



# **SUSTAINABILITY REPORT**

# 2021

**CONSOLIDATED NON-FINANCIAL DISCLOSURE**

Pursuant to Italian Legislative Decree 254/2016

**COMER INDUSTRIES S.p.A.**

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# LETTER TO STAKEHOLDERS

We live in an age when the word *sustainability* is used on many occasions.

In a historical moment when the debate on the future of our planet is getting more intense with each passing day, increasing the focus on the environment and the welfare of people has become critical to running a business. Our children, customers, investors, employees, and contractors are all demanding it.

Sustainability – first economic and then environmental and social – is now the starting point of any entrepreneurial choice that wants to look to the future. More and more stakeholders are expecting "sustainable growth" as a goal. Customers want products that are increasingly sustainability-oriented, employees want to work for companies that operate sustainably, and local communities demand a sustainable presence. Investors are also basing their investment assessments on metrics that increasingly take these issues into account.

However, the path to a sustainable approach is neither easy nor quick. Especially for a mechanical manufacturing industry like ours. We at Comer Industries have decided to be pioneers of change: for years we have been demonstrating our attention to the planet by developing the "Our bright impact" project, a charter of values born from the awareness of having a responsibility towards the environment and society and which includes the company's adhesion to the UN's 17 Sustainable Development Goals.

In 2021 we joined the United Nations Global Compact, wanting to promote a sustainable global economy based on respect for ten universal principles relating to human rights, labor standards, environmental protection, and anti-corruption. We instituted a policy to regulate teleworking in the company in a structural way, reducing commutes and contributing to the work-life balance of our employees. We introduced hybrid and full electric vehicles and planted a forest of 4,000 trees in Kenya, in partnership with Freedom.



Comer Industries' commitment to sustainability also involved the support of projects dedicated to innovation and new technologies. Examples include Le Village by Crédit Agricole in Parma and the platform dedicated to the supply chain DeepTier, in partnership with Iungo and Gellify.

But sustainability also guides our industrial strategy every day: 32% of the total electricity consumed globally comes from certified renewable sources, thanks to our photovoltaic systems and the supply of green electricity. In 2021 we saw a 21% reduction in emissions. Our Matera plant is powered by 100% green electricity and the Reggiolo industrial site has been expanded and turned into an energy-efficient building through a rationalization of space and consumption.

In the near future, from an industrial point of view, the supply of electricity from certified renewable sources will be extended to all Italian production sites and a plan will be implemented to further reduce the risks of the supply chain. Several recharging stations for electric vehicles will be installed at the Matera site, and on a social level there will be ample space for the dissemination and application of the new Diversity & Inclusion policy.

By their nature entrepreneurs are on a mission to build something, to contribute in their own way to improve the world, and today this also means paying attention to the protection and welfare of people and the planet, our biggest challenge. If we care about the future of our companies and our society, we must make choices today, not waiting for when we will be forced to change. To be transformed into concrete actions, the values of sustainability must first be taken up by entrepreneurs and then permeate the culture of the company and the country they work in.

Indeed, let us not forget that sustainability is a cultural issue. Our business often takes us to travel around the world, and if there is one thing I have seen it is that Italian companies are held in high regard abroad, also for the attention they pay to the topic of sustainability.

Every initiative must respect economic balance, and sustainability objectives must be complementary to market and profit objectives, without which a company would have no future.

Walterscheid Powertrain Group was one of the most significant transactions of 2021, at least among Italian listed companies. We have acquired a strong competitor, highly synergistic for us, and together we will build one of the major world players in mechanical engineering applied to agriculture, attentive to the planet and to its impact on society. A goal that is also our mission.

**"THE GREATEST THREAT TO OUR PLANET IS THE BELIEF THAT SOMEONE ELSE WILL SAVE IT." ROBERT SWAN, EXPLORER**

All businesses are called upon to make a contribution to preserving the planet. I firmly believe that there is a way to reconcile sustainable industry and the market economy. It is necessary to act, and the time to act is now, with major joint initiatives involving the entire production chain, but also with small daily gestures.

Comer Industries is doing its part. As always, we want to be agents of change, today and in the near future.

**Matteo Storchi**  
President & CEO



# HIGHLIGHTS



## ENVIRONMENTAL

### EMISSIONS

(tCO<sub>2</sub>e/h \*10,000 - SCOPE 1 + SCOPE 2 Market based)

-21%

93 / 2021

118 / 2020

### ELECTRICITY FROM RENEWABLE SOURCES

(% of total consumption)

+255%

32 / 2021

9 / 2020

### HAZARDOUS WASTE

(t/h \*10,000)

-3%

13.2 / 2021

13.6 / 2020



## SOCIAL

### NUMBER OF EMPLOYEES (COMER INDUSTRIES SCOPE)

(on 12.31)

+10%

1,551 / 2021

1,410 / 2020

### HOURS OF TRAINING

(h/person)

+74%

40 / 2021

23 / 2020

### COVERAGE OF HEALTH AND SAFETY MANAGEMENT SYSTEM

(% of all workers)

+1%

100 / 2021

99 / 2020



## ECONOMIC

### REVENUE

(€Mn)

+51%

598.1 / 2021

396.2 / 2020

### EBITDA (ADJUSTED)

(€Mn)

+50%

75.4 / 2021

50.1 / 2020

### CAPEX (COMER INDUSTRIES SCOPE)

(€Mn)

+61%

18.8 / 2021

11.7 / 2020

## METHODOLOGICAL NOTE

Comer Industries S.p.A. (hereinafter "Comer Industries", the "Comer Industries Group", the "Group", the "Company") is a Company listed on the Euronext Growth Milan – MTF market of the Italian Stock Exchange.

While not subject to the obligations envisaged by the provisions of Legislative Decree no. 254 of December 30, 2016 ("Legislative Decree 254/2016" or "Decree") implementing Directive 2014/95/EU ("Non-Financial Reporting Directive"), starting from the reporting of the previous year 2020 Comer Industries has all the same decided to voluntarily comply with the provisions of Legislative Decree 254/2016. Accordingly, this Sustainability Report takes the name of Consolidated Non-Financial Statement (hereinafter also "Non-Financial Statement" or "NFS") pursuant to the Decree. It is believed that this decision places greater emphasis on the importance that Comer Industries attaches to its commitment to a sustainable business model and reinforces its "accountability" towards its stakeholders.

The Non-Financial Statement of the Comer Industries, relating to the financial year 2021 was prepared in compliance with articles 3 and 7 of the Decree, and contains information relating to environmental, social, personnel-related, respect for human rights and the fight against corruption, useful to ensure an understanding of the activities carried out by Comer Industries, its performance, its results and the impact produced by them.

This NFS has been prepared in accordance with the Global Reporting Initiative Sustainability Standards defined by the Global Reporting Initiative: core option.

The general principles applied in preparing the Non-Financial Statement are those established by the GRI Standards: relevance, inclusiveness, sustainability context, completeness, balance between positive and negative aspects, comparability, accuracy, timeliness, reliability, clarity.

The performance indicators selected are those provided for by the reporting standards adopted, representative of the specific areas of sustainability analyzed and consistent with the activities carried out by Comer Industries and the impacts produced by it. These indicators were selected on the basis of an analysis of their relevance, as described in section [Sustainability for Comer](#)

*Industries – The materiality analysis.* Quantitative information for which estimates have been used is reported in the various sections of this document.

For the purposes of preparing the Non-Financial Statement, consideration was also given to the European Commission's Communication, published in June 2019, "Guidance on the Disclosure of Non-Financial Information: Integration concerning the reporting of climate-related information (2019/C 209/01)". This document is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, which include four topical areas: governance, strategy, risk management, metrics and objectives.

The scope of reporting of qualitative and quantitative data and information refers to the parent company Comer Industries S.p.A. and subsidiaries, consolidated on a line-by-line basis, as resulting from the Group's consolidated financial statements as of December 31, 2021, with the exception of the social and environmental information and quantitative data of WPG HoldCo B.V., whose control was acquired by Comer Industries as from December 1, 2021. The reason for this exclusion takes into account the limited period of exercise of control of Walterscheid Powertrain Group in 2021, which did not allow – given the timing for the approval of this document – consolidating the data at social and environmental levels.

Furthermore, with regard to the scope of the health and safety information, note that compared to the data for the year 2020, the 2021 figures also include the commercial companies Comer Industries Inc., Comer Industries do Brasil Ltda. and Comer Industries UK Ltd.

With respect to environmental data, compared to 2020 the 2021 fiscal year also includes:

- the data relating to energy consumption and emissions of the commercial offices of Comer Industries Inc., Comer Industries UK Ltd and Comer Industries do Brasil Ltda;
- the data relating to the water withdrawals of the commercial branches of Comer Industries Inc. and Comer Industries do Brasil; the data relating to the commercial branch of Comer Industries UK Ltd are not included.

With regard to the 2020 data relating to human resources and health and safety, note that these have been restated by keeping the information on the employees and outsourced workers separate.

The NFS shall be drawn up on an annual basis. In order to allow for the comparison of data over time and the evaluation of Comer Industries' business performance, comparative data for the previous fiscal years. For the environmental data, the 2019 and 2020 financial years are also presented, while for the human resources data the comparison is limited to 2020.

The process of drafting the NFS involved the heads of the various Comer Industries departments.

The Non-Financial Statement was approved by the Board of Directors of Comer Industries S.p.A. on March 28, 2022 and is the subject of a limited review ("limited assurance engagement" according to the criteria indicated in ISAE 3000 Revised) by Deloitte & Touche S.p.A. The Independent Auditors' Report is included at the end of this document.

The NFS can be downloaded from Comer Industries' institutional website at [Comer Industries – Governance – Social responsibility](#). For further information, please contact the following email address: [sustainability@comerindustries.com](mailto:sustainability@comerindustries.com).





SUSTAINABILITY FOR  
**COMER**  
**INDUSTRIES**  
*CHAPTER 1*



# COMER INDUSTRIES: EXPANDING GLOBAL PRESENCE


Comer Industries is a global player in the design and production of advanced engineering systems and mechatronic solutions for power transmission, supplied to the agricultural, construction equipment and forestry, energy and industrial sectors. With headquarters in Reggiolo (RE), Comer Industries has seven production plants and commercial branches to support the

POWERTRAIN SYSTEMS




CONSTRUCTION EQUIPMENT  
MATERIAL HANDLING  
ROAD CONSTRUCTION MACHINERY

DRIVESHAFTS



FORAGE & HAY MACHINERY  
AGRICULTURAL & GARDEN EQUIPMENT

PLANETARY DRIVES



MINING MACHINERY  
CRANES & CONSTRUCTION EQUIPMENT  
WIND TOWER GENERATORS

GEARBOXES

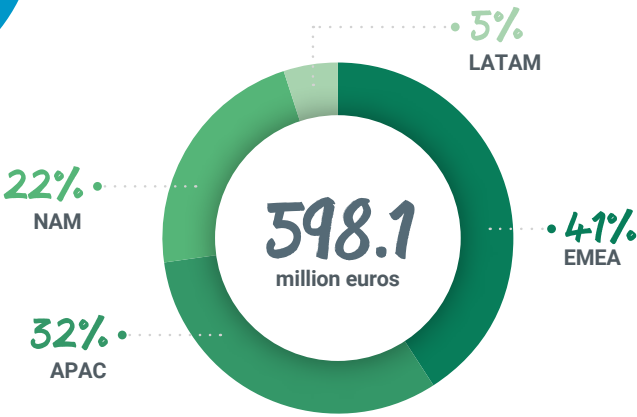


TRACTORS  
COMBINED HARVESTER & SELF PROPELLED MACHINES  
AGRICULTURAL MACHINERY & GARDEN EQUIPMENT

main markets served, with a total of 1,551 employees.<sup>1</sup>



## REVENUE BREAKDOWN BY SECTOR



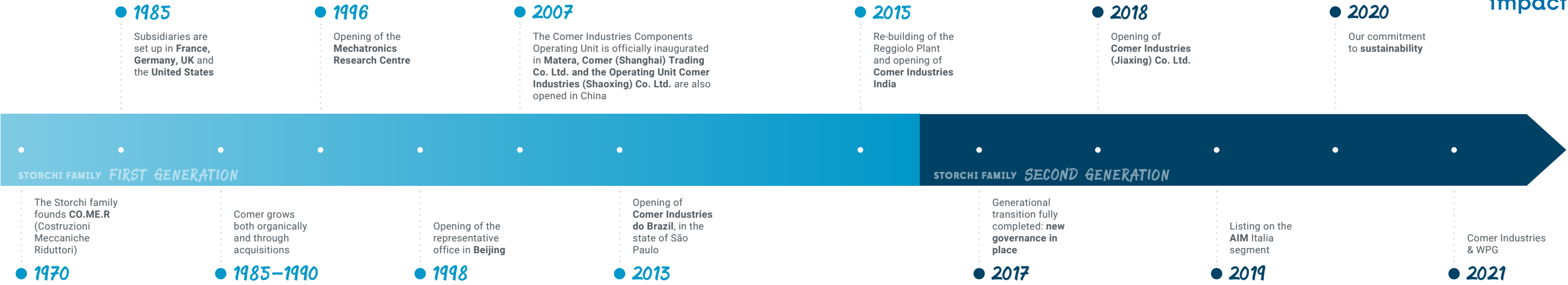
## REVENUE BREAKDOWN BY GEOGRAPHY

(1) Updated on 12.31.2021.



HISTORY

50 YEARS OF HISTORY



THE ACQUISITION OF WALTERSCHEID POWERTRAIN GROUP AND THE NEW STRUCTURE OF THE GROUP

On December 1, 2021, all the conditions precedent envisaged by the Investment Agreement between the companies Eagles Oak S.r.l. and WPG Parent B.V. were met, and thus Comer Industries completed the acquisition of Walterscheid Powertrain Group, leader in the Off-Highway sector.

Walterscheid Powertrain Group, headquartered in Lohmar, Germany, with nine production plants, eight brands, 20 service centers and 130 distribution partners, is operational in 75 countries with a 2020 turnover of 396 million euros and is engaged in numerous industrial sectors, from agriculture to mining and energy, with significant experience in applying new solutions in the field of powertrain products and systems.

By merging two companies with deep historical roots and consolidated professional and human values, this operation has led to the creation of one of the world's largest players in the agricultural applications sector, with a global presence and a wide range of solutions for its customers.

Note that the social and environmental information and quantitative data of WPG HoldCo B.V. are excluded from the scope of this NFS.

The corporate structure on December 31, 2021 is the result of the integration of the two businesses with the following shareholding composition:

SHAREHOLDER	NUMBER OF SHARES	% SHARE CAPITAL
Eagles Oak S.r.l.	14,640,089	51.05%
WPG Parent B.V.	8,029,865	28.00%
Finregg S.p.A	1,700,000	5.93%
Market	4,308,136	15.02%
Total	28,678,090	100.00%

For a detailed description of the corporate structure, please see the Consolidated Financial Statements for the year ended 12.31.2021.



## THE VALUES PEOPLE AT THE CENTER

The people at Comer Industries are concerned for each other's respect and dignity; they ensure, at all levels, the expression of delegation and the fair recognition of results, as well as individual and team credits.

## TEAMWORK

Comer Industries' people work as a team to achieve collective results and promote an inclusive approach to all Company's entities.

## COMMITMENT TO STAKEHOLDERS

Comer Industries' people work with stakeholders in terms of integration and synergy, simplification and efficiency, flexibility and prompt orientation towards change.

## COURAGE AND PASSION

Comer Industries' people expose themselves with generosity, express and disseminate energy and enthusiasm, encouraging the building of an engaging atmosphere that conveys passion to younger colleagues. They show proactivity and are committed more than expected.

## HONESTY AND TRANSPARENCY

Comer Industries' people communicate and operate transparently to allow all internal and external stakeholders to make conscious choices and to build relationships based on trust and credit.

# OUR BRIGHT IMPACT – OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

Comer Industries aims to change people's lives, making it easier to access sustainable food, streets, houses and energy, by developing engineering solutions, with an unconventional, active approach, through which decisions are taken quickly, with initiative and a sense of courage. This is the company purpose and what sets the Company apart.

Driven by purpose and faithful to the values that distinguish its work, Comer Industries launched the **Our Bright Impact** program

in December 2019 to shape actions aimed at sustainable development and the integration of sustainability into the business.

In this perspective, in defining its **industrial plan** Comer Industries takes into account not only the economic aspects, but also the social and environmental dimension of its projects, always considering the expectations of its stakeholders.

For example, the project to optimize material flows and rationalize space, which resulted in the centralization of

assembly lines and the establishment of a new logistics hub at the Reggiolo site, will allow significant reductions in energy consumption and road transport from 2022 onwards, with a consequent reduction in greenhouse gas emissions.

The new industrial hub, which covers an area of 40,000 m<sup>2</sup>, integrates the digital interconnection logic of Industry 4.0 systems with the most advanced energy efficiency technologies, such as photovoltaic systems, high-efficiency heating and air conditioning systems and LED lighting.

Furthermore, the process of renewing and evolving the machine inventory continues through the introduction of robotized steel processing centers that do not use lubricants, the digitization of assembly lines to support data collection and analysis, and the automation of handling systems.

Another important driver of industrial policy is the development of the supply chain, implemented by concretely involving and supporting suppliers and logistics partners in a process of evolution towards sustainable management models able to combine environmental protection, social wellbeing, and economic growth.

In a medium-long term perspective, the recent acquisition of Walterscheid Powertrain Group, redefining the scope of companies whose corporate sustainability performance must be measured, requires a new reflection on the objectives in order to frame them in the broader context of the new corporate structure. This assessment will take place in 2022 at the same time as the process of integrating the two businesses.

## COMMITMENT TO THE SDGs COMER INDUSTRIES' APPROACH

The driving force behind the Group's sustainable development program is its commitment to the **Sustainable Development Goals (SDGs)**, an integral part of the **United Nations 2030 Agenda** and a point of reference for building a strategy based on sustainability.

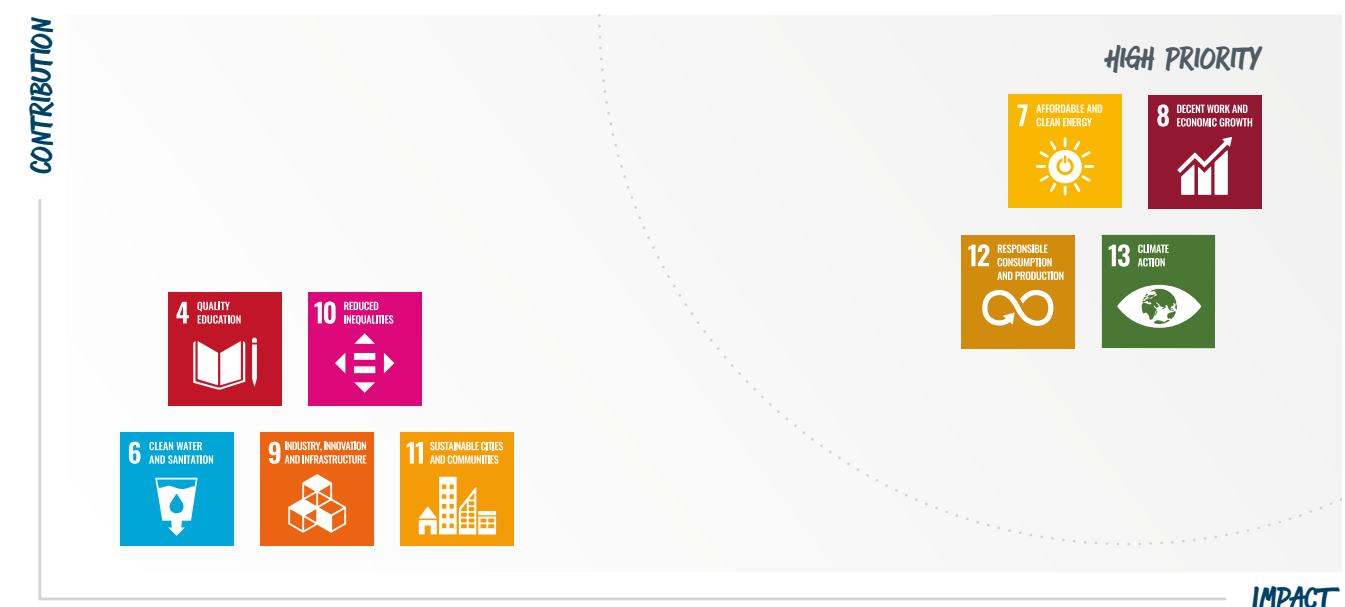
# SUSTAINABLE DEVELOPMENT GOALS

In declaring its commitment to the SDGs, Comer Industries has chosen the path of progressive integration of programs and actions within its business model, applying criteria based on sustainability to its strategic choices and operations.

Comer Industries periodically assesses the consistency of its business model with the SDGs, analyzing its specific targets in light of its strategy, values, and the characteristics of its products and processes. This analysis makes it possible to identify the SDGs considered a priority in terms of Comer Industries' contribution to their achievement with concrete projects and actions and in terms of impact on business operations.

The commitment to the SDGs, and in particular to those considered priorities, does not stop at a level of principle but is translated





## our BRIGHT Our commitment to sustainability impact



into concrete actions and projects that are defined, monitored, and evaluated annually in relation to their effectiveness and use of resources. These initiatives affect all areas of company life and have an impact on processes, products, applications, management systems, technologies, and equipment. Actions are developed in a medium to long-term framework but are targeted annually with clear, measurable objectives.



SDGs	COMMITMENTS	GOALS	RESULTS
	Progressively increase the share of energy consumed from renewable sources	Supply of electricity from renewable sources for consumption in production sites	As of 12.31.2021, <b>the percentage of electricity</b> from renewable sources stood at <b>32%</b> thanks to the supply of 100% green electricity for the Matera plant and a system of photovoltaic equipment located in Reggio and Matera with a total installed capacity of 2,172 kWp. <b>The Matera plant covers 100% of its needs with electricity from renewable sources.</b>
 	Reduce the intensity of energy consumed for internal operations	Energy savings through the elimination of energy losses and reduction of demand per unit of hours worked	During 2021 the consumption monitoring network (" <b>Energy Monitor System</b> ") was expanded through new digital dashboards implemented at the Reggio (Italy), Jiaxing (China) and Bangalore (India) sites to highlight peaks, anomalies, and areas of higher consumption intensity in real time and to implement timely corrective actions. The total energy consumption index recorded a 10% reduction compared to 2020 as of 12.31.21.
	Reduce CO <sub>2</sub> emissions and from Scope 3 activities (outside the scope of the organization)	Mapping of activities outside the organization considered relevant based on impact, definition of medium-long term objectives, and an implementation plan	In 2021 Comer Industries defined the scope to focus its efforts on, starting to map its impact. The areas identified are those of <b>logistics, waste management, and commuting</b>
	Guarantee high standards of technical and professional training, starting with new hires	Considering the strategic role of training, Comer Industries created <b>Comer Academy</b> , the in-house school that promotes and manages training courses for all staff	<b>Manufacturing Training System:</b> structured training program for new hires (chapter <i>People – The strategic role of training</i> )  Widespread training on the Code of Ethics and Whistleblowing Procedure  Partnerships with Italian universities
 	Create a healthy and safe working environment for all workers	Systematic risk-based approach through a <b>certified Health and Safety Management System</b>	<b>Health and Safety Management System developed at a corporate level</b> according to the ISO 45001:2018 standard certified and integrated with the ISO 9001:2015 Quality System and the ISO 14001:2015 environmental system
	Promote sustainable economic growth	Strategic expansion and development	Comer Industries supports growth through its business model, generating <b>economic value</b> distributed to stakeholders (chapter <i>Economic sustainability – Economic value generated and distributed</i> )  Furthermore, it supports the growth of the supply chain, for example through the <b>DeepTier</b> platform (chapter <i>Unconventional Makers: the Comer Industries model – Markets and applications</i> )
	Ensure equal opportunities and reduce inequalities	Promotion of inclusion and diversity, eliminating all forms of discrimination	Definition of a <b>Diversity and Inclusion Policy</b> containing principles, programs, objectives, and tools with which the Company puts into practice its commitment to promote inclusion and combat all forms of discrimination in its operations and company life

SDGs	COMMITMENTS	GOALS	RESULTS
 	Contribute to the transition towards sustainable industrial systems and human settlements	Offer innovative solutions to major international players in the agricultural, industrial, and wind power sectors with positive <b>environmental impacts</b>	Design and manufacture of products that contribute to the reduction of energy consumption, the use of resources, and waste generation downstream of the production chain  Mapping of the percentages of recycled raw material and the level of recyclability in order to initiate appropriate improvement actions
	Reduce the amount of waste generated through prevention, reduction, recycling, and reuse	Reduction of hazardous waste generated	<b>Reduction of the hazardous waste intensity index</b> by 3% compared to the previous year through projects implemented in all sites during 2021
 	Minimize and rationalize consumption of natural resources; promote their responsible use	Installation of new equipment with low consumption of energy and natural resources  Improvement of existing equipment with a view to improving efficiency	Jiaxing (China) site: installation of a system for the compression of spent sludge from the painting system with recovery of a portion of wastewater that is reused in the process. Extension of digital systems for the management, use and updating of chemical <b>safety data sheets</b>  Reggiolo (Italy) assembly site: new painting system with the use of water-based paints and optimized consumption of resources  Bangalore (India) site: automatic grease distribution systems



# THE MATERIALITY ANALYSIS

The reporting of the Sustainability Report, in accordance with the GRI Standards approach, focuses on material issues. Material issues, as defined by the GRI Standards, are those aspects that reflect a company's significant economic, environmental and social impacts and/or substantially influence stakeholders' assessments and decisions.

The materiality analysis process consists of the following stages:

1. Stakeholder mapping.
2. Benchmarking analysis:
  - Sector – Sustainability reporting of national and international peers and comparables;
  - SASB (Sustainability Accounting Standards Board) Materiality Map - Industrial Machinery and Goods.
3. Workshops and specific meetings with internal departments on the business and operating model and Company priorities. This activity was also carried out in order to ascertain the expectations and evaluations of the reference stakeholders of the various Company departments.
4. Stakeholder engagement (next paragraph).
5. Validation of materiality issues and priority level by Comer Industries top management (CEO and Executives).

## STAKEHOLDERS

Involvement and discussion with stakeholders (stakeholder engagement) is a central phase of the materiality analysis, in order to integrate their needs and expectations into the decision-making process and to seize the opportunities arising from requests to change.

Comer Industries' relation system with its stakeholders provides for different tools and dialog channels for the different categories, based on their level of interaction and influence on the organization.

STAKEHOLDERS	ENGAGEMENT ACTIVITIES (PROJECTS, INITIATIVES, RELATIONSHIPS)
SHAREHOLDERS	Shareholders' Meeting – Board of Directors
BANKS AND INVESTORS	Shareholders' meeting – Investor relations activities – Analysis of investment policies and measurement criteria in the field of ESG, relating the indications contained therein to the material topics for Comer Industries – Periodic meetings and events – Press releases
EMPLOYEES	Constant dialog with Management – Informal and institutional meetings – Specific survey with assessment of relevant issues that affected all Group employees – Training meetings and events – Company welfare initiatives – Company Intranet – Smartphone application – Performance assessment process
TRADE UNIONS - WORKERS' REPRESENTATIVES	Periodic meetings and discussions with trade union representatives – Periodic meetings to consult with Workers' Safety Representatives
SUPPLIERS, PARTNERS AND COMMERCIAL AGENTS	Survey administered to the main suppliers following a specific communication and engagement activities – Definition and sharing of standards – Business meetings and visits to the Company/ suppliers – Qualification or compliance audits – Communication portals – Evaluation tools and questionnaires – Adherence to the Code of Ethics
CUSTOMERS	Commercial meetings and visits to the Company – Social media – Other dedicated communication channels (Customer Portals with ratings and score cards) – Performance evaluation tools and questionnaires – Audits and inspections
PUBLIC ADMINISTRATION	National and local public bodies – National and local authorities – Control and regulatory bodies: meetings / sending and exchange of communications for specific requirements or requests
COMMUNITY AND TERRITORY	Meetings with local community representatives – Company visits
MEDIA	Dissemination of press releases – Social media

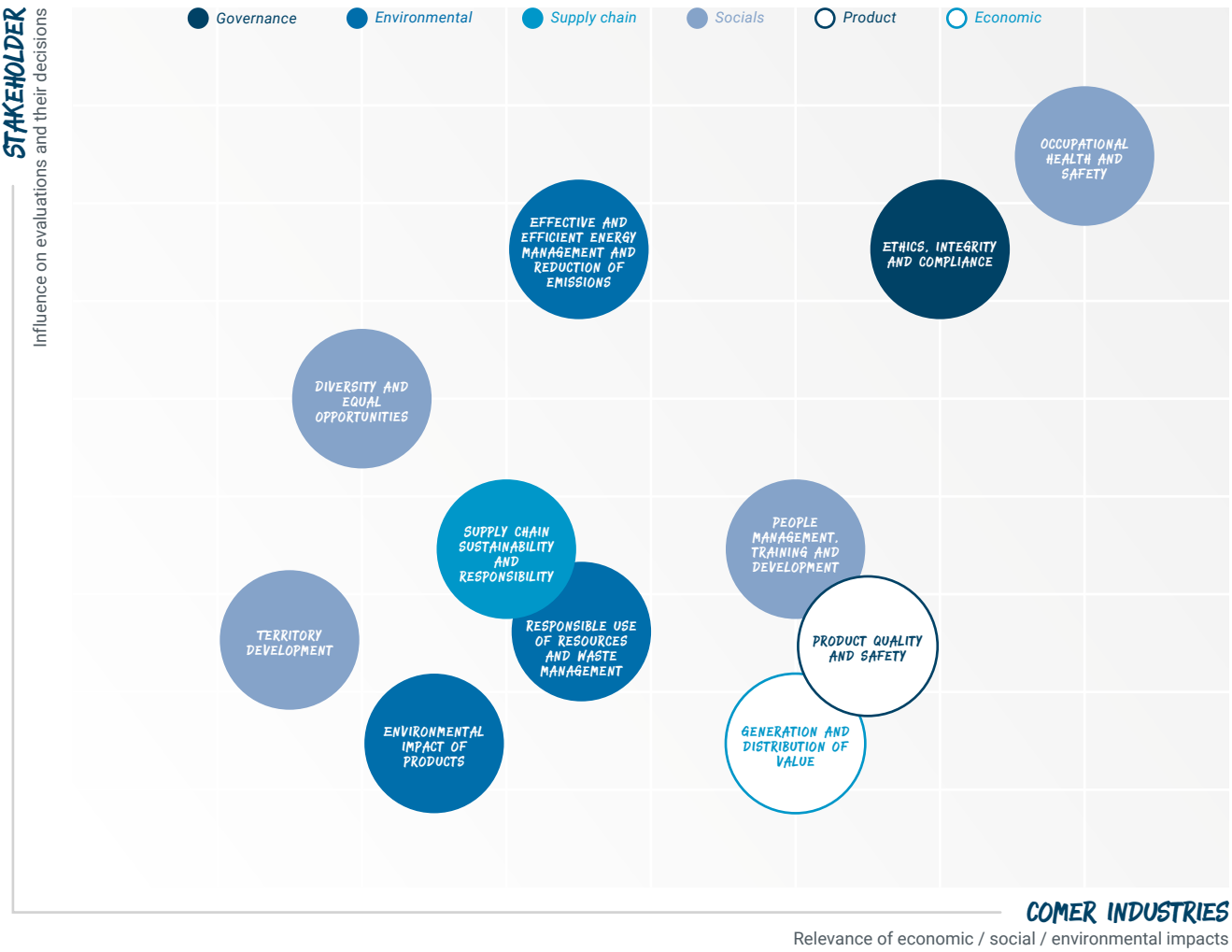
## OUTCOME

After completing the first materiality analysis in 2020 in accordance with the GRI Standards and Legislative Decree 254/2016, which governs the preparation of the NFS, during 2021 Comer Industries expanded its assessment, not only through an update of the sources underlying the engagement and the benchmark, but also by extending the audience of stakeholders with their interests and expectations.

Specifically, new inputs considered include an evaluation of the ESG Policies of the main investors and the results of a survey administered to suppliers.

Compared to the analysis performed in 2020, the new assessment substantially confirmed the priority levels while also contributing to a greater focus on certain material issues in terms of corporate values and prospects.

Specifically, the assessment confirmed the importance for the Company and stakeholders of a **safe work environment** and **ethical business management** that is extremely attentive to compliance with all mandatory and contractual **obligations**. The focus on people is also evident in the discussion of full inclusion for all workers and promoting diversity. Compared to 2020, the issue of water use was considered less relevant given the specifics of internal processes, and it was incorporated into the broader issue of responsible use of resources.



The material issues identified in this way are discussed in the report with an increasing level of detail based on relevance and have a close correlation with the commitment to the SDGs, representing the framework within which the company's commitment to sustainability is developed.



MATERIAL TOPIC	IMPACTS, MOTIVATIONS AND RELEVANCE OF THE TOPIC	RELATED SDG:s
Governance		
Ethics, integrity and compliance	Comer Industries and its stakeholders consider the compliance and application of the Code of Ethics, regulatory compliance and integrity in business management as fundamental for the generation of value in the short, medium and long term	 
Social		
Occupational health and safety	Comer Industries pursues its business development objectives with the utmost attention to the health and safety of workers. In order to create a safe working environment, it systematically assesses the dangers and risks associated with its activities and those of all those involved and implements consequent measures. This approach is a guarantee of continuity in business relations and reliability also for its partners, first and foremost customers and suppliers	
People management, training and development	The acquisition of the necessary professional skills and the growth of people are a fundamental requirement for the achievement of Company results. Comer Industries applies specific management models to implement training processes, which are also recognized by its stakeholders	 
Territory development	The responsibility and will to implement tangible actions to promote sustainable development in the area in which it operates is rooted in Comer Industries' business model	  
Diversity and equal opportunities	Comer Industries intends to pursue its objectives in full compliance with the principles of inclusion and non-discrimination. In all the Group's offices, in the production contexts and in all the Company areas, integration between people from different cultures and geographical areas is encouraged and enhanced as an element of growth and mutual enrichment	 
Environmental		
Effective and efficient energy management and reduction of emissions	Efficiency in the consumption of energy and resources and the consequent reduction of emissions to mitigate the impact of climate change are at the basis of Comer Industries' operating model. This commitment is also reflected in purchasing policies, targets set and supply chain assessment systems	 
Responsible use of resources and waste management	In managing Company processes, Comer Industries implements project and process measures upstream and downstream of the production cycle, aimed at reducing the use of resources (raw materials and waste production) and consequent impacts	 
Environmental impact of products	In addition to integrating sustainability criteria in the raw materials and energy procurement process, Comer Industries proposes and develops solutions with a positive environmental impact downstream in the value chain (direct customers and end users) aimed at energy efficiency, lower consumption of substances and reduction of waste generated	  
Supply chain		
Supply chain sustainability and responsibility	Comer Industries considers the sharing of the Company's strategic priorities with suppliers as a key factor for the success of its business model. To this end, a gradual but constant action of engagement of the supply chain is implemented, promoting the development of performance in a manner consistent with the Comer Industries model	  
Economic		
Generation and distribution of value	Economic sustainability and financial equilibrium are essential conditions for ensuring an adequate distribution of the economic value generated in favor of all stakeholders	
Product		
Product quality and safety	Comer Industries' products are manufactured taking into account all factors related to their use in terms of quality and safety, within the production plants or in any other context. Comer Industries intends to provide safe and reliable products, capable of capturing the full satisfaction of customers, guaranteeing its reputation	 

For each material topic, table 1 in the Appendix shows the connection with the areas of Legislative Decree 254/2016 and with the indicators (GRI Standards) used for reporting.

# SUSTAINABLE ACTIVITIES: THE TAXONOMY OF THE EUROPEAN UNION

In order to achieve the ambitious climate and energy objectives and to direct investment towards sustainable projects and activities, a common language and a clear definition of what is "sustainable" has become necessary in the context of the European Union. For this reason, the European Commission has established a harmonized classification system of economic activities, the European Union Taxonomy, as the basis for the *Action Plan for Financing Sustainable Growth* in order to determine their level of eco-sustainability.

*Regulation EU 2020/852 on the Taxonomy*, which entered into force on July 12, 2020, establishes the conditions that an economic activity must meet to be considered sustainable, currently from an environmental point of view and soon also from a social point of view. The regulation sets out six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Under the Taxonomy Regulation, the European Commission draws up the actual list of environmentally sustainable activities, defining the technical screening criteria for each environmental objective by means of *Delegated Acts*, which should be finalized by 2022.

As referred to in the Methodological Note of this document, Comer Industries draws up the NFS on a voluntary basis and does not fall under the obligations envisaged by the provisions of Regulation EU 2020/852 on Taxonomy. However, in line with its commitments to report on sustainability information, Comer Industries is committed to voluntarily evaluating and including the information required by the EU Taxonomy Regulation in the 2022 NFS. In this regard, note that this choice may take into account not only the expected completion of the regulatory framework of reference, but also the clarifications regarding the complexities and questions of interpretation that currently exist in the application of the European Regulation.

**UNCONVENTIONAL  
MAKERS: THE  
COMER  
INDUSTRIES**  
MODEL  
*CHAPTER 2*





# MARKETS AND APPLICATIONS

The products manufactured by Comer Industries are intended for the major international players operating in the field of construction of machinery for agriculture, industrial activities, and renewable energy.

BUSINESS AREA	PRODUCT LINES	REGIONS
Agriculture		
51% of 2021 revenues	Gearboxes	22% NAM
	Planetary drives	32% APAC
Industrial		
49% of 2021 revenues	Powertrain system	41% EU
	Wheel drives	5% LATAM
	Drive shafts	88% Total export

Comer Industries develops and supplies products characterized by high standards of quality and reliability and in line with its customers’ needs and expectations. Employing a proactive approach, it works in partnership right from the development stages, identifying solutions that fully meet customers' application requirements, while also anticipating sector trends and implicit needs.

Furthermore, through constant dialog with manufacturers and relationships with after-sales departments of major OEMs, it collects and analyzes feedback from the field and end users in order to continuously improve the products and services offered.

AGRI



INDUSTRIAL



AWARDS	CUSTOMER
Supplier Excellence Award  Best 2020 supplier in terms of performance related to product quality and reliability, delivery time, and support for co-designed projects	LIEBHERR
Supplier Quality Excellence Process GOLD LEVEL  Comer Industries Jiaxing (China)	CATERPILLAR®
Supplier Quality Excellence Process SILVER LEVEL  Comer Industries Bangalore (India)	CATERPILLAR®


# PRODUCT INNOVATION AND SUSTAINABILITY: VALUE FOR CUSTOMERS

Through its research and development and innovation processes, Comer Industries responds and combines multiple needs based on the growing demands coming from the context: developing products with increasingly higher performance in terms of quality, improving safety and reliability levels, incorporating more and more contents in terms of sustainability.

- The main drivers guiding design in this direction are:
- reduction of the weight of components to help reduce machine consumption;
  - reduction in the amount of lubricant used to operate the systems;
  - search for materials with a lower impact on the environment and on the health and safety of users through the mapping of raw materials and the search for eco-friendly alternatives;
  - partnerships with customers to develop products for renewable energy applications or zero-emission mobility solutions.

## PLANETARY GEARBOXES FOR THE WIND ENERGY MARKET

Comer Industries, thanks to the wide range and high degree of flexibility of its products, is one of the global players, with about **20% market share**, in the design and manufacture of wind turbine gearboxes for on- and off-shore applications, thanks to its know-how and 20 years of experience.



In order to meet the growing demand for the supply of energy derived entirely from renewable sources, and in line with countries' net-zero targets, the wind energy sector must rely on ever larger turbines in the **10-12 MW** range, mainly designed for offshore applications.

These new turbines will make an important contribution to the ecological transition, not only by producing clean electricity but also by powering green energy production cycles, such as the technologies behind the generation of Green Hydrogen, i.e. hydrogen created from 100% renewable sources.

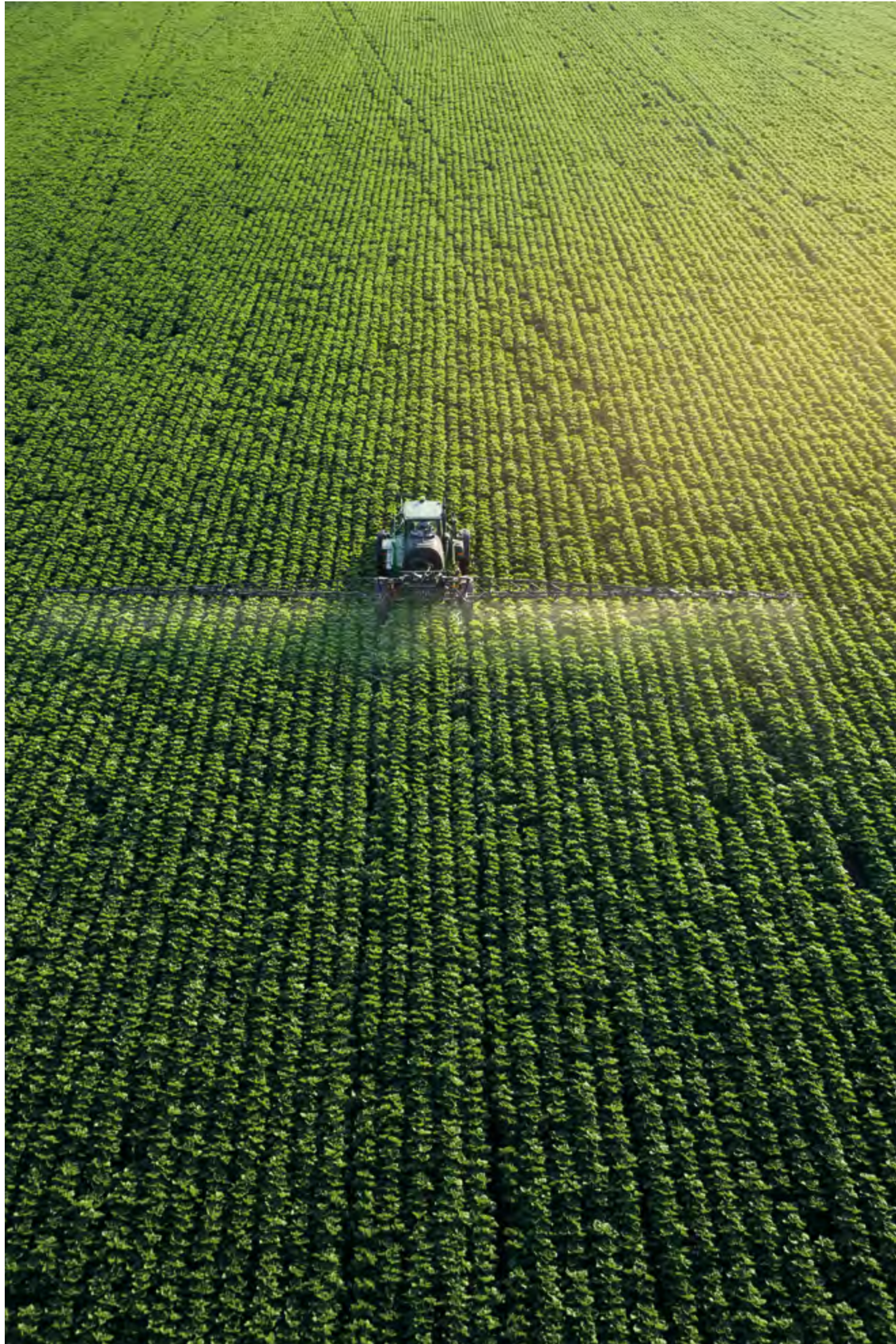
The effects of the transition to a circular economy also have major impacts on the wind power sector. In fact, unlike first-generation turbines, which did not provide for the complete disposal and recycling of parts, leading manufacturers are now selling turbines that are recyclable both in their structure and

moving parts, setting a new industry standard.

Comer Industries developed a new gearbox for the rotation of the turret, the **PG4000PR** series, respecting all the requirements relating to the downstream environmental impacts. In addition to these aspects, the product was designed by optimizing the characteristics of the existing components in order to maximize modularity and scalability, reduce space and weight, extend maintenance intervals, and finally reduce the amount of lubricant required.







## TRANSMISSION SYSTEMS FOR AGRICULTURAL AND CONSTRUCTION MARKETS

In the agricultural field, in the supply of mechanical transmissions for irrigator drives, working with various global players in the sector Comer Industries has developed systems that respond to another pressing environmental emergency, the lack of water, and therefore contribute to conserving this resource.

In fact, with its **D-742 and D-744** models, Comer Industries offers the market an innovative, efficient electromagnetically controlled synchronized gearbox that, in addition to allowing the end user to change the irrigator winding speed, allows for the optimization between the flow of water required by the gearbox and the irrigation needs of the various crops, minimizing consumption and reducing waste.

In the construction machinery sector, Comer Industries' commitment to the development of low-voltage electric propulsion transmissions for the Powertrain segment for compact vehicles continues, where it is already present in series on various vehicles, such as aerial platforms (MEWP) or skid-steer loaders.

New studies and developments are focusing on machines with higher operating weight and power density that use high-voltage electrical technology.



## COOPERATION IN THE SUPPLY CHAIN FOR SHARED SUSTAINABILITY GOALS

In partnership with its network of customers, which are also committed to the development of sustainability, Comer Industries has promoted a complex activity of rationalization and optimization of the paints used on its standard agricultural product, maintaining the same esthetic yields and performance.

The consequent reduction of about 30% of the enamels used and the equipment set-up has had multiple effects in terms of environmental impact and work organization:

- lower water consumption;
- reduction of the amount of waste;
- simplification of paint sourcing, storage and handling processes;
- improvement of the ergonomics and safety standards of operators in handling and storage operations.

Furthermore, the painting processes carried out on Comer Industries' premises use water as a basis for application, with great benefits for the environment and for the health of the operators, drastically reducing the generation of hazardous waste and the release of volatile organic compounds.





PRODUCT QUALITY AND SAFETY

During the product and process design phase, Comer Industries applies methodologies for the preventive assessment of potential failure modes (DFMEA and PFMEA) to all products, identifying the characteristics having an impact on **safety** and the measures aimed at risk mitigation, anticipating any critical issues that could compromise its safe use or reliability right from the product concept phase. To this end, it also makes use of the advanced testing and simulation systems of the Mechatronic Research Center, a dedicated area of 2,100 m² with 17 specialized technicians equipped with 15 test boxes and 1 environmental test chamber. The tests performed at the Mechatronics Research Center are functional endurance tests to validate kinematics and fatigue tests to validate structural parts. In 2021 the test benches were engaged for more than 40,000 hours overall. During the development phases and subsequently during the product life cycle, Comer Industries guarantees compliance with all national and international mandatory standards (such as the Machinery Directive 2006/42/EC, Regulation 1907/2006/EC REACH, the RoHS Directive) that are applicable in the various markets and with contractual requirements, including those involving the supply chain. During manufacturing, these characteristics are managed in such a way as to minimize the probability of failure through anti-error or automatic control systems. With regard to components, Comer Industries has a complex process for checking and approving the supplier's process and product characteristics (PPAP) before proceeding with mass production, performing an analysis of evidence collected in the field and measurements of critical variables.

Comer Industries constantly checks the performance and quality levels of its products against the preset targets, by monitoring specific performance indicators, checking semi-finished and finished products and conducting process audits inside and outside its production plants. To this end, digital systems designed to accelerate and automate the phases of data collection, management reporting and analysis to focus efforts on problem solving and prevention are available. Monitoring of customer satisfaction is carried out through consultation of portals and any type of communication received, in order to promptly manage any deviations or signs of deviation in performance. Any non-conformities detected internally or reported by customers are received, prioritized through criteria based on the evaluation of potential impacts, and addressed with problem solving methods (such as 8D or DMAIC), aimed at the definitive elimination of the causes of the problem and the extension of the solutions to other potentially affected products. These methods and procedures are integral parts of the **Quality Management System**, developed according to the **ISO 9001:2015 standard**, extended globally and certified by accredited bodies.

SUPPLIERS

Comer Industries works with a well articulated network of suppliers and has built with them relationship based on trust over time, focusing on investments able to create value in the long term. The Group manages relationships with suppliers with loyalty, fairness and professionalism, encouraging ongoing collaboration and solid, long-lasting relationships of trust. The Supply Chain department defines supply policies and ensures the centralized procurement management of goods, services and works for the Group. Supplies are governed by specific contracts and, where possible, by multi-year framework agreements. In line with the principles of inclusiveness shared with its stakeholders, Comer Industries supports the development of the supply chain through various initiatives.

PARTNERSHIPS WITH SUPPLIERS: DEEPTIER

Comer Industries' commitment to the sustainable development of the supply chain goes beyond the simple involvement in and promotion of initiatives to improve performance, also offering concrete support in terms of financing innovative projects. In fact, after a careful analysis of the opportunities and inefficiencies of the system for financing and managing supply relationships, in partnership with lungo and Gellify the Group made its expertise and know-how available to the market to create **DeepTier**, a platform that involves and offers support to all players in the supply chain, from customers, to supply chain managers, suppliers and sub-suppliers, offering support to access various forms of advances and financing from financial institutions on quick, advantageous terms so as to increase their competitiveness and focus their resources on improving their manufacturing operations.

Also in 2021, using internal personnel Comer Industries provided training on some of the management tools of the Integrated System. As part of this partnership program, courses on Problem Solving methods were provided in continuity with last year's sessions, as were classes on Export Compliance.

THE SELECTION, QUALIFICATION AND MONITORING PROCESS

The selection of suppliers and the setting of the purchase conditions for goods and services are based on impartial evaluations. Comer Industries' choice of suppliers is based on a Total Cost of Ownership approach, whose purpose is to fully determine the direct and indirect costs associated with an activity, favoring products from suppliers that guarantee ethical and sustainable behavior and a solid economic and financial structure. Before establishing a supply relationship the supplier must first be qualified, an activity that is managed by the Supplier Development function through the evaluation of specific information that has been collected and audits that analyze quality management systems, environmental, social and health and safety aspects, as well as technological capacity. At this stage, when registering on the dedicated web portal suppliers declare that they will observe the principles of the Company's Code of Ethics, which is a primary condition for being added to the vendor list. In 2021, therefore, all new suppliers were also assessed based on environmental and social criteria.

Comer Industries, through its Supply Chain department, constantly monitors its suppliers, both through the performance evaluation and on the basis of objective indicators. The following types of risk are monitored during the scouting phase and throughout the relationship with the supplier:

- risk of negative performance (in terms of cost, product or service quality);
- risk of economic-financial sustainability (in terms of ability to run a profitable business over time);
- social and ethical sustainability risk (of carrying out activities with negative impacts on the community and the environmental context in which it operates).

The main suppliers are periodically assessed taking into account the level of complexity of the relationship related to the impact on Comer Industries' processes, know-how and market characteristics. Based on these assessments and the purchase volume, suppliers are classified within a matrix (Kraljic's) into 4 categories, for each of which specific contractual and risk mitigation strategies are defined. Comer Industries assesses its suppliers' performance in terms of quality, competitiveness, sustainability and service levels on a half-yearly basis through the Vendor Rating tool, which highlights the main critical areas (if any) to trigger a continuous improvement process, aimed at achieving shared targets.

OBJECTIVES AND IMPROVEMENT INITIATIVES

Comer Industries has long been committed to a path of continuous improvement in performance and creation of value for stakeholders with a view to sustainability, an essential requirement to meet the challenges of the future. In line with this vision, and aware of the fundamental role of the supply chain, the Group has launched new initiatives aimed at

- assess the **performance** levels in the area of supply chain sustainability and the relative development potential;
- identify and manage **risks** along the supply chain.

The project, led by the Quality & Sustainability department and assisted by the Supply Chain department, included a first **engagement** phase, communicating to suppliers its sustainability strategy and requesting an assessment of the importance of material issues. In 2021 the project became operational by sending a **self-assessment questionnaire** on the following topics to a group of suppliers selected on the basis of risk-related criteria:

- occupational health and safety;
- environmental management;
- ethics and compliance.

The results make it possible to stratify the suppliers into different **risk classes** and thus initiate appropriate improvement projects during 2022.



COMER INDUSTRIES SUPPLIERS

Comer Industries' supply chain consists of about 1,800 suppliers located in 30 countries worldwide. In 2021, the raw materials and components used to make finished products were supplied by around **700 suppliers** and generated a total purchase value of **388 million** euros.

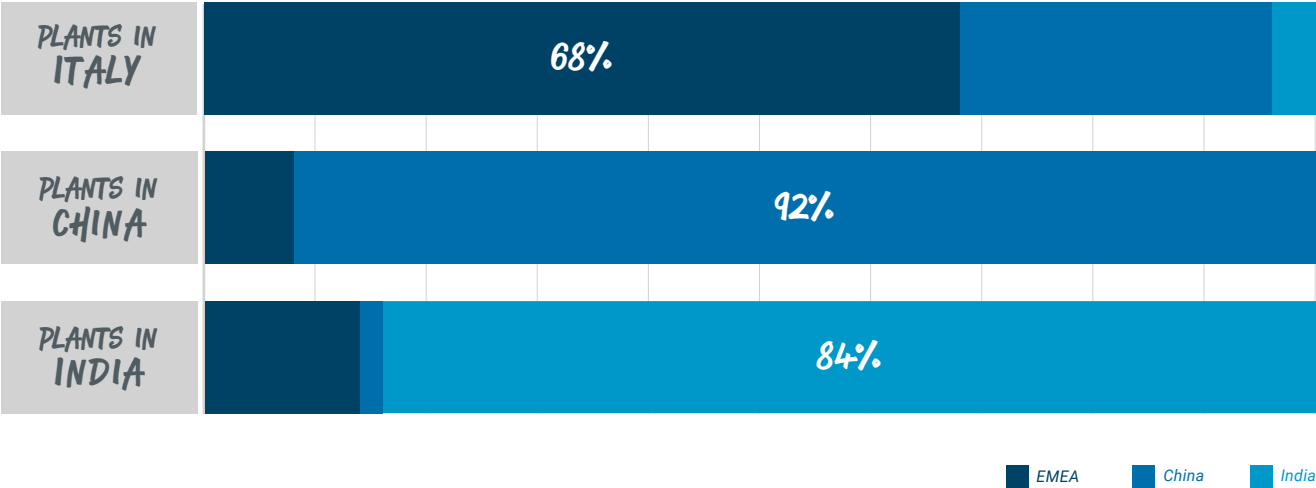
To manufacture its finished products, Comer Industries uses raw materials and semi-finished products, mainly cast iron products and components in ferrous alloys or steel.

The supply chain has been developed following the needs of the production plants located in Italy, India and China in order to ensure fast market response, flexibility and growth of supplier know-how.

DIRECT PURCHASES 2021	Million EUROS
Cast iron components	155
Steel components (shafts, gears, bearings, etc.)	203
Other (commercial products, plastics etc.)	30
Total purchases	388

At least 68% of the purchasing volumes of individual production facilities are procured from local suppliers, i.e. located in the same geographic area where the product is assembled.

ORIGIN OF PURCHASE VOLUMES BY GEOGRAPHICAL AREA



At the same time, the activities of risk mitigation and approval, standardization and synergy of components, have led the Company to take advantage of different supply alternatives, simultaneously supplying both local markets and foreign production plants. At an Italian level, Comer Industries can benefit of the contribution of the **Emilia mechanical industry**, whose supplies from EMEA account for **32% of the volume** destined to Italian plants.





# TERRITORY DEVELOPMENT

Consistent with the United Nations **Sustainable Development Goals** for 2030, Comer Industries' commitment concerns the planet, but also the local communities. In fact, for Comer Industries the region where the Company operates and the nearby communities are resources to be preserved, cultivated, and valued in terms of economic, social, and cultural development. For this reason, for years Comer Industries has been engaged in an array of programs and support activities and partnerships involving the arts and the landscape, supporting innovation, education, environmental sustainability, and the creation of value for ourselves and for future generations.

## PALAZZO SARTORETTI, SYMBOL OF REGGIOLO

Almost a decade after the 2012 earthquake, Palazzo Sartoretti and the surrounding park – cultural symbols in Reggiolo (RE) – have been fully restored thanks to the financial contribution of Comer Industries. The sponsorship project that the company participated in reflects both the strong desire to preserve historical roots while also looking to the future and the company's attention to the surrounding area, seen as a physical space to be preserved and developed, starting with the local cultural heritage. After many years of work, the symbolic palace of the community of Reggiolo has been fully restored as a cultural landmark.



## LANGUAGES OF GEARS WORKSHOPS - REGGIO CHILDREN

A partnership was launched with Reggio Children in 2019 for Open World, an event organized by the Company so that employees could explain their work to their children through creative workshops together with the Foundation's educators. The collaboration between Comer Industries and Reggio Children continues to this day to promote the education of children through the method that bears the name of its founder, Loris Malaguzzi. The Languages of Gears Workshop, organized and staged at the Loris Malaguzzi International Center in Reggio Emilia in 2020 and inaugurated in 2021, has given rise to an extension in another municipality of the province where the Comer Industries headquarters is located: Reggiolo. Palazzo Sartoretti, which has returned to its former glory following renovations after the 2012 earthquake, and its surrounding park will host a number of workshops, offering an educational experience suited to people of all ages interested in learning more about mechanics and gears using different languages (graphics, digital, etc.), participating in a project that embraces many areas and aspects of education. Palazzo Sartoretti will be an important point of reference for art and culture, also hosting permanent and temporary exhibitions in addition to the workshops.

Two seemingly distant worlds – education and the mechanical industry – have come together to create this place of experimentation and research, offering a universal quality education that leverages the technical specialization and expertise that the company has developed since its founding.



## PARTNERSHIPS WITH ITALIAN UNIVERSITIES

Cooperation between academia and the business world is more critical than ever for the training of future generations and for the development and professional growth of employees. The importance of joining forces and building a strategy that is based on learning and acquiring skills takes form in Comer Industries through various partnerships with the main Italian universities, starting from participation in the career days that universities organize throughout the year for their students. In 2021 Comer Industries' recruiters were (virtually) present in several Italian academic hubs located throughout the country to present the Company and the open positions and to gather ideas and expectations from recent graduates and potential future talents.

Moreover, during the year the company launched several courses in partnership with the University of Parma, the University of Modena and Reggio Emilia, and the University of Bologna with the direct participation of some Comer Industries employees as lecturers, with a special focus on issues related to Lean Management and mechanical design. Comer Industries staff shared their theoretical and practical knowledge with the students of the specialized courses in Mechanical and Management Engineering who, after completing the theoretical lessons, had the opportunity to take part in various workshops and visits to the Company and put into practice what they had learned.

For the most deserving students, Some of these courses concluded with internship projects in the Company, triggering a virtuous cycle of exchange of skills between the academic world and the working world.



VIDYA HOME

The Vidya Home project in Bangalore is the result of a collaboration between Comer Industries and “Namaste, Onore a te”, a volunteer organization that for over 20 years has been working to guarantee the right to education and health to children and young people in poverty.

It was founded in 2020, for the 50th anniversary of Comer Industries, and it continues its mission year after year thanks to funding from the Company. In 2021 Comer Industries extended its support to other solidarity projects managed by the “Namaste, Onore a te” association.

The initiative aims to provide concrete support to the Bangalore community, providing 10 deserving female students with the resources necessary to cultivate their talent, supporting them throughout their studies to become nurses.

Vidya Home is in one of the most important Indian cities where Comer Industries is present with a production site and sales offices. In addition to the university fees, the Company provides the girls with food, accommodations, and assistance thanks to the presence of a tutor who lives with them full time and takes care of their daily needs. A place dedicated to education, a safe haven where they can grow.

A support for women's education, and consequently for achieving economic independence.



LE VILLAGE BY CRÉDIT AGRICOLE: SUPPORTING INNOVATION

The partnership between Comer Industries and Le Village by CA Parma continues, in support of a project dedicated to innovation and new technologies.

Thanks to the participation of the most important institutional and industrial entities in the area, this ecosystem offers value to all the entities involved, fostering knowledge and interaction between financial and industrial companies and start-ups. Furthermore, by gaining access to the Village, start-ups can benefit from services to accelerate their business, receive support in fundraising, develop abroad and work alongside structured businesses able to accompany them in their growth.

FAI CORPORATE GOLDEN DONOR

This is a multi-year collaboration between Comer Industries and FAI in the form of the Corporate Golden Donor membership program that the Company has participated in since 2019.

The aim is to protect Italy's artistic and cultural heritage, to help make our country a more beautiful place in which to live, work and raise our children and future generations.

The landscape and artistic heritage that the FAI safeguards and promotes is, in fact, a unique heritage in the world and a fundamental resource in which to invest to revive, develop and enhance the country. Thanks to the support of its numerous members, FAI is committed to protecting and making splendid jewels of art, nature, and culture accessible to all, managing no fewer than 68 properties throughout Italy, a wealth of important historical, artistic and landscape sites that have been saved from neglect, restored, protected, and opened to the public.



SESSANTALLORA, FOR SUSTAINABLE MOBILITY

Since 2018 Comer Industries has been supporting Sessantallora, the amateur sporting association of Carpi (MO) which promotes activities in the cycling, mountain bike and triathlon sector. Since then, the two entities have shared the same values of team spirit and passion, both being exemplars of sustainable mobility as a real way of life. The Company's support for a local association aims to encourage projects implemented by a local organization and is an incentive for its employees to spend their free time in a healthy and fun way.



# GOVERNANCE

## CHAPTER 3





# CORPORATE GOVERNANCE

The Corporate Governance model adopted by Comer Industries is traditional and includes the Board of Directors (BoD), which strategically guides the management of the Group, the Board of Statutory Auditors, which supervises the work of the BoD and the Audit Firm, in charge of the statutory auditing and accounting management.

## CORPORATE BODIES

**Shareholders’ Meeting** – Shareholders’ Meeting is the collective body that expresses the will of Comer Industries’ shareholders. In particular, the Meeting approves the Financial Statement and appoints BoD members.

**Board of Directors** – It is the Administrative Body that leads and manages the Company, except for activities in charge to Shareholders’ Meeting. The BoD is responsible for strategic and organizational guidelines, it verifies the appropriateness of organizational structure and the suitability of necessary controls to monitor Company performance. It has two Internal Committees: Remuneration and Related Parties.

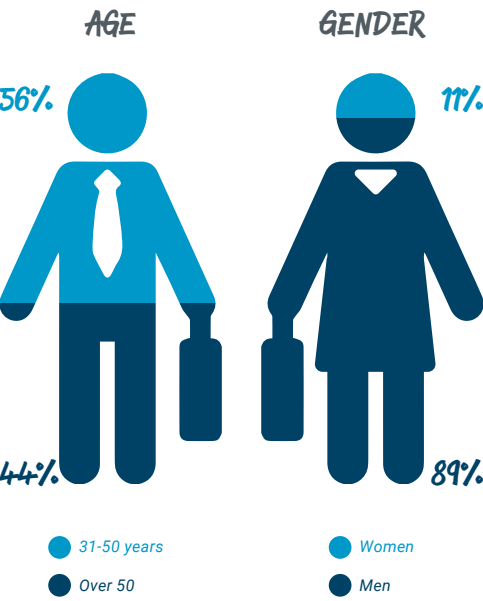
Matteo Storchi	Chairman and Chief Executive Officer
Cristian Storchi	Vice President and Board Member
Luca Gaiani	Board member
Matteo Nobili	Board member
Arnaldo Camuffo	Independent Board member
Marco Storchi	Board member
Paola Pizzetti	Independent Board member
Joseph P. Huffsmith	Board member
Lee M. Gardner	Board member

**Board of Statutory Auditors** – The Board of Statutory Auditors is the monitoring body of the Company in charge of supervising Directors work and controlling that Company management and administration are carried out in compliance with the law and the articles of association.

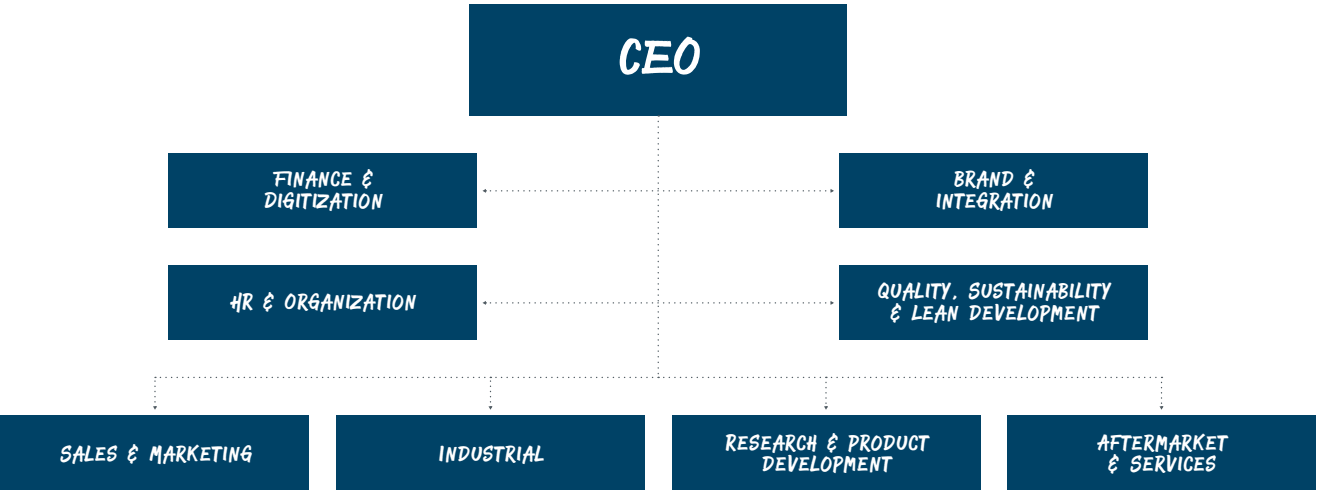
Luigi Gesaldi	Chairman
Corrado Baldini	Standing Auditor
Massimiliano Fontani	Standing Auditor

**Audit Firm** – An external body in charge of statutory auditing and is appointed by Shareholders’ Meeting. On April 22, 2021, the Shareholders' Meeting of Comer Industries appointed Deloitte & Touche as the firm in charge of the statutory audit for the financial years 2021 to 2029.

### COMPOSITION OF THE BOARD OF DIRECTORS



## ORGANIZATIONAL STRUCTURE



The organizational structure is made up of Corporate or Staff Managements, which operate transversally within the Company (Brand & Integration, Finance & Digitization, Human Resources & Organization, Quality, Sustainability & Lean Development) and Business Departments (Sales & Marketing, Industrial, Research & Product Development, Aftermarket & Services) which are respectively responsible for defining commercial and marketing actions at a global level, coordinating industrial activities such as Engineering, Purchasing, Production, Logistics, defining and directing new product development processes and finally Aftermarket management.

## COMPLIANCE & SUSTAINABILITY

During the first quarter of 2021 a function was introduced within the Quality, Sustainability & Lean Development Department to coordinate all aspects related to Compliance and Sustainability, with the aim of focusing efforts on the integration of sustainability into the company's strategy employing a systemic and synergistic approach with other company processes and finalizing the management of corporate compliance in a center of competence.

## EXTERNAL INITIATIVES AND MEMBERSHIP IN ASSOCIATIONS

### WE SUPPORT



Since December 2021, in confirmation of its desire to incorporate the principles underlying the action of the United Nations into its business management, Comer Industries has adhered to the **United Nations Global Compact** initiative and is committed to disseminating and applying the **Ten Principles** for media policy in the areas of human rights, labor standards, environmental protection, and anti-corruption. Launched in 2000, the United Nations Global Compact is the world's largest strategic corporate citizenship initiative. It is followed by more than **18,000 companies in 160 countries around the world**, creating a new reality of global cooperation. Comer Industries adheres to the **EcoVadis** platform for the

evaluation of its sustainability performance. EcoVadis is a universal provider active in more than **160 countries** with more than **85,000 companies** evaluated. Comer Industries shares with the stakeholders, in line with the principles of transparency, the results of assessments and improvement actions. Comer Industries' commitment to reducing greenhouse gas



emissions and protecting the environment is also evidenced by its participation in 2015 in the questionnaires and framework of the **Carbon Disclosure Project (CDP)**, which provides businesses, local authorities, governments and investors with a comprehensive system of environmental measurement and reporting. There are currently **more than 9,600 companies** participating in CDP surveys on Climate Change, Water, Forests programs with the ultimate goal of building a global economic system that is attentive to environmental sustainability.

In 2021 Comer Industries participated in the Climate Change program, obtaining the C score on an A-D scale, in line with the European average and consistent with the gradual but continuous improvement of environmental performance. In addition to being a clear sign of the Company's commitment and accountability in the fight against climate change, climate disclosure is in line with the **TCFD Recommendations** (see the chapter *The environment – Climate change, energy and emissions*).



# RESPONSIBLE BUSINESS MANAGEMENT

## THE PRINCIPLES OF THE CONTROL MODEL

Comer Industries bases its business management on a culture of integrity, ethical conduct, corporate responsibility, and compliance. To this end, the Group has implemented a comprehensive Compliance Management System integrated into its corporate management model consisting of tools aimed not only at ensuring the implementation of corporate policies, but also at **exerting a preventive and control action**. Comer Industries' governance structure was strengthened in 2021 with the introduction of an **Internal Audit** function assigned the task of assessing the adequacy and effectiveness of the internal control system and directing actions for the model's improvement.

**The Code of Ethics** – The Code of Ethics and Conduct (hereinafter Code of Ethics) is at the heart of the Compliance Management System and underscores the principles underlying all company activities: integrity, transparency, respect, legality, and confidentiality. The Code of Ethics also defines the criteria of conduct to be followed and the behavior that is prohibited for all of the Group's employees, especially with regard to the areas where there is a potential risk of committing a crime. It was updated in 2021 in order to make the existing rules and principles of conduct consistent with the regulations and with the most advanced standards. The Code of Ethics applies to all Companies of the Group, consistent with the laws and regulations in force in each country, and is available on the website [Comer Industries / Governance / Code of Ethics](#).

**The Organization and Management Model pursuant to Leg. Decree 231/2001** – The Organization and Management Model (231 Model), which includes the Code of Ethics as an integral part, defines the rules and measures adopted to prevent behaviors that may represent offense pursuant to Leg. Decree 231/2001 and spreading the culture of legality and awareness in all those who operate on behalf and in the interest of Comer Industries. The governance structure envisages separate 231 Models for the Italian Group Companies. The 231 Model is made up of a General Part and several Special Parts, drawn up in relation to the types of offenses whose commission is abstractly conceivable due to the activities carried out by Companies. The 231 Model<sup>2</sup> **was updated in 2021 in implementation of the new provisions in force**, especially Legislative Decree 75/20 transposing the European Directive on the Protection of Financial Data, with which the catalog of predicate offenses has been extended. The 231 Model can be consulted on the website [Comer Industries / Governance / Corporate procedures](#).

(2) The update was published with respect to the Company Comer Industries Spa; in the process of being completed and approved in Q1 2022 for the Company Comer Industries Components Srl.

**Supervisory Body** – It is the body responsible for the respect, efficient and effective application of the 231 Model and for its updating. The structure of the Supervisory Board (SB) is a board structure, with two external members and one internal member, in compliance with the requirements of independence, autonomy and professionalism. In addition to periodic checking, inspections and information flow analysis, the SB prepares every six months specific reports about performed activities and their results.

Comer Industries Spa		Comer Industries Components Srl	
Tommaso Rotella	Chairman	Luca Mazzei	Chairman
Luca Mazzei	External member	Maria Valente	External member
Antonio Lattarulo	Internal member	Antonio Lattarulo	Internal member

**Anti-corruption Policy** – The Anti-corruption Policy, applicable to all sites and Companies of the Group, was developed in accordance with the provisions of the Code of Ethics and the principles of the FCPA, the OECD Convention, the British Bribery Act and the laws anti-corruption of all countries in which Comer Industries carries out its business. The Anti-Corruption Policy is in the process of being updated. To this end, a preliminary risk assessment was performed on all of the Group's sensitive processes, highlighting the main risk areas and related mitigation actions which the new Policy will be modeled on in line with the current operational reality. During 2021, as in previous years, there were no episodes of corruption ascertained or reported to the SB that involved employees and/or directors of Comer Industries.

**Whistleblowing** – As required by Article 2 of Law 179/2017 on whistleblowing, since 2019 a procedure has been in place aimed at regulating the information flows for the management of reports submitted to the SB and to eliminate the factors that could hinder or discourage whistleblowing reports.

## QUALITY, HEALTH AND SAFETY AND ENVIRONMENTAL POLICY

The commitment to sustainable development and value creation for stakeholders is made explicit in the Integrated Quality, Health and Safety and Environmental Policy, extended to all Group facilities. In this Policy, Comer Industries declares its decision to adopt a **Quality, Health and Safety and Environmental Management System** according to the respective **ISO 9001, ISO 45001 and ISO 14001 standards**, integrated into the organization's business processes and implemented with a risk-based thinking approach according to the principles of ISO 31000. The Policy defines the general framework for the improvement objectives that the Company intends to pursue and the criteria by which it assesses the effectiveness of the Management System:

- risk reduction;
- simplification of processes;
- assurance and evidence of compliance;
- high levels of performance.

The Integrated Quality, Health and Safety and Environmental Policy is available on the website under [Comer Industries – Our Commitment](#).

## INFORMATION SECURITY POLICY

In November 2020 Comer Industries reviewed and published its Information Security Policy, expressing its commitment to protect data, information and consequently the systems that process them, especially those of strategic importance for the Company business, with security measures commensurate with their value and their risks. The Information Security Policy is available on the website under [Comer Industries – Our Commitment](#).



In 2021, in-person and online training was organized to foster the dissemination and implementation of the Policy, along with awareness of the strategic value of data and the impact of people's behavior.

## DIVERSITY AND INCLUSION POLICY

In December 2021 Comer Industries drafted a policy document outlining its intention to pursue a strategy of valuing diversity and a human resources management model based on equal opportunities and inclusion in all areas of company life. The Diversity and Inclusion Policy will be promoted and disseminated in all the Group's sites in 2022.

## CONFLICT MINERALS POLICY

In compliance with the legislation relating to Conflict Minerals (known as "3TGs" - Tantalum, Tin, Tungsten and Gold) referred to in Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act") and consistent with the principles of the Code of Conduct, Comer Industries contributes to the objective of ending conflicts and violations of humanitarian rights in the countries reported in the relevant Regulations by adopting a Policy aimed at ensuring that the products and materials supplied do not contain 3TGs from mines in areas of conflict.

The Conflict Minerals Policy is available on the website under [\*Comer Industries – Our Commitment\*](#).

## INTEGRATED MANAGEMENT SYSTEM

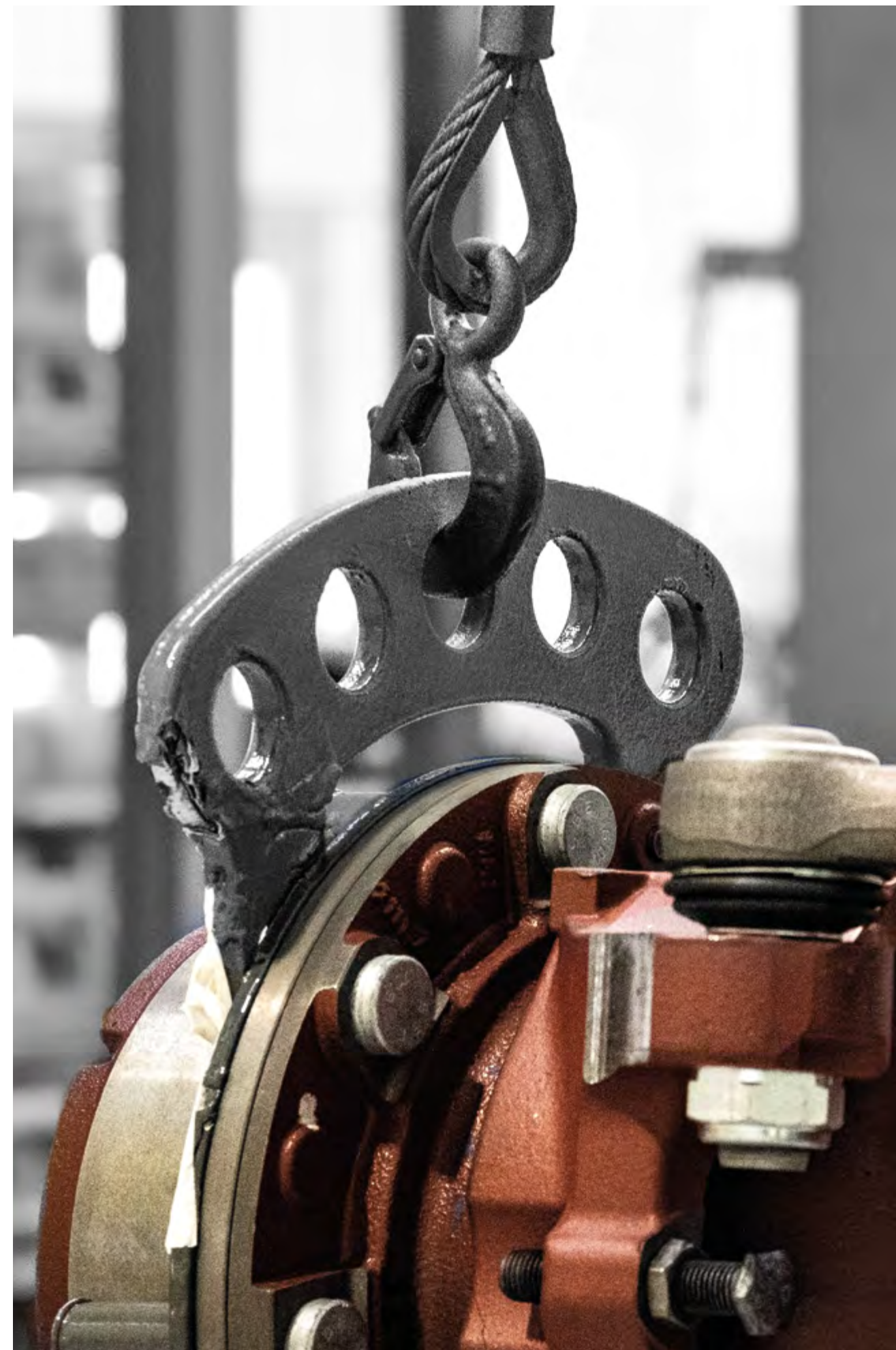
Starting in 2017, Comer Industries launched a series of actions aimed at creating an **Integrated Management System in which procedures, operational tools, methods and actions for the management** of Quality, Health and Safety, the Environment and Information Security converge, placing risk management and the rationalization and simplification of processes at the basis of its model.

In 2020, the milestone of third-party certification of the Integrated Quality, Health and Safety and Environmental Management System applied to all the Group's production plants was achieved.

In 2021, the extension of the System to all Group locations – including commercial branches – was completed and the process of integrating privacy and cybersecurity management was initiated. Specifically, by updating the previous privacy governance model designed to comply with Regulation EU 2016/679 known as **GDPR**, as implemented with Legislative Decree 101/2018, Comer Industries is progressively harmonizing the procedures governing the protection of personal data in the management model common to the other areas of compliance.

The goal is to build a multidisciplinary risk-based management model that is integrated into the business and able to respond effectively to rapid changes in the environment and to exploit synergies in business processes, supporting **simplification and efficiency**.

Comer Industries is committed to further increase its management system efficiency, taking actions to improve its results. With regard to performance, the Quality & Sustainability department not only identifies the most appropriate indicators on the basis of Company processes and the organizational model but, on an annual basis, defines specific quantitative targets to achieve for each single site, on the basis of the results obtained in the previous year and on overall strategies. Therefore, each site draws up an improvement plan setting out objectives, resources and responsibilities, the progress of which is monitored in detail during the year.



# RISK MANAGEMENT

Comer Industries applies a risk management model taking into account ISO 31000 standard to increase the likelihood of achieving goals, identify opportunities, meet cogent requirements, and improve stakeholders’ confidence.

In this perspective, after having formalized the corporate procedure for risk management, Comer Industries is progressively developing and improving risk identification and assessment methods, both modeling them on the strategy and context and extending the assessment areas, with the aim of implementing a complete Enterprise Risk Management system in the medium term.

The internal control and risk management system, as an integral part of the Group's Corporate Governance system, is divided into different organizational structures and is based on procedures and control activities aimed at the correct identification and management of business risks. The departments that contribute to the control and management of risks and support the Board of Directors in decision-making processes and in defining Group strategies are the Board of Statutory Auditors, the Supervisory Board, the Independent Auditors and the Quality & Sustainability department, whose roles and responsibilities are described in the Corporate Governance section.

## PROCEDURE FOR IDENTIFICATION AND ASSESSMENT OF RISKS

- **Analysis of the context** – For each context dimension and for each primary process, internal and external issues and the stakeholders must be defined.
- **Identification of risks and opportunities** – Based on the relevant issues, needs and expectations of involved stakeholders, possible events are identified, the consequences of which could prevent, degrade, delay the achievement of objectives (risk) or promote, increase, accelerate the achievement of objectives (opportunities).
- **Assess risks and opportunities** – The risk is assessed by combining the extent of the impact with the probability of its occurrence. Such evaluation is carried out considering any existing measures, which confirm or modify the impact and probability measures. The opportunity is assessed by combining the extent of the expected benefit with the time duration of the same. The risk matrix is the tool for assessing and recording risks and opportunities.
- **Risk and opportunity treatment** – Each level of risk/opportunity corresponds with a priority of intervention and relative treatment. Each action is linked to a manager and a completion date.
- **Monitoring and review** – The plan thus defined is periodically monitored to verify the closure of the actions within the pre-established times and to identify any changes in the identification or assessment of the risks / opportunities due to changes in the context.

With the aim of analytically monitoring the trend of risk levels and the effectiveness of interventions aimed at reducing the probability or the effects connected with priority risks, a number of **synthetic and quantitative indicators** have been introduced whose trend is periodically assessed. One of these is the **Global Risk Number** (GRN) obtained from the sum of the scores assigned to each risk, and on which reduction objectives are defined annually through appropriate risk mitigation actions. Furthermore, Comer Industries has incorporated the **precautionary principle** in its system of rules and procedures. Introduced in 1992 at the United Nations Conference on Development and Environment, the principle states that "In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation."

The application of the precautionary principle involves, as part of the risk management strategy, a prior assessment of the potential negative environmental and social effects that could result from decisions and/or strategic choices concerning products and processes. If the existence of a risk of serious or irreversible damage is identified, the adoption of appropriate and effective measures, also in relation to the benefits and costs, aimed at preventing and/or mitigating the negative impacts must be evaluated.

Some examples of application of this principle are the adoption of sustainability criteria in the qualification of new suppliers, or the preliminary assessment of risks in the case of new or modified processes.

## MANAGEMENT APPROACH

Starting from an assessment of risks related to the achievement of the objectives in the area of Quality, Environment and Safety, during 2021 Comer Industries extended the assessment to other management areas, specifically Information Security and the Fight against Corruption, applying a common weighting and classification methodology, in line with the strategic objectives and the specific propensity to risk.

The table below summarizes or specifically refers to other parts of this document and documentation available on Comer Industries' website, the methods of managing the main identified risks, that is, the Group's strategies, policies and action plans to control risks.

The reported disclosures also include the consistency of the risk with the underlying material topic of the NFS.

AREA / RISK DESCRIPTION	UNDERLYING MATERIAL TOPIC	MANAGEMENT APPROACH
Strategic		
Climate change: risks related to the transition or physical risks	Effective and efficient energy management and reduction of emissions Generation and distribution of value	See the relevant section in the chapter <i>The environment – Climate change, energy and emissions</i>
Cybersecurity: cyber attacks with loss or dissemination of strategic data	Generation and distribution of value	Specific risk assessment based on the context and business processes: implement actions based on priorities Information security included in the Integrated Management System
Compliance		
Late responses to compliance obligations in case of rapid changes in the regulatory environment	Ethics, integrity and compliance	Compliance Management system supported by digital tools for monitoring deadlines and regulatory updates
Privacy: loss or disclosure of the personal data of employees or other stakeholders in violation of Regulation EU 269/2016 and Legislative Decree 101/2018	Ethics, integrity and compliance Supply chain sustainability and responsibility Generation and distribution of value	Specific risk assessment based on the context and business processes: implement actions based on priorities Information security included in the Integrated Management System
Risks related to corruption in violation of the Code of Ethics and Legislative Decree 231/2001 on corporate administrative liability	Ethics, integrity and compliance	Specific risk assessment based on the context and business processes: implement actions based on priorities
Operational Risks		
Injuries to personnel inside and outside the company	Occupational health and safety	Health and Safety Management system extended to all Group sites Specific procedures for contracted suppliers and visitors Procedures for traveling staff
Impact linked to the Covid-19 pandemic situation	Occupational health and safety Ethics, integrity and compliance Generation and distribution of value	The assessments made and the measures taken are described in the <i>“The environment – The people of Comer Industries”</i> chapter of this document
Labor climate: demotivation, stress, attracting and retaining talent	People management, training and development Diversity and equal opportunities	Continuous training processes and specific paths – Comer Academy Structured performance evaluation and feedback systems (ASC) Principles of the Code of Ethics for a fair and inclusive working environment Diversity and inclusion policy
Impact of changes in production layout (new plants, transfers, verticalization, outsourcing)	Occupational health and safety Effective and efficient energy management and reduction of emissions Responsible use of resources and waste management	Procedures for pre-assessment of health, safety and environmental impacts of changes



AREA / RISK DESCRIPTION	UNDERLYING MATERIAL TOPIC	MANAGEMENT APPROACH
<b>Operational Risks</b>		
Supply chain: continuity and development of the supply chain	Supply chain sustainability and responsibility Occupational health and safety Effective and efficient energy management and reduction of emissions Responsible use of resources and waste management Generation and distribution of value Environmental impact of products	Sustainability engagement Performance evaluation at qualification and on production stage Inclusion of sustainability criteria in Vendor Rating metrics Specific requests and evidence relating to product compliance at the same time as the component validation procedure
Risks related to the transition towards a circular economy - Resource scarcity.	Responsible use of resources and waste management Environmental impact of products	Implementation of measurement systems, monitoring, targets and improvement actions regarding energy consumption, water withdrawals and waste generated, also in terms of the percentage of recycling
<b>Financial risks</b>		
Market - Credit - Cash - Price and cash flow	Generation and distribution of value	Please refer to the relevant section in the Report on Consolidated Financial Statements at December 31, 2021

# COMPLIANCE

For Comer Industries, the culture of integrity and compliance is a key factor for solid and lasting success. We are convinced that compliance is not just an obligation to be met but an opportunity to create sustainable value, so compliance management has been fully integrated into the organization culture and the behavior and conduct of the people who work for it.

The result of this approach is the creation of an effective corporate compliance management system that makes it possible to proactively manage compliance and deadlines related to mandatory and contractual requirements, applicable regulations, and organizational standards. This way, it is possible to reduce the risks of sanctions and operational continuity, as well as to provide evidence of compliance – and thus good governance and transparency – to all stakeholders.

## COMPLIANCE CONTROL SYSTEMS

Comer Industries has developed management tools, also using digital tools modeled on its own processes, to analyze compliance obligations, anticipate critical issues, monitor the execution of compliance and evaluate performance.

To make effective the commitment to compliance obligations, the Company uses an advanced management system for the requirements required by all applicable laws and regulations regarding the environment and safety in the workplace, with particular reference to the provisions contained in Legislative Decree 152/2006 (Consolidating Act on Environment) and Legislative Decree 81/2008 (Consolidating Act on Safety at Work). This tool also makes it possible to monitor new developments and updates in the applicable regulatory framework and incorporate them into the system. Comer Industries also uses qualified sources and newsletters with updates on other compliance issues (privacy, 231 model, product regulations).

Performance monitoring and compliance verification are enhanced by an articulated auditing system coordinated by the Quality & Sustainability department, with periodic activities that cover all sites and business processes in the respective areas of compliance (quality, environment, health and safety, privacy, 231 predicate offenses).

## COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

During 2021 there were no events that gave rise to penalties and/or litigation for non-compliance with environmental laws, rules and regulations. Similarly, as of the date of this report, there are no outstanding environmental disputes.

## COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AREA

During the reporting period, there were no significant cases of violations of laws and/or regulations relating to economic and social provisions that resulted in significant fines or non-monetary penalties.

## HUMAN RIGHTS

Respect for human rights in the business, in all areas where Comer Industries is working, is a central element in the system of principles of conduct and values expressed in the Company's Code of Ethics.

Comer Industries guarantees the physical and moral integrity of its collaborators, working conditions that respect individual dignity and safe and healthy working environments. Therefore, requests or threats aimed at inciting people to act against the law and the Code of Ethics or to conduct themselves in a manner detrimental to the moral and personal convictions and preferences of others shall not be tolerated. Furthermore, no form of forced, compulsory or child labor is allowed, acknowledging the primary importance of the protection of minors and the repression of any form of labor exploitation. This commitment is also required from the organizations having with Comer Industries a supply relationship, by signing the Code of Ethics together with the contractual agreements.

No cases and/or episodes of violation of human rights occurred in Group Companies.

## RESPECT FOR COMPETITION

During the reporting periods, there was no incident and/or initiation of proceedings or legal action against the Group in relation to violation of free competition, monopolistic practices or antitrust.

## HEALTH AND SAFETY OF PRODUCTS

During the reporting period, there were no episodes and/or initiation of proceedings or legal action against Comer Industries concerning impacts on health and safety of products. No other proceedings are pending in this respect.

## CUSTOMER PRIVACY

As of the date of this writing, there have been no substantiated complaints regarding breaches of customer privacy and loss of customer data.



# FISCAL TRANSPARENCY

## COMER INDUSTRIES' FISCAL APPROACH

Comer Industries operates through companies based in Italy, China, India, the United States, Brazil, the United Kingdom, and Germany. As a multinational group, Comer Industries contributes to the economies of the various countries in which it operates. The economic contribution in the various countries where Comer Industries is present is also expressed at a fiscal level and takes the form of various types of taxes, which can be grouped into the following categories:

- income tax, corporate profits tax;
- property taxes, collections on property, sale or lease of real estate;
- employment taxes, including taxes collected and paid to the tax authorities on behalf of employees;
- indirect taxes collected on the turnover and production and consumption of goods and services such as VAT, customs duties, etc;
- local taxes related to corporate social responsibility.

According to its Code of Ethics, Comer Industries is committed to operating in each of its entities with honesty and integrity in all tax matters and with a transparent and sustainable long-term tax approach. Comer Industries is committed to complying with legislation in all jurisdictions in which it operates, working closely with tax authorities, tax advisors and auditors to ensure that taxes due are paid.

Note that to date Comer Industries is not subject to the country-by-country reporting rules set forth in Article 1, paragraphs 145 and 146 of Law no. 208 of December 28, 2015 and Council Directive 2016/881/EU of May 25, 2016 amending Directive 2011/16/EU, or the relevant implementing provisions.

## TAX PLANNING

Comer Industries ensures that the Group's taxation complies with tax regulations with an approach consistent with the principles set out in the Code of Ethics. No tax planning strategies are pursued and no artificial schemes without economic sense are used in order to achieve tax savings. The implementation of behaviors and operations, whether domestic or cross-border, that result in constructions of pure trickery, that do not reflect economic reality and from which it is reasonable to expect undue tax advantages is rejected.

Intra-group transactions are governed, for tax purposes, on the basis of the arm's length principle, as defined by the OECD (Model Tax Convention and Transfer Pricing Guidelines), with the aim of aligning transfer conditions and prices as correctly as possible with the places where value is created within the Group.

## TAX MANAGEMENT AND RELATIONS WITH THE AUTHORITIES

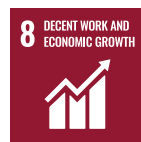
Reasonable and well-founded tax choices and interpretations are adopted in determining the tax treatment of a particular transaction or activity. On the basis of the size and complexity of the Group's business, risks may arise in relation to the interpretation of local tax regulations. These risks are identified and analyzed internally and with the support of tax advisors.

Comer Industries guarantees transparency and fairness in its relations with the tax authorities, aiming to build and maintain open and fruitful relations with all competent tax authorities and to resolve any dispute in a spirit of cooperation. In cases of particular uncertainty about the tax treatment applicable to relevant issues, the tools to know in advance the position of the competent tax authority are used.



# ECONOMIC SUSTAIN ABILITY

## CHAPTER 4



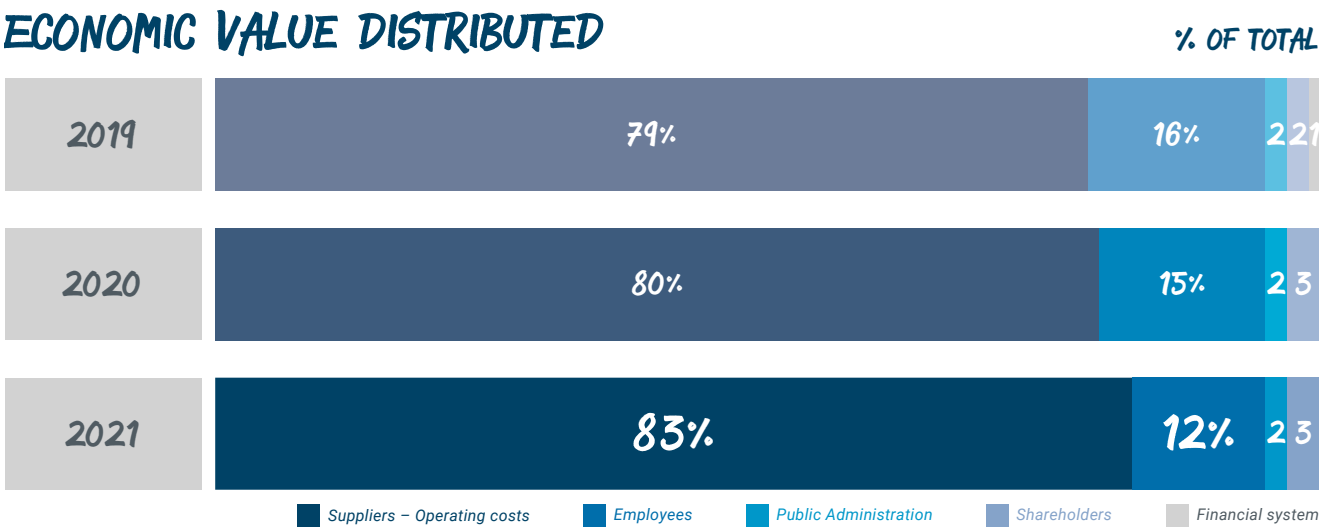
# ECONOMIC VALUE GENERATED AND DISTRIBUTED

Economic value generated and distributed represents the company’s ability to create wealth and distribute it to its stakeholder. Data on creation and distribution of economic value provide, through a reclassification of the consolidated profit and loss, a preliminary indication on how Comer Industries has created wealth for its stakeholder, highlighting the economic effects produced by the corporate management on the main categories.

In 2021 the economic value generated by Comer Industries amounts to 603.4 millions euros (398.8 millions euros in 2020) and has been distributed for 93% to stakeholders. In particular, 68.8 million euros was distributed to employees, 461.5 million euros to suppliers for operating costs. Shareholders were distributed 14.3 millions euros in the form of dividends. The retained economic value relates to the difference between the economic value generated and distributed, includes the impact of the application of IFRS 2 and IFRS 16 and does not include the depreciation of tangible and intangible assets, provisions and deferred taxes. For further details on economic and financial aspects, please refer to the Consolidated Financial Statements at December 31,

ECONOMIC VALUE CREATED AND DISTRIBUTED (million euros)	2019	2020	2021
Economic value generated	407.8	398.8	603.4
Suppliers - Operating costs <sup>a</sup>	305.2	299.3	461.5
Employees	61.4	54.7	68.8
Financial system	1.1	0.6	1.1
Public Administration	9.2	7.6	13.4
Shareholders <sup>b</sup>	7.1	10.2	14.3
Economic value distributed	384.0	372.4	559.1
Economic value retained	23.8	26.4	44.3

(a) This item includes the impact of the application of IFRS 2 and IFRS 16.  
(b) This item includes the proposal for distribution to shareholders of profits for the year that the Board of Directors resolved to propose to the Shareholders' Meeting of Comer Industries.



# INVESTMENTS

During the year the Group – considering only the scope of Comer Industries – invested 18.8 million euros in tangible and intangible fixed assets acquired from third parties, net of internal capitalizations and excluding the impact of the new IFRS 16 accounting standard. The main investments were made in Italy for around 12.9 million euros and in the Group's foreign subsidiaries for around 5.9 million euros.

The most significant investments in Italy relate to the entry into operation of a new plant dedicated to the painting of axles and gearboxes, and a new robotic workstation for the production and control of gears, which are fully integrated into the company's Industry 4.0 management system. The new painting equipment uses water-based paint products and inverter systems combined with advanced management software, resulting in low emission levels and energy consumption. Furthermore, it is interconnected through an MES system to the company IT system. The new gear cutting machine does not use lubricants for gear cutting, confirming the choice of environmentally friendly technologies for steel processing. An investment in two Mazak horizontal machining centers for box processing was also made in 2021, coming online in early 2022.

With regard to the development project for the Reggiolo production site, which to date has resulted in the new logistics hub adjacent to the production unit and an industrial space measuring over 40,000 m², in 2021 investments were made in general plant engineering, building works, new automated warehouses, latest-generation loading/unloading systems, and dedicated software.

In the green area, the new photovoltaic system installed in Matera at the end of 2020, with a capacity of about 500 kWp and intended for self-consumption, became fully operational.

In China, for the industrial expansion of the Comer Industries Jiaxing plant, investments were made in masonry works and general plant engineering, and for the purchase of new semi-automatic assembly lines for the production of axles and gearboxes.

In relation to Research and Development, more than 2.4 million euros have been invested in the last year in order to develop prototypes and new products, and special benches have been purchased for fatigue analysis and endurance tests on prototype projects.

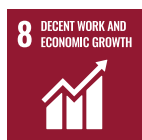
In 2021 Comer Industries placed a particular emphasis on cybersecurity. A cybersecurity awareness program was launched that involved all users, and tools and services were implemented to manage vulnerabilities and monitor systems aimed at preventing harmful events. With the Sustainable Printing project, the entire fleet of multifunction printers has been renewed with new eco-sustainable models, and a centralized copy control system has been implemented in order to raise awareness among workers about the conscious use of paper prints.

As for applications, of note is the product development project relating to the digitization of the Engineering Change Management process and the implementation of a new Sustainability Dashboard for monitoring and reporting on the main indicators of company performance in the field of sustainability.



# PEOPLE

## CHAPTER 5



# PERSONNEL MANAGEMENT AND DEVELOPMENT POLICIES

For Comer Industries, people are the most important strategic asset and a crucial competitive factor to deal with current and future challenges and to achieve the company's ambitious goals.

In 2021, despite the continuation of the global health emergency and the economic uncertainty caused by international difficulties involving supply chains, the Group demonstrated courage and solidity, increasing its staff compared to 2020. In fact, Comer Industries currently has a team of over 1,500 people who continue to work and develop with dedication and passion every day in order to achieve the Group's success.

Comer Industries has adopted a style of people management based on the fostering of experience, where employees are proactive actors who challenge themselves, cultivate self-entrepreneurship and responsibility for their own activities, and transform ideas into concrete actions.

The Group promotes the development of people both through training, which is transformed into expertise, and through the objective recognition of individual and team results, which are transformed into personal and professional growth.

In applying these principles, Comer Industries is committed to ensuring respect for the rights of its employees, promoting an open and inclusive working environment where people can best express their skills, enthusiastically facing professional challenges to achieve the company's objectives.

The Group pursues the objective of guaranteeing **wellbeing, cooperation, equal opportunities, and a better balance between private and working life** through the open management, whenever possible, of all requests for part-time work by employees, access to flexible working schedules in the event of maternity/paternity leave, the adoption of Time for You, which in the summer guarantees a number of days of company closure around the weekend.

Also for this purpose, during 2021 Comer Industries prepared and implemented a global **teleworking policy** that makes agile working structural, thus superseding the emergency teleworking program linked to the health emergency, which ended in September 2021.

With this choice the Group seeks to emphasize the care and attention paid to each employee, allowing all suitable people to work remotely for up to 50% of the time, thus exploiting the many benefits of teleworking, which not only include work-life balance but also amplify and make tangible the work philosophy based on **planning, delegation, and trust** that permeates the working environment at Comer Industries.

Seventy per cent of staff meeting the requirements for remote working have adhered to the new policy, with an average percentage of teleworking hours of around 10% between October and December 2021.

The Group is also committed to promoting a **company environment and culture** able to attract and promote the best talents, to develop personal skills and teamwork ability, with the aim to help individual and corporate growth, offering suitable opportunities for every personal and professional needs.

Moreover, based on its values and corporate culture, Comer Industries offers both onboarding and offboarding to each employee who decides to undertake professional paths within or outside the Group.

Aware of the importance of these phases both for the company and for the individual, the HR function manages the entry phase through an induction process consisting of meetings, engagement, and presentation of the Group's functional areas, and the exit phase through a structured questionnaire and a personal interview in order to understand their reasons and identify and implement any improvement actions.

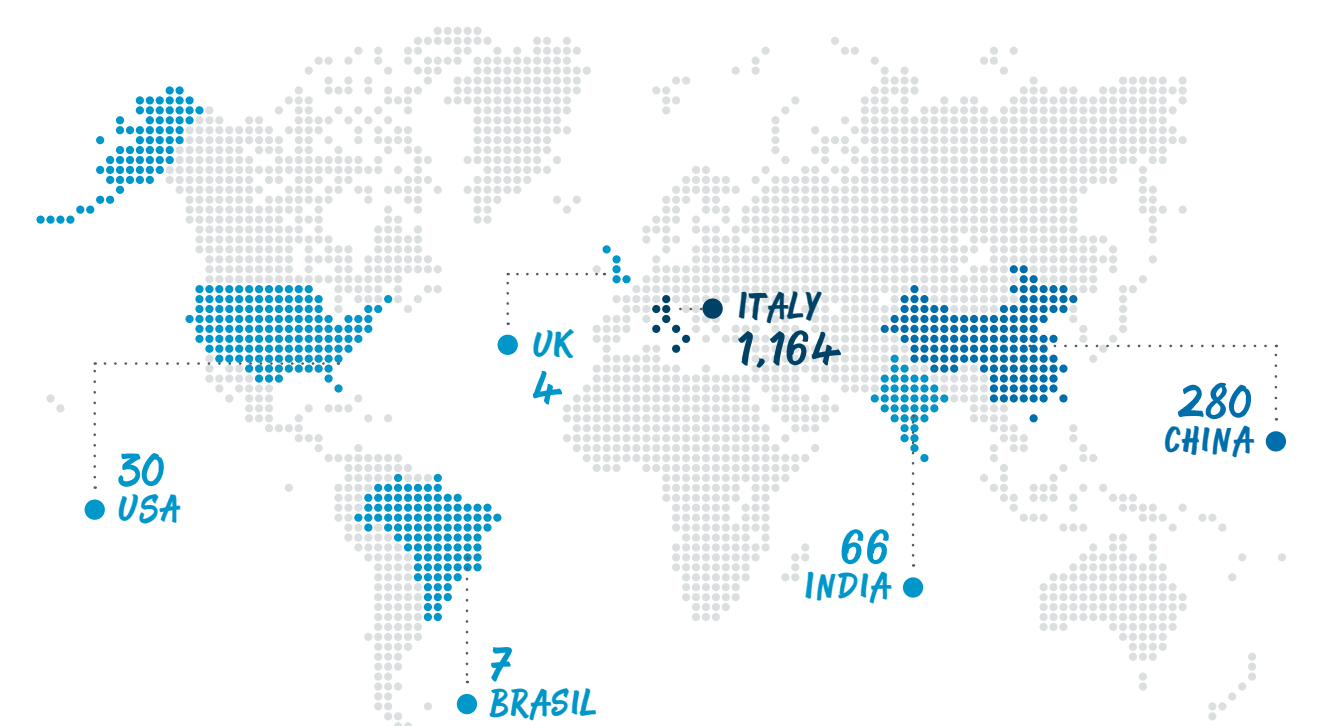
Comer Industries guarantees **the physical and moral integrity** of its employees and collaborators, working conditions that respect individual dignity and **safe and healthy working environments**. In the case of relations implying hierarchical relationships, Comer Industries guarantees that authority is exercised in a **fair and correct** manner, avoiding any abuse and implementing procedures aimed at preventing conduct detrimental to the dignity and autonomy of people in order to safeguard their value in the choices of work organization.

During 2021, the **Group continued its strategy aimed at building an increasingly efficient organization**, able to focus on new challenges to support the Group's growth in size and profitability.

# THE PEOPLE OF COMER INDUSTRIES<sup>3</sup>

At December 31, 2021, Comer Industries staff amounted to **1,551 people** - excluding the newly-acquired Walterscheid Powertrain Group - of which 414 outsourced workers, increasing by **141 units (+10%)** compared to the overall total of the previous year.

The corporate population of the Group is more concentrated in Italy (75%) and in China (18%), where main production plants are located, while the remaining part of workers (7%) is distributed among Indian plant and commercial branches in the USA, Brazil and England.



(3) For comparison with 2020 data relating to human resources presented in this chapter/section, note that these have been restated by keeping the information on the employees and outsourced workers separate For previously published data please refer to the 2020 Sustainability Report at Comer Industries – Governance – Social responsibility.

## DISTRIBUTION OF EMPLOYEES BY EMPLOYMENT CONTRACT<sup>4</sup>

The percentage of employees hired on fixed-term contracts in 2021 is slightly higher than in 2020 mainly as a result of a considerable increase in market demand and seasonal dynamics typical of the sector. This trend, which has been consistent throughout the year, has led to the decision to adopt a greater flexibility. The prevalence of the male component is mainly due to the type of work carried out inside the plants, a characteristic that makes Comer Industries less attractive to women, particularly in departments such as assembly and mechanical processing.

	2020				2021			
	Women	Men	Total	%	Women	Men	Total	%
Fixed term	11	111	122	11%	12	166	178	16%
Permanent	123	898	1,021	89%	107	852	959	84%
Total	134	1,009	1,143	100%	119	1,018	1,137	100%
% of the Total	12%	88%	100%		10%	90%	100%	

(4) See Appendix - Table 2 for details on outsourced workers.



	2020					2021				
	IT	CN	IN	ROW	Total	IT	CN	IN	ROW	Total
Fixed term	2	115	6	–	123	2	167	9	–	178
Permanent	896	60	22	43	1,021	838	54	26	41	959
<b>Total</b>	<b>898</b>	<b>175</b>	<b>28</b>	<b>43</b>	<b>1,144</b>	<b>840</b>	<b>221</b>	<b>35</b>	<b>41</b>	<b>1,137</b>
<b>% of the Total</b>	<b>79%</b>	<b>15%</b>	<b>2%</b>	<b>4%</b>	<b>100%</b>	<b>74%</b>	<b>19%</b>	<b>3%</b>	<b>4%</b>	<b>100%</b>

### DISTRIBUTION OF EMPLOYEES BY TYPE OF EMPLOYMENT<sup>5</sup>

In 2021 there were no substantial changes in terms of the ratio between full-time and part-time workers compared to the previous year.

	2020				2021			
	Women	Men	Total	%	Women	Men	Total	%
Full-time	115	1,003	1,118	98%	103	1,014	1,117	98%
Part-time	19	6	25	2%	16	4	20	2%
<b>Total</b>	<b>134</b>	<b>1,009</b>	<b>1,143</b>	<b>100%</b>	<b>119</b>	<b>1,018</b>	<b>1,137</b>	<b>100%</b>

(5) See Appendix - Table 3 for details on outsourced workers.

### EMPLOYEE TURNOVER

In 2021 139 people were hired versus 158 who left, with an entry rate of 12% compared to the exit rate of 14%. This dynamic was strongly influenced by the completion of the integration of the Cavriago production plant – whose closure was managed between 2020 and the end of 2021 – within the renovated Reggiolo plant.

	2020			2021		
	Women	Men	Total	Women	Men	Total
Hired employees	9	63	72	10	129	139
<b>Hired employee rate</b>	<b>1%</b>	<b>4%</b>	<b>5%</b>	<b>1%</b>	<b>11%</b>	<b>12%</b>
Terminated employees	20	108	128	24	134	158
<b>Terminated employee rate</b>	<b>1%</b>	<b>8%</b>	<b>9%</b>	<b>2%</b>	<b>12%</b>	<b>14%</b>

	2020				2021			
	< 30	31-50	> 50	Total	< 30	31-50	> 50	Total
Hired employees	51	19	2	72	77	59	3	139
<b>Hired employee rate</b>	<b>4%</b>	<b>1%</b>	<b>0%</b>	<b>5%</b>	<b>7%</b>	<b>5%</b>	<b>0%</b>	<b>12%</b>
Terminated employees	59	45	24	128	44	72	42	158
<b>Terminated employee rate</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>	<b>9%</b>	<b>4%</b>	<b>6%</b>	<b>4%</b>	<b>14%</b>

	2020					2021				
	IT	CN	IN	ROW	Total	IT	CN	IN	ROW	Total
Hired employees	15	45	12	0	72	39	87	9	4	139
<b>Hired employee rate</b>	<b>1%</b>	<b>3%</b>	<b>1%</b>	<b>0%</b>	<b>5%</b>	<b>3%</b>	<b>8%</b>	<b>1%</b>	<b>0%</b>	<b>12%</b>
Terminated employees	54	56	13	5	128	99	48	5	6	158
<b>Terminated employee rate</b>	<b>4%</b>	<b>4%</b>	<b>1%</b>	<b>0%</b>	<b>9%</b>	<b>9%</b>	<b>4%</b>	<b>0%</b>	<b>1%</b>	<b>14%</b>

## DIVERSITY, INCLUSION, EQUAL OPPORTUNITIES AND HUMAN RIGHTS

In 2021 Comer Industries decided to adopt a policy promoting the principles of **Diversity and Inclusion**, summarizing what is already present in the Code of Ethics and in Comer Industries' DNA in a project document describing the objectives that drive the actions of the Group's people, based on corporate values.

Comer Industries is committed at all levels to respecting freedom and human rights in its daily actions and to being a proactive agent of change in order to contribute to overcoming any form of direct or indirect discrimination or non-tolerance based on gender, age, sexual orientation, disability, nationality, political opinions, or religious orientations. In line with the Group's commitment to sustainable development stated in the purpose, the approach to people management based on the inclusion and overcoming of cultural stereotypes is the basis of a dimensional and profitable growth.

In all the Group's offices and functions, integration between people from different cultures and geographical areas is encouraged and fostered as an element of mutual growth and enrichment through the creation of multiple perspectives and a working environment open to the expression of one's own ideas and contributions. In line with its values of **Honesty and Transparency**, Comer Industries is committed to guaranteeing fairness and equity in professional relations, ensuring that for all aspects of the employment relationship – such as hiring, training, remuneration, promotions, transfers and termination of the relationship – employees are treated fairly so that they can develop their skills to meet the requirements of the job. Moreover, committed to combating any form of violation of **human rights** and recognizing the importance of **stopping any form of labor exploitation** and modern slavery, Comer Industries does not employ any form of forced labor, compulsory labor or child labor and requires its suppliers to comply with the same principles in their contracts.

The Group is concretely committed to ensuring that the principles and rules stated in the Organization and Management Model and in the Code of Ethics are respected at all levels. For this reason Comer Industries, through the Supervisory Body, guarantees the protection of the identity of whistleblowers who report events that do not comply with company rules, thus protecting people against any form of direct or indirect discrimination or retaliation related to any complaints made.

Comer Industries is committed to analyzing and updating the monitoring metrics of its Diversity and Inclusion Policy with the aim of pursuing a constant improvement in these indices. Each year the HR department shares the indicators analyzed with the company management in order to introduce consolidation and/or improvement actions on the basis of shared objectives. No cases and/or episodes of discrimination were reported in Group Companies in 2021.

DISTRIBUTION OF EMPLOYEES BY CATEGORY<sup>6</sup>

The distribution of qualifications shows a dynamic in line with the intrinsic characteristics of the sector that Comer Industries operates in. In light of the integration of a production plant (Cavriago) and the simultaneous exit of several workers, we can conclude that the distribution of employees by qualification and gender is in line with the composition of the previous year, especially in view of the placements made through outsourced workers, not included in these figures.

	2020			2021		
	Women	Men	Total	Women	Men	Total
Executives	0.1%	0.5%	0.6%	0.1%	0.5%	0.6%
Managers	0.3%	3.8%	4.1%	0.4%	4.1%	4.5%
Lead Professionals	0.6%	4.7%	5.3%	0.6%	4.7%	5.4%
Professionals	1.2%	8.6%	9.8%	1.1%	8.2%	9.3%
Specialists	6.5%	19.5%	26%	5.9%	19.4%	25.3%
Workers	3.0%	51.1%	54.1%	2.4%	52.5%	54.9%
Total	12%	88%	100%	10%	90%	100%

	2020			2021		
	< 30	31-50	> 50	< 30	31-50	> 50
Executives	-	0.3%	0.3%	-	0.3%	0.4%
Managers	0.3%	3%	1%	0.2%	3.1%	1.2%
Lead Professionals	0.5%	3.6%	1.2%	0.4%	3.3%	1.6%
Professionals	2.5%	4.5%	2.8%	1.8%	4.7%	2.8%
Specialists	5.3%	15%	5.7%	4.5%	14.7%	6.2%
Workers	9.5%	30.3%	14.3%	11.2%	30.5%	13.2%
Total	18%	57%	25%	18%	57%	25%

(6) See Appendix - Table 4 for details on outsourced workers.

REMUNERATION AND PERFORMANCE EVALUATION POLICIES

Faithful to the principle of guaranteeing **equal opportunities** for all people, Comer Industries has adopted remuneration policies based on the principle of fairness and balanced salaries, favoring a constructive dialog with workers' representatives in compliance with collective bargaining law in Italy<sup>7</sup> and with other local laws. Over time supplementary company contracts have been negotiated in Italy with regulatory and economic conditions that are better than the national provisions, and a collective participation bonus has been instituted that aims to reward all employees on the basis of the achievement of certain economic results.

For the Group, performance assessment is a **strategic activity** aimed at creating and nurturing a constructive dialog between each manager and employee in order to continuously improve people's knowledge and skills.

**Comer Industries Performance Management** (ASC - Appraisal System Comer) takes place at different times throughout the year. During the first phase the entire workforce is asked to perform a self-assessment with which it is possible to summarize the results achieved in relation to the objectives set, also describing their strengths and areas for improvement. In the next phase, managers evaluate both the results achieved and the organizational behavior of their employees, expressed on the basis of the values of Comer Industries. Finally, meetings are scheduled during which each manager can meet one-on-one with employees to get feedback and to monitor the progress of the year's goals.

The HR function oversees the entire process, and based on the results achieved and in accordance with company guidelines it coordinates structured compensation and reward policies existing in each country aimed at supporting and rewarding people's growth and developing their skills in the Company.

During 2021, Comer Industries' Performance Management process involved 33% of its employees. Moreover, the HR function managed 166 bonuses based on performance evaluations, representing 15% of all employees.

Also in 2021, in full compliance with the health protocols for combating the spread of Covid-19, Comer Industries organized the **Comer Industries Awards** to ensure continuity and celebrate the projects and people who have distinguished themselves by making a fundamental contribution to the achievement of company objectives. Therefore, in December, employing a hybrid mechanism of in-person and remote presentations to guarantee safety, awards were handed out to the best projects and the people who managed them from among all the employees in the world who best embodied the Company's values.



(7) The percentage of staff covered by collective bargaining out of all personnel is 74% as of 12.31.2021.



# MANAGEMENT OF THE PANDEMIC AND THE SOCIO-ECONOMIC SITUATION

Faced with the persistence of an uncertain global health situation and the constant evolution of national and international regulations, Comer Industries continued to guarantee a safe work environment for everyone's health through an in-depth review and application of government provisions and the **corporate protocol** for combating the spread of the Covid-19 virus in synergy with local health authorities and the company physician. The company Protocol, which employs technical, managerial, and behavioral measures to govern the various areas of company life, from the entry of employees, visitors, and suppliers into the Company to their internal movements, has been updated as needed to remain in step with the evolution of the regulatory framework and the current risks, analyzing and discussing changes and disseminating the guidance internally.

Comer Industries also managed the verification of Covid-19 green certificates for the purpose of accessing workplaces. During the month of October, the functions of the headquarters in Reggiolo and the local offices worked synergistically to establish internal control procedures, thus guaranteeing compliance with the measures envisaged to safeguard the normal continuation of the Group's work for both offices and production areas.

The measures put in place to ensure the correct application of the measures adopted include the installation of facial **thermoscanners** to detect body temperatures, the daily distribution of **surgical masks**, also carried out using automatic dispensers linked to company badges, **cleaning and sanitization procedures**, **the planning of shifts** aimed at ensuring a safe distance between operators, and the use of **teleworking**.

During 2021, teleworking involved 240 employees for around 103,800 hours worked remotely, equivalent to around 12,900 days. Thanks to the measures introduced, the control tools in place within the Integrated System, and the collective responsibility of the Group's people, there were no outbreaks within the company reported in 2021.

The continuing health situation was compounded by the complexity of procuring raw materials and services and the associated increase in costs in a context of strong growth in market demand. The Group reacted in a proactive manner. It firmly dealt with



the situation, operating with agility and analyzing and understanding customers' needs in order to respond quickly to sudden changes.

The integration of the Cavriago and Reggiolo production systems, which was completed in 2021, proved to be fundamental in this scenario, making it possible to strengthen the Group's logistics chain in order to effectively manage the complexities of the entire supply chain in terms of both material consumption and goods flows.

The completion of the project to integrate the assembly lines between the two plants was accompanied by careful management of the personnel transferred with the aim of harmonizing and standardizing the entire organizational structure, thus facilitating the people from Cavriago who have become an integral part of the Reggiolo team.





# INTERNAL COMMUNICATION

With the spread of the pandemic, over the last two years internal communication has played a more important role within organizations. Not only to inform employees and maintain a constant flow of communication about health and safety provisions in the workplace, but also to foster dialog at all levels of the organization, promoting a climate of participation and trust. Comer Industries is constantly engaged in developing and updating various internal communication channels to foster the sharing of the Group's values, purpose, and brand identity. The main tools, such as the corporate intranet, the app, and the **digital signage** systems are constantly populated with content aimed at updating and informing all employees on Group news and performance. The publication of data on the company's economic and financial performance, announcements on organizational changes and new hires, company contests, and updates on sustainable development projects are just a few of the communications that are disseminated to the entire population. Every single person in the company can therefore be kept up-to-date on corporate messages, the latest news, and internal events, even via photographs and videos.

More specifically, the app is an interactive and effective tool in terms of employee engagement. It is used by Comer Industries employees on their mobile devices not only to consult their pay slip, request holidays and leave, approve their subordinates' absences, and access the company address book, but also to be updated in real time on communications coming from the world of Comer Industries. Furthermore, the social section in the app allows staff to be an active part of communications, sharing aspects of their business and personal life. It's an important and effective channel through which Comer Industries makes work instruments, documents, procedures and essential organizational information available in order to facilitate the activities of its staff.

The digital signage system in all the Group's offices also goes in this same direction. A network of interactive touch kiosks, monitors, and displays installed near the break areas, in the reception, and inside certain areas of the production plants broadcast a daily schedule rich in information and images. Real digital bulletin boards that reach the entire company population.

At Comer Industries, communication is therefore a fundamental lever for the company's development, starting from the engagement of its own people and reaching out to the outside world, also involving all other stakeholders.

# THE STRATEGIC ROLE OF TRAINING

For Comer Industries, the training of its people has always been considered a value and a factor of competitiveness, playing a **strategic role** within the organization. Specialized technical training courses intersect with those of personal and professional growth, involving all phases of the employee's work life and emphasizing the development of transversal skills.

Indeed, from the moment they join the company, each employee participates in a training program that covers an array of topics:

- **Safety & compliance** – When hired, all employees receive adequate training on safety in the workplace and on the organizational procedures that the Company has put in place and constantly updates to comply with current regulations;
- **Technical & quality** – During the first few weeks after joining the company, and more generally during the various phases of life in the company, training courses are provided for the staff of the production departments along with technical-specialized training for specific positions, for job rotation, and for taking on roles of increasing or different responsibility;
- **Managerial** – For the development of soft skills and all transversal abilities related to one's profession.

Comer Industries' **training strategy** stems from a process of **defining the needs** of the entire company population and is implemented by drawing up various **training plans**, shared with Management.

## COMER ACADEMY

From this point of view, considering the strategic role of the training, Comer Industries created **Comer Academy**, the in-house school that centrally promotes training courses for all staff. Comer Academy seeks to **share knowledge and skills in an effort to increase people's motivation and development** through the learning of cross-cutting methodologies, approaches, and operational solutions applicable to various company processes.

In 2021, a total of 61,538 training hours were provided, an average of 40 hours per person.

## TRAINING PLANS

Training plans are designed to respond to the individual's natural process of acquiring skills, encompassing the sphere of knowing and doing, i.e. paths for updating or learning professional skills, new technologies, methods, or whatever is necessary to adapt the level of preparation to the evolution of one's work, and the dimension of being: the personal qualities of people, indispensable for directing professional skills towards the achievement of the company's strategic objectives. This quality is closely linked to the attitude to work (accomplishment, determination, autonomy, effectiveness and efficiency), to the management of relations (open, positive, reliable) and to the more subjective personal development and growth (the propensity to change, balance, creativity).

Training plans, complete with objectives, methods, content, participants and all other information concerning any external sources of funding and type of teaching, are drawn up after:

1. the definition of the technical and managerial knowledge and skills necessary for the roles envisaged within the organization by Comer Academy and Comer Industries Managers;
2. a careful mapping of the training needs of the company population.

The effectiveness of training at Comer Industries is measured using final tests and satisfaction surveys aimed at introducing corrective actions if the participants have not achieved the required level and to identify the courses' strengths and/or weaknesses. Mandatory training requirements concerning safety are managed through a computerized system that monitors deadlines, thereby ensuring compliance.

## SOME OF COMER INDUSTRIES' TRAINING PROGRAMS

In 2021 Comer Academy organized LEGO Cross-Functional Communication Training, a course that was held by staff at Comer Industries Jiaxing in collaboration with Asecorp China.

The project had the aim of identifying an integrated communication model and saw the active participation of managers and team leaders who, divided into working groups, learned the Lego® Serious Play® methodology to develop critical thinking and improve internal communication among the various departments. Using simple Legos and a specific technique, the relationships and connections between people were explored and it was possible to observe group dynamics to improve them and boost interactions between the various corporate functions.

Extensive training was also provided on the subject of **cybersecurity**, initially through basic training on the IT rules adopted by the Company, which involved all persons with a user account, followed by a training program modeled on specific needs, with content proposed on a weekly basis to explore issues relating to data security when using company devices and aimed at recognizing possible cyber threats. The initiative involved more than 500 people between the Italian and foreign offices for a total of 1943 hours. In 2022 all the group's foreign offices will be involved in the Cybersecurity Program. In addition to the topic of cybersecurity, another training module was dedicated to the **protection of personal data** in order to make all Comer Industries employees aware of the procedures to be followed for the correct management of data processing and protection. A specific training session on privacy management was also planned for all new hires designated to handle personal data.

In 2021 Comer Industries' employees were also involved in a training session on the **Code of Ethics and sustainability**, thanks to which participants were able to learn more about projects under way and their alignment with the UN Sustainable Development Goals for 2030.



A large number of workers participated in a **digital literacy** course, which will be further developed in the coming years to aid in acquiring the basic skills needed to work independently with the company's IT tools. Particular attention was paid to the use of the portal for company workflow management, a platform (also accessible from the Comer Industries app) that allows staff to manage their time cards and access their personal documents (e.g. pay slips) in digital form. The course was also critical for a better understanding of the user experience of the main communication tools that Comer Industries makes available to its employees in order to keep them up to date on news about the company and to encourage the engagement and active participation of all employees in the various activities.

In partnership with SDA Bocconi, the multidisciplinary **Education Lab** continued in 2021, involving some of the Company's young employees with the aim of training a new generation of managers. More specifically, during the year under review the topic of Sales & Marketing was studied in depth through theoretical sessions and practical modules where the young talents analyzed case studies of some Comer Industries customers from a Sales & Marketing point of view. Throughout the course the students were guided by SDA Bocconi lecturers as well as Comer Industries managers. At the same time, the soft skills module was added to expand on managerial issues with respect to the management of employees: an interesting experience for those who already work in team management and certainly also for those who will have the opportunity to use what they have learned in their professional careers.

MANUFACTURING TRAINING SYSTEM

Comer Industries pays great attention to the **induction process in the company**, especially in the production departments. The HR area, the production staff, and the plant Quality area had organized a **Manufacturing Training System**, a targeted training program aimed at bringing newly hired employees to a level of effectiveness and autonomy in their work, putting **safety** first. This process consists of several steps: after having completed the preliminary training on safety, the new employee is **instructed on Company policies, procedures and rules of conduct**. The **QHSE regulations and standards applicable to the department** are then covered, followed by **specific training**, both in the training area and at the workstation. The last check of the effectiveness of the training, which allows the operator to work autonomously, is carried out in the Quality area of the factory.

WHITE COLLAR INDUCTION

With regard to white-collar workers, an induction plan is prepared to facilitate the entry of new hires in the first days of work and to help them get to know the business through meetings with the main interlocutors in the Company. The commitment envisaged by the various induction plans, which are customized according to the new employee's position and function in the Company, averages about 20 hours per person.

THE TRAINING COMMITMENT<sup>8</sup>

The data on training commitment show a considerable effort and attention in terms of **training** by the Group. Considering the entire company population, a value of almost 40 hours of training per person was recorded, an increase of 74% compared to 2020. This is a significant figure that demonstrates Comer Industries' interest in training and the development of people, technical skills, and soft skills that takes into account the resumption of in-person training and the investments made for the use of e-learning platforms suited to the company's standards and for notebooks for use by personnel not equipped with computers for their work.

(8) For data on outsourced workers see Appendix Table 5.

Some of the training was delivered via **webinars**, thus enabling the creation of courses for use in several production sites. Safety-related courses and training in production departments aimed at making sure that employees have the necessary knowledge and skills and **work in a safe and quality manner** were held **in person**, in accordance with government regulations and employing all measures required to ensure containment and prevention. With regard to employees only, to which the tables below refer, training hours per employee increased 33% compared to 2020.

The increase was seen both for men and women, albeit with different trends by professional category based on specific needs that emerged during the year.

HOURS OF TRAINING PER PERSON	2020			2021		
	Women	Men	Total	Women	Men	Total
Executives	72	62	63	24	9	11
Managers	8	26	20	28	19	20
Lead Professionals	34	15	19	15	27	26
Professionals	42	24	26	32	33	32
Specialists	6	9	9	16	20	19
Workers	8	21	20	8	25	25
Total	12	19	18	16	25	24

In 2021 the Company continued its commitment to training on safety issues (compulsory compliance, workplace safety, Covid-19 Protocol), although slightly less than in 2020 given that much of the training in this regard was provided on a extraordinary mass basis at the same time as the introduction of the Covid-19 Protocol. There was a marked increase in the number of training hours in the technical area due to a greater need within the company population.

HOURS OF TRAINING PER PERSON	2020			2021		
	Women	Men	Total	Women	Men	Total
Managerial	6	3	3	3	2	2
Safety	4	7	7	2	5	5
Technical	2	9	8	7	15	14
Other	0	0	0	4	3	3
Total	12	19	18	16	25	24



# OCCUPATIONAL HEALTH AND SAFETY

## OCCUPATIONAL HEALTH AND SAFETY POLICY

Comer Industries' sustainable development strategy and the achievement of its objectives is based on its people, therefore the protection of their health and safety in the workplace are essential factors in the performance of all activities.

Comer Industries has therefore decided to deal with workers' health and safety issues with a systematic approach and implementing a **Health and Safety Management System** conforming to the **ISO 45001:2018** standard, one of the most modern and advanced at international level, aimed at the prevention of work-related injuries and ill health and based on the management of risk in decision-making processes.

In 2021 the management system, certified by accredited bodies, was extended to every Group office, production site, or commercial branch, and involves all workers who work on behalf of Comer Industries in every part of the world.

The rationale behind this management model is the identification and prioritization of risks as a driver for the planning and execution of actions. Risk assessment is not only concerned with the hazards arising from specific operations, but also extends to the characteristics of the context and its evolution over time, such as changes in the regulatory framework or environmental factors.

In defining the consequent plan of action Comer Industries encourages the participation of the workers involved and identifies the technical, organizational, and procedural prevention and protection measures, to be adopted according to the following hierarchy:

1. eliminate the hazards;
2. replace them with less dangerous processes, operations, materials, or equipment;
3. use technical-design measures and reorganize the work;
4. use administrative measures, including training;
5. use appropriate PPE.

The effectiveness of the actions is constantly monitored through the analysis of performance indicators and periodic audits performed by both the production staff and the central body in order to identify any deviations and implement timely corrective actions.

The process for the continuous improvement of performances and the creation of ever safer and more ergonomic workplaces is underpinned by an inclusive approach, based on the participation of all workers in the identification of **dangerous situations**, through initiatives aimed at the widespread awareness of risk and the active role of workers in improvement processes. For example, as soon as they join the company all workers are involved in a structured training program to establish a culture of safety and respect for the rules, promoting responsible behavior.

At all sites a system is in place for the identification and communication by all workers of potentially hazardous situations (without any negative event occurring), whether for hazardous conduct or conditions. Each report is submitted to analysis by a technical team in order to implement the relevant risk mitigation actions and communicate feedback to those who detected the hazard. This approach is based on the assumption that there is a cause-and-effect relationship and a pyramid-type proportion between the sources of hazards and the number of injuries. As consequence continuous action on hazards and relevant causes determines a gradual reduction in the number of injuries.

In the event of an accident, analysis procedures based on a structured problem-solving methodology are systematically initiated, aimed at removing the root cause so that the event does not happen again. Subsequently, with a view to prevention and the

***DURING 2021, THERE WERE 1,817 PRIOR WARNINGS OF POTENTIAL HAZARD AT A RATE OF 12 PER PERSON***

dissemination of best practices, the possibility of extending the identified corrective solution to other areas or production sites is assessed. The same approach is also proactively applied to near misses, i.e. situations where a negative event has taken place without producing any effect (injury).



The high safety standards observed by employees are also applied to all those who access the Group's premises in any way. In this regard, those entering the Company must always first receive instructions supported by audiovisual and digital media illustrating the risk areas and the rules and criteria to be observed while on the company's premises in order to avoid interference with the normal flow of activities. The visit of contractors is always preceded by a preliminary assessment of technical fitness and training. Subsequently, the company employees accompanying the visitor constantly monitor their behavior and work.

INJURIES<sup>9</sup>

No fatalities or injuries with serious consequences were registered at global level in 2021. The total number of recordable injuries was 36 events for almost 3 million hours worked. The data relating to this disclosure are set out below in a differentiated manner between employees and non-employees, in line with the standard of reference.

EMPLOYEE INJURIES	2020 <sup>a</sup>			2021 <sup>a</sup>		
	Italian sites	Other sites	Total	Italian sites	Other sites	Total
Number of fatalities as a result of work-related injury	–	–	–	–	–	–
Number of severe work-related injuries (excluding fatalities)	–	–	–	–	–	–
Number of non-severe work-related injuries	9	3	12	23	1	24
Number of recordable work-related injuries	9	3	12	23	1	24
Number of hours worked	1,271,421	507,718	1,779,139 <sup>b</sup>	1,351,998	839,741	2,191,739

(a) For details on the type of injuries, see Appendix - Table 6.  
(b) Worked hours do not include the data for the subsidiaries in the USA, Brazil, Germany and the UK.

In 2021 there was an increase in the proportion of about 60% in conjunction with the consolidation of the new production layout at the Reggiolo industrial hub, which involved the transfer, modification, or new construction of equipment and production lines. With a view to improvement, in 2022 Comer Industries will implement actions aimed on the one hand at increasing the ability to identify hazards in new installations, anticipating their critical nature, and on the other hand at increasing awareness of the importance of everyone's behavior and participation in improvement processes. Specifically, for the second consecutive year the Bangalore plant achieved the objective of **zero injuries**, having recorded none during the year. In 2021 the Bangalore plant received an award from the **National Safety Council** for its safety management in 2019 and 2020. The National Safety Council is an autonomous body founded on March 4, 1966 under the auspices of the Indian Ministry of Labor. **The aim is to establish, develop, and support a culture of environmental protection and occupational health and safety at a national level.**



(9) For comparison with 2020 data relating to human resources presented in this chapter/section, note that these have been restated by keeping the information on the employees and outsourced workers separate For previously published data please refer to the 2020 Sustainability Report at Comer Industries – Governance – Social responsibility.

EMPLOYEES	2020 <sup>f</sup>	2021
Rate of deaths resulting from accidents in the workplace <sup>c</sup>	–	–
Rate of severe work-related injuries <sup>d</sup>	–	–
Rate of recordable accidents in the workplace <sup>e</sup>	1.35	2.19

(c) (No. of fatalities / No. of worked hours) \* 200,000.  
(d) (No. of high-consequence work-related injuries / No. of worked hours) \* 200,000.  
(e) (No. of recordable injuries / No. of worked hours) \* 200,000.  
(f) Worked hours do not include the data for the subsidiaries in the USA, Brazil, Germany and the UK.

Following the progressive involvement of the stakeholders in the development of sustainability, Comer Industries included in the scope of reporting in the sustainable development program data relating to the health and safety also of workers that are not employees but whose work and/or place of work is controlled by the Group.

NON-EMPLOYEE INJURIES <sup>o</sup>	2020 <sup>g</sup>			2021 <sup>g</sup>		
	Italian sites	Other sites	Total	Italian sites	Other sites	Total
Number of fatalities as a result of work-related injury	–	–	–	–	–	–
Number of severe work-related injuries (excluding fatalities)	–	–	–	–	–	–
Number of non-severe work-related injuries	6	–	6	12	–	12
Number of recordable work-related injuries	6	–	6	12	–	12
Number of hours worked	178,629	122,321	300,950 <sup>h</sup>	445,986	271,627	717,613

(g) For details on the type of injuries, see Appendix - Table 6.  
(h) The total hours worked in 2020 were restated with respect to those reported in the 2020 Sustainability Report, as the hours worked by employees at the China site have been included.  
(o) Data relating to the health and safety of non-employee workers includes the category of outsourced workers of Comer Industries and suppliers of works or services operating at the Group's sites.

With regard to this category, 12 injuries were recorded, all at Italian sites, for a total of almost 720,000 hours worked throughout 2021. The injury rate **fell by 16%** compared to the previous year as a result of the constant attention that Comer Industries pays to the safety of all those working on the Group's premises.

NON-EMPLOYEES <sup>o</sup>	2020 <sup>n</sup>	2021
Rate of deaths resulting from accidents in the workplace <sup>i</sup>	–	–
Rate of severe work-related injuries <sup>l</sup>	–	–
Rate of recordable accidents in the workplace <sup>m</sup>	3.99	3.34

(i) (No. of fatalities / No. of worked hours) \* 200,000.  
(l) (No. of high-consequence work-related injuries / No. of worked hours) \* 200,000.  
(m) (No. of recordable injuries / No. of worked hours) \* 200,000.  
(n) Worked hours do not include the data for the subsidiaries in the USA, Brazil, Germany and the UK.  
(o) Data relating to the health and safety of non-employee workers includes the category of outsourced workers of Comer Industries and suppliers of works or services operating at the Group's sites.

OCCUPATIONAL DISEASES

Comer Industries applies the same preventive approach based on risk assessment also for the management of occupational diseases. Assembly is one of the Group's main working processes, and as a result manual handling of loads and, to a lesser extent, the use of chemicals and noise represent hazards that may constitute a risk of occupational disease. As in the previous year, no cases of occupational diseases of employees or other workers were recorded in 2021 based on the information received to date.



# THE ENVIRON MENT

## CHAPTER 6





The desire and commitment to combine economic growth with environmental sustainability has inspired Comer Industries' industrial choices and actions for several years now. The Integrated Policy on Quality, Health and Safety and the Environment demonstrates a strong commitment to promoting projects and actions – also involving the supply chain – aimed at preventing environmental accidents, the reduction of energy consumptions and the quantity of waste through the optimization of production processes, the sustainable use of resources and an increase in recycling percentages.

Comer Industries has set up an Environmental Management System according the ISO 14001:2015 standard, extending it to all the Group's sites and integrating it with the quality and safety management models. The Management System favors a process of continuous improvement of environmental performance is based on an annual definition of key indicator targets in line with strategic goals and a program of interventions aimed at their achievement, with a clear allocation of resources, responsibilities and timeframes.

Moreover, systematic monitoring is carried out through advanced data collection systems and analytical dashboards in order to assess trends and implement timely corrective actions in the event of deviations from targets.

The Quality & Sustainability department also performs periodic audits in all the Group's sites with the aim of checking conformity to applicable mandatory requirements, the correct application of reference procedures and, ultimately, the System's effectiveness.

# CLIMATE CHANGE, ENERGY AND EMISSIONS

## TCFD RECOMMENDATIONS IN THE COMER INDUSTRIES APPROACH

This section presents the disclosures on climate change, based on the framework provided by the *TCFD Recommendations* (Task Force on Climate-related Financial Disclosures) of the Financial Stability Board. The disclosure refers to the *European Commission's Communication Guidelines on the disclosure of non-financial information: Integration concerning the reporting of climate-related information (2019/C 209/01)*.

This Communication, which is a supplement to the guidelines issued by the same Commission on non-financial reporting provided for by EU Directive 95/2014, contains (non-binding) guidelines on the information to provide on the part of enterprises regarding climate change.

In view of this orientation at a European level, in 2020 Comer Industries started a process of gradual approach and implementation of the TCFD Recommendations, aimed at their integration in the strategic plan and in the Integrated Management System in light of the importance of aspects related to climate change mitigation and adaptation.

## GOVERNANCE

Comer Industries' overall governance system is described in chapter 3 (*Governance – Corporate governance*), to which reference should be made. Under the current model, which does not envisage an Audit, Risk and Sustainability Committee or any other internal committee, climate change issues, as an integral part of environmental policies and strategies, are delegated directly to the BoD.

The responsibility for implementing climate change strategies, policies, and actions lies with the Quality & Sustainability department, which is also responsible for interacting and liaising with other internal departments on sustainability initiatives, as well as periodically reporting on progress to the Executives and the BoD. The policy of reference is the Health, Safety, and Environmental Quality Policy and the main operational management tool is the Integrated Management System, which employs the tools and methods necessary for the translation of the strategy into operation.

## STRATEGIES

The ongoing climate change has the potential to generate significant impacts in the sectors that Comer Industries operates in. In general terms, these impacts, also influenced by regulatory changes, may affect the technological evolution of products and applications for the relevant industries (agricultural machinery, construction and forestry equipment, energy and industry).

At the same time, the energy transition process is an opportunity for Comer Industries to strengthen its competitive position in the various market segments it operates in. These opportunities are related to the ability to respond in terms of solutions and application developments to current trends, such as:

- circular economy models;
- reduction in energy consumption;
- reduction in the extraction of natural resources;
- electrification of vehicles;
- evolution of technologies for the generation of energy from renewable sources.

The main lines of action of Comer Industries' contribution to the fight against climate change are:

- increased process efficiency by reducing the intensity of energy consumption;
- reduction of greenhouse gas emissions, not only related to its own operations (Scope 1 + Scope 2) but also to its business-related activities, in particular logistics and commuting (Scope 3);
- development of products for the renewable energy market;
- product innovation processes with positive effects on applications in terms of consumption and use of natural resources.

As part of its participation in the questionnaires and framework of the CDP program, the objective is to define medium-long term emission reduction targets, in line with the commitment to comply with SDGs 7 and 13.

## RISK MANAGEMENT

In the light of the risk-based approach applied in decision-making processes, Comer Industries is progressively developing and applying a methodology in line with internal procedures for the assessment of risks and opportunities related to climate change. This method envisages the adoption of the guidelines contained in the TCFD document – *Guidance on Risk Management Integration and Disclosure* – published in October 2020, adhering to the principle contained therein of incorporating climate change risk assessment within the Company's existing risk assessment model.

In more specific terms, note also that Comer Industries has not yet developed medium-long term quantitative scenarios and analyses, which would allow the resilience of the strategy to be assessed on the basis of a systematic representation of risks and opportunities. This process is expected to be initiated over the next two years as part of the broader context of integration and consolidation of the Group structure.

The objectives of the project are:

- adoption of a medium to long-term quantitative analysis methodology integrated into the risk assessment model;
- establishment of an analytical framework of climate change risks and opportunities and related priority levels;
- design and implementation of a plan of actions to mitigate and adapt to the effects of climate change.

In this perspective, Comer Industries has performed a preliminary and qualitative analysis that has led to the identification of a **framework of risks and opportunities** and that also informs the reporting of the CDP reporting scheme, which is in turn aligned with the TCFD Recommendations.

Risk management is implemented through the operational tools of the Integrated System, which call for an update of the assessment at least once a year based on changes in the context and a systematic monitoring of actions aimed at risk mitigation.

AREA	IMPACT	EVENT DESCRIPTION
Transition risk		
<b>Laws and regulations</b> Risks arising from the effects of laws on emissions and energy sources (restrictions, taxation, etc.)	Business continuity	The most restrictive limits in GHG emission levels applied to machines in the sectors that Comer Industries operates in cause variations in the drive systems of the devices that interact with the components supplied by Comer Industries. This is reflected in a change in performance specifications (fuel consumption, noise, reliability)
	Legal liability	Waste disposal regulations drive increasing levels of recyclability
	Financial balance	Restrictions on the use of certain chemicals deemed hazardous to human health or other materials require a deeper understanding of the chemistry/origin behind the raw materials used
	Reputation	Impact on the supply chain, especially on high-emission GHG supply chains
<b>Technological</b> Risks arising from the need to update technology development capabilities and to follow industry developments/technological evolution (and consequent effects also on R&D structure and competencies)	Market response	Failure to adapt process technology  Failure to adapt R&D facilities and skills
<b>Market risks</b> Regulatory changes for the reduction of emissions (response to climate change) and the simultaneous evolution/change of customer behaviors, preferences, and requests can lead to structural changes in the market and the products sought	Market response	Obsolescence of certain product categories  Peaks in demand for particular product categories
	Reputation	Changes in demand for particular markets require an adjustment of supply and logistics processes
Physical risks		
<b>Recurring risks</b> Impacts on the capacity to continue production and supply following recurring or chronic events	Business continuity	Desertification of some areas may lead to a change in demand for agricultural machinery in certain markets
		Water scarcity in areas with particular water stress can cause interruptions of operations for internal processes or the supply chain
		Unavailability of energy from renewable sources
<b>Acute risks</b> Risks deriving from extreme natural events/ disasters that can have consequences on production capacity: physical damage to plants/infrastructure, but also interruptions of supplies of raw materials, components and energy	Business continuity	Damage to operating sites with consequent interruption of operations
		Supply chain discontinuity
		Infrastructure damage
		Damage to supply networks
Opportunities		
<b>Market and technological evolution</b> Changes in consumption patterns and customer requests arising from awareness of climate change offer opportunities to strengthen one's position in the market (new products, technologies, etc.)	Market response	Acquisition of market share through innovative products that meet new requirements in terms of low emissions, consumption and circularity, or new applications
	Reputation	Improvement in customers' ESG ratings





Comer Industries has implemented or planned several actions aimed at reducing the probability of occurrence or mitigating the negative effects related to **transition risks**, the main ones being:

- advanced monitoring systems for changes to the mandatory and regulatory framework;
- contingency plans;
- risk assessment extended to the supply chain;
- introduction of systems to monitor and assess the sustainability performance of suppliers;
- systematic monitoring of the expectations and needs of stakeholders, especially customers, and development of reporting to give them evidence of the results achieved;
- mapping of raw materials and the level of recyclability of some product families to increase their thresholds and replace potentially hazardous substances.

With regard to **physical risks**, Comer Industries has developed an analysis at the local level based on the specific geographical/ climatic and infrastructural conditions of the operational sites, thus identifying potential types of extreme or chronic impactful events. Based on these potential events, in parallel it has initiated actions to reinforce structures and supplemented emergency plans with specific response actions. This assessment, starting from 2022, will be extended as a continuation of the risk assessment outside the scope of the company, analyzing the critical issues of the supply chain and subsequently sharing business continuity risk mitigation actions.

METRICS AND OBJECTIVES

Comer Industries’s current reporting system on climate change is summarized below:

- consumption of direct energy – GRI 302-1;
- direct and indirect emissions: (Scope 1 and Scope 2 GHG emissions) + other types of emissions relevant to the sector of reference (specifically CO, NOx, PM and SOV) - GRI 305-1, GRI 305-2 and GRI 305-7;
- Scope 3 GHG emissions: the areas currently measured are logistics (limited to the route from the Italian plants to the customers' premises), commuting (limited to the Italian plants), and waste treatment – GRI 305-3;
- energy and emission intensity indices – GRI 302-3 and GRI 305-4.

Comer Industries carries out annual interventions to improve of its energy profile and reduce emissions, in terms of more efficient energy consumption, elimination of waste and an increase in the percentage of energy obtained from renewable sources (in particular, the production of electricity).

ENERGY CONSUMPTION

The energy consumption is related to production, to the air-conditioning of rooms, and the use of fuel for company vehicles.

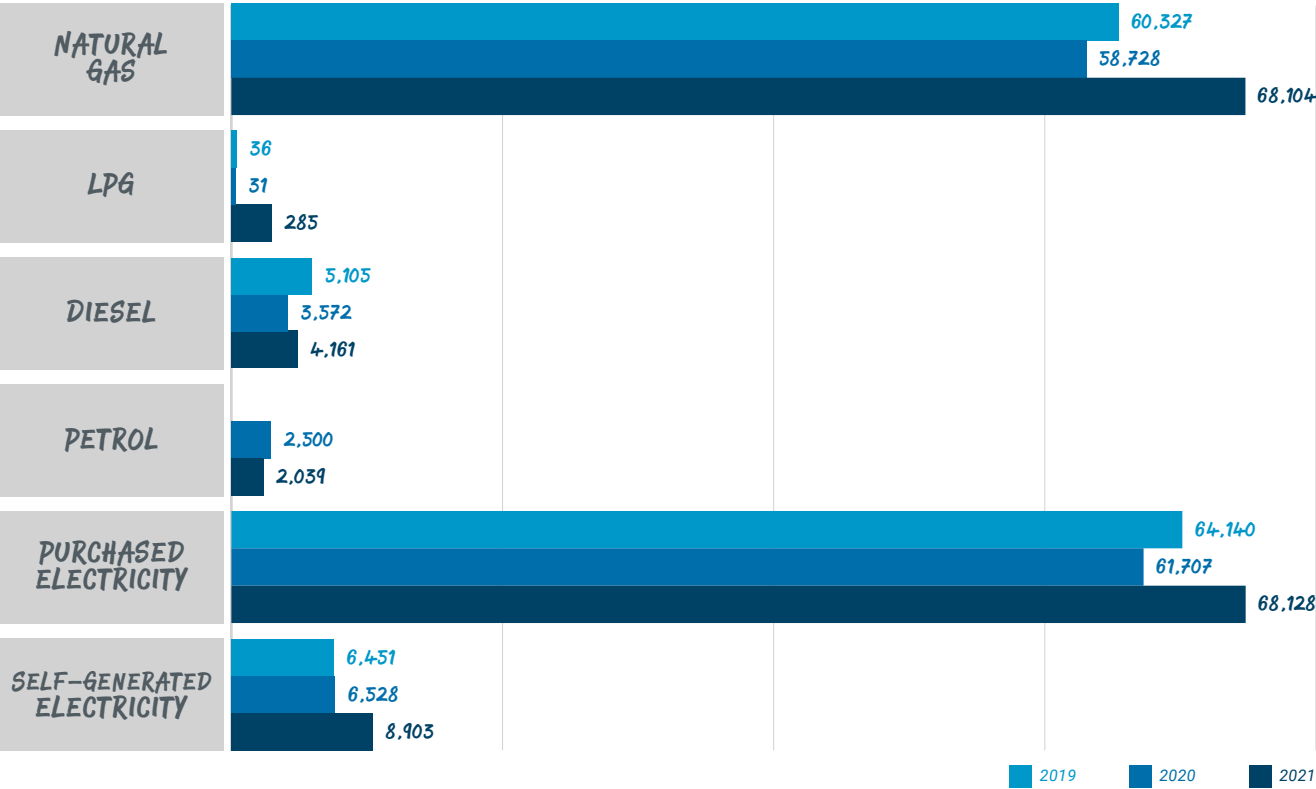
In line with what is defined in the Integrated Policy, Comer Industries is committed to the development of processes and products as part of a program of continuous improvement of energy efficiency levels. Energy performance is constantly monitored by comparing defined targets with data collected from the individual production units and then aggregated to support decision-making, all using a digital dashboard that shows the status of consumption in real time, highlighting deviations and causes. Since 2021 the system for the monitoring and analysis of consumption, already active in Italy and China, has been further extended to the Indian plant in order to facilitate energy analysis and therefore to improve the efficiency of the site.

In 2021 the overall energy consumption of the Group was 150,876 GJ, of which **16% coming from renewable sources (electricity)**.

ENERGY CONSUMPTION - INTERNAL (GJ)	2019	2020	2021 <sup>c</sup>
Natural gas	60,327	58,728	68,104
LPG	36	31	285
Diesel	5,105	3,572	4,161
Gas <sup>a</sup>	–	2,500	2,039
Electricity purchased from the grid	64,140	61,707	68,128
Self-generated electricity – photovoltaic systems	6,451	6,528	8,903
Of which consumed	5,752	5,826	8,159
Of which injected into the grid	699	702	745
Total <sup>b</sup>	135,360	132,364	150,876
Of which from renewable sources (electricity)	5,752	5,826	24,761

(a) 2019 data not available due to monitoring system being consolidated.  
(b) For details of internal consumption by geographical area see Appendix - Table 7.  
(c) The monitoring perimeter has been extended to consider the Brazil and UK sites.

ENERGY CONSUMPTION (GJ)

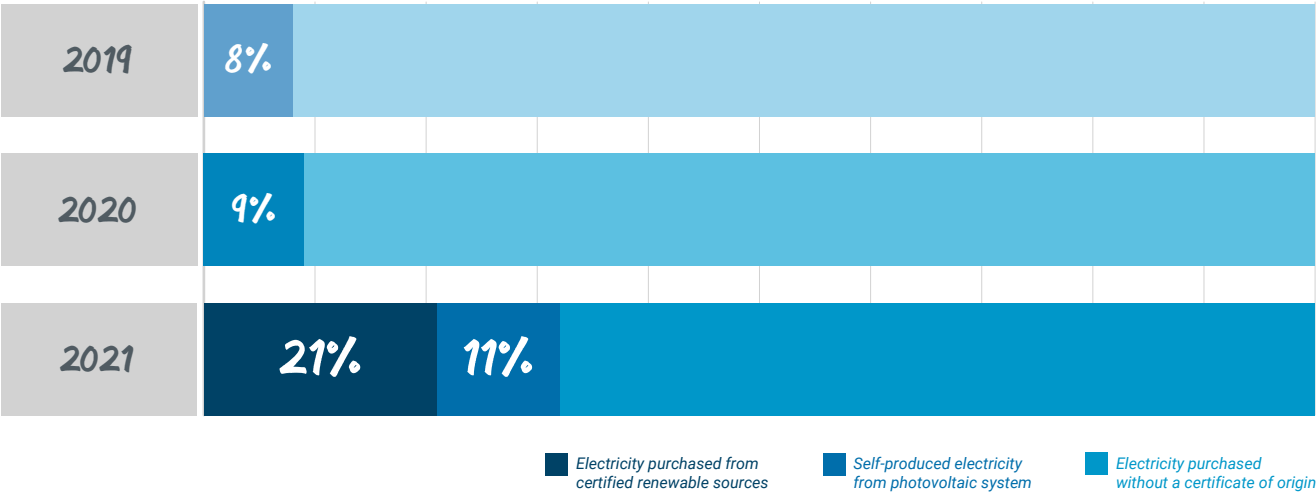


The 2021 energy consumption deriving from the use of fuels is 49% of the total energy consumed, in line with the previous year's value. Specifically, the largest contribution is represented by the use of natural gas, which accounts for 91% of all fuels and is used both for air conditioning and for production operations such as painting and heat treatment. The increase in LPG

consumption can be attributed to the expansion of the monitoring perimeter and the consequent inclusion of the related heating systems.

In terms of electricity consumption, 2021 saw **a percentage of electricity from renewable sources equal to 32%**, a significant increase **(+255%)** compared to 2020 thanks to the purchase of electricity through a certificate of guarantee of origin and the expansion of the photovoltaic system. In fact, a part **equal to 11% comes from the self-generation of energy**, from the five photovoltaic plants installed in the Italian sites of Reggiolo and Matera, which produce a total of 2,172 kWp. **The Matera plant was the first site to satisfy its entire electricity needs through the use of renewable sources.**

ELECTRICITY CONSUMED



32% OF ELECTRICITY COMES FROM RENEWABLE SOURCES



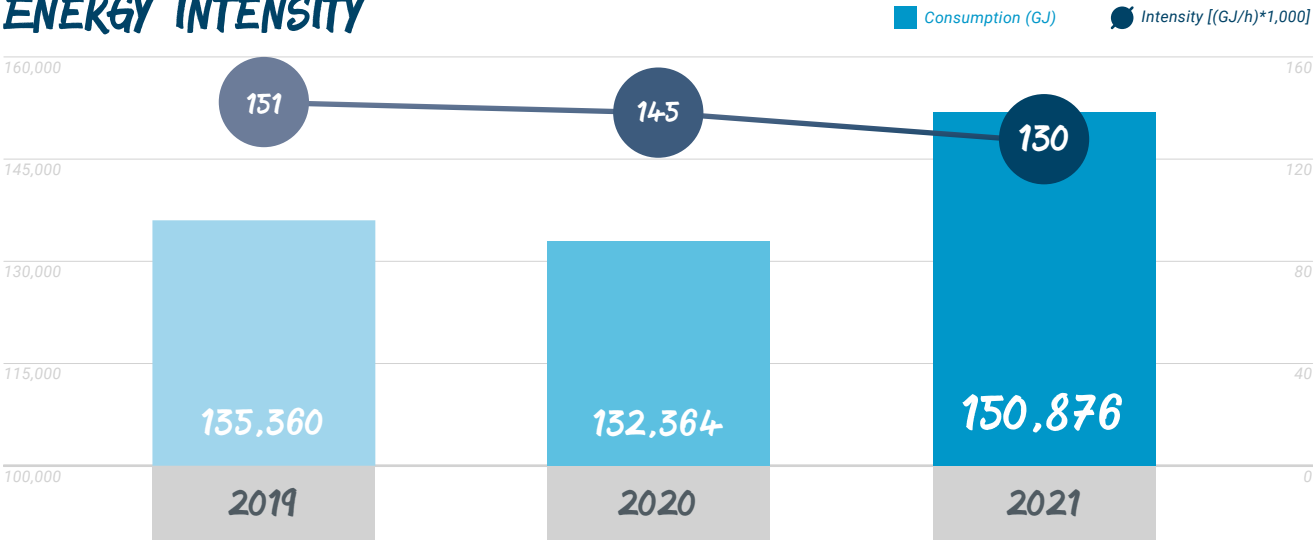
INTENSITY OF ENERGY CONSUMPTION

The energy performance in 2021 saw an improvement of **10%** in terms of intensity indices compared to the previous year. The improvement is the result of rationalizing production space and moving some activities to more energy-efficient buildings, but also of specific actions taken to improve energy efficiency. These include the consolidation of the **digital consumption monitoring system with new inputs from the Jiaxing (China), Reggiolo (Italy) and Bangalore (India) sites** and the adoption of automatic access closure systems for logistics flows at the Reggiolo plant.

ENERGY INTENSITY	2019	2020	2021
Energy consumption (GJ)	135,360	132,364	150,876
Machine hours for product manufacturing <sup>d</sup> (h)	896,852	912,532	1,161,567
Energy intensity index <sup>e</sup>	151	145	130

(d) Machine hours for product manufacturing, resulting from the actual progress of production orders in the system.  
(e) (Energy consumption/machine hours for product manufacturing) \* 1,000.

ENERGY INTENSITY



In order to address energy issues with a systemic approach aimed at managing risks and improving energy performance, Comer Industries has developed an energy management system certified according to ISO 50001:2018 at the Matera plant.

EMISSIONS

Comer Industries pays particular attention to greenhouse gas emissions generated by its business processes, either directly (GHG Scope 1) or indirectly (GHG Scope 2, GHG Scope 3). In order to prevent and reduce the generation of emissions, the Group is committed to encouraging the consumption of energy from renewable sources and to improving the efficiency of its equipment. It should be noted that the calculation of GHG Scope 2 emissions is carried out according to two different approaches: Location based and Market based. The Location based approach involves the use of average emission factors related to specific national energy mixes for electricity production. The Market-based approach involves the use of emission factors defined on a contractual basis with the electricity supplier.



Where no specific commercial agreements with the electricity supplier have been defined and where technically applicable, the emission factor for the national “residual mix” was used in the calculation.

Comer Industries, considering its strategy to increase the share of energy consumed produced from renewable sources, has decided to monitor the general trend of its performance with reference to the Market based calculation approach.

DIRECT GHG SCOPE 1 (t CO <sub>2</sub> e) EMISSIONS <sup>h</sup>	2019	2020	2021 <sup>h</sup>
Natural gas	3,079	2,985	3,459
LPG	2	2	18
Diesel	369	253	289
Gas <sup>f</sup>	–	168	137
Refrigerant gases for air conditioning systems <sup>i</sup>	–	–	1,172
Total	3,450	3,408	5,075
INDIRECT EMISSIONS <sup>g</sup> – GHG SCOPE 2 LOCATION BASED (t CO <sub>2</sub> e)			
Purchased electricity	5,013	4,614	4,860
INDIRECT EMISSIONS <sup>g</sup> – GHG SCOPE 2 MARKET BASED (t CO <sub>2</sub> e)			
Purchased electricity	8,209	7,345	5,765
TOTAL EMISSIONS - GHG SCOPE 1 + SCOPE 2 (t CO <sub>2</sub> e)			
GHG Scope 1 + Scope 2 Location Based total emissions	8,463	7,988	9,935
GHG Scope 1+ Scope 2 Market Based total emissions	11,659	10,753	10,840

(f) 2019 data not available due to monitoring system being consolidated.  
(g) For details of emissions by geographical area, see Appendix - Table 8.  
(h) The monitoring perimeter has been extended to include the Brazil and UK sites.  
(i) 2019 and 2020 data not available due to monitoring system being consolidated. The figure includes the quantities of refrigerant gases dispersed in the atmosphere and documented in the related equipment records.

Source of emission factors  
Scope 1: <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>.  
Scope 2 Location Based: Italy (<https://www.isprambiente.gov.it>), USA (<https://www.epa.gov/egrid>), China, India, Brazil (<https://www.iea.org>), UK (<https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>).  
Scope 2 Market Based: Italy and UK (<https://www.aib-net.org>, emissions are expressed in tonnes of CO<sub>2</sub>e, as the percentage of methane and nitrogen oxide has a negligible effect on total greenhouse gas emissions as can be inferred from the relevant technical literature), USA (<https://www.green-e.org>), China, India and Brazil (<https://www.iea.org>).

In 2021 the monitoring system was consolidated to identify the amount of *fugitive emissions* released, such as refrigerant gases. 1,172 t CO<sub>2</sub>e were recorded, representing 23% of total direct emissions (Scope 1).

As a result of the project to purchase electricity from certified renewable sources (guarantee of origin) and the self-production of electricity from two photovoltaic systems, the Matera plant was the first site not to generate indirect emissions (Scope 2) calculated according to the Market-based methodology.

In an effort to continually improve, the project to purchase electricity from renewable sources will be extended to all Italian sites in 2022.



EMISSION INTENSITY

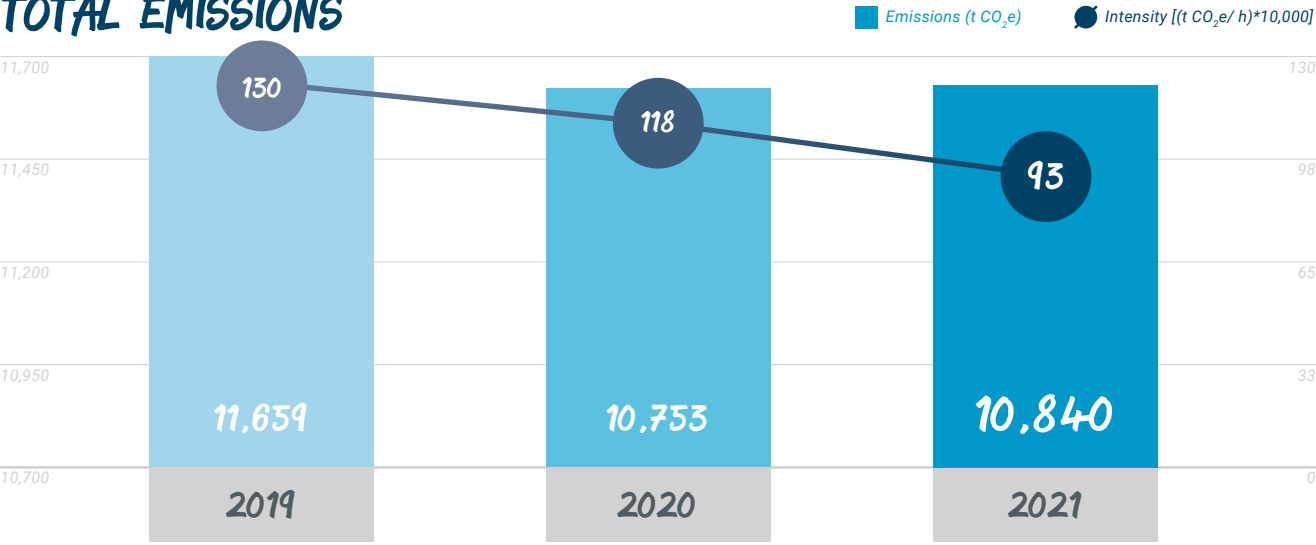
2021 saw a 21% improvement in the intensity index compared to 2020. The result was achieved thanks to the reduction of the intensity of consumption (improved energy efficiency) and the contributions related to the supply of electricity from renewable sources.

These improvements prevented the emission of **2,866 t CO<sub>2</sub>e** into the atmosphere.

EMISSION INTENSITY	2019	2020	2021
Scope 1 + Scope 2 Market Based (t CO <sub>2</sub> e)	11,659	10,753	10,840
Machine hours for product manufacturing <sup>k</sup> (h)	896,852	912,532	1,161,567
Emission intensity index <sup>l</sup>	130	118	93

(k) Machine hours for product manufacturing, resulting from the actual progress of production orders in the system.  
(l) ((Scope 1 + Scope 2 Market Based) / machine hours for product manufacturing) \* 10,000.

TOTAL EMISSIONS



In line with the policy of progressive reduction of the overall carbon footprint, Comer Industries has developed a new Car Policy that calls for the gradual introduction of hybrid and full electric vehicles in the company fleet.

SCOPE 3: EXTENSION OF THE MONITORING PERIMETER

In 2020 Comer Industries launched a project to define the scope of reporting of indirect activities in terms of emissions and related calculation methods. The categories considered in the reporting scope include emissions from home-work commuting, transport of the finished product, and treatment of the waste generated.

- Specifically, the following emission calculation methods were adopted:
- *distance-based method* for determining the contribution related to daily commutes;
  - specific calculation algorithm for the study of the impact generated by the transport of the finished product;
  - *waste-type specific method* relating to the treatment of the waste generated.

Starting from the baselines determined with these methods, various carbon footprint reduction actions have been identified.

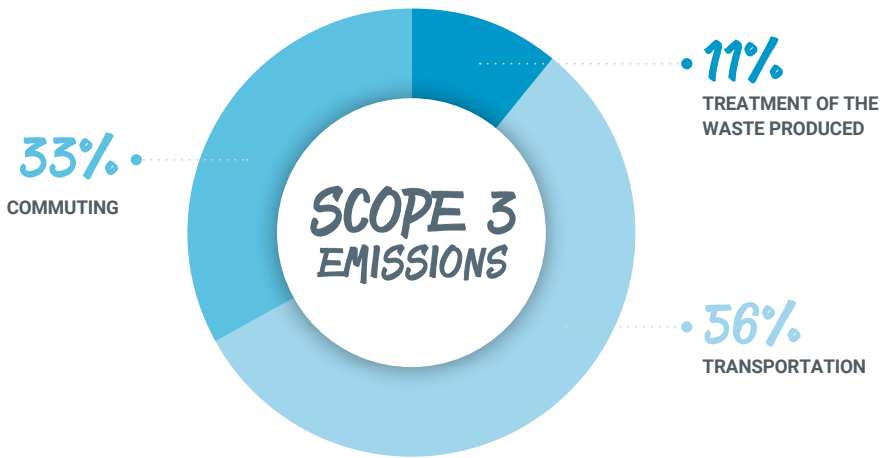
OTHER GHG SCOPE 3 (t CO <sub>2</sub> e) INDIRECT EMISSIONS	2020	2021
Commuting <sup>m</sup>	N.A.	1,119
Transport of the finished product <sup>n</sup>	N.A.	1,423
Treatment of waste produced	319	379
Total	319	1,916

(m) The monitoring perimeter includes all Italian sites.  
(n) The figure includes all the transports of the finished product that left from the Italian plants and traveled directly to the customer's premises.

Source of Scope 3 emission factors: <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>.

In 2021 the Group supported the reduction of the environmental impact **linked to the mobility of the workforce** by using teleworking among white-collar employees. A daily shuttle bus was also made available to workers from the Cavriago site at the new Reggiolo industrial hub, reducing the fragmentation of commutes. Approximately **130 t CO<sub>2</sub>e** were avoided in this way. In 2022 these results will be further consolidated through the implementation of the Policy that made agile work structural.

During 2021, as a result of the increase in production volumes, there was a 19% increase in emissions from the treatment process of the waste produced. With regard to logistics transport, areas for improvement will be identified during 2022 to seize opportunities to reduce the impacts of this activity. The roadmap involves the extension of the scope of reporting and communication of the contribution of further phases upstream and downstream of the production processes.



OTHER EMISSIONS<sup>10</sup>

Comer Industries monitors the emissions of significant substances generated by production processes. The values shown are a summary of the results found during the analyses of periodic controls and the information contained in the relevant site environmental authorizations. Where not specified in environmental permits, estimates of the equipment's operating ranges were used based on similar equipment. The most significant emissions are volatile organic substances (VOCs) caused mainly by the painting process. In 2021 values were generally in line with the previous year, also thanks to the continuous monitoring performed by Comer Industries.

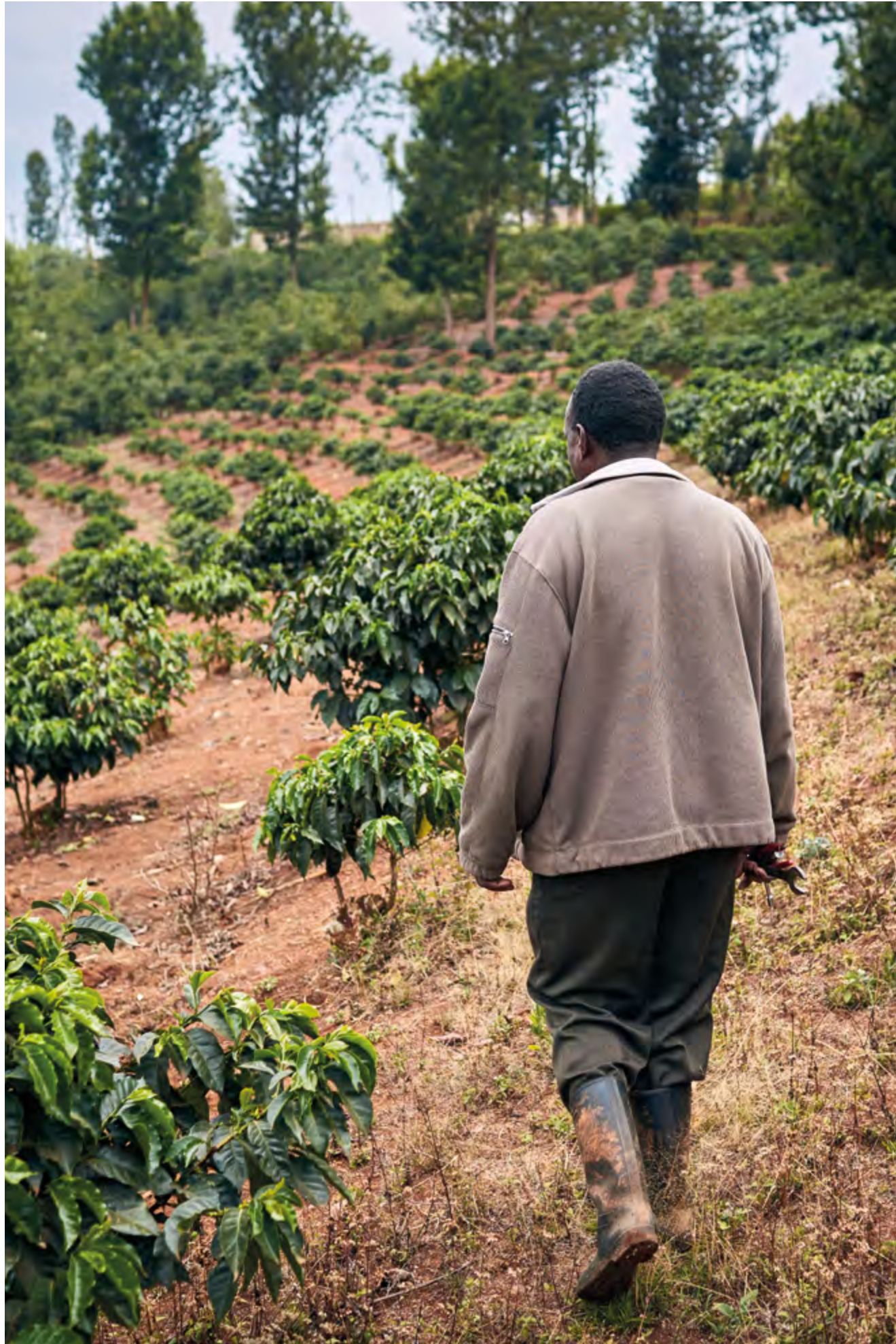
ATMOSPHERIC EMISSIONS (t)	2019	2020	2021
CO	11.0	14.7	8.2
NOx	15.3	12.7	9.1
PM	9.9	3.3	2.6
SOV	40.0	40.4	43.0
Other substances	1.5	0.4	0.5



At the end of 2021, with the acquisition of the German multinational Walterscheid Powertrain Group and thanks to the collaboration with **Treedom**, Comer Industries donated a tree to all internal stakeholders of both companies, giving life to the **Comer Industries & Walterscheid Forest** in Kenya. The **4,000 trees** in the forest absorb about **1,104 t of CO<sub>2</sub>** and were planted directly by local farmers, thus helping to produce environmental, social, and economic benefits. The Treedom project therefore has a positive impact not only on the environment, but also on people. This is why Comer Industries chose Kenya, one of the developing countries where the benefits of the Treedom project can make a difference.

(10) 2020 Sustainability Report, in which the data and information relating to other air pollutant emissions other than greenhouse gas emissions were not included, the Company committed to report this information for the year 2021, which is fulfilled by this disclosure.





# RESPONSIBLE CONSUMPTION

Responsible consumption and resource management are key to the sustainable development of Comer Industries' business model. With this in mind, the Group aims to reduce the environmental impact of its processes and products, defining initiatives and projects that involve the reduction of both water withdrawal and substance consumption and that favor the purchase and use of energy from renewable sources.

## THE MANAGEMENT OF MATERIALS FOR THE PRODUCTION OF THE FINISHED PRODUCT

An orientation towards responsible consumption of resources is also evident in the policies for the procurement and use of materials throughout the production process. To manufacture its finished products, Comer Industries uses raw materials and semi-finished products, mainly cast iron products and components in ferrous alloys or steel. With a view to responding to customers' growing demand for eco-sustainable products with unchanged performance, not to mention regulatory changes in the field of product regulation, the Group is gradually consolidating its expertise with respect to the characteristics of raw materials to implement actions having positive effects in terms of environmental impact.

During 2021, with regard to a specific family of products for the wind energy sector, an assessment was made of the average percentage of recycled material used in the production of the finished product and its overall potential for recovery using data from the Eurostat Portal or from component suppliers and, ultimately, sources found in the industry literature. The results show that **26%** of the product is made up of recycled material, while the **average value** of the recoverable percentage of the delivered product is **95%**. The project will be extended to additional product families in 2022.

The focus on the responsible use of resources is evident at all stages of the product manufacturing process. In mechanical machining departments, the new generation of machining centers do not use lubricants when machining steel. In the assembly processes, systems have been introduced to control and distribute the substances used to lubricate the products: at the Bangalore plant, a system has been installed to rationalize the use of grease in order to reduce production waste. Finally, several actions were taken to improve paint consumption through the installation of a new system in Reggiolo to replace the decommissioned one in Cavriago. The layout of the new equipment makes it possible to optimize the paint supply system and thus reduce both the water intake and the consumption of substances such as washing additives, primers, and paints. Specifically, it is estimated that approximately 2,000 l of chemicals and 3,500 l of water will be saved throughout the year.

## SUSTAINABLE PRINTING

Following on from what was planned in 2020, in 2021 the technological renewal of printers and photocopiers present in Comer Industries' premises was completed with the dual objective of reducing environmental impacts and increasing the security levels of printing processes. In fact, over the course of the coming years the introduction of next-generation printers will reduce paper waste through an advanced print management process, increase the use of recycled paper, reduce energy consumption, and introduce data protection features.

## WATER MANAGEMENT

At the various Comer Industries plants, water is used for civil, fire-fighting and production purposes. In the latter case, painting and machining processes are the activities for which the most water is used. All production sites monitor water supply index trends on a monthly basis regardless of plant size and local water availability.

Comer Industries' goal is to conserve water, considering that some of the Group's production units are located in areas with very high **water stress** (> 80%): Matera (Italy) and Bangalore (India).

Water stress refers to the ability or inability to meet the water demand, both from humans and from ecosystems as a whole. Water stress can refer to the availability, quality or accessibility of water. The World Resources Institute's Aqueduct Water Risk Atlas ([wri.org/aqueduct](http://wri.org/aqueduct)) was used as a tool to assess water stress areas.





At the Group's sites, water is supplied almost entirely by aqueduct (85%), while use of wells is very low (15%). The entire amount of water classified as other types of water is collected at the Indian plant.

In 2021 there was an increase in water withdrawal of 7%, mainly due to the increase in production volumes.

With regard to water discharges, almost all discharges are to the sewers connected to the sites.

Only a very small proportion of the wastewater is destined for surface water bodies. Specifically, water discharges are of a civil nature and are released into the destination basin in compliance with the parameters defined by specific local legislation. Water from the production process is collected in specific containers such as underground tanks and managed as waste in compliance with current regulations.

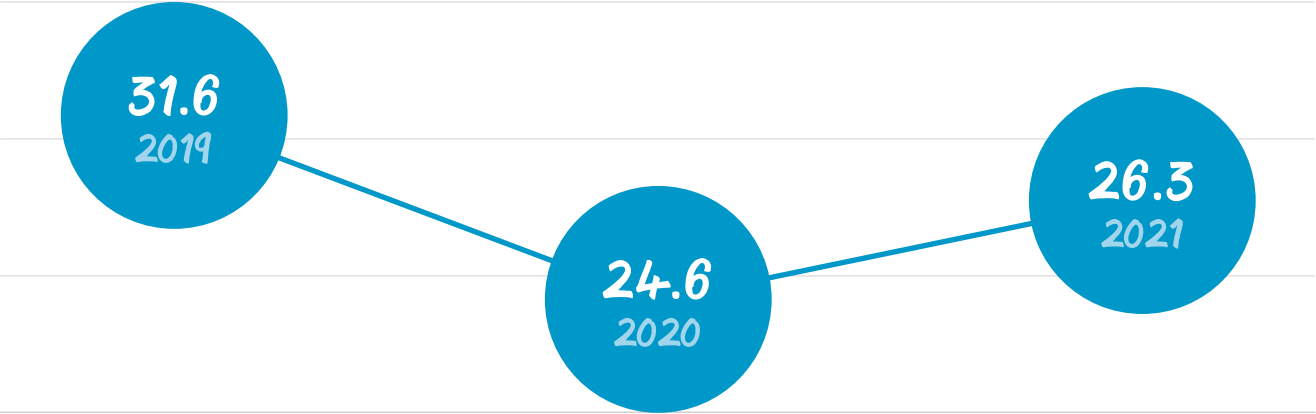
WATER WITHDRAWAL BY SOURCE (ML)	2019		2020		2021 <sup>(p)</sup>	
	Total	Water stress areas	Total	Water stress areas	Total	Water stress areas
Groundwater and wells	6.454	–	5.453	–	3.940	–
Freshwater	6.454	–	4.685	–	2.630	–
Other types of water	–	–	0.768 <sup>(o)</sup>	0.768 <sup>(o)</sup>	1.310	1.310
Third-party water resources and public aqueducts	25.120	4.470	19.171	0.541	22.407	–
Freshwater	25.120	4.470	19.171	0.541	22.407	0.947
Other types of water	–	–	–	–	–	–
Total	31.574	4.470	24.624	1.309	26.347	2.257

(o) The reporting scope was expanded with the headquarters in Brazil. No data available for the UK commercial site as data for water use are not available. In any case the value is not significant.

(p) Monitoring and data collection of water withdrawals from the Indian plant began in September 2020. The plant draws its water from the well on the production site.

Comer Industries defines the impacts in relation to the risk of contamination of the water. In order to guarantee the control and

WATER SUPPLY (ML)



minimization of impacts, in the Company management system, special procedures and relative instructions were published and adopted that define the correct management of the resource in relation to the production context.

WASTE GENERATION AND MANAGEMENT

- As per the Integrated Policy, Comer Industries manages the waste generated by its processes with an approach aimed at:
- full compliance with the national or Community regulatory framework;
  - the reduction of the quantities generated, with a particular focus on hazardous waste;
  - an increase in recycling rates.

Management is supported by a monitoring system implemented for all sites, which makes it possible to check progress using an analytical dashboard and to assess the action areas having the greatest environmental and economic impact.

Waste transport and final treatment activities are carried out in compliance with the national directives of each plant where Comer Industries operates, through disposal service providers authorized according to local regulations. Periodically the Group monitors the validity of the relevant authorizations both centrally and at the site.

WASTE

Machining and painting operations are the processes that generate the main hazardous waste such as emulsions and aqueous solutions and non-hazardous waste such as metal scrap. As far as Italian plants are concerned, 63% of the waste produced comes from the above-mentioned processes. The remaining 37% is generated along the assembly and packaging lines. In 2021 there was an overall increase in waste produced (+30%) compared to 2020, in line with the increase in production volumes in 2021.





WASTE CATEGORY (t)	2019 <sup>q</sup> /	2020			2021		
		Recovery	Disposal	Total	Recovery	Disposal	Total
Hazardous waste	1,497	1,007	234	1,241	1,175	353	1,528
Non-hazardous waste	3,554	3,202	339	3,541	4,326	341	4,667
<b>Total</b>	<b>5,051</b>	<b>4,209</b>	<b>573</b>	<b>4,782</b>	<b>5,501</b>	<b>694</b>	<b>6,195</b>

(q) Data by type of treatment not available as the monitoring system was being consolidated.

In 2021 there was a slight increase in the intensity index of total waste, mainly due to extraordinary events originating from changes in production layouts that affected the Group's Italian sites, as well as the change in Italian laws that led to the reclassification of some waste that was previously identified as urban waste. However, there was a **decrease in the hazardous waste intensity index**, which is the result of Comer Industries's commitment and actions to reduce the environmental impact of its waste.

These include the following:

- **Rationalization of the number of paints** – Reduction of the number of paints used on products for the agricultural sector with consequent optimization of the plant set-up (critical phase for the generation of waste).
- **Wastewater filtration compaction system** – At the Jiaxing plant, where a painting plant with waste filtering and recirculation systems is in operation, a machine was installed to compact and press the waste coming out of the filtering systems, obtaining an additional fraction of wastewater that can be recycled in the process and a reduction in the volume of solid waste.

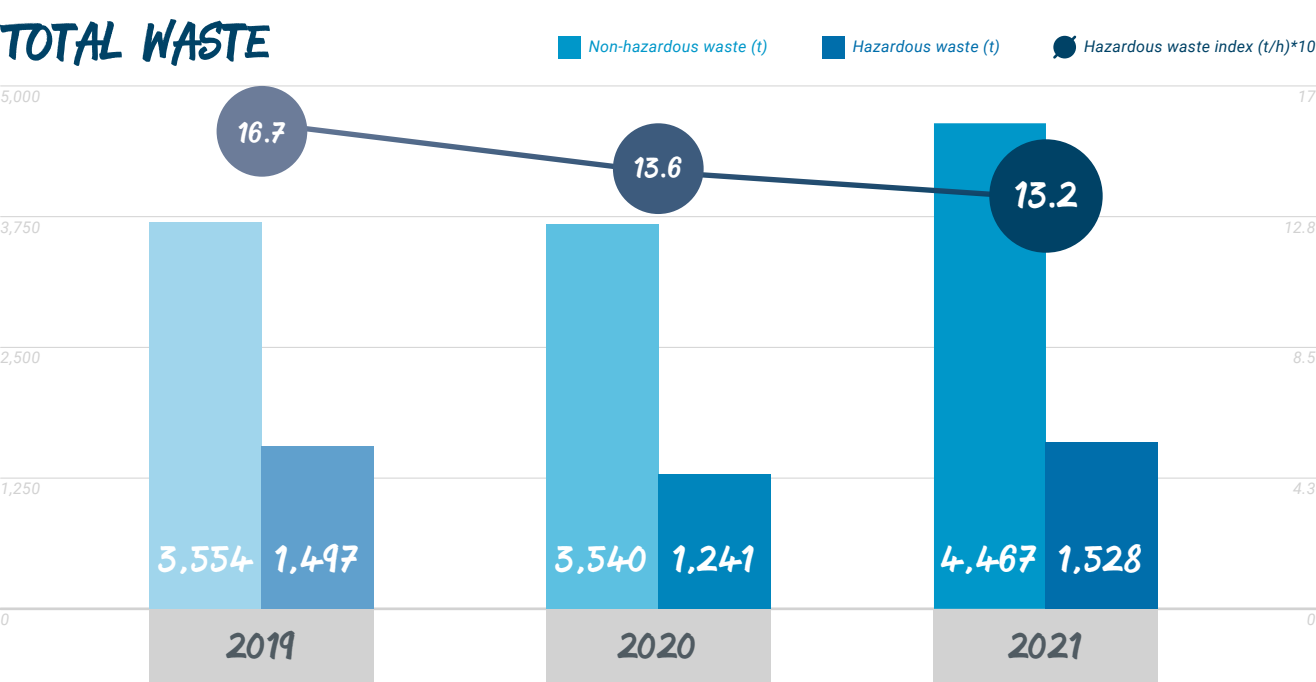
WASTE INTENSITY	2019	2020	2021
Hazardous waste (t)	1,497	1,241	1,528
Non-hazardous waste (t)	3,554	3,541	4,667
Machine hours for product manufacturing <sup>r</sup> (h)	896,852	912,532	1,161,567
Hazardous waste intensity index <sup>s</sup>	16.7	13.6	13.2
Non-hazardous waste intensity index <sup>t</sup>	39.6	38.8	40.2
<b>Total waste intensity index<sup>u</sup></b>	<b>56.3</b>	<b>52.4</b>	<b>53.3</b>

(r) Machine hours for product manufacturing, resulting from the actual progress of production orders in the system.

(s) (hazardous waste / machine hours for product manufacturing) \* 10,000.

(t) (non-hazardous waste / machine hours for product manufacturing) \* 10,000.

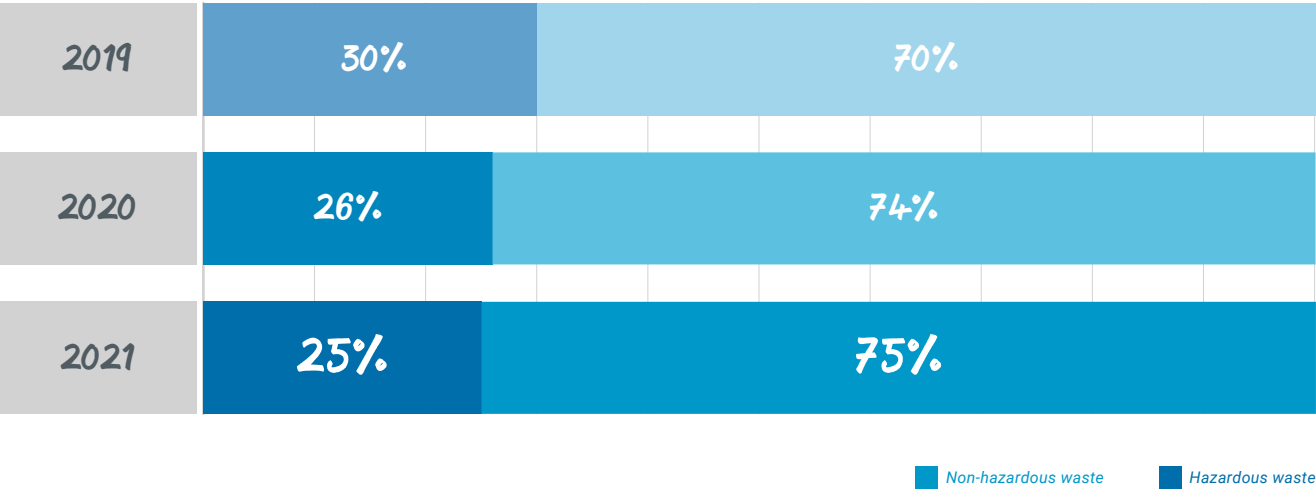
(u) [(hazardous waste + non-hazardous waste) / machine hours for product manufacture]] \* 10,000.



### DISTRIBUTION BY CATEGORY OF WASTE GENERATED

As in previous years and as per the Group's commitment, there is a positive trend in the percentage of hazardous waste in the total waste generated.

### WASTE GENERATED



### DISTRIBUTION BY TREATMENT TYPE

The analysis of the destination and treatment of waste generated at the group's sites in 2021 showed that 89% of the waste produced is managed through recovery operations, while the remaining 11% is destined for disposal, as in 2020.

RECOVERY

TREATMENT BY WASTE CATEGORY (t)	2020			2021		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Recycling	23	1,444	1,467	34	2,017	2,051
Other recovery operations	984	1,758	2,742	1,141	2,309	3,450
Total	1,007	3,202	4,209	1,175	4,326	5,501

DISPOSAL <sup>11</sup>

TREATMENT BY WASTE CATEGORY (t)	2020			2021		
	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Incineration without energy recovery	13	–	13	22	–	22
Landfill	–	20	20	–	17	17
Other disposal operations	221	319	540	331	324	655
Total	234	339	573	353	341	694

RIVENDING

Since 2019, Comer Industries has implemented initiatives in its locations aimed at a reduction of single-use plastic. Through the **No more plastic bottles** project, aluminum water bottles have been distributed to all employees, which help reduce the use of plastic. To this end, sanitized free water dispensing systems were installed to fill water bottles and at the same time plastic water bottles were replaced with cans in beverage dispensers. With the **RiVending** project, the refreshment areas have been equipped with collection and recycling points dedicated to the recovery of plastic pallets and cups from vending machines in line with the circular economy.

In 2021 the installation of sanitized water dispensers in all of the Group's Italian offices was completed, avoiding the use of around 186,200 bottles and **4,600 kg of plastic**.

(11) Note that hazardous and non-hazardous waste are disposed of off-site.





TABLE 1 – CORRELATION OF MATERIAL TOPICS

MATERIAL TOPIC	PERIMETER		STAKEHOLDERS INVOLVED	REFERENCE AREAS	GRI STANDARD
	Impact	Involvement		Legislative Decree 254/2016	
GOVERNANCE					
Ethics, integrity and compliance	Comer Industries	Generated by the Group	Shareholders, Banks and Investors, Public Administration	Fight against active and passive corruption  Respect for Human Rights <sup>12</sup>	GRI 205-1 GRI 205-3 GRI 206-1 GRI 207-1 GRI 207-2 GRI 207-3 GRI 207-4 GRI 307-1 GRI 406-1 GRI 416-1 GRI 416-2 GRI 418-1 GRI 419-1
SOCIAL					
Occupational health and safety	Employees and outsourced workers <sup>13</sup> of Comer Industries	Generated by the Group	Employees, Outsourced workers, Trade Unions and Workers' representatives	Personnel	GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-8 GRI 403-9 GRI 403-10
People management, training and development	Employees and outsourced workers of Comer Industries	Generated by the Group	Employees, Outsourced workers, Trade Unions and Workers' representatives	Personnel	GRI 401-1 GRI 404-1 GRI 404-3
Territory development	Comer Industries	Generated by the Group	Community and territory, Suppliers	Social	GRI 204-1
Diversity and equal opportunities	Comer Industries employees	Generated by the Group	Employees, Trade Unions and Workers' Representatives	Personnel  Respect for human rights	GRI 405-1 GRI 406-1
ENVIRONMENTAL					
Effective and efficient energy management and reduction of emissions	Comer Industries, Suppliers of electricity	Generated by the Group and related to the Group through its commercial relationships	All stakeholders	Environment	GRI 302-1 GRI 302-3 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-7
Responsible use of resources and waste management	Comer Industries	Generated by the Group	All stakeholders	Environment	GRI 301-2 GRI 301-3 GRI 303-1 GRI 303-2 GRI 303-3 GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5
Environmental impact of products	Comer Industries, direct customers	Generated by the Group and to which the Group contributes	All stakeholders	Environment	
SUPPLY CHAIN					
Supply chain sustainability and responsibility	Comer Industries, Suppliers	Generated by the Group and related to the Group through its commercial relationships	Suppliers, partners and commercial agents	Respect for human rights  Social  Environment	GRI 308-1 GRI 414-1
ECONOMIC					
Generation and distribution of value	Comer Industries	Generated by the Group	Shareholders and financial community	Social	GRI 201-1
PRODUCT					
Product quality and safety	Comer Industries, direct customers	Generated by the Group	Customers	Social	GRI 416-1 GRI 416-2

TABLE 2 -- DISTRIBUTION OF OUTSOURCED WORKERS BY CONTRACT

	2020				2021			
	Women	Men	Total	%	Women	Men	Total	%
Fixed term	1	224	225	84%	19	356	375	91%
Permanent	0	42	42	16%	–	39	39	9%
Total	1	266	267	100%	19	395	414	100%
% of the Total	0%	100%			5%	95%	100%	

	2020					2021				
	IT	CN	IN	ROW	Total	IT	CN	IN	ROW	Total
Fixed term	155	31	39	–	225	285	59	31	–	375
Permanent	41	1	–	–	42	39	–	–	–	39
Total	196	31	39	–	267	324	59	31	–	414
% of the Total	74%	12%	14%	–	100%	78%	14%	8%	–	100%

TABLE 3 - DISTRIBUTION OF OUTSOURCED WORKERS BY TYPE OF EMPLOYMENT

	2020				2021			
	Women	Men	Total	%	Women	Men	Total	%
Full-time	1	266	267	100%	19	395	414	100%
Part-time	–	–	–	–	–	–	–	–
Total	1	266	267	100%	19	395	414	100%
% of the Total	0%	100%	100%		5%	95%	100%	

(12) More specifically, the scope of human rights is limited to the aspects described in the section dedicated to them, which refers (also extending the scope of application to the suppliers of Comer Industries) to working conditions that respect individual dignity and safe working environments, ensuring the absence of any form of forced labor, compulsory labor or child labor, and recognizing the primary importance of the protection of minors and the elimination of any form of labor exploitation.

(13) Data relating to the health and safety of non-employee workers includes the category of outsourced workers of Comer Industries and suppliers of works or services operating at the Group's sites.

TABLE 4 - DISTRIBUTION OF OUTSOURCED WORKERS BY QUALIFICATION

	2020			2021		
	Women	Men	Total	Women	Men	Total
Executives	–	–	–	–	–	–
Managers	–	–	–	–	–	–
Lead Professionals	–	–	–	–	–	–
Professionals	–	–	–	–	–	–
Specialists	–	1.1%	1.1%	0.2%	1.2%	1.4%
Workers	0.4%	98.5%	98.9%	4.3%	94.2%	98.6%
Total	0%	100%	100.0%	5%	95%	100%

	2020			2021		
	< 30	31-50	> 50	< 30	31-50	> 50
Executives	–	–	–	–	–	–
Managers	–	–	–	–	–	–
Lead Professionals	–	–	–	–	–	–
Professionals	–	–	–	–	–	–
Specialists	0.4%	0.7%	–	1.2%	0.2%	–
Workers	88.8%	10.1%	–	82.9%	15.7%	–
Total	89%	11%	–	84%	16%	–

TABLE 5 - TRAINING HOURS PER WORKER OF OUTSOURCED WORKERS

TRAINING HOURS PER EMPLOYEE	2020			2021		
	Women	Men	Total	Women	Men	Total
Executives	–	–	–	–	–	–
Managers	–	–	–	–	–	–
Lead Professionals	–	–	–	–	–	–
Professionals	–	–	–	–	–	–
Specialists	–	44	57	1	195	163
Workers	59	46	46	86	82	82
Total	85	46	46	82	84	84

TRAINING HOURS PER EMPLOYEE	2020			2021		
	Women	Men	Total	Women	Men	Total
Managerial	–	–	–	–	–	–
Safety	53	16	16	20	22	22
Technical	8	28	28	62	62	62
Other	25	2	2	–	–	–
Total	85	46	46	82	84	84

TABLE 6 – INJURIES BY TYPE

EMPLOYEE INJURIES	2020			2021		
	Italian sites	Other sites	Total	Italian sites	Other sites	Total
NUMBER OF FATALITIES AS A RESULT OF WORK-RELATED INJURY						
	–	–	–	–	–	–
NUMBER OF SEVERE WORK-RELATED INJURIES (EXCLUDING FATALITIES)						
Bruising	–	–	–	–	–	–
Dislocation, distraction, distortion, crushing	–	–	–	–	–	–
Injury from other agents	–	–	–	–	–	–
Foreign bodies	–	–	–	–	–	–
Strain injuries	–	–	–	–	–	–
Wound, cut, splinters	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total	–	–	–	–	–	–
NUMBER OF NON-SEVERE WORK-RELATED INJURIES						
Bruising	4	–	4	6	–	6
Dislocation, distraction, distortion, crushing	2	2	4	8	–	8
Injury from other agents	–	–	–	–	–	–
Foreign bodies	1	–	1	–	–	–
Strain injuries	–	–	–	–	–	–
Wound, cut, splinters	–	1	1	4	1	5
Other	2	–	2	5	–	5
Total	9	3	12	23	1	24
NUMBER OF RECORDABLE WORK-RELATED INJURIES						
	9	3	12	23	1	24



NON-EMPLOYEE INJURIES	2020			2021		
	Italian sites	Other sites	Total	Italian sites	Other sites	Total
NUMBER OF FATALITIES AS A RESULT OF WORK-RELATED INJURY						
	–	–	–	–	–	–
NUMBER OF SEVERE WORK-RELATED INJURIES (EXCLUDING FATALITIES)						
Bruising	–	–	–	–	–	–
Dislocation, distraction, distortion, crushing	–	–	–	–	–	–
Injury from other agents	–	–	–	–	–	–
Foreign bodies	–	–	–	–	–	–
Strain injuries	–	–	–	–	–	–
Wound, cut, splinters	–	–	–	–	–	–
Other	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
NUMBER OF NON-SEVERE WORK-RELATED INJURIES						
Bruising	–	–	–	2	–	<b>2</b>
Dislocation, distraction, distortion, crushing	6	–	<b>6</b>	5	–	<b>5</b>
Injury from other agents	–	–	–	–	–	–
Foreign bodies	–	–	–	2	–	<b>2</b>
Strain injuries	–	–	–	–	–	–
Wound, cut, splinters	–	–	–	2	–	<b>2</b>
Other	–	–	–	1	–	<b>1</b>
<b>Total</b>	<b>6</b>	<b>–</b>	<b>6</b>	<b>12</b>	<b>–</b>	<b>12</b>
NUMBER OF RECORDABLE WORK-RELATED INJURIES						
	6	–	<b>6</b>	12	–	<b>12</b>

TABLE 7 – ENERGY CONSUMPTION BY GEOGRAPHICAL AREA

ENERGY CONSUMPTION – INTERNAL (Total per geographical area) (GJ)	2019	2020	2021
Italy	119,475	110,136	123,206
China	12,426	16,263	21,652
India	410	410	553
USA	3,049	5,555	4,895
UK	–	–	270
Brazil	–	–	299
<b>Total</b>	<b>135,360</b>	<b>132,364</b>	<b>150,876</b>

TABLE 8 – EMISSIONS BY GEOGRAPHICAL AREA AND CONVERSION FACTORS

DIRECT GHG SCOPE 1 (t CO <sub>2</sub> e) EMISSIONS	2019	2020	2021
Italy	3,030	2,812	4,140
China	318	320	670
India	1	4	8
USA	101	272	228
UK	–	–	12
Brazil	–	–	17
<b>Total</b>	<b>3,450</b>	<b>3,408</b>	<b>5,075</b>

Source of Scope 1 emission factors: <https://www.gov.uk/government/organisations/departement-for-environment-food-rural-affairs>.

DIRECT GHG SCOPE 2 LOCATION BASED (t CO <sub>2</sub> e) EMISSIONS	2019	2020	2021
Italy	4,447	3,788	3,882
China	441	710	866
India	24	21	26
USA	101	95	80
UK	–	–	4
Brazil	–	–	2
<b>Total</b>	<b>5,013</b>	<b>4,614</b>	<b>4,860</b>

Source of Scope 2 Location Based emission factors: Italy (<http://www.sinanet.isprambiente.it>), USA (<https://www.epa.gov/egrid>), China, India and Brazil(<https://www.iea.org>), UK (<https://www.gov.uk/government/organisations/departement-for-environment-food-rural-affairs>).

DIRECT GHG SCOPE 2 MARKET BASED (t CO <sub>2</sub> e) EMISSIONS	2019	2020	2021
Italy	7,643	6,519	4,779
China	441	710	866
India	24	21	26
USA	101	95	86
UK	–	–	6
Brazil	–	–	2
<b>Total</b>	<b>8,209</b>	<b>7,345</b>	<b>5,765</b>

Source of Scope 2 Market Based emission factors: Italy and UK (<https://www.aib-net.org>, emissions are expressed in tonnes of CO<sub>2</sub>e, as the percentage of methane and nitrogen oxide has a negligible effect on total greenhouse gas emissions as can be inferred from the relevant technical literature), USA (<https://www.green-e.org>), China, India and Brazil (<https://www.iea.org>).

# GRI CONTENT INDEX

For the purposes of the 2021 NFS, the GRI Standards published in 2018 were used with the exception of the disclosures of the topics “Taxes” and “Waste” for which the standards published respectively in 2019 and 2020 were adopted.

GRI SUSTAINABILITY REPORTING STANDARD	DISCLOSURE	PAGES	OMITTED	NOTES
GRI 102 GENERAL DISCLOSURES				
102-1	Name of the organization	1. Sustainability for Comer Industries Comer Industries: expanding global presence	14-18	
102-2	Activities, brands, products and services	1. Sustainability for Comer Industries Comer Industries: expanding global presence	14-18	
		2. Unconventional makers: the Comer Industries model Markets and applications	28	
102-3	Location of headquarters	1. Sustainability for Comer Industries Comer Industries: expanding global presence	14-18	
102-4	Location of operations	1. Sustainability for Comer Industries Comer Industries: expanding global presence	14-18	
102-5	Ownership and legal form	1. Sustainability for Comer Industries Comer Industries: expanding global presence	14-18	
102-6	Markets served	1. Sustainability for Comer Industries Comer Industries: expanding global presence	14-18	
		2. Unconventional makers: the Comer Industries model Markets and applications	28	
102-7	Size of the organization	1. Sustainability for Comer Industries Comer Industries: expanding global presence	14-18	
102-8	Information on employees and other workers	5. People The people of Comer Industries	61-63	
		Appendix	98-103	
102-9	Supply chain	2. Unconventional makers: the Comer Industries model Suppliers	32-34	
102-10	Significant changes to the organization and its supply chain	Methodological Note	9-10	
102-11	Precautionary principle	3. Governance Risk management	48-50	
102-12	External initiatives	3. Governance Corporate governance	42-44	
102-13	Membership in associations	3. Governance Corporate governance	42-44	
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GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
GRI 102 GENERAL DISCLOSURES					
STRATEGY					
102-15	Key impacts, risks and opportunities	<b>1. Sustainability for Comer Industries</b> Our bright impact - Our commitment to sustainable development	18-21		
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ETHICS AND INTEGRITY					
102-16	Values, principles, standards and norms of behavior	<b>1. Sustainability for Comer Industries</b> Our bright impact - Our commitment to sustainable development	18-21		
GOVERNANCE					
102-18	Governance structure	<b>3. Governance</b> Corporate governance	42-44		
STAKEHOLDER INVOLVEMENT					
102-40	List of stakeholder groups	<b>1. Sustainability for Comer Industries</b> The materiality analysis	22-24		
102-41	Collective bargaining agreement	<b>5. People</b> Diversity, inclusion, equal opportunities and human rights	63-65		
102-42	Identifying and selecting stakeholders	<b>1. Sustainability for Comer Industries</b> The materiality analysis	22-24		
102-43	Approach to stakeholder engagement	<b>1. Sustainability for Comer Industries</b> The materiality analysis	22-24		
102-44	Key topics and concerns raised	<b>1. Sustainability for Comer Industries</b> The materiality analysis	22-24		
REPORTING PRACTICES					
102-45	Entities included in the consolidated financial statements	Methodological Note	9-10		
102-46	Defining report content and topic boundaries	Methodological Note	9-10		
102-47	List of material topics	<b>1. Sustainability for Comer Industries</b> The materiality analysis	22-24		
102-48	Restatements of information	Methodological Note	9-10		
102-49	Changes in reporting	Methodological Note	9-10		
102-50	Reporting period	Methodological Note	9-10		
102-51	Date of the most recent report	Methodological Note	9-10		
102-52	Reporting cycle	Methodological Note	9-10		
102-53	Contact point for questions regarding the report	Methodological Note	9-10		
102-54	Statement on reporting in accordance with GRI Standards	Methodological Note	9-10		
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MATERIAL TOPIC – ETHICS AND INTEGRITY IN BUSINESS MANAGEMENT

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
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103-2	The management approach and its components	3. Governance Responsible business management	44-46		
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205	ANTI-CORRUPTION				
205-1	Operations assessed for risks related to corruption	3. Governance Responsible business management	44-46		
205-3	Confirmed incidents of corruption and actions taken				
206	ANTI-COMPETITIVE BEHAVIOR				
206-1	"Legal actions for anti-competitive behavior, anti-trust and monopoly practices"	3. Governance Compliance	50-51		
207	TAXES – 2019				
207-1	Approach to taxation				
207-2	Tax governance, control and risk management				
207-3	Stakeholder engagement and management of tax-related matters	3. Governance Fiscal transparency	53		
207-4	Country-by-country reporting				In 2022 the Group will expand its materiality analysis with regard to "Taxes," assessing the need to define a process for reporting the specific disclosure required by GRI 207-4.
307	ENVIRONMENTAL COMPLIANCE				
307-1	Non-compliance with environmental laws and regulations	3. Governance Compliance	50-51		

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406-1	Incidents of discrimination and corrective actions taken	5. People Personnel management and development policies	60		
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418	CUSTOMER PRIVACY				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	3. Governance Compliance	50-51		
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MATERIAL TOPIC – OCCUPATIONAL HEALTH AND SAFETY

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
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103-2	The management approach and its components	5. People Occupational health and safety	73-75		
103-3	Evaluation of the management approach				
403	OCCUPATIONAL HEALTH AND SAFETY – 2018				
403-1	Occupational health and safety management system	5. People Occupational health and safety	73-75		
403-2	Hazard identification, risk assessment, and incident investigation				
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403-4	Worker participation, consultation, and communication on occupational health and safety				
403-5	Worker training on occupational health and safety	5. People Occupational health and safety	73-75		
		5. People The strategic role of training	68-71		
403-6	Promotion of worker health	5. People Occupational health and safety	73-75		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5. People Occupational health and safety	73-75		
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MATERIAL TOPIC – PEOPLE MANAGEMENT, TRAINING AND DEVELOPMENT

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
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103-2	The management approach and its components	5. People Personnel management and development policies	60		
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404	TRAINING AND EDUCATION				
404-1	Average annual training hours per employee	5. People The strategic role of training	68-71		
		Appendix	98-103		
404-3	Percentage of employees receiving regular performance and career development reviews	5. People Diversity, inclusion, equal opportunities and human rights	63-65		

MATERIAL TOPIC – TERRITORY DEVELOPMENT

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
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103-2	The management approach and its components	2. Unconventional makers: the Comer Industries model Innovation and sustainability: value for customers	29-32		
103-3	Evaluation of the management approach	2. Unconventional makers: the Comer Industries model Territory development	36-39		
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204-1	Proportion of spending on local suppliers	2. Unconventional makers: the Comer Industries model Suppliers	32-34		



MATERIAL TOPIC – DIVERSITY AND EQUAL OPPORTUNITIES

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
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103-2	The management approach and its components	<b>5. People</b> Personnel management and development policies	60		
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MATERIAL TOPIC – EFFECTIVE AND EFFICIENT ENERGY MANAGEMENT AND REDUCTION OF EMISSIONS

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
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305	EMISSIONS				
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MATERIAL TOPIC – RESPONSIBLE USE OF RESOURCES AND WASTE MANAGEMENT

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
103	MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its scope	1. Sustainability for Comer Industries The materiality analysis	22-24		
		Appendix	98-103		
103-2	The management approach and its components	7. The environment Waste generation and management	93-96		
103-3	Evaluation of the management approach				
301	MATERIALS				
301-2	Materials used that come from recycling	7. The environment Responsible consumption	91		
301-3	Recovered or reclaimed products and related packaging materials				
303	WATER AND EFFLUENTS – 2018				
303-1	Interaction with water as a shared resource	7. The environment Responsible consumption	91-93		
303-2	Management of water discharge-related impacts				
303-3	Water withdrawal				
306	WASTE – 2020				
306-1	Waste generation and significant waste-related impacts	7. The environment Waste production and management	93-96		
306-2	Management of significant waste-related impacts				
306-3	Waste generated				
306-4	Waste not destined for disposal				
306-5	Waste destined for disposal				

MATERIAL TOPIC – ENVIRONMENTAL IMPACT OF PRODUCTS

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
103	MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its scope	1. Sustainability for Comer Industries The materiality analysis	22-24		
		Appendix	98-103		
103-2	The management approach and its components	2. Unconventional makers: the Comer Industries model Markets and applications	28		
103-3	Evaluation of the management approach	2 Unconventional makers: the Comer Industries model Innovation and sustainability: value for customers	29-32		

MATERIAL TOPIC – SUPPLY CHAIN SUSTAINABILITY AND RESPONSIBILITY

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
103	MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its scope	1. Sustainability for Comer Industries The materiality analysis	22-24		
		Appendix	98-103		
103-2	The management approach and its components	2. Unconventional makers: the Comer Industries model Suppliers	32-34		
103-3	Evaluation of the management approach	3. Governance Compliance	50-51		
308	SUPPLIER ENVIRONMENTAL ASSESSMENT				
308-1	New suppliers that were screened using environmental criteria	2. Unconventional makers: the Comer Industries model Suppliers	32-34		
414	SUPPLIER SOCIAL ASSESSMENT				
414-1	New suppliers that were screened using social criteria	2. Unconventional makers: the Comer Industries model Suppliers	32-34		

MATERIAL TOPIC – GENERATION AND DISTRIBUTION OF VALUE

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
103	MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its scope	1. Sustainability for Comer Industries The materiality analysis	22-24		
		Appendix	98-103		
103-2	The management approach and its components	4. Economic sustainability Economic value generated and distributed	56		
103-3	Evaluation of the management approach				
201	ECONOMIC PERFORMANCE				
201-1	Direct economic value generated and distributed	4. Economic sustainability Economic value generated and distributed	56		

MATERIAL TOPIC – PRODUCT QUALITY AND SAFETY

GRI SUSTAINABILITY REPORTING STANDARD		DISCLOSURE	PAGES	OMITTED	NOTES
103	MANAGEMENT APPROACH				
103-1	Explanation of the material topic and its scope	1. Sustainability for Comer Industries The materiality analysis	22-24		
		Appendix	98-103		
103-2	The management approach and its components	2 Unconventional makers: the Comer Industries model Innovation and sustainability: value for customers	29-32		
103-3	Evaluation of the management approach				
416	CUSTOMER HEALTH AND SAFETY				
416-1	Assessment of the health and safety impacts for product and service categories	2. Unconventional makers: the Comer Industries model Innovation and sustainability: value for customers	29-32		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3. Governance Compliance	50-51		





# AUDITOR'S REPORT



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## INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018

To the Board of Directors of  
Comer Industries S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Comer Industries S.p.A. and its subsidiaries (hereinafter "Comer Group" or Group) as of December 31, 2021 prepared, on a voluntary basis, ex art. 4 of the Decree, and approved by the Board of Directors on March 28, 2022 (hereinafter "NFS").

### Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS on a voluntary basis pursuant to article 7 of the Decree, in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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## Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1* (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the *"International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (hereinafter *"ISAE 3000 Revised"*), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Comer Group;
4. understanding of the following matters:
  - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
  - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
  - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a);

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Comer Industries S.p.A. and with the employees of Comer Industries Components S.r.l. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies and sites, production plant of Reggiolo (RE) for Comer Industries S.p.A., production plant of Matera for Comer Industries Components S.r.l., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

## Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Comer Group as of December 31, 2020 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Stefano Montanari**  
 Partner

Bologna, Italy  
 April 1, 2022

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







**comer industries**

UNCONVENTIONAL MAKERS.