement laboratory is also equipped with a range of state-of-the-art equipment for carrying out 3D dimensional checks on the physical properties of materials and the resistance of surface treatments.

CAMERA PER IL TEST IN NEBBIA SALINA	CAMERA CLIMATICA DI COLLAUDO	MISURAZIONE DELL'EFFICIENZA	SISTEMA DI MISURAZIONE 3D A 7 ASSI	PROVA DI TRAZIONE	BANCO DI PROVA DELLA DURATA
<p>The salt spray test chamber is a system capable of reproducing the corrosive phenomenon produced by atmospheric agents as quickly as possible. It is used to measure the resistance of surface protective layers applied to metal components, such as galvanizing, cataphoresis and painting. The device meets all current regulations and customer specifications in terms of corrosion resistance, defining the procedures, duration and evaluation of results.</p>	<p>The climatic test chamber is a piece of equipment capable of reproducing as quickly as possible the ageing phenomenon caused by climatic factors, mostly variations in temperature and humidity. It can produce temperature variations from -40°C to +130°C and relative humidity between 20% and 98%. An electronic control system makes it possible to programme the change sequences of the test parameters, according to the standards and specifications applied. Tests can be conducted statically and dynamically; the system is equipped with access holes for any actuators operating from the outside.</p>	<p>The instrument used to measure the efficiency of cables, whether pull or push-pull, is a high-capacity data acquisition system.</p> <p>Load cells and a strain gauge are connected to it and the signals produced are appropriately converted and sent to a PC for graphical display and processing of results.</p> <p>It is thus possible to display the hysteresis of the loads applied at the input and those measured at the output, the relationship of which expresses the efficiency curve.</p>	<p>Our laboratory is equipped with a state-of-the-art dimensional detection system. It is a so-called "arm" with 7 axes of movement and great flexibility that allows measurements to be taken in places otherwise inaccessible to a normal measuring system. It is also equipped with a laser scanner capable of recreating a three-dimensional image of the object to be inspected. The image is then compared with those obtained by Cad in order to detect and highlight dimensional differences. This allows fast measurements even on very complex parts.</p>	<p>Tensile testing equipment is used to check the breaking loads of ropes and determine their extension. Functionally, it is an electric dynamometer with hydraulic drive, capable of producing loads from 0 to 5,000 daN. The acquired data allow an instantaneous reading of the applied load and extension, as well as the recording of the maximum values reached during the breakage of the sample under test.</p>	

Sustainability at Cofle

Cofle is aware of the **economic, social and environmental responsibilities** that arise from its activities and believes that only by assessing and acting concretely within these issues can competitiveness and stability be ensured in the medium and long term.

In implementing this approach, Cofle promotes investments to reduce the consumption of natural resources and their reuse, the efficient use of facilities and buildings, and the transition to the use of renewable energy resources.

A fundamental element for guaranteeing sustainability in corporate choices over time is **human capital**: people, their sense of belonging and responsibility, which is the result of virtuous policies close to the needs of the People, who represent the core of sustainability according to Cofle.

Materiality analysis

The commitment to improve its social and environmental performance starts with defining the relevant - material - sustainability issues for Cofle and its stakeholders.

The analysis carried out by Cofle follows the steps set out below.

1. Identification of sustainability issues.

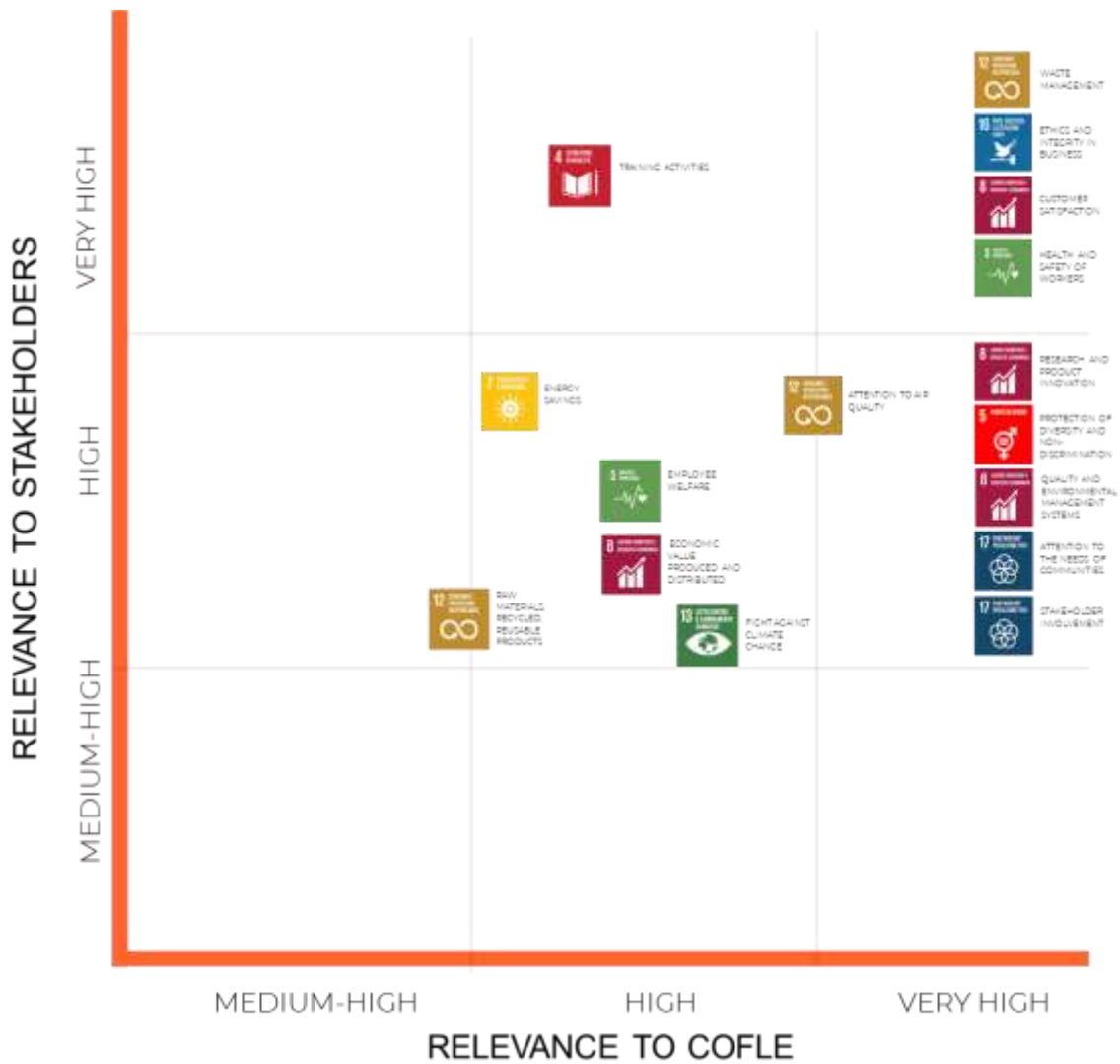
The first step taken by the company was to carefully select the most significant issues by taking into consideration, in addition to the GRI Standards, a combination of factors relating to the organization, such as its mission, values, strategies, environmental quality management systems, Code of Ethics and the risk analyses carried out.

2. Relevance of issues for Cofle

The next step was to assign the different issues a priority level, or relevance to the company, a process that involved the internal Sustainability Working Group and the heads of the main departments. The analysis was based on the following criteria: influence of the issue on company performance; risks and opportunities of possible impacts.

3. Relevance to stakeholders.

The third phase of the analysis involved the involvement of stakeholders - Customers, Suppliers and Business partners - to determine how relevant the issues considered were perceived to be with the company's business in mind. The stakeholders involved contributed to the work by returning completed questionnaires, demonstrating the quality of the relationships and collaborative climate that the company was able to build over time.



SDGs and relevant sustainability issues



Goal 12: RESPONSIBLE CONSUMPTION AND PRODUCTION. Ensuring sustainable patterns of production and consumption

MATERIAL ISSUES

- WASTE MANAGEMENT
- ATTENTION TO AIR QUALITY
- RAW MATERIALS, RECYCLED, REUSABLE PRODUCTS



Goal 16: PEACE, JUSTICE AND SOUND INSTITUTIONS. Promoting peaceful and more inclusive societies for sustainable development; providing access to justice for all and creating efficient, accountable and inclusive bodies at all levels

MATERIAL ISSUES

- ETHICS AND INTEGRITY IN BUSINESS



Goal 8: DECENT WORK AND ECONOMIC GROWTH. Promoting lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all

MATERIAL ISSUES

- CUSTOMER SATISFACTION
- RESEARCH AND PRODUCT INNOVATION
- QUALITY AND ENVIRONMENTAL MANAGEMENT SYSTEMS
- ECONOMIC VALUE PRODUCED AND DISTRIBUTED



Goal 3: HEALTH AND WELL-BEING. Ensuring health and well-being for all and for all ages

MATERIAL ISSUES

- HEALTH AND SAFETY OF WORKERS
- WELFARE OF EMPLOYEES



Goal 5: GENDER EQUALITY. Achieving gender equality and empowerment (greater strength, self-esteem and awareness) of all women

MATERIAL ISSUES

- PROTECTION OF DIVERSITY AND NON-DISCRIMINATION



Goal 17: PARTNERSHIP FOR OBJECTIVES. Strengthening the means of implementation and renewing the partnership for sustainable development

MATERIAL ISSUES

- ATTENTION TO THE NEEDS OF COMMUNITIES
- STAKEHOLDER INVOLVEMENT



Goal 7: CLEAN AND AFFORDABLE ENERGY. Ensuring access to affordable, reliable, sustainable and modern energy for all

MATERIAL ISSUES

- USE OF ENERGY FROM RENEWABLE SOURCES
- ENERGY SAVINGS



Goal 13: FIGHT AGAINST CLIMATE CHANGE. Taking urgent measures to combat climate change and its consequences

MATERIAL ISSUES

- FIGHT AGAINST CLIMATE CHANGE



Goal 4: QUALITY EDUCATION. Ensuring quality, equitable and inclusive education and promoting lifelong learning opportunities for all

MATERIAL ISSUES

- TRAINING ACTIVITIES

Cofle’s commitments to sustainability

ISSUE	COMMITMENT	TIME TARGET	SDG
RAW MATERIALS. RECYCLED MATERIALS, REUSABLE PRODUCTS	<ul style="list-style-type: none"> ▪ Study of new packaging methods to replace the use of plastic packaging 	<ul style="list-style-type: none"> ▪ 2023 	
USE OF ENERGY FROM RENEWABLE SOURCES FIGHT AGAINST CLIMATE CHANGE	<ul style="list-style-type: none"> ▪ Feasibility study for geothermal plant installation ▪ 100% Renewable Energy ▪ Purchase of GO certificates to increase the share of electricity used from renewable sources 	<ul style="list-style-type: none"> ▪ 2023-24 	
FIGHT AGAINST CLIMATE CHANGE	<ul style="list-style-type: none"> ▪ Inventory of Scope 3 greenhouse gas emissions and redefinition of the reporting boundary 	<ul style="list-style-type: none"> ▪ 2023 	
PROTECTION OF DIVERSITY AND NON- DISCRIMINATION	<ul style="list-style-type: none"> ▪ Increasing the percentage of women in the company (with the opening of the new logistics hub) 	<ul style="list-style-type: none"> ▪ 2023 	
EMPLOYEE WELFARE	<ul style="list-style-type: none"> ▪ Launch of the prevention project with free medical examinations for employees in cooperation with LILT (Lega Italiana per la Lotta contro i Tumori [Italian anti-cancer association]) 	<ul style="list-style-type: none"> ▪ 2023 	
ETHICS AND INTEGRITY IN BUSINESS	<ul style="list-style-type: none"> ▪ Adoption of the Management and Control Organizational Model pursuant to Legislative Decree 231/01 	<ul style="list-style-type: none"> ▪ 2023 	
ETHICS AND INTEGRITY IN BUSINESS	<ul style="list-style-type: none"> ▪ Study and inclusion of ESG objectives in the remuneration systems of CEOs and managers 	<ul style="list-style-type: none"> ▪ 2023-24 	
ETHICS AND INTEGRITY IN BUSINESS	<ul style="list-style-type: none"> ▪ Gradual enlargement of the scope of sustainability reporting to cover the fully consolidated Group 	<ul style="list-style-type: none"> ▪ 2023-24 	

Cofle stakeholders

The table below describes Cofle's behaviour towards the different categories of stakeholders in order to meet their expectations and maintain a high quality of relations.

STAKEHOLDERS	COFLE BEHAVIOUR
OWNERSHIP AND SHAREHOLDERS	Cofle's dialogue and relations with shareholders are characterized by maximum transparency, respecting the principles of accuracy, timeliness and equal access to information, and with the aim of fostering a correct assessment of Cofle's performance.
EMPLOYEES	Cofle recognizes the centrality and importance of human resources in achieving the company's objectives. Cofle is aware that the main success factor of any company is the professional contribution of the people working in it, in a context of loyalty and mutual trust. Cofle protects health and safety in the workplace, both through continuous improvement of management systems and through a health and safety culture based on prevention and the need to effectively manage occupational risks. Cofle considers respect for workers' rights to be fundamental in the management of its business.
CUSTOMERS	Cofle aims to provide its customers with products that comply with requirements, to satisfy customer needs through prompt and competent responses based on fairness, courtesy and cooperation.
SUPPLIERS AND EXTERNAL CONTRACTORS	Suppliers and external contractors play a very important role in improving the company's performance and competitiveness. Cofle maintains relations with them based on loyalty, transparency and impartiality and requires compliance with the principles and requirements set out in this Code.
FINANCIAL AND INSURANCE INSTITUTIONS	Relations with financial institutions are based on the same principles of fairness and transparency that characterize Cofle in its operations. Specifically, the information requested by institutions is provided in a timely and accurate manner, ensuring the fulfilment of credit obligations.
PUBLIC ADMINISTRATION	Cofle maintains relations with local, national and supranational public authorities based on full and active cooperation, transparency, respect for each other's autonomy and the values contained in the Code. Cofle does not provide contributions, advantages or other benefits to political parties and workers' trade union organizations, nor to their representatives or candidates, without prejudice to compliance with any applicable legislation.
COMPETITORS	Cofle recognizes that fair and correct competition is a fundamental element for the development of the company and the market, and manages its business by fostering competition based on the innovation, compliance and performance of its products. Cofle and all its employees must refrain from unfair business practices and, in no way may the belief that they are acting for the benefit of Cofle justify the adoption of behaviour that is contrary to the principles contained in the Code of Ethics.

Financial value produced and distributed to stakeholders

PRODUCED AND DISTRIBUTED FINANCIAL VALUE	2020	2021
A. Financial value produced	23,612,313	34,414,085
B. Financial Value distributed	22,278,598	35,009,584
Operating costs	16,273,076	24,399,635
Salaries and employee benefits	5,732,601	6,391,840
Payments to capital providers	118,159	4,016,245
Payments to Public Administration	141,762	194,864
Investments in the community	13,000	7,000
(A-B) Economic value retained	1,333,715	595,499

The **financial value produced** in 2021 amounts to EUR 34.4 million and the financial value distributed to approximately EUR 35.0 million.

The **financial value distributed** in 2020 is divided among the following stakeholders:



- the largest amount, EUR 24.2 million, to Suppliers and relates to costs incurred for the purchase of materials and services necessary for the company's business;
- employees** received approximately EUR 6.4 million for salaries, social security and pension contributions;
- EUR 4.0 million refers to payments to capital providers, **shareholders and lenders**, in the form of profits and interest;
- 195,000 euro were paid to the **public administration** in the form of taxes and fees;
- 7 thousand euro to the **Community** to support associations, organizations and projects for the socio-economic development and growth of the area.

Governance, Ethics and Integrity

Cofle S.p.A.'s governance system is oriented towards maximizing value, controlling risks, maintaining and developing relationships of trust with its stakeholders, as well as protecting and safeguarding the environment and the territory for sustainable and supportive development.

Ethics and integrity, beyond mere compliance with the law, are a constant commitment of the company and characterize the behaviour of the entire organization.

Following the listing on the Stock Exchange and the new corporate and governance structure required by the Italian Stock Exchange regulations for listed companies, the company was inspired by and integrated into its own definition of governance some issues included in the Corporate Governance Code issued by Borsa Italiana. This made it possible to ensure, for example, an adequately sized governing body, as well as to guarantee cross-sectoral skills and experience important for the development of the company.

Corporate Governance

The Corporate Governance is structured according to the traditional model and provides for:

- Shareholders' Meeting.
- Board of Directors.
- Board of Statutory Auditors.
- Statutory Auditing Company.

As of 11 November 2021, the shares of Cofle S.p.A. are traded on EGM (Euronext Growth Milan), a multilateral trading system primarily dedicated to small and medium-sized enterprises and companies with high growth potential.

Cofle's share capital currently consists of 5,403,728 ordinary shares (last updated 9/11/2021)¹ represented as follows:

Shareholder	No. of ordinary shares	No. of PAS shares	Total No. of shares	% share capital
Valfin S.r.l.	4,077,056	750,000	4,827,056	78.4%
Smart Agri S.r.l.	230,688		230,688	3.7%
Palladio Holding S.p.A.	79,920		79,920	1.3%
Market	1,016,064		1,016,064	16.5%
Total	5,403,728	750,000	6,513,728	100.0%



The listing took place through a share capital increase, which resulted in 1,153,728 new shares subscribed at a value of EUR 13.00 and a par value of EUR 0.10.

The Board of Directors is appointed by the Shareholders' Meeting on the basis of lists submitted by shareholders who, individually or jointly, hold at least 10% of the subscribed share capital at the time the list is submitted.

Furthermore, the Board of Statutory Auditors was appointed by the Ordinary Shareholders' Meeting of the Company on 19 October 2021 and will remain in office

¹ Further details on the shares can be found on the company's website, in the various attached documents

until the approval of the financial statements for the year ending 31 December 2023.

Responsibility for the management of the company is therefore assigned to the Board of Directors, while the supervisory functions are assigned to the Board of Auditors. The statutory auditing of the accounts are entrusted to the Auditing Company appointed by the Board of Directors.

Governing and Oversight Bodies

SHAREHOLDERS' MEETING

The Shareholders' Meeting meets to periodically deliberate on matters defined in the Company's Articles of Association and in accordance with the laws in force.

The main tasks of the Shareholders' Meeting are the appointment of the Board of Directors, the Board of Statutory Auditors and the approval of the annual financial statements.

BOARD OF DIRECTORS

As the governing body, the Board of Directors is responsible for ensuring the company's growth whilst respecting sustainability in the medium and long term, in accordance with the indications received from its stakeholders. The task of this body is to ensure the proper management of the company, through an appropriate system of internal controls and risk management, and with transparency towards the market and its investors. All duties and responsibilities within the Board of Directors or delegated to other parties have been duly decided by the Shareholders' Meeting and are on the company's records. The current Board of Directors consists of five members, one of whom is independent.

Post	Name	Executive	Non-executive and independent	% attendance in meetings
Chairperson	Walter Barbieri	X		
CEO	Alessandra Barbieri	X		
Director	Silvio Benedetti			
Director	Sergio Buoncristiano			
Director	Enrico Mambelli		X	

Among the activities defined in the path towards the company's listing on the stock exchange, an in-depth training phase was carried out for future Directors (executive and independent), Statutory Auditors, executives and other corporate figures in order to gather fundamental issues and notions to manage and operate correctly in a company listed on the EGM market, in line with the Corporate Governance Code of Borsa Italiana S.p.A.

The training plan, developed over several days of sessions, allowed for an understanding of the needs and specificities of the company and, in particular, of the business sectors in which the company operates, the company dynamics and their evolution, also with a view to the sustainable success of the company itself, as well as the principles of correct risk management and the regulatory and self-regulatory framework of reference.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors was appointed by the Ordinary Shareholders' Meeting of the Company on 19 October 2021 and will remain in office until the approval of the financial statements for the year ending 31 December 2023.

It consists of three Standing Auditors and two Alternate Auditors. All members of the Board of Statutory Auditors meet the requirements of integrity and professionalism required by Article 2399 of the Italian Civil Code.

The Board of Statutory Auditors is composed of:

Post	Name	% attendance in Board of Directors meetings
Chairperson	Giuseppe Rota	
Standing auditor	Arturo Carcassola	
Standing auditor	Ugo Palumbo	
Alternate Auditor	Luca Perico	
Alternate Auditor	Pietro Longaretti	

AUDITING FIRM

The Auditing Company appointed by the Board of Directors is BDO Italia S.p.A.

Governance and Ethical Control Instruments

CODE OF ETHICS

Cofle S.p.A.'s Code of Ethics represents the company's "constitutional charter", a charter of rights and duties that defines the ethical and social responsibility of each participant in the company organization.

It expresses, therefore, the ethical commitments and responsibilities in the conduct of activities undertaken by employees respecting the legitimate interests of members, employees, customers, partners and communities in the territories where Cofle is present with its business.

The Code has the specific function of fostering and guaranteeing fairness and loyalty in the management of transactions and human relations inside and outside the company, thus enhancing the company's credibility both nationally and internationally.

The latest version of the Code of Ethics was approved in January 2015; a revision is planned in conjunction with the adoption of the organizational model pursuant to Legislative Decree 231 by the end of 202.

INTERNAL DEALING PROCEDURE

The Internal Dealing Procedure was approved by the administrative body of Cofle S.p.A. on 25 October 2021 and came into force as of the date of submission to Borsa Italiana S.p.A. of the application for admitting Cofle's financial instruments to trading on EGM.

The legal and regulatory framework of the Internal Dealing Procedure defines the rules for the fulfilment of the obligations to inform the company, Consob and the market about Relevant Transactions carried out by Relevant Persons and Persons Closely Related to them, as well as by Cofle S.p.A., concerning financial instruments issued by Cofle or other financial instruments linked to them, in order to avoid market abuse and cases of insider dealing by such persons.

INSIDER INFORMATION MANAGEMENT PROCEDURE AND INSIDER REGISTER

The Procedure for Handling Insider Information and the Insider Register was also approved by the management body of Cofle S.p.A. on 25 October 2021.

The purpose of the Procedure is to regulate the management and processing of Inside Information concerning Cofle S.p.A. and its subsidiaries by virtue of the admission of Cofle's financial instruments to trading on EGM, with the aim of guaranteeing the confidentiality of the information and including the list of all those who may have access to Inside Information and with whom there is a professional

relationship. The Insider Register, drawn up in electronic format, is updated promptly and transmitted without delay to the competent authority whenever the latter requests it.

This Procedure must be applied and interpreted in accordance with the guidelines of ESMA - European Securities and Markets Authority (including the Questions and Answers on the Market Abuse Regulation, prepared and updated by ESMA, in the latest version made available on its official website) and of Consob, to the extent of their respective competences.

PROCEDURE FOR TRANSACTIONS WITH RELATED PARTIES

The Procedure for Transactions with Related Parties (TRP) was approved by the administrative body of Cofle S.p.A. on 25 October 2021, in accordance with the provisions of Article 13 of the EGM Issuers' Regulations, Article 10, containing provisions on TRP, adopted by Consob with resolution No. 17221 of 12 March 2010, as amended and supplemented.

The Procedure for TRP is aimed at identifying the procedure on the management of TRP carried out by Cofle S.p.A. directly or through subsidiaries, in order to ensure their transparency and substantial and procedural propriety following the admission of the company's financial instruments to EGM.

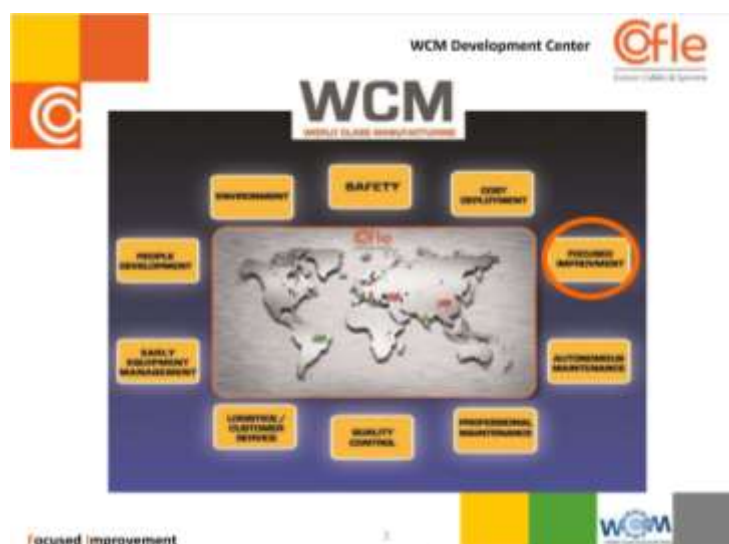
The Procedure became effective as of the date on which the company's financial instruments began trading on EGM (11 November 2021).

All these procedures are published on the company's website, Investor Relations section.

Management systems, methodologies and certifications

In 2019, Cofle Italia adopted the WCM methodology, which is based on ten pillars defined as technical and ten pillars defined as managerial. Each of the technical pillars is broken down into seven steps to be followed in order to achieve the set objectives, with the identification of the issues and problems to be addressed, the solutions and countermeasures to be applied, ending with an improvement of the methods and structures used. The method entails the full involvement of company personnel in shared choices, activities, objectives and goals at every level of the hierarchical pyramid. In particular, Cofle Italia has adopted the **Safety** and **Focused Improvement Pillars**, whose objectives are:

- Systematically identifying the appropriate method for each specific problem;
- Increasing productivity and reducing the cost of processing by eliminating any loss of efficiency of workers and machines;
- Continuously developing new systems and tools to increase the effectiveness and aggressiveness of actions in the plant, through the participation of all workers.



Integrated Quality-Environment Management System

Cofle Italia has an Integrated Quality-Environment Management System in compliance with UNI EN ISO 9001 and 14001 standards

The **ISO 9001 certification** ensures a tool for quality improvement by identifying and satisfying customer needs and increasing the effectiveness and efficiency of internal processes.

The **ISO 14001** certification process stems from the need to use a valid tool to help integrate environmental issues into production strategies. In this way, the company reduces pollution risks, achieving a process of continuous and positive interaction with the environment.

ENVIRONMENT

Cofle's focus on the environment starts from considerations regarding the non-sustainability of the linear model of development and resource exploitation, and the need to contribute with its action to the gradual implementation of a circular economy designed to "self-regenerate": materials of biological origin are designed to re-enter the biosphere, and materials of technical origin are designed to circulate within a flow with minimal loss of quality. On the other hand, even from a business perspective, as Michael R. Porter argues, pollution is a form of economic waste, involving the unnecessary, inefficient or incomplete use of resources. Emissions are often a sign of inefficiency and require an organization to perform activities that do not generate value, such as handling, storing and disposing of the waste produced.

Cofle's environmental awareness has developed thanks to its ability to positively assess the "environment" factor and its fundamental role in the company's growth dynamics, as its deterioration can jeopardize the company's ability to compete, to stay on the market and even to operate. These considerations are supported by the fact that Cofle operates within the perimeter of the Adda Nord Regional Park.

Environment and quality integrated policy

To achieve its strategies, Cofle considers it necessary:

- To maintain the integrated quality and environment management system in accordance with UNI EN ISO 9001 and UNI EN ISO 14001.
- To satisfy customers with appropriate products and a good level of service. Cofle sends its products all over the world and it would be unsustainable from an economic, environmental as well as an image point of view to have to resort to "reconditioning" non-compliant products.
- To take decisions based on facts. The company is aware that effective decisions are based on the analysis of data and information.
- To involve people at all levels and enhance their skills so that they contribute to the achievement of Cofle's objectives. Staff must be competent in relation to the tasks they perform and aware of the associated environmental impacts, as well as the importance of their work and how it contributes to achieving integrated quality and environmental goals.
- To ensure the environmental compliance of all activities and processes.
- To ensure environmental protection with a view to continuous improvement through the prevention of pollution and unnecessary, inefficient or incomplete use of resources, with particular reference to atmospheric emissions, waste production and consumption of energy resources.
- To ensure the use of its products for the construction and development of green vehicle ranges.
- To assess in advance the potential safety and environmental effects of new activities, products and processes, adopting operational measures that are more precautionary for workers and have a lower environmental impact.
- To also promote the adoption of quality methodologies in the manufacture of products in the Cofle Group's subsidiaries, in order for them to comply with the policy established by the company and guarantee products' compliance to applicable requirements, environmental protection and safety in the workplace. The innovation of Cofle brand products must also be in line with sustainable development.
- To ensure the dissemination and regular updating of the Integrated Environmental and Quality Policy.

Environmental performance

COFLE deems it important to assess the environmental issues related to the activity it carries out and the existing relations with local areas, in order to verify and, if necessary, redefine its management methods, identifying the necessary actions to guarantee a continuous improvement of its environmental performance.

The assessment of these issues is carried out with reference to the UNI EN ISO 14001:2015 standard, which requires the identification of the significant environmental impacts of an organization's activities, products and services in order to formulate an environmental policy and define improvement objectives.

Raw material consumption, recycling and reuse

The raw materials needed by Cofle for its production process are metals - aluminium and zamak mainly - and plastics.

RAW MATERIALS	2020	2021
Aluminium [t]	44.06	100.57
	<i>% from recycling</i>	<i>95.8%</i>
	<i>% raw material</i>	<i>5.0%</i>
Zamak [t]	36.87	56.13
	<i>% from recycling</i>	<i>97.0%</i>
	<i>% raw material</i>	<i>3.0%</i>
Plastic [t]	84.31	152.66
	<i>% from recycling</i>	<i>0.0%</i>
	<i>% new material</i>	<i>100.0%</i>
TOTAL RAW MATERIALS [t]	165.24	309.36
	<i>% from recycling</i>	<i>47.2%</i>
	<i>% raw material</i>	<i>52.8%</i>

As confirmed by the foundries from which the company obtains its supplies, there is now an established commitment to increase the consumption of scrap and recycled materials out of the total raw material delivered to the furnace, with the following twofold advantage:

- (a) **valuing the contribution to material recovery and recycling;**
- (b) **contributing to the reduction of GHG emissions related to the non-extraction of raw materials.**

The purchase of plastic material for the extrusion and filming process at the Trezzo sull'Adda site is made from local suppliers, resulting in a reduced logistical impact.

The company then purchases components, semi-finished and/or finished cables from third-party suppliers, some of which, for strategic/organizational reasons, come from subsidiaries located in Turkey and India and some others from suppliers located in the Far-East (China, India, Taiwan, Japan and Thailand).

It should be noted, however, that for the purchase of critical components, procurement continues to be carried out from local suppliers which have always guaranteed the company high levels of service and flexibility regarding specific company requests.

Products to and from the subsidiary located in Turkey are delivered in rigid plastic crates belonging to a closed cycle based on their continuous reuse.

The choices made, in addition to solving the many environmental problems related to waste disposal, proved to be advantageous from the point of view of economic management, confirming the thesis that identifies environmental management and investments as opportunities and not costs for the company.

The remaining products are delivered in packages and their packaging (big-bag, pallet, drum, canister) is handled as “non-returnable” and, consequently, as waste.

Design

The company plays an executive design role based on the requirements and outline design expressed by the customer (co-design). The shape and strength requirements demanded by the customer do not allow many “degrees of freedom” at the design level with regard to the environment, other than an executive design aimed at maximizing process yield.

The case of assemblies is different where, on the other hand, possibilities can be created where, already in the design phase, products made from materials with a reduced environmental impact can be proposed and/or conceived so that, in the manufacturing phase, material waste is contained or the machining necessary to finish the part is reduced.

Production and products

It is during the production phase that Cofle commits most of its resources to:

- reusing, recovering or recycling the waste materials that constitute the “leakages” of the different stages, i.e. all those points where there is a loss of efficiency through the escape from the production system of material that is potentially still useful;
- reducing the amount of natural and energy resources in the production phase.

Much has been done by the company to value processing residues, transformed, in absolute conformity with the principles of the circular economy, into raw materials that can be used tout court or, for example, into “mineral sources” from which precious metals can be extracted from processing residues.

Cofle’s products play a key role for most vehicle manufacturers. The finished product has very long life cycles shared with the customer and, at the end of its life, the material is 100% recoverable. In order to guarantee the required life cycles, there is a laboratory in the company equipped with state-of-the-art equipment for carrying out three-dimensional checks on the physical characteristics of materials and the resistance of surface treatments.

The company constantly monitors the trend of external scrap, which is an indicator of quality, but also an indirect indicator of finished products reaching the end of their life before the end of the vehicle’s life.

It should also be noted that finished products are subject to the EU Directive 2000/53/EC “End of Life Vehicles (ELV) Directive”, which sets out the requirements for reusing, recycling and recovering an end-of-life vehicle and its components.

According to this directive, vehicle manufacturers and their suppliers are obliged to publish information on vehicle construction, environmentally sound reuse of end-of-life vehicles, waste prevention and the progress made in recovery and recycling, as well as to disclose information on vehicle dismantling. In response to this directive, the leading manufacturers, along with the American software house EDS have devised the IMDS (International Material Data System).

This system allows suppliers to enter all information on product composition. The IMDS is important not only for analysing the recyclability and recoverability levels of vehicles, but also for monitoring the use of heavy metals and potentially critical automotive substances, such as those on the Global

Automotive Declarable Substance List (GADSL). The use of IMDS also makes it possible to check compliance with REACH, which regulates the manufacture, import, sale and use of chemicals within the European Union. Periodic checks are also carried out on the use of certain substances and

CHEMICALS USED	2020	2021
Sealants [kg]	44.3	45.4
Oils and fats[kg]	734.6	1,059.8
Solvents [kg]	8.8	17.3
Detergents [kg]	75.4	212.4

minerals whose availability on the market in the coming years is considered critical by the European Union, for geopolitical reasons; this is the case with rare earth elements or certain noble metals used in catalysts.

Chemicals are stored in covered paved areas on suitable containment basins and there is no plausible sign of groundwater and/or soil contamination. Those classified as hazardous under Reg. EU No 1272/2008 are regularly accompanied by the relevant Safety Data Sheet.

In view of the quantities of hazardous substances and mixtures present in the company, it is confirmed that they are not subject to the provisions of Italian Legislative Decree No. 105/2015 (Seveso-III).

Distribution

Once the quality checks have been completed, the products are transferred to external suppliers (for heat treatment, galvanic coating, surface treatment (phosphating, anodising), painting or equivalent processing).

One part is delivered directly to customers and one part goes back into the warehouse awaiting shipment to customers.

With a view to time reduction and optimal business management, the company outsources this from local contractors. The strategic proximity of these suppliers to the company also has, consequently, positive environmental implications, reducing logistics-related impacts.

The transport of semi-finished products to and from suppliers and the transport of finished products to the Pozzo warehouse is also carried out with the company's own vehicles.

On the other hand, the delivery of finished products to the customer takes place, in 90% of the cases, with carriers imposed by the customer and, for the remaining 10%, mainly through qualified carriers with proven experience. In 50% of the cases, the finished products are delivered to the customer in returnable packaging, imposed and/or shared with the customer (plastic boxes), while in 50% of the cases they are delivered in disposable packaging made of cardboard, a material of proven recoverability.

Only in some cases (where explicitly requested by the customer and/or the criticality of the parts requires it) is plastic material (e.g. bubble wrap) used inside the boxes to prevent damage to the product during transport.

PACKAGING	2020	2021
Cardboard packaging [kg]	86,907.4	106,576.3
% new material	56.8%	56.0%
% recycled material	43.2%	44.0%
Wooden packaging [kg]	91,829.8	144,486.9
% new material	95.0%	62.7%
% recycled material	5.0%	37.3%
Plastic packaging [kg]	58,564.5	72,745.5
% new material	100.0%	100.0%

	% recycled material	0.0%	0.0%
Total packaging [kg]		237,301.7	323,808.7
	% new material	82.2%	68.9%
	% recycled material	17.8%	31.1%

Energy consumption and renewable sources

COFLE S.p.A.'s overall energy consumption is largely derived from the consumption of electricity used by process machinery.

The production process is flanked by other auxiliary processes carried out in support, such as:

- compressed air: the compressors and compressed air system provide the air flow needed to operate the machinery and the sleeve cleaning system;
- extraction and filtration equipment: the emissions produced by the various stages of the production process require dedicated extraction and purification systems.

In addition to the main process and auxiliary ones, there are general plant utilities, i.e. systems that are not strictly connected to the production process but are functional to it.

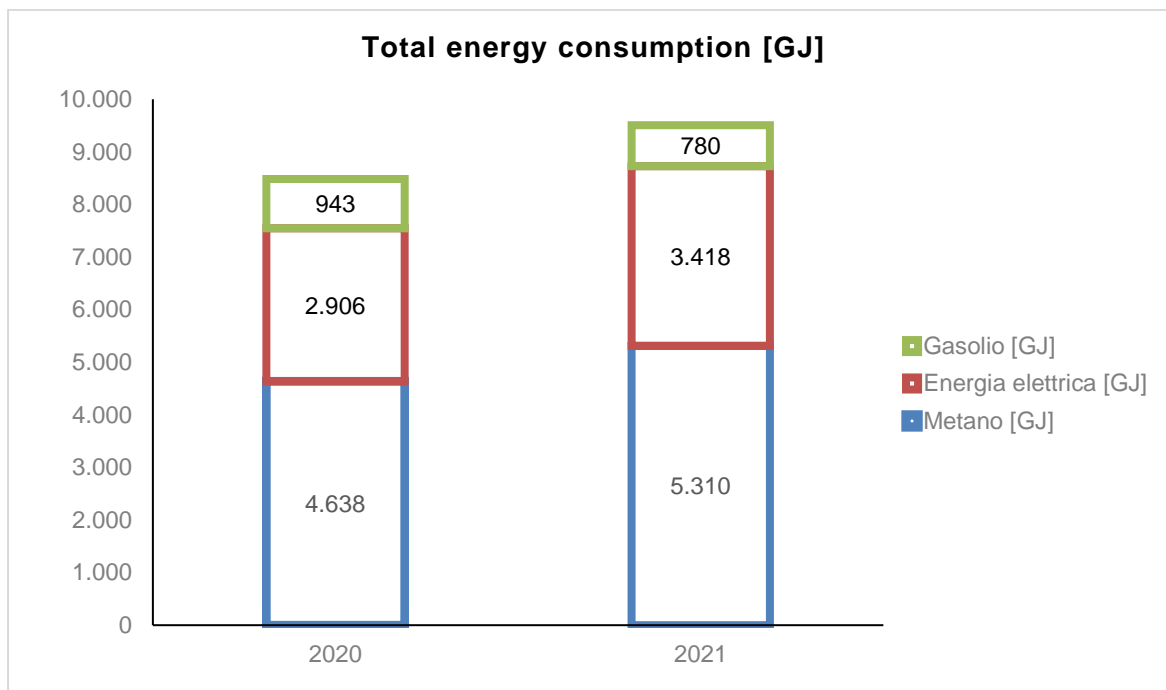
The main general plant utilities are as follows.

- air-conditioning: there is an air-conditioning system consisting of fossil-fuelled thermal and summer air-conditioning systems;
- lighting: the existing lighting system, which is present in all areas, is mainly composed of low-pressure sodium and neon type luminaires, installed in the halls where the production process takes place and in the office building;
- offices and changing rooms: this sub-area includes the utilities and related consumption inherent in these rooms such as: domestic hot water production, electrical equipment, etc.

Cofle uses electricity, natural gas and diesel as energy carriers.

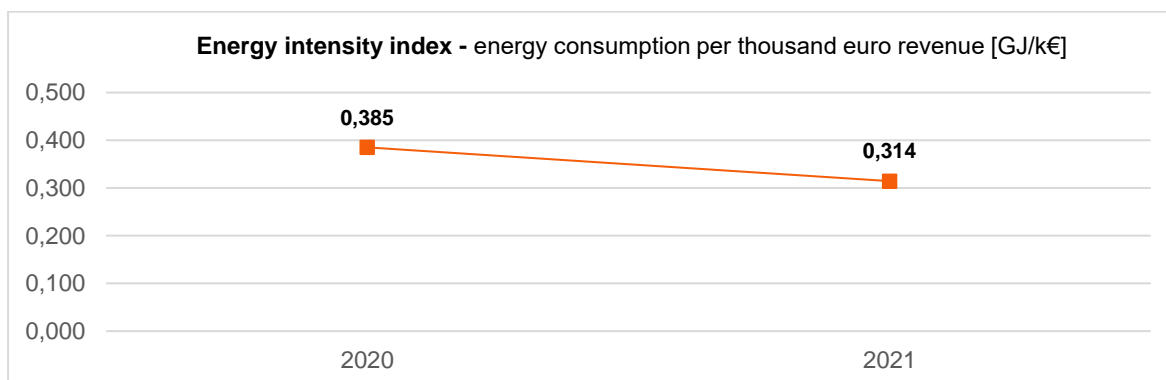
In 2021, Cofle's total energy consumption will amount to 9,508.1 GJ, of which 55.8% natural gas, 35.9% electricity and 8.2% diesel.

TOTAL ENERGY CONSUMPTION	UoM	2020	2021
Total energy consumption	GJ	8,486.7	9,508.1



ENERGY INTENSITY INDEX	UoM	2020	2021
Energy consumption per thousand euro revenue	GJ/k€	0.385	0.314

The energy intensity index, calculated as total energy consumption per thousand euro of revenue, shows a decrease of 18.8%, compared to 2020, due to an increase in energy consumption (+12.0%) less than proportional to the increase in net revenue (+37.3%).



Since 2016, the company has been equipped with a solar photovoltaic system that covered 10.5% of its electricity needs in 2021, compared to 9.6 per cent in 2020. This was the result of an increase in the plant's electricity production (+16.1%) and an increase in the share of self-consumption (+29.8%) compared to the energy sold to the national grid.

The following tables show the details of energy consumption split between renewable and non-renewable sources.

Energy quotas from renewable sources	2020	2021
Share of electricity from renewable sources	44.1%	44.7%
Share of total energy from renewable sources	15.1%	16.1%

ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES	UoM	2020	2021
Electricity taken from the national grid (non-renewable share declared by the supplier)	kWh	451,050.0	524,704.2
	GJ	1,623.8	1,888.9
Methane for heat generation	cm	131,371.6	150,513.0
	GJ	4,637.8	5,310.2
Diesel for energy production	t	15.1	10.1
	GJ	648.3	432.2
Diesel for internal movements	t	6.9	8.1
	GJ	294.6	347.7
Total energy consumption from non-renewable sources	GJ	7,204.5	7,979.0

ENERGY CONSUMPTION FROM RENEWABLE SOURCES	UoM	2020	2021
Electricity taken from the national grid (renewable share declared by the supplier)	kWh	279,040.6	324,606.5
Electricity produced by photovoltaic system	kWh	89,359.0	103,716.0
Self-consumption	kWh	77,134.6	100,133.7
Transferred to the national grid	kWh	12,224.4	3,582.3
Total electricity consumption from renewable sources	GJ	1,282.2	1,529.1

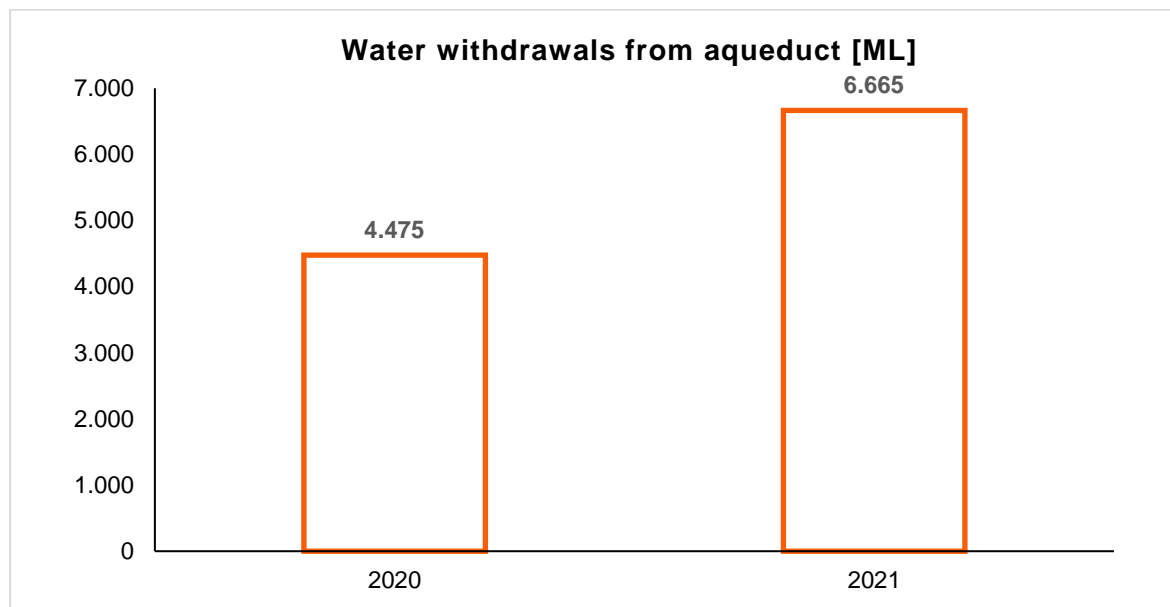
Considering only the electrical energy consumed in 2021, 44.7 per cent of it comes from renewable sources (+1.4 per cent compared to 2020), while out of the total energy consumed, 16.1 per cent comes from renewable sources (+6.4 per cent compared to 2020).

Water withdrawals

The water resources drawn from the aqueduct are shown in the following table.

WATER WITHDRAWALS BY SOURCE			2020		2021	
TYPE			All areas (ML)	Water Stress Areas (ML)	All areas (ML)	Water Stress Areas (ML)
WATER WITHDRAWAL BY SOURCE	Water resources drawn from the aqueduct [ML]	Fresh water (< 1000 mg/L total dissolved solids) [ML]	4,475	-	6,665	-
		other types of water (>1,000 mg/l total dissolved solids) [ML]	-	-	-	-
Total water withdrawn from aqueduct [ML]			4,475	-	6,665	-

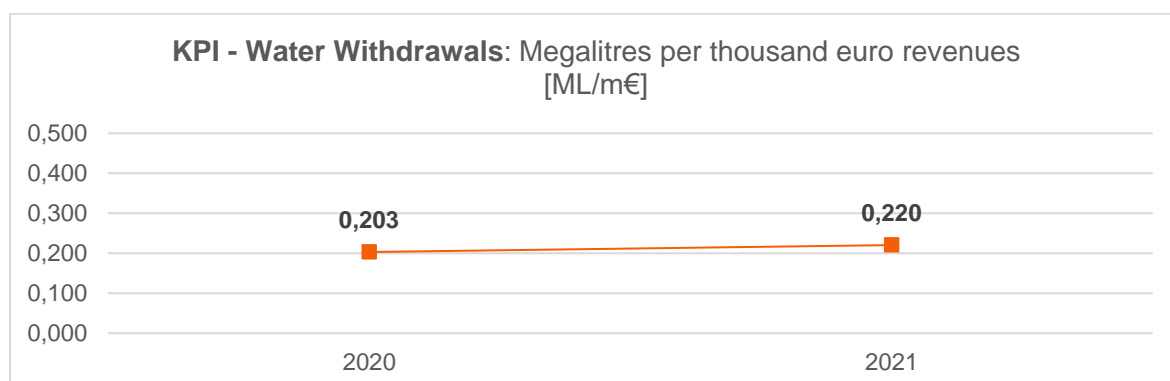
The company is not located in water stress areas, i.e. with little capacity or inability to meet human and ecological water demand.



In 2021, there will be an increase in water withdrawn (+ 48.9%) as a result of increased activities and a greater presence in the company than in 2020.

The performance indicator calculated as **Megalitres withdrawn per thousand euro of revenue** shows a lower growth (+8.4%) due to the more than proportional increase in net revenue,

KPI - WATER WITHDRAWALS BY REVENUE VALUE	UoM	2020	2021
Megalitres per thousand euro revenue	ML/k€	0.203	0.220



Water discharges

The discharges are of a civil and meteoric nature.

Civil wastewater is conveyed to the ground after treatment, while rainwater is conveyed into leaking wells.

WATER DISCHARGES BY DESTINATION			2020		2021	
TYPE			All areas (ML)	Water Stress Areas (ML)	All areas (ML)	Water Stress Areas (ML)
WATER DISCHARGES BY DESTINATION	Domestic or similar water discharges to soil-subsurface [ML]	Fresh water (< 1000 mg/L total dissolved solids) [ML]	4,251	-	6,332	-
		other types of water (>1,000 mg/l total dissolved solids) [ML]	-	-	-	-
Total water discharges			4,251		6,332	-

Stormwater wastewater consists of:

- water falling on roofs, collected in downpipes and conveyed directly into leaking wells;
- water falling on the impermeable pavement outside the wards, collected in pipes and conveyed into leaking wells.

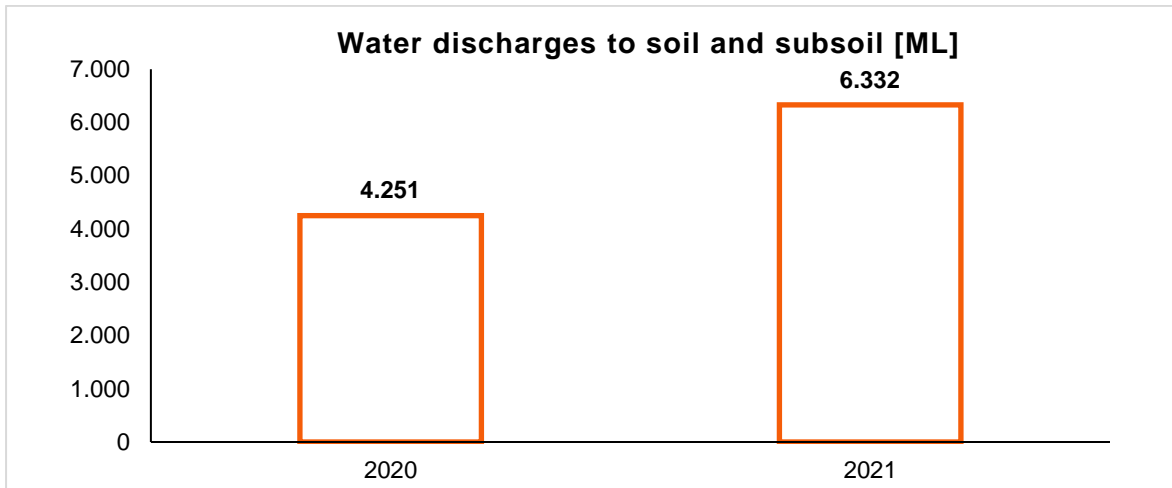
Domestic waste water from toilets, in the absence of a municipal sewer, is dispersed into the soil by sub-irrigation. The company has acquired authorisation from the Province for the discharge of civil waste water into the soil in accordance with Art. 22 of Reg. Reg. 03/2006 (Single Environmental Authorisation R.G. No. 2172/2016 of 07/03/2016, as amended by Executive Act No. R.G. 8471 of 29/11/2018).

From the septic tanks (which have a diameter of about 1.5 metres and a depth of about 2.5 metres) the waste water flows to a sampling pit, then to an outfall pit (which is followed by a further sampling pit).

From here the water is dispersed in sub-irrigation. Dispersal takes place through a pipeline with a length proportional to the equivalent inhabitants, i.e. 2.5 metres of pipeline for each equivalent inhabitant; within the company, 40 equivalent inhabitants have been estimated, so the total length of the pipeline is 100 metres.

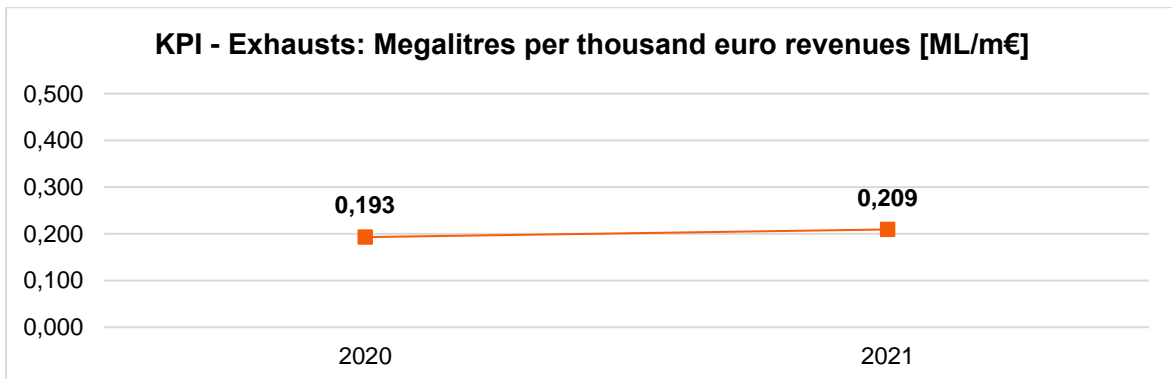
There are three sub-irrigation dispersal systems in the company, based on the scheme described above. In all cases, the sub-irrigation pipe is placed on a drainage base of at least 50 cm, 1.5 metres above ground level and 1.5 metres from the maximum excursion of the aquifer.

Following a planned increase in personnel, the company applied for and obtained authorization for an expansion of a dispersal system that disposes of domestic sewage with an organic load slightly above 50 inhabitants equivalents with an adjustment of the length of the dispersal trench.



In 2021, the increase in water discharges, compared to 2020, is a direct consequence of the increase in water withdrawals, just as the trend in the indicator **Megalitres of water discharges per thousand euro of revenue** follows a smaller percentage increase due to the aforementioned more than proportional increase in net revenue.

KPI - WATER DISCHARGES BY REVENUE VALUE	UoM	2020	2021
Megalitres per thousand euro revenue	ML/k€	0.193	0.209



The water-bath cooling of extrusion lines does not generate water discharges, but only periodic replenishment of cooling water due to natural evaporation phenomena.

The company installed a machine to treat the condensate from the compressors, collecting the treated water in a special container, which is then delivered as special waste to authorized third parties.

The company also collects waste water from the discharge of saline mist in a special container, which is always delivered as special waste to authorized third parties.

Cofle does not use water for workplace cleaning, carrying out only manual dry cleaning.

Waste Management

In waste management, COFLE's activities consist of collecting the waste produced and delivering it to authorized destination plants.

The waste produced is basically divided into two macro-categories: waste assimilated to municipal waste and special waste (hazardous and non-hazardous).

Municipal waste

Municipal waste consists of dry and separate collections. Each employee is responsible for managing the waste produced in the course of his or her work. The waste produced is destined for recovery or disposal by the companies appointed by the territorially competent municipal administration; the dry municipal waste produced tends to be destined for energy recovery thermodestruction plants, while the differentiated waste are sent to specific recovery and recycling plants.

Special Waste

The special waste produced is deposited temporarily, i.e. pending transport and transfer to authorized environmental managers, in covered or uncovered areas depending on the type of waste and in accordance with the indications of Art. 183 of Legislative Decree No. 152/06. The company adopts the time-quantity criterion, collecting and sending to recovery or disposal operations within a maximum of three months from the date the waste was generated.

Hazardous waste and waste characterized by "mirror entry" are subject to chemical and physical analysis, if necessary, or for proper coding, or if otherwise requested by the parties to whom the waste is delivered.

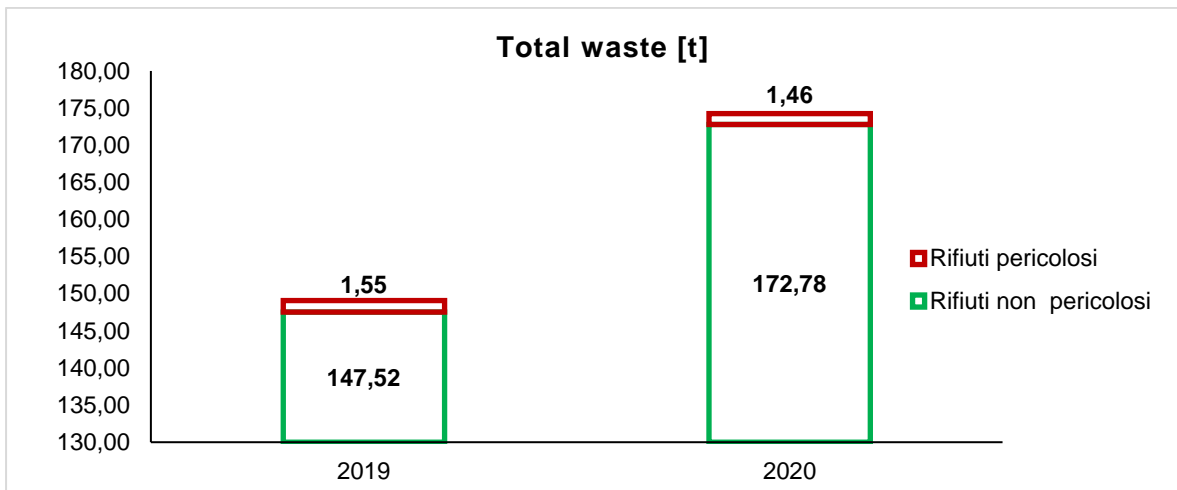
Special waste is delivered, according to company procedures and regulatory requirements, to authorized transporters and handlers. In the case of the delivery of hazardous waste subject to the ADR Agreement (Agreement for transport of Dangerous goods by Road), the Company guarantees the fulfilment of the obligations that the ADR itself provides for the shipper (labelling, packaging of goods and transport document).

The following tables show the waste produced by Cofle divided between waste destined for recovery (recycling), which accounted for 99.3% of the total in 2021, and waste destined for disposal, 0.7% of the total, mostly directed to energy recovery (waste-to-energy).

WASTE FOR RECOVERY	UoM	2020	2021
Total waste not destined for disposal	[t]	147.36	173.04
Non-hazardous waste	[t]	147.05	172.78
Recycling	[t]	147.05	172.78
Hazardous waste	[t]	0.31	0.26
Recycling	[t]	0.31	0.26

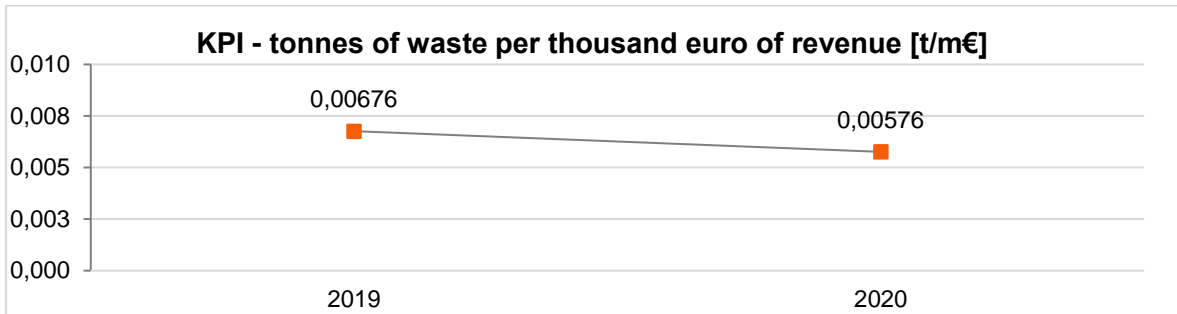
WASTE FOR DISPOSAL	UoM	2020	2021
Total waste for disposal	[t]	1.71	1.20
Non-hazardous waste	[t]	0.48	-
Energy recovery	[t]	-	-
Incineration	[t]	-	-
Disposal	[t]	0.48	-
Hazardous waste	[t]	1.24	1.20
Energy recovery	[t]	0.98	0.86
Incineration	[t]	0.26	0.34
Disposal	[t]	-	-

In 2021, hazardous waste accounted for 0.8% of the total waste generated.



The indicator **tonnes of waste per thousand of revenue** decreased by 14.8% in 2021, which, like the other indicators, was also caused by the more than proportional increase in net revenue.

KPI	UoM	2020	2021
KPI - tonnes of total waste per thousand revenue	[t/m€]	0.00676	0.00576
KPI - % total waste for recovery	%	98.8%	99.3%



Atmospheric emissions

Atmospheric emissions associated with the company’s technological cycle, channelled into the external environment and duly authorized by Single Environmental Authorisation R.G. No. 2172/2016 of 07/03/2016, as amended by Executive Act No. R.G. 8471 of 29/11/2018 deal in summary with PVC and thermoplastic extrusion and mechanical processing (metal cable cutting, grinding and welding).

The authorization monitoring plan prescribes annual self-monitoring for all relevant emission points. The results of the analytical sampling conducted on 26 November 2021 according to the current authorization act are reported below.

Emissione	Inquinanti monitorati	Limite (mg/Nm³)	Esito analisi (mg/Nm³)	Note
E2	Polveri Totali	10	2,14	Prelievo del 26/11/21
	COV	20	3,80	
E3	Polveri Totali	10	1,20	Prelievo del 26/11/21
	Metalli	0,1	< 0,026	
E4	Polveri Totali	10	1,18	Prelievo del 26/11/21
	Metalli	0,1	< 0,018	
E5	Polveri Totali	10	0,62	Prelievo del 26/11/21
	Metalli	0,1	< 0,023	
E6	Polveri Totali	10	0,71	Prelievo del 26/11/21
	Metalli	0,1	< 0,019	
E7	Polveri Totali	10	0,51	Prelievo del 26/11/21
	Metalli	0,1	< 0,022	
	COV	20	5,55	
E8	Polveri Totali	10	1,54	Prelievo del 26/11/21
	COV	20	3,39	

The results of the analyses carried out show emissions well below the authorized limits.

Emissions into the atmosphere are also determined by the thermal systems (powered by methane and diesel) hot water heaters (for offices) and hot air heaters for warehouses.

Cofle guarantees their thermal performance through regular maintenance checks, helping to limit emissions.

The following table shows the total annual emissions from production processes and thermal plants, relating to VOCs (Volatile Organic Compounds), NOx (nitrogen oxides) and CO (carbon monoxide).

EMISSIONS INTO THE ATMOSPHERE	UoM	2020	2021
EMISSIONS FROM PRODUCTION PROCESSES			
Powders	[kg]	15.44	14.64
COV	[kg]	19.29	15.67
EMISSIONS FROM THERMAL PLANTS			
NOx	[kg]	173.34	183.12
CO	[kg]	153.96	170.19

Greenhouse gas emissions

Cofle is not subject to the provisions of Directive 2003/87/EC relating to the emissions market, better known as the Emission Trading System (EU ETS), and is therefore not obliged to report greenhouse gas emissions to the Competent National Authority.

Despite this, Cofle monitors its direct and indirect greenhouse gas emissions according to the Greenhouse Gas Protocol by distinguishing emissions into categories or Scopes:

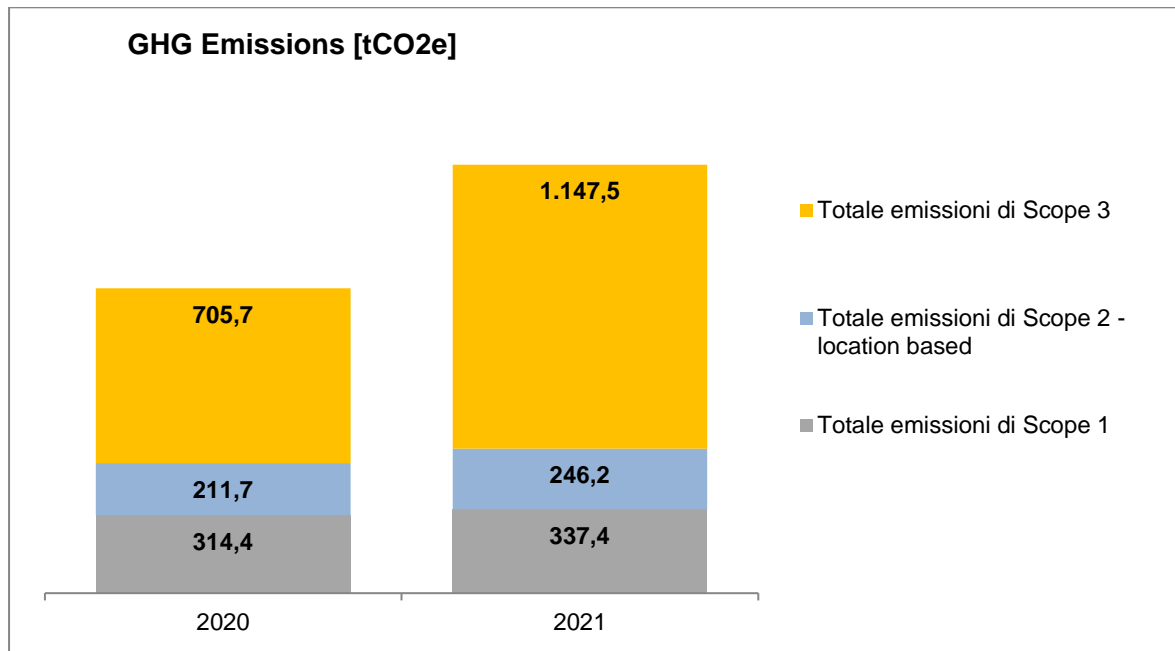
- Scope 1: Emissions from sources owned and controlled by the organization due to heat production and due to fugitive emissions of climate-changing gases;
- Scope 2: Indirect emissions from the production of electricity consumed by the organization and taken from the grid;
- Scope 3: Other indirect emissions. This category includes other sources that are not under the direct control of the company, but whose emissions are indirectly due to company activity. Cofle included in this category the emissions from the main consumption of raw materials and materials, packaging and fuels used (extraction and transport), disposal of waste produced and water consumption (withdrawal).

GREENHOUSE GAS EMISSIONS			
Scope 1		2020	2021
Emissions from thermal plants for methane combustion	tCO2e	266.8	305.7
Emissions from thermal plants for diesel combustion	tCO2e	47.6	31.7
Total Scope 1 emissions	tCO2e	314.4	337.4
Scope 2		2020	2021
Emissions for electricity consumption from the grid - location based	tCO2e	211.7	246.2
Emissions for electricity consumption from the grid - market based	tCO2e	304.2	343.6
Total Scope 2 emissions - location based	tCO2e	211.7	246.2
Scope 3		2020	2021
Metals and alloys	tCO2e	139.0	258.6
Plastic	tCO2e	262.7	475.7
RAW MATERIALS	tCO2e	401.7	734.4
Wood packaging	tCO2e	1.0	34.4
Plastic packaging	tCO2e	182.5	226.7
Cardboard packaging	tCO2e	66.0	82.7
PACKAGING	tCO2e	249.5	343.8
Methane	tCO2e	34.5	52.1
Diesel	tCO2e	14.5	12.0
FUELS USED - extraction and transport	tCO2e	49.0	64.0
Waste Disposal	tCO2e	0.8	0.6
Recovered waste	tCO2e	3.1	3.7
WASTE PRODUCED - disposed of and recovered	tCO2e	3.9	4.2
Water taken from the aqueduct	tCO2e	1.5	1.0
WATER CONSUMPTION - withdrawal from aqueduct	tCO2e	1.5	1.0
Total Scope 3 emissions	tCO2e	705.7	1,147.5
Total Scope 1+Scope2	tCO2e	526.1	583.6
Total Scope 1+Scope2 + Scope 3	tCO2e	1,231.8	1,731.1

In 2021, total greenhouse gas emissions amount to 1,731.1 tCO₂e and are mainly determined by indirect Scope 3 emissions, which account for 70.1% of total emissions

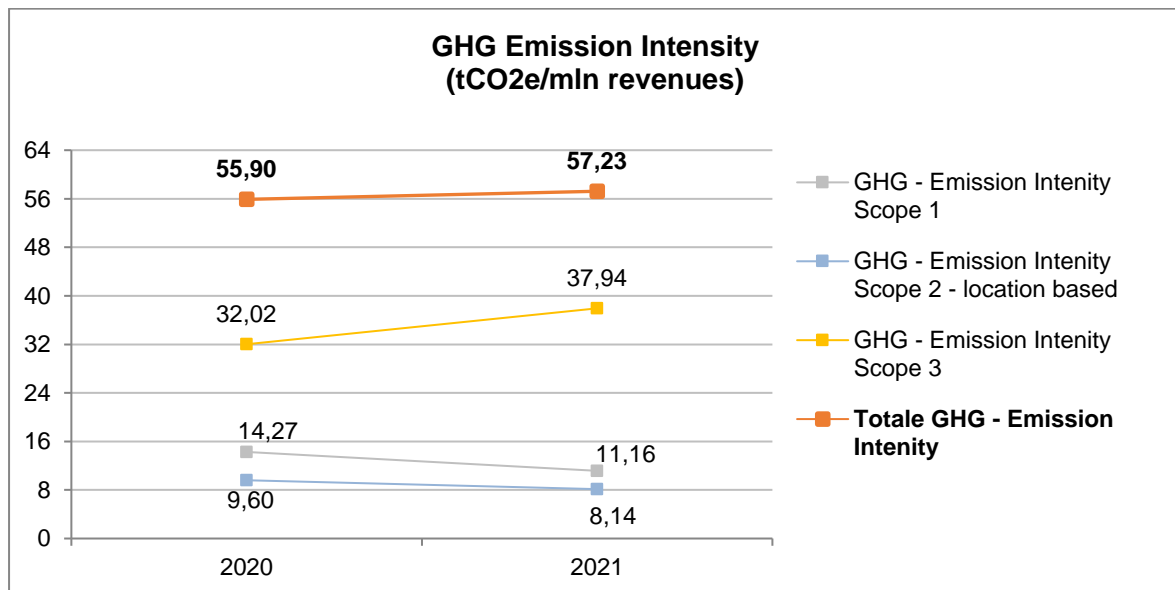
The increase in Scope 3 emissions compared to 2020 is caused by increased consumption of raw materials and materials, packaging and fuels used.

The increase in indirect Scope 2 emissions is due to the increase in electricity taken from the grid, while the increase in Scope 1 emissions is due to the increase in methane combustion for heat production.



Greenhouse gas emission intensity indices - calculated as tonnes of CO₂e per million revenues - show a reduction in Scope 1 and 2 emissions while confirming an increase in Scope 3 emissions.

The overall intensity index remains broadly stable.



OUR PEOPLE

Fairness, transparency, integrity and loyalty in the management of human relations inside and outside the company, along with the health and safety of workers, are fundamental values of Cofle Spa: pillars that are concretely translated in the Code of Ethics and in people's actions.

Values that were even more fundamental in 2020, during the pandemic crisis, which produced significant social and economic impacts by placing greater emphasis on the value of employment, a determining factor for Cofle Spa, which sees in people a fundamental capital for its economic, social and environmental sustainability. In fact, the maintenance of adequate employment levels, coupled with the supervision of skills and the health and safety of workers, is central to the pursuit of Cofle Spa's strategies, which is why it is actively committed to improving the working conditions of its workers.

Furthermore, employee involvement and participation are considered essential for teamwork and developing a strong corporate culture. This approach includes the WCM path, launched in 2019, aimed at worker participation in continuous improvement with regard to all activities and actions in respect of health and safety in the workplace.

Staff composition

Maintaining the level of employment is a fundamental pillar that, in the reporting years from 2020 to the present, is confirmed by the slight increase in the number of employees from 141 to 142 at the end of 2021. Women accounted for 41.5% of the company population, with a percentage increase of female labourers.

The breakdown in terms of occupational category and age group has kept the percentages virtually unchanged over the three reporting years. The smallest population in the company is young people under 30, and the average age of employees at Cofle Spa is 47 years, with an average seniority of 16 years.

PROFESSIONAL CATEGORIES	2020				2021			
	M.	W.	Tot.	% W/Tot	M.	W.	Tot.	% W/Tot
EXECUTIVES	0	0	0	0.0%	0	0	0	0.0%
MIDDLE MANAGERS	4	1	5	20.0%	4	1	5	20.0%
WHITE-COLLAR EMPLOYEES	21	17	38	44.7%	23	16	39	41.0%
BLUE-COLLAR EMPLOYEES	56	42	98	42.9%	56	42	98	42.9%
TOTAL	81	60	141	42.6%	83	59	142	41.5%

EMPLOYEES BY AGE GROUP	2020				2021			
	M.	W.	Tot.	% / tot	M.	W.	Tot.	% / tot
<30	14	1	15	10.6%	13	3	16	11.3%
30-50	38	24	62	44.0%	38	22	60	42.3%
>50	29	35	64	45.4%	32	34	66	46.5%
TOTAL	81	60	141		83	59	142	

AVERAGE AGE AND AVERAGE COMPANY SENIORITY (YEARS)	2020		2021	
	AVERAGE AGE	AVERAGE SENIORITY	AVERAGE AGE	AVERAGE SENIORITY
MIDDLE MANAGERS	51	22	52	23
WHITE-COLLAR EMPLOYEES	44	11	45	12
BLUE-COLLAR EMPLOYEES	46	13	46	13
GENERAL AVERAGE	47	15	47	16

Contract types

The stability of the employment level at Cofle Spa is important: 100% of Cofle's employees are employed with open-ended contracts.

The use of part-time work concerns 7.7% of employees, with quite similar percentages in the previous year; it also concerns only women: the only female executive does not use part-time work, only two female white-collar employees in the two reporting years and nine female blue-collar employees at the end of 2021.

CONTRACT TYPE	2020			2021		
	Men	Women	Total	Men	Women	Total
PERMANENT EMPLOYEES	80	60	140	83	59	142
FIXED-TERM EMPLOYEES	1	0	1	0	0	0
TOTAL EMPLOYEES	81	60	141	83	59	142

OTHER TYPES OF CONTRACTS	2020			2021		
	Men	Women	Total	Men	Women	Total
AGENCY EMPLOYEES	8	12	20	8	15	23
INTERN	1	0	1	1	0	1
TOTAL EMPLOYEES	9	12	21	9	15	24

Recruitment and Turnover

Although Cofle Spa does not have a specific personnel selection policy, it manages the company's low level of turnover regularly and promptly, ensuring that the process of searching for and selecting people is based on principles of fairness and transparency.

The few terminations are mainly due to retirements: 3 in 2020, 5 in 2021, all covered by a larger number of recruitments, thus continuing the physiological generational turnover plan.

Cofle Spa proceeds to search for candidates outside the company only after verifying that there are no potential internal candidates with profiles consistent with the position to be filled, so as to allow internal growth, to the benefit of workers and the company.

The selection processes involve the use of specialized companies, in some cases interviews are carried out directly by these external companies, in other cases they are carried out by Cofle Spa itself. At the end of the selection process, the candidates always receive feedback on the outcome of the interviews and, in the event of a positive outcome, the new employee is hired, providing a pathway according to the role to be filled with also an induction plan, an introduction to the role for

new recruits. Finally, the company periodically offers its availability to host university students in internships or “school-work” alternation (now PCTO).

In addition, the company did not make use of any form of collective or individual dismissal.

HIRING *	2020			2021		
	M.	W.	Tot.	M.	W.	Tot.
< 30	1	-	1	2	2	4
<i>recruitment rate</i>	7.1%	-	6.7%	18.2%	200.0%	33.3%
30-50	1	-	1	2	-	2
<i>recruitment rate</i>	2.6%	-	1.6%	5.3%	-	3.3%
>50	-	1	1	-	2	2
<i>recruitment rate</i>	-	2.6%	1.5%	-	5.4%	2.9%
TOTAL	2	1	3	4	4	8
recruitment rate	2.5%	1.6%	2.1%	4.9%	4.9%	5.6%

*Hiring rates are calculated as the ratio between No. of employees hired during the year and No. of employees at the beginning of the year

The employees as at 01/01/2021 were as follows: 12 people under 30, 59 people 30-50 and 70 people over 50.

TERMINATIONS *	2020			2021		
	M.	W.	Tot.	M.	W.	Tot.
< 30	1	-	1	-	-	-
<i>termination rate</i>	7.1%	-	6.7%	-	-	-
30-50	1	-	1	2	-	2
<i>termination rate</i>	2.6%	-	1.6%	5.3%	-	3.3%
>50	-	4	4	-	5	5
<i>termination rate</i>	-	10.5%	6.0%	-	13.5%	7.2%
TOTAL	2	4	6	2	5	7
termination rate	2.5%	6.7%	4.2%	2.5%	8.3%	5.0%

*Termination rates are calculated as the ratio of the No. of employees terminated during the year to the no. of employees at

A PROLONGED ILLNESS

Cofle Spa, confirming the importance it attaches to people and to the participation of workers in professional relations, has protected, in compliance with the law and contractual regulations, a worker on prolonged sick leave who, after having worked for the company for more than 30 years, was faced with an illness that prevented him from continuing his work. On the initiative of the colleagues and in cooperation with the company and the unions, a solidarity hours bank was set up to avoid the lack of full pension coverage. In a very short time, the combination of the hours collected among colleagues and the supplement guaranteed by the company for the missing quota, will allow the worker to reach his planned retirement in February 2023 with complete peace of mind.

the beginning of the year

Training and career development

To ensure continuity of employment, Cofle Spa monitors the skills of its workers and plans their training annually, promoting lifelong learning opportunities for all.

TRAINING HOURS	2020			2021		
	Men	Women	AVERAGE HOURS BY CATEGORY	Men	Women	AVERAGE HOURS BY CATEGORY
MIDDLE MANAGERS	24	12	18	9	-	4.5
WHITE-COLLAR EMPLOYEES	135	92	113.5	110	19	64.5
BLUE-COLLAR EMPLOYEES	179	51	115	216	144	180
TOTAL HOURS BY GENDER	338	155	246.50	335	163	249

TRAINING HOURS BY TYPE	2020	2021
"Excel Course - 4 Levels"	264	
"Accounting/Fiscal Developments 2020 Seminar at BDO"	4	
"Seminar on Intra-Community Transactions at Assolombarda"	3	
"First Aid Training and Refresher"	20	204
"Forklift Driver Update"	100	
"LEANE Training Using Test Bench Software"	16	8
"Training Course as per Prevention Diary - Year 2020"	86	
"Self-billing And SDI Sending Rules"		4
"Course For Obtaining A Forklift Driver's Licence"		24
"First Aid Training" MEDICENTRO		24
"RLS training" M&P PROJECT		32
"IATF Problem Solving Training"		32
"Various Recommendations On The Basis Of The NC 2020 Analysis" Internal Teacher		10
"MANPOWER-funded Excel Course"		56
"Using The New Zucchetti Attendance Programme" ITACOM		9
"Refresher Training For Fire-fighters At Medium Risk" L'ANTINFORTUNISTICA		95
TOTAL	493	498
	2020	2021
of which training hours for HEALTH AND SAFETY	206	175

Cofle Spa manages employee performance appraisal through an advanced job description system in which not only roles and responsibilities are defined, but also, through a competence matrix, business processes are identified for each role and the corresponding level for each employee. This process, called **Skill Matrix**, involves an update twice a year, carried out, in the first instance, by the manager concerned, after hearing the direct reports.

For managers and workers, the skills rating for each process is as follows:

- R: supervisor, self-employed worker and trainer of new workers
- AE: experienced self-employed worker, may train other workers
- A: self-employed worker
- AF: worker in need of training due to activity being updated
- F: worker in need of education and training

For workers, the rating is as follows:

- 5: Knows, applies and is able to train
- 4: Knows and applies in an expert manner

- 3: Knows and applies
- 2.5: in training, newly-recruited person
- 2: knows but does not apply
- 1: does not know, does not apply

Employee welfare

Remote work for managerial and clerical staff was initially introduced as a form of protection against the spread of the COV-19 SARS virus, starting in 2020, but which continued afterwards, even after the acute phase was over, as a smart and useful organizational form for a better balance of professional and personal activities; it is still alternated with face-to-face work, authorized for those who request it; in this way, it has been possible to guarantee continuity of activities and, at the same time, to accommodate the different needs of Cofle Spa staff.

Production people, on the other hand, had to and must maintain the presence mode of work, with procedures and means of protection adapted to the different operating situations.

REMOTE WORKING	2021		
	M	W.	Tot.
Number of employees who worked in remote working	18	9	27
% who used remote working out of the total	66.7%	52.9%	61.4%
Total days worked in remote working	102	62	164
% of remote working days on total days worked	2.5%	1.5%	4%

Equal Opportunities and Remuneration

The Code of Ethics recalls that Cofle Spa pursues the respect of the principle of equal opportunities in the working environment, without distinction of gender, marital status, sexual orientation, religious faith, political and trade union opinions, skin colour, ethnic origin, nationality, age, or condition of different abilities.

The table highlights the need to achieve gender pay fairness especially for the white-collar class, followed by the working class.

Cofle Spa also pursues and supports the protection of internationally proclaimed human rights.

In Cofle Spa, an internal agreement was made that provides for an annual performance bonus linked to the achievement or non-achievement of the company budget, a bonus paid indiscriminately to all workers, with no link to performance evaluations with personal targets. Since 2020, the company has offered workers the opportunity to use the variable quota through the welfare service offered via the Intesa San Paolo platform where they can exchange the bonus for services: gym, theatre, health checkup, etc. Less than a third of workers opted for welfare services.

As far as parental leave is concerned, the company complies with the provisions of the Metal Workers National Labour Contract. Maternity leave has always been low, which has allowed the company to better manage requests for parental leave, in addition to compulsory maternity leave, and the continuation of activities in the various departments.

BASIC SALARY RATIO² WOMEN/MEN BY CATEGORY	2020	2021	
MIDDLE MANAGERS	0.85	0.90	Minimum fixed amount paid to an employee
WHITE-COLLAR EMPLOYEES	0.95	0.95	
BLUE-COLLAR EMPLOYEES	0.95	0.95	

for performing the tasks assigned to him/her, excluding any additional remuneration such as overtime pay or bonuses.

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Health and safety at work

Occupational health and safety at Cofle Spa is managed in accordance with the provisions of Legislative Decree 81/08 and the current body of legislation, without having implemented a specific management system.

The company's main objective in this area is to avoid accidents, injuries and occupational diseases, aiming for the continuous reduction of health and safety risks for workers and those who have access to the company.

To achieve these objectives, Cofle Spa commits to:

- complying with the applicable rules and regulations, as well as any other requirements subscribed to by the company, concerning health and safety at work;
- ensuring the resources, skills and information necessary for the definition and achievement of Health and Safety objectives;
- attaching the utmost importance to occupational health and safety issues when making business decisions;
- improving its safety performance over time, by defining and implementing objectives consistent with this Policy, the effectiveness of which is periodically verified by the company management;
- minimizing risks and removing the causes that may endanger the safety and health of its own personnel and other workers on site (as well as those in the area), by establishing safe working procedures and securing the production equipment and facilities used in the production of flexible cables;
- increasing the culture of safety and prevention, through specific awareness-raising and training activities, including by communicating this policy to workers and all stakeholders;

² Minimum fixed amount paid to an employee for performing the tasks assigned to him/her, excluding any additional remuneration such as overtime pay or bonuses.

- assessing all occupational health and safety risks to ensure safe and healthy working conditions with a view to continuous improvement, with particular reference to the potential risk associated with the ergonomics of workstations;
- promoting careful and responsible management of health and safety at work through:
 - an organizational structure with clear tasks and responsibilities;
 - the use of innovative systems and processes to ensure the safety of workers;
 - periodic identification of hazardous conditions for workers, related to the production processes of flexible cables;
 - education, information and training of staff;
 - verification and evaluation in terms of security of the reliability of contractors and suppliers;
 - preparation of emergency plans, capable of protecting the population, the environment and those working in the plant, in the event of operational anomalies and/or accidents;
 - verifying that both the design and implementation of new installations, and the implementation of changes to processes, equipment, organization, are supported by an adequate risk analysis.

Moreover, as Cofle Spa believes it is essential to develop a safety culture and guarantee the highest levels of safety for its workers, in 2019 it joined the WCM programme in the Safety Pillar, introducing a structured, participatory and widespread way of thinking in the company.

Hazard identification and risk assessment

In accordance with the regulations in force, risks are assessed by the employer in collaboration with the Prevention and Protection Service Manager; the Risk Assessment Document is then submitted to the Competent Doctor, who proposes any changes and additions deemed necessary within his/her competence.

The evaluation procedure and risk management elements can be summarized as follows:

1. Defining the occupational risk assessment programme with a choice of orientation: geographical/ functional/ process/ flow
2. Gathering information (environment/ tasks/ previous experiences)
3. Identifying hazards and persons exposed to risks
4. Classifying risks to workers' health and safety
5. Assessing risks according to the established method
6. Studying the possibility of eliminating or reducing risks
7. Establishing a list of priority actions and deciding on appropriate control measures
8. Putting control measures in place
9. Recording of Evaluations
10. Measuring effectiveness
11. Revision (if there are changes, or at regular intervals)
12. Monitoring the risk assessment programme.

Occupational health services

In accordance with current legislation, health surveillance is entrusted to the (external) Occupational Physician. The Physician carries out at least one workplace inspection per year, preferably jointly with the Prevention and Protection Manager (also an external figure). During health surveillance, he/she collects workers' reports and proposes risk mitigation measures to the employer.

All workers can contact the Occupational Physician through the Prevention and Protection Service Officer, who acts as a liaison.

As provided for by the Ministerial Decree of 4 March 2009 (OJ general series No. 146 of 26 June 2009), the Occupational Physician is enrolled in the National List of Occupational Physicians referred to in Article 38, paragraph 4, of Legislative Decree No. 81 of 9 April 2008, held at Office II of the General Directorate for Prevention of the Ministry of Health.

All surveillance activities are carried out on the premises, during working hours, in consultation with those concerned. During training, all workers are informed about the meaning of health surveillance and the role of the Occupational Physician.

Worker training and information on health and safety at work

For all work activities that may involve health and safety risks, the personnel involved in carrying them out have been identified.

The necessary competences are defined according to:

- role in the company
- experiences gained
- training and refresher courses
-

Staff training needs are assessed by the Production Manager with reference to the defined profiles and appropriate levels of responsibility.

The gap between the skills needed and the skills available is bridged through appropriate awareness-raising, education and training courses. The objective of training is that a worker, once he or she knows a procedure or risk (knowing) and once he or she has become proficient in carrying out that procedure and recognising a risk (knowing how to do), chooses to engage in the behaviour being trained even without direct control and thus knows how to be safe (knowing how to be).

In addition, each worker must receive adequate information on:

- health and safety risks related to the company's activities in general
- the specific risks to which he/she is exposed
- the dangers associated with the use of dangerous substances and preparations
- emergency procedures
- the names of the members of the Prevention and Protection Service (Prevention and Protection Manager, Occupational Physician, Workers' Security Representative, etc.)
- the names of emergency management and first aid officers

The hours of Health and Safety training are indicated on page 40.

Injuries

INJURIES	2020			2021		
	M.	W.	Tot.	M.	W.	Tot.
No. Injuries at work by gender	2	0	2	1	0	1
No. of days lost For injuries	11	0	11	2	0	2
Accident Frequency Index (per million hours worked)	9.58	0	9.58	4.31	0	4.31
Accident Severity Index (cases per 1,000 h worked)	0.42	0	0.42	0.07	0	0.07

Communication activities

Internal communication, in line with Cofle Spa's founding values, aims to disseminate to all employees - via the company intranet, e-mail and management communications - the policies, procedures, operating instructions and everything that needs to be complied with as a preventive and precautionary measure for the health and safety of workers, for their good working life and for a healthy continuity of operations.

Ethical supply chain management

Cofle Spa considers sustainability to be a key element of the company's values and an integral part of its business strategy, including along the supply chain, which is considered an integral part of the sustainability process, since the goods and services purchased impact on the quality of services offered and the company's reputation.

Cofle Spa, which has always been committed to being socially responsible, ethical and attentive to its impacts on the environment and communities, is also committed to monitoring and reducing indirect environmental and social impacts, through the adoption of supply chain selection and control policies.

Consistently with the values of the company's Code of Ethics, Cofle Spa therefore adopts a supplier selection and evaluation process that also includes sustainability issues, in order to broaden the involvement of suppliers in the sustainable development approach.

All suppliers involved in Cofle Spa's supply chain are required to scrupulously comply with the provisions of the rules, the Code of Ethics, the Code of Conduct, the forthcoming Model 231 and company procedures, with particular reference to the transparency and traceability of operations and the confidentiality of information they become aware of.

Selection of Suppliers

The supplier selection process ensures that the products and services offered to Cofle SpA have quality, reliability and sustainability. The selection and management of suppliers is based on principles of transparency, clarity, integrity and non-discrimination.

Supplier selection involves the purchasing and quality departments, the former choosing suppliers on the basis of traditional criteria such as commercial and production requirements, the latter assessing the quality of the product supplied. In addition, each supplier is asked to accept the Supplier Code of Conduct as well as to complete a self-assessment questionnaire on ethical, environmental and quality issues (ISO certifications): on environmental issues, only the ISO 14001-certified supplier can achieve the maximum score, on quality issues only if ISO 9001-certified, finally, on ethical issues, only the supplier with a CODE OF ETHICS. In the absence of these certifications, the supplier starts from a non-maximum score. In this way, the selection of suppliers is not only based on the quality of products and services, but also on social and environmental performance and the sharing of ethical values that are a prerequisite for developing a lasting working relationship with Cofle Spa.

The Supplier Code of Conduct was approved in 2019 and is applied to all natural and legal persons supplying products and services to Cofle Spa.

It encompasses the standards to be followed in day-to-day business relations as a supplier to the company. All suppliers doing business with Cofle Spa are obliged to accept the contents of the Code of Conduct, the violation of which transforms business relations with the company up to the eventual conclusion of contracts (in the three reporting years considered, there have never been cases of termination of contracts for non-acceptance or non-compliance with the Code of Conduct).

Supplier Evaluation

The final evaluation of suppliers is defined precisely in the Operating Procedure - Supplier Evaluation, which is updated periodically.

The evaluation criteria are different: the purchasing department's evaluation is mainly based on three macro-areas: economic, product, service, while that of the quality department is based on the answers in the self-assessment questionnaire and on product non-conformities.

The areas of focus of the self-assessment and the Code of Conduct are as follows:

- Business ethics (improper payments, fair competition, privacy and intellectual property, conflicts of interest, anti-money laundering, conflict minerals, export controls)
- Labour and human rights (child labour, forced labour, wages and working hours, freedom of association, discrimination)
- Health and safety
- Environment
- Quality

Cofle requests that the self-assessment form be updated every two years. The self-assessment generates a score which assigns a class to the supplier. Qualified suppliers are then monitored to ensure that they maintain the requirements over time. In order to monitor suppliers' commitment to sustainability issues, Cofle itself also conducts audits of selected suppliers each year to verify the actual correspondence of the scores obtained in the assessments described above. The suppliers to be visited are chosen on the basis of certain parameters, which are:

- self-assessment questionnaires,
- non-compliances identified in the previous year,
- the importance/criticality of the product supplied,
- the commercial importance of the supplier,
- new suppliers deemed significant for the compliance of the delivered product,
- environmental criticality: a supplier is also classified from an environmental point of view and according to this classification, a visit for an environmental audit becomes a priority or not.

The audit is carried out on the basis of previously submitted self-assessment questionnaires. The supplier must provide sufficient evidence to substantiate the statements it has made on the self-assessment questionnaire. At the end of the audit, a report is drawn up and a score awarded based on the evaluation of the evidence provided by the supplier. The audit may reveal findings that are classified as: non-conformities, observations or opportunities for improvement. At the end of the general evaluation process, the suppliers are divided into the following categories:

Class score	QUALITY	ENVIRONMENT	ETHICS	ACTIONS REQUIRED
A	≥95	≥95	≥95	NO
B	≥75 and <95	≥75 and <95	≥75 and <95	YES
C	<75	<75	<75	YES with AC

The supplier evaluation process results in a weighted average of the assessments of the purchasing department and the quality department (including the self-assessment process). The overall evaluation of the supplier is made on the basis of the individual partial scores obtained.

The overall assessment results from the weighted sum of:

- a) 50% product conformity;
- b) 25% the conformity of the service rendered;
- c) 10% from the score resulting from the evaluation of the environmental self-assessment questionnaire and/or audits
- d) 10% from the score resulting from the evaluation of the quality self-assessment questionnaire and/or from audits.
- e) 5% from the score resulting from the evaluation of the ethical self-assessment questionnaire and/or audit.

	2020	2021
% suppliers assessed by sustainability criteria	100%	100%
Possession of certifications (% of total)	90%	90%
Suppliers audited (% of total)	0% because of covid	5%
Suppliers whose relationships were terminated as a result of audits and the reasons for this (% of total)	0	0

Customer satisfaction

The customer is at the centre of Cofle's attention and daily work; customer satisfaction, together with a high level of product quality, are pillars supporting Cofle's growth strategies.

The company receives and carefully considers the various evaluations normally obtained on a monthly basis from customers on their portals, on various issues, commercial, logistical and quality-related. More direct evaluations, obtained from feedback via e-mail and from audits carried out by the customers themselves, are also considered crucial for any continuous improvement processes.

Each customer also has its own specific Non-Compliance or Complaint reporting process, so as to ensure that customers' needs are customised and their satisfaction is guaranteed by providing an adequate response to any issues that may arise.

Sustainability for Local Areas

Cofle's activities have a positive impact on the areas in which its offices operate. Most of the employees recruited at the Italian plants live in the vicinity of the Group's two sites. Cofle's CSR actions are aimed at developing the conditions of the people working in the company, the local communities and the projects in the international arena in which we are involved. In this direction, we have undertaken numerous sustainability projects by partnerships with local socio-cultural and environmental strengthening associations.



Italian Environmental Fund (FAI)

Participation in the Corporate Golden Donor programme.

Supporting FAI in safeguarding and enhancing Italy's artistic and natural heritage.

Opportunity for employees and contractors of the company to sign up, personally or with their families, at privileged conditions, thus taking advantage of the many benefits that the membership card provides throughout the year.



Fight Against World Hunger Movement (MLFM)

We helped MLFM in the difficult process of converting the former Muhura orphanage in Rwanda to a primary school. Specifically, work was done to renovate the spaces to make them suitable for students and teachers.

Galsibo Aqueduct Project

Casange's pipelines reach a length of 44,000 metres, circulating water from the two new 75,000-litre cisterns on top of the hill to other smaller reservoirs in the area. This allows more than 25,000 people to finally have access to clean water and electricity.



Italian League for the Fight against Cancer

Construction of a new multifunctional centre that will become a reference point for cancer prevention in the Monza Brianza area.

Cofle adopted one of the two patient care rooms, an important service that will be offered in the new outpatient clinic, along with prevention and early diagnosis.



Green Building

The new building, constructed entirely in green building and with a low energy impact, houses the canteen, infirmary, changing rooms and a multi-purpose room that can be used as a training room or relaxation area during work breaks.

Methodological note

The Sustainability Report of Cofle S.p.A. first edition, was prepared according to the Global Reporting Initiative's "GRI Sustainability Reporting Standards", 2020 version, using the "in accordance - core" reporting option.

To define the content and quality of the report, OSAI followed the principles of the GRI Standards, which provide a set of criteria for selecting the information to be included in the report and how it should be represented.

PRINCIPLES FOR DEFINING THE CONTENTS OF THE REPORT

- **Stakeholder inclusiveness** - The contents of the report are based on the results of a stakeholder engagement process undertaken specifically in 2021 for its preparation. The application of the principle also led the company to describe in the chapter "Cofle's Stakeholders" its behaviour towards them aimed at the realisation of their expectations.
- **Sustainability context** - Cofle describes how environmental, social and economic issues relate to its strategy, risk and opportunity assessment and growth objectives.
- **Materiality** - The sustainability issues considered in the report, and their level of relevance, are the result of a specific analysis carried out by Cofle that took into account a wide range of interests, whose actors are its stakeholders. The company also wanted to emphasise the close link between the reported sustainability issues and the UN Sustainable Development Goals (SDGs).
- **Completeness** - The report is designed to give stakeholders a complete picture of the company's activities. The information contained herein refers to the parent company Cofle Spa.

PRINCIPLES FOR DEFINING THE QUALITY OF THE REPORT

- **Accuracy** - Economic data refer to audited statutory financial statements, while the accuracy of environmental and social data derives from ISO 14001 and ISO 9001 certified management systems. The social data are mainly extracted from the operating systems of Cofle Spa.
- **Balance** - The emphasis placed on the various topics in the report reflects their relative priority. In describing the results of Cofle's activities, an attempt has been made to reflect both positive and negative issues in order to allow for a balanced assessment of performance as a whole.
- **Clarity** - The structure of the report is designed to make the information contained easy to identify for stakeholders. The Sustainability Report opens with the letter to stakeholders and consists of six sections: The Cofle Group; Sustainability at Cofle; Governance Ethics and Integrity; Environment; Our People; Value Chain Management; Sustainability for the Local Area. The document closes with the Methodological Note, the Content Index. The level of detail of the information was chosen so as to make the report understandable, accessible and usable by the different stakeholders.
- **Comparability** - To enable stakeholders to analyse changes in the company's performance, the Sustainability Report presents data for the two-year period 31.12.20 - 31.12.21.
- **Reliability** - The Sustainability Report as at 31.12.21 was approved by the Board of Directors.

Timeliness - The Sustainability Report 2021 is the first to be produced by Cofle Spa; it is published in December 2022 and will be annual.

GRI Content Index

GRI CONTENT INDEX - CORE OPTION		
GENERAL INFORMATION		
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102-2	Activities, brands, products and services	✓
102-3	Location of head office	✓
102-4	Location of activities	✓
102-5	Ownership and legal form	✓
102-6	Markets served	✓
102-7	Size of the organization	✓
102-8	Information on employees and other workers	✓
102-9	Supply chain	✓
102-10	Significant changes to the organization and its supply chain	✓
102-11	Precautionary Principle	✓
102-12	External Initiatives	✓
102-13	Membership of associations	✓
2. Strategy		
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3. Ethics And Integrity		
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4. Governance		
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102-22	Composition of the highest governing body and its committees	✓
102-23	President of the highest governing body	✓
102-24	Appointment and selection of the highest governing body	✓
102-35	Remuneration policies	✓
102-38	Annual total remuneration rate	✓
102-39	Percentage increase in the annual total wage rate	✓
5. Stakeholder Involvement		
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102-41	Collective bargaining agreements	✓
102-42	Identification and selection of stakeholders	✓
102-43	Ways of involving stakeholders	✓

102-44	Key issues and criticalities raised	✓
6. Reporting Practices		
102-46	Definition of report content and topic scopes	✓
102-47	List of material topics	✓
102-48	Review of information	✓
102-49	Changes in Reporting	✓
102-50	Reporting Period	✓
102-51	Date of most recent report	✓
102-52	Reporting Periodicity	✓
102-53	Contact for enquiries regarding the report	✓
102-54	Statement on reporting in accordance with GRI Standards	✓
102-55	GRI Table of Contents	✓
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103-1	Explanation of the material topic and its scope	✓
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Specific information		
205-3	Established incidents of corruption and actions taken	✓
ANTI-COMPETITIVE BEHAVIOUR		
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103-1	Explanation of the material topic and its scope	✓
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206-1	Lawsuits for anti-competitive behaviour, antitrust and monopolistic practices	✓
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103-1	Explanation of the material topic and its scope	✓
103-2	Management mode and its components	✓
103-3	Assessment of management modes	✓
Specific information		
301-1	Materials used by weight or volume	✓
301-2	Materials used that come from recycling	✓
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Management mode information		
103-1	Explanation of the material topic and its scope	✓
103-2	Management mode and its components	✓
103-3	Assessment of management modes	✓
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302-1	Energy consumed within the organization	✓
302-3	Energy intensity	✓
302-4	Reducing energy consumption	✓
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303-1	Interaction with water as a shared resource	✓
303-2	Management of impacts related to water discharge	✓
Specific information		
303-3	Water withdrawal	✓
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Management mode information		
103-1	Explanation of the material topic and its scope	✓
103-2	Management mode and its components	✓
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305-1	Direct GHG emissions (Scope 1)	✓
305-2	Indirect GHG emissions from energy consumption (Scope 2)	✓
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Management mode information		
103-1	Explanation of the material topic and its scope	✓
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103-3	Assessment of management modes	✓
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306-2	Waste by type and method of disposal	✓
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103-1	Explanation of the material topic and its scope	✓
103-2	Management mode and its components	✓
103-3	Assessment of management modes	✓
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103-1	Explanation of the material topic and its scope	✓
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308-1	New suppliers assessed using environmental criteria	✓
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103-1	Explanation of the material topic and its scope	✓
Specific information		
401-1	New recruitments and turnover	✓
401-2	Benefits provided for full-time employees, but not for part-time or fixed-term employees	✓
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Management mode information		
103-1	Explanation of the material topic and its scope	✓
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403-2	Hazard identification, risk assessment and accident investigation	✓
403-3	Occupational health services	✓
403-4	Worker participation and consultation and communication on health and safety at work	✓
403-5	Worker training in occupational health and safety	✓
403-6	Workers' health promotion	✓

403-7	Prevention and mitigation of occupational health and safety impacts within business relationships	✓
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403-9	Injuries at work	✓
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404-3	Percentage of employees receiving regular performance and professional development appraisals	✓
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Management mode information		
103-1	Explanation of the material topic and its scope	✓
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405-2	Ratio of women's basic salary and pay to men	✓
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Management mode information		
103-1	Explanation of the material topic and its scope	✓
Specific information		
406-1	Incidents of discrimination and corrective measures taken	✓
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103-1	Explanation of the material topic and its scope	✓
Specific information		
407-1	Activities and suppliers where the right to freedom of association and collective bargaining may be at risk	✓
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Management mode information		
103-1	Explanation of the material topic and its scope	✓
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413-1	Activities involving local community involvement, impact assessments and development programmes	✓
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Management mode information		
103-1	Explanation of the material topic and its scope	✓
Specific information		
414-1	New suppliers that have been evaluated using social criteria	✓