



# **CIR S.p.A. - Compagnie Industriali Riunite group**

**whose parent company was merged into CIR S.p.A. - Compagnie Industriali Riunite (formerly  
COFIDE - Gruppo De Benedetti S.p.A.) with effect from 19 February 2020**

## **Consolidated Non-Financial Statement *pursuant to Legislative Decree no. 254/2016* *2019 Sustainability Report***

**(Translation from the Italian original which remains the definitive version)**

## Contents

<b>Letter to the Stakeholders.....</b>	<b>4</b>
<b>Methodological note.....</b>	<b>6</b>
<b>The CIR group in 2019 .....</b>	<b>9</b>
<b>1. Group, governance and sustainability.....</b>	<b>10</b>
1.1 CIR: an industrial group with more than 40 years of history .....	10
Background and strategies .....	15
1.2 Governance and risk management .....	17
Risk management system.....	19
1.3 Ethics, integrity and anti-corruption.....	25
The 231 Model and anti-corruption matters .....	26
Fight against corruption in the CIR group .....	26
Codes, principles and trade associations .....	27
1.4 Sustainability for the CIR group.....	29
Group stakeholders and their involvement .....	29
Analysis of materiality .....	31
<b>2. Economic responsibility.....</b>	<b>33</b>
2.1 Economic value generated and distributed .....	36
<b>3. Customer-related responsibility .....</b>	<b>38</b>
3.1 Quality and safety of products and services .....	38
Monitoring service quality.....	40
Innovation.....	42
3.2 Privacy and data protection .....	44
3.3 Responsible purchasing practices.....	45
<b>4. Personnel-related responsibility.....</b>	<b>49</b>
4.1 Attention dedicated to human resources .....	49
Composition of the workforce .....	50
4.2 Diversity, equal opportunities and well-being .....	54
Remuneration policies.....	55
Employee well-being and welfare .....	56
Labour relations.....	57

4.3 Recognition and development of human capital .....	58
4.4 Health and safety of workers .....	61
<b>5. Community-related responsibility .....</b>	<b>66</b>
<b>6. Environmental responsibility.....</b>	<b>69</b>
6.1 Reduction of environmental impacts .....	69
6.2 Energy consumption and greenhouse gas emissions.....	70
Energy consumption.....	70
Initiatives to reduce energy consumption.....	72
Greenhouse gas emissions .....	74
6.3 Waste management .....	77
6.4 Water management .....	79
<b>Attachments .....</b>	<b>82</b>
Human Resources .....	82
Composition of the workforce .....	82
Turnover .....	83
Diversity and equal opportunities .....	85
Compensation policies .....	87
Training.....	88
Health and safety.....	90
Environment .....	92
Energy consumption and greenhouse gas emissions .....	92
Waste.....	93
Water management .....	93
<b>Reconciliation chart for material topics, GRI Standards and Legislative Decree no. 254/2016 .....</b>	<b>96</b>
<b>Scope of material topics of the CIR group.....</b>	<b>98</b>
<b>GRI Content Index.....</b>	<b>100</b>
<b>Auditors' Report.....</b>	<b>105</b>

## Letter to the Stakeholders

*Dear Stakeholders,*

*The Sustainability Report provides an opportunity to present the activities of our group and their impact on the internal and external communities we serve, continuing the consideration of both our strengths and the areas in which we can improve.*

*Significant transactions carried out during 2019 redesigned the organisation and the perimeter of the group.*

*The merger of COFIDE and CIR, effective 19 February 2020, has enabled us to simplify the structure of our group in line with market trends, while also improving governance.*

*An agreement has been reached with EXOR N.V. for the sale of the investment held in GEDI Gruppo Editoriale by CIR. The sale of GEDI, a group that CIR controlled for more than thirty years, is consistent with our strategy to focus management effort and resources on those sectors with the greatest potential for creating value.*

*The acquisition of Charleston, a German operator in the long-term care sector, represents the first step in the international expansion of the core activities of KOS. Charleston increases the size of this subsidiary by 30% and paves the way to further growth abroad, alongside intensive work to consolidate its activities in Italy.*

*In particular, as a major Italian healthcare operator, KOS plays an important social role by supporting the public sector in the provision of long-term care; since inception, the company has combined the objectives typical of a private business with that of delivering quality service on a people-centric basis: patients, their families and employees.*

*Sogefi, actively globally in automotive components, is committed to a constant search for products and technologies that contribute to sustainable mobility.*

*For us, value generation derives from actions, conduct and, in general, a way of doing business that enable the company to work successfully in our reference markets and obtain sustainable results. We dedicate great attention to ensuring the health and safety of our employees around the world: group-wide, injuries fell by 25% in 2019.*

*In addition, we strive constantly to find ways to lower our environmental impact, facilitating the responsible use of resources and reduced energy, commodities and water consumption, while also improving the management of atmospheric emissions. Group consumption of electricity and natural gas was respectively 5% and 3% lower than in the prior year; Sogefi, responsible for the majority of this consumption, has adopted energy efficiency policies that have lowered consumption per unit of sales by 2.5%. In terms of saving water, group consumption was 15% lower than in 2018.*

*Customer satisfaction drives our strategies, leading us to invest during 2019 in the development of new products and the improvement of existing technologies. This process has been supported by, as mere examples, the robotics function within KOS which is coordinating the use of innovative technologies in the rehabilitation field, and the efforts made by Sogefi to develop and patent solutions that lower the environmental impact of the company. As a group, we therefore consider it essential to improve the quality of the products and services offered, in order to satisfy the expectations of our customers and continue along our road to sustainability.*

*The early months of 2020 have been marked by the spread of COVID-19, which was identified in the People's Republic of China in late 2019 and is becoming ever more serious. Group companies are committed to doing everything in their power to ensure the health and safety of their employees, customers and suppliers, in compliance with the indications provided by the WHO, the Italian Ministry of Health and competent Authorities and bodies in the various countries in which they operate. They are constantly monitoring developments in the situation, in order to plan operating activities appropriately and ensure that suitable measures are taken to combat the risks to which they are exposed.*

*We are convinced that the ideas presented for consideration in this document and, more generally, our constant and transparent discussions with all stakeholders will be essential to the achievement of our corporate objectives and, in particular, the creation of long-term value.*

*(signed on the original)*

*Rodolfo De Benedetti*

*Chairman*

*Monica Mondardini*

*Chief Executive Officer*

## Methodological note

This document is the Sustainability Report of the CIR group and, commencing from the 2017 report, also represents the consolidated Non-Financial Statement (NFS) required by Legislative Decree no. 254 (Legislative Decree 254/2016 or the Decree) and subsequent amendments and additions, which implemented Directive 2014/95/EU.

The NFS has been prepared in compliance with articles. 3 and 4 of the Decree. The data and information reported relate to CIR and all subsidiaries consolidated on a line-by-line basis at 31 December 2019 (the group or the CIR group).

The purpose of the NFS is to describe the initiatives carried out and the main results obtained in terms of sustainable performance during 2019 (from 1 January to 31 December). To the extent needed in order to understand the activities of the business and its progress, results and impacts, the NFS addresses all the environmental, social, personnel, human rights and anti-corruption topics of significance, having regard for the activities and characteristics of the group, as defined in the materiality matrix contained in the chapter of this document entitled “Sustainability for the CIR group”.

As envisaged in article 5 of the Decree, this report is issued as a separate document under a specific name, in order to be and represent the NFS required by the regulations.

This NFS has been prepared under the Global Reporting Initiative Sustainability Reporting Standards defined in 2016 by the Global Reporting Initiative (GRI), applying the “in accordance – Core” option. As in the previous year, the most recent 2018 version has been adopted with specific regard to standards GRI 403 (Occupational Health and Safety) and GRI 303 (Water and Effluents). The various business functions within each CIR group company were involved in gathering the data and information needed to prepare this document, in order to identify clearly and precisely the information considered meaningful for stakeholders, applying the principles of balance, accuracy, verifiability and comparability embodied in the GRI guidelines. The GRI Content Index, showing the indicators considered significant for the CIR group based on the materiality analysis, is presented as an attachment to this document.

For some of the information reported in this document, explicit reference is made to other corporate documents (e.g. Report on corporate governance and the ownership structure, Annual Financial Report, Code of Ethics etc.).

The following main events regarding the CIR group took place during 2019 and in the first quarter of 2020:

- The merger of CIR into COFIDE took legal effect from 19 February 2020. The operations of CIR have been recognised in the financial statements of COFIDE from 1 January 2020, when the merger also took effect for tax purposes. In addition, COFIDE will change its name to “CIR S.p.A. – Compagnie Industriali Riunite”<sup>1</sup>;
- The business name “**CIR**” is used to mean all the corporate activities controlled by CIR S.p.A., which include those of CIR Investimenti S.p.A., CIR International S.A., CIGA Luxembourg S.à.r.l., Nexenti S.r.l., Nexenti Advisory S.r.l. and Jupiter Marketplace S.r.l. CIGA Luxembourg S.à.r.l., Nexenti S.r.l., Nexenti Advisory S.r.l. and Jupiter Marketplace S.r.l. do not have employees or make direct use of environmental resources; accordingly, they are excluded from the scope of the data and information contained in the chapters on “personnel-related responsibility” and “environmental responsibility”;

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<sup>1</sup> The merger documentation is available on the CIR website ([www.cirgroup.com](http://www.cirgroup.com)).

- KOS S.p.A. acquired Charleston Holding GmbH from EQT Infrastructure II Fund in 2019. The German group provides ancillary services to elderly patients and persons with major disabilities. This NFS does not contain any 2019 data and information relating to the acquired company;
- The boards of directors of CIR and EXOR N.V. signed a binding agreement in December 2019 for the sale by CIR to EXOR of the 43.78% equity investment held in GEDI Gruppo Editoriale S.p.A. (GEDI), resulting in the transfer of control over that company.

There were no changes in the supply chains of CIR and its subsidiaries during 2019.

In addition, with reference to the perimeter of the data reported in this document:

- the economic-financial data and related Economic Value calculation coincide with the information reported in the 2019 consolidated financial statements of the CIR group;
- the personnel information and data refer to: CIR S.p.A., CIR Investimenti S.p.A., CIR International S.A., KOS, Sogefi and GEDI Gruppo Editoriale;
- the environmental data concern CIR S.p.A., CIR Investimenti S.p.A., KOS, Sogefi and GEDI Gruppo Editoriale.

The information on climate change relates to the CIR group, in terms of how the material topics contained in the “environmental responsibility” macro category and related risks are managed. Having regard for its operating activities, business model and recent corporate transactions, the group will make every effort in future reporting years to supplement its disclosures with analyses of its impacts on and the effects of climate change, having regard for changes in the related regulations.

Any further scope limitations are indicated appropriately in the text.

Unless stated otherwise, the data and information contained in this document relate to 2019. Where available, comparisons with 2017 and 2018 are provided so that trends in the activities of the group can be identified over time. In addition, information relating to prior years that still applies at 31 December 2019 has been included in this document.

The text expressly identifies the 2017 data that has been restated for comparability with 2018, following alignment with the new methodology required by the GRI standards (from the 2018 NFS). See the 2017 consolidated Non-Financial Statement for the 2017 data calculated using the old methodology.

Estimated data is identified appropriately in the text, in order to present performance properly and ensure the reliability of data. Estimates are based on the best information available, or on sample checks.

The consolidated Non-Financial Statement is published annually. The previous NFS was published on 4 April 2019.

This NFS was approved by the Board of Directors of the CIR group on 9 March 2020.

This document was the subject of a limited assurance engagement carried out by KPMG S.p.A. (in accordance with the criteria envisaged in standard ISAE 3000 Revised). The work was carried out in accordance with the procedures described in the “Independent auditors' Report”, which is included in this document.

The NFS is also available on CIR's website ([www.cirgroup.it](http://www.cirgroup.it)) in the “Sustainability” section.

For further information about the corporate social responsibility policies adopted by the group, or clarification about the information presented in this consolidated Non-Financial Statement, please write to the Press Office of the group, which also addresses social responsibility matters: [infostampa@cirgroup.com](mailto:infostampa@cirgroup.com)



## The CIR group in 2019



FOUNDED IN 1976



3 CORE BUSINESSES



€ 121.7 mn / NET LOSS



€ 781.6 mn / EQUITY



€ 292.6 mn / EBITDA



€ 1,104.1 mn / NET FINANCIAL INDEBTEDNESS



### ECONOMIC RESPONSIBILITY

€ 2,114.4 mn / REVENUE

ECONOMIC VALUE DISTRIBUTED (€ 1,778.4 mn)

ECONOMIC VALUE DISTRIBUTED TO PERSONNEL (€ 556.6 mn)



### CUSTOMER-RELATED RESPONSIBILITY

APPROXIMATELY 1,150 SERVICE QUALITY QUESTIONNAIRES FILLED IN BY PATIENTS OF THE KOS FACILITIES AND THEIR FAMILIES

+7% SOGEFI PATENTS (277)



### PERSONNEL-RELATED RESPONSIBILITY

+3% EMPLOYEES (16,881)

+6% FEMALE EMPLOYEES (8,595)



### COMMUNITY-RELATED RESPONSIBILITY

66,000 PARTICIPANTS IN THE 2019 DEEJAY TEN RACES



### ENVIRONMENTAL RESPONSIBILITY

-7% WASTE PRODUCED, -22% HAZARDOUS WASTE PRODUCED

-4% DIRECT EMISSIONS (SCOPE 1), -8% INDIRECT EMISSIONS (SCOPE 2) MARKET-BASED

*The percentage changes are with respect to 2018*

## 1. Group, governance and sustainability

### 1.1 CIR: an industrial group with more than 40 years of history

The CIR group is headed by CIR-Compagnie Industriali Riunite S.p.A., founded in 1976 and listed on the Milan Stock Exchange (FTSE/Mid Cap) and is an Italian industrial group mainly active in three sectors:



healthcare (long-term care, diagnostics and cancer treatment, hospital management) via the KOS group;

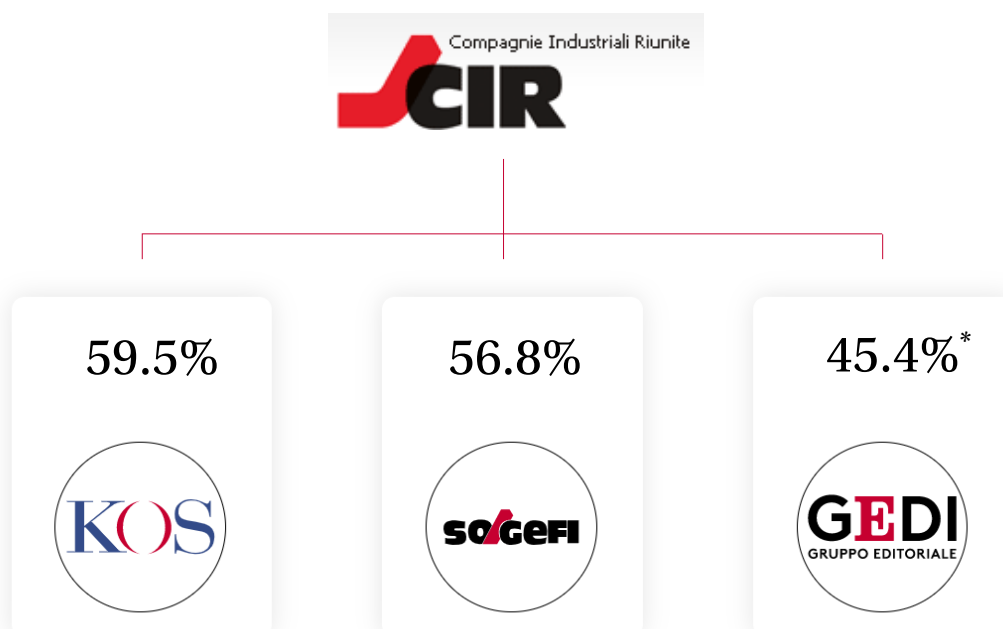


automotive components (suspensions, filtration and air and cooling) via the Sogefi group;



media (national and local press, radio, advertising and internet) via GEDI Gruppo Editoriale;

#### *Main equity investments of the CIR group at 31 December 2019<sup>2</sup>*



\* equity investment sold in December 2019

The group has other assets mainly in real estate, private equity funds, non-performing loans and non-strategic investments, for a value of approximately € 80 million.

<sup>2</sup> Percentage calculated net of treasury shares.

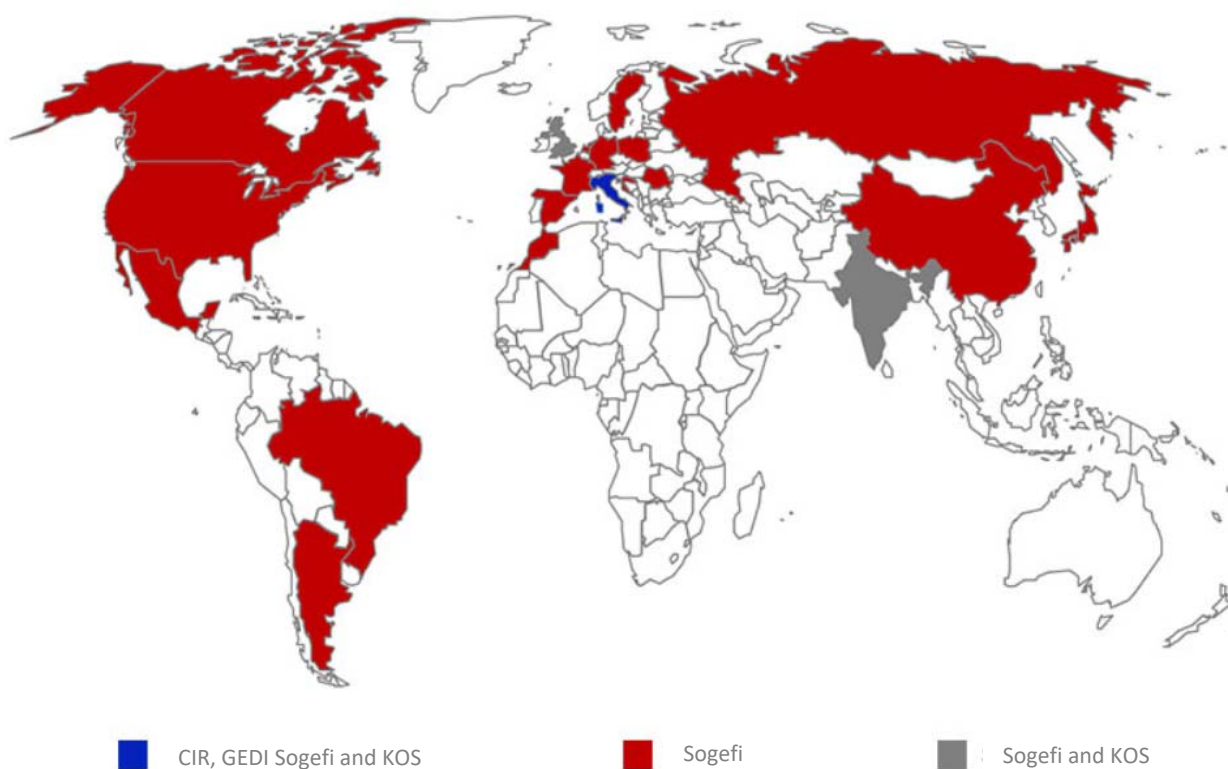
## Geographical presence

The **CIR** group, with headquarters in Milan, operates in four continents: Europe, America, Asia and Africa. The group has deep roots in Italy and has a growing international presence, especially in the automotive components sector.

In the healthcare sector, **KOS** operates mainly in Northern and Central Italy. The company is active in 11 regions: Lombardy, Marche, Piedmont, Veneto, Liguria, Trentino-Alto Adige, Friuli Venezia-Giulia, Tuscany, Emilia-Romagna, Lazio and Campania. At the same time, KOS has pursued international development for several years, via cancer treatment initiatives in the United Kingdom and India. In particular, KOS opened its first rehabilitation centre in India in 2016, together with a local operator.

Sogefi is the most international company in the group, with 40 production plants, 4 research centres and 10 development centres located in 20<sup>3</sup> countries. There are industrial facilities in Italy, France, Germany, the United Kingdom, the Netherlands, Romania, Spain, Slovenia, the United States, Canada, Mexico, Brazil, Argentina, India, China and Morocco.

Lastly, GEDI Gruppo Editoriale is the only business that operates solely in the domestic market. The company, based in Rome, has a strong grassroots presence with numerous editorial offices in many regions.

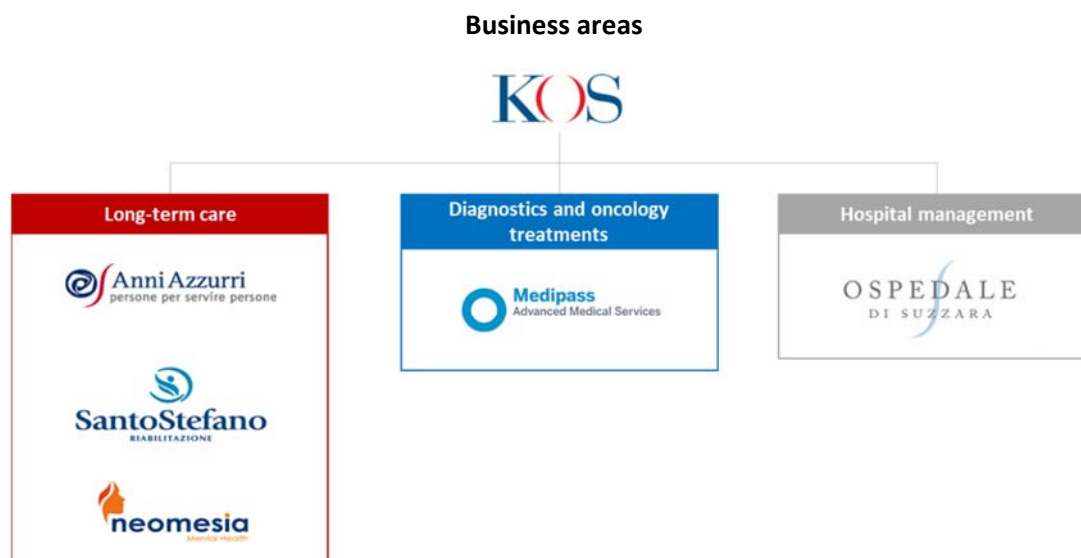


<sup>3</sup> The global presence of Sogefi (including sales activities) is considered.

## Healthcare

KOS is a leading Italian operator in the health and social care sector. The group operates through dedicated companies in three specific areas of activity: long-term care, diagnostics and cancer treatment and hospital management. KOS Care, with its Santo Stefano Riabilitazione, Neomesia and Anni Azzurri brands, manages functional rehabilitation centres, psychiatric clinics, outpatient rehabilitation centres, residential health and social care for both self-sufficient and not self-sufficient elderly, and for people with disabilities, including psychiatric disabilities. Through the company Medipass, KOS designs, implements and manages advanced, high technology services for diagnostic imaging and for cancer diagnosis and treatment, in collaboration and synergy with public and private hospitals and healthcare facilities. The company currently manages 89 facilities in 11 Italian regions, with a total of 8,406 beds, 25 outpatient clinics for diagnosis and rehabilitation, and 31 services in Italy and abroad for cancer diagnosis and treatment (14 in Italy, 14 in India and 3 in the UK).

During 2019, KOS acquired three facilities that provide rehabilitation and support services to the elderly and completed work on the start-up of two new care homes and a rehabilitation centre.



## Automotive components<sup>4</sup>

**Sogefi**, listed in the STAR segment of the Milan Stock Exchange, operates in the automotive components sector with three business units: Filtration, Suspensions and Air and Cooling. Present in four continents and 20 countries<sup>5</sup> with 54 locations, including 40 production plants, Sogefi partners with the most important global manufacturers of vehicles (cars and trucks), operating in the original equipment, original parts and independent spare parts markets. Specifically, Sogefi designs, develops and produces technological air and cooling systems for internal combustion engines and electric motors; filters for oil, petrol, diesel, engine-air and cabin compartment air supplies; coil springs for shock absorbers, anti-roll bars, torsion bars, stabilinks, leaf springs and belt tensioner units. Established in Italy with steady growth in Europe and the rest of the world, partly through acquisitions, Sogefi is now expanding strongly in non-European markets, in particular, North America, South America and Asia.

In 2019, Sogefi completed the sale of its Fraize plant in France and closed the Gravatai plant in Brazil.



<sup>4</sup> See the 2019 Non-Financial Statement of the Sogefi group, available on the website [www.sogefigroup.com](http://www.sogefigroup.com), for further information.

<sup>5</sup> The global presence of Sogefi is considered.

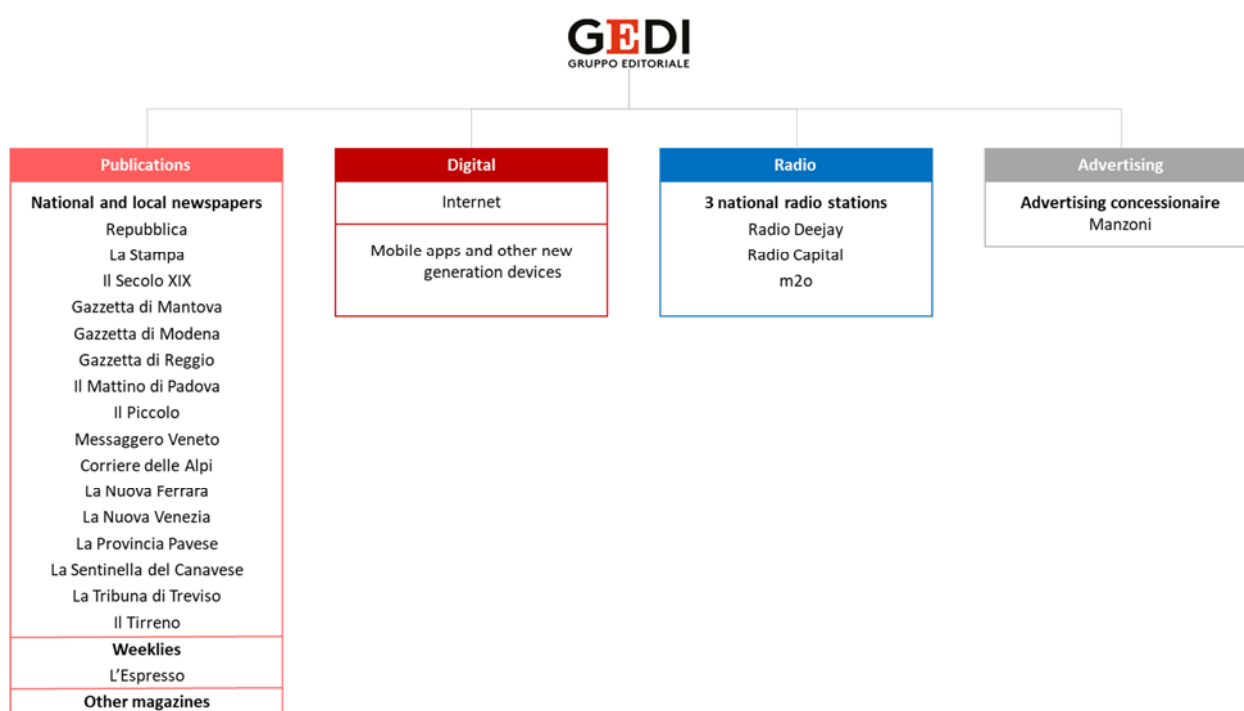
## Media<sup>6</sup>

**GEDI Gruppo Editoriale** is a leading Italian media operator, active in the communications field via daily newspapers and periodicals, radio, the internet and advertising. GEDI publishes “la Repubblica”, “La Stampa”, “Il Secolo XIX”, thirteen local newspapers, “L'Espresso” (a weekly magazine) and other periodicals. The group also operates three national radio stations: “Radio DeeJay”, “Radio Capital” and “m2o”. Additionally, GEDI operates in the internet segment and in the collection of advertising via A. Manzoni & C. S.p.A., a concessionaire, for the group media and third-party publishers.

Via its media, GEDI offers quality information, culture, opinions and entertainment on an independent, free and respectful basis.

GEDI was listed in the STAR segment of Borsa Italiana in November 2018.

### Business areas



<sup>6</sup> See the 2019 Non-Financial Statement of the GEDI group, available on the website [www.gedispa.it](http://www.gedispa.it), for further information.

## **Background and strategies**

In line with its mission as an industrial holding company that also provides services, CIR seeks to create long-term value for its shareholders and stakeholders.

The **CIR** group's strategy is based on three pillars:

- focus on the two major investments: **KOS** in healthcare and **Sogefi** in automotive components, over which management and coordination are exercised with rapid and effective decision-making processes;
- employ the available resources, giving priority to the development and strengthening of **KOS** and **Sogefi** by investing in those areas of activity with the greatest growth opportunities;
- manage the financial portfolio in a prudent manner and rationalising non-core investments, with the gradual divestment of non-significant shareholdings.

### **Healthcare**

**KOS** is the subsidiary with the greatest growth opportunities, as shown by current demographic and social trends.

Via its support, **CIR** provide the conditions for **KOS** to continue its organic and external growth, both in Italy and abroad, especially in the sector of long-term care (homes for the elderly, complex functional rehabilitation, psychiatric rehabilitation). The objective is to consolidate the role of **KOS** as a hub in the social and health care segment, also by leveraging the distinctive characteristics of the group. **KOS** has integrated numerous facilities in Italy in recent years, always adding value and reaching a size that not only delivers economies of scale, but also allows the sharing of local best practices, which accelerates value creation within the group.

As a long-stay leader in Italy, **KOS** will continue to grow in the areas of care homes (RSA) and functional and psychiatric rehabilitation, expanding further in Central-Northern Italy, where the group already has a consolidated presence, and in Central-Southern Italy, where investment has begun.

Following the acquisition of care homes for the elderly in Germany, **KOS** is now poised to develop in an additional market that is highly attractive in view of its size, demographic trends and low level of concentration, as well as its stability from a regulatory standpoint.

Both in Italy and internationally, the group plans to expand via organic growth, acquisitions and the opening of greenfield facilities in its principal sectors of activity: complex rehabilitation, where the expertise and excellence of the Santo Stefano brand can be employed to best advantage, and care homes.

In addition, Medipass will continue to grow in the areas of cancer treatment and high technology for hospitals, where the group is already active in the United Kingdom and India.

### **Automotive components**

CIR intends to ensure that Sogefi grows, strengthening the group and taking advantage of the new opportunities that emerge from the profound transformation of technologies and behaviours in progress, as shown by current trends in the automotive sector.

**Sogefi** will face major challenges in the coming years: from changes in strategy by customers, linked to such technological developments as electrification of the powertrain and autonomous driving, to customer demands for lower costs and fluctuations in commodity prices.

The **Sogefi** strategy, to develop high value-added technologies and products in partnership with outstanding vehicle manufacturers, is applied to all three business units: Suspensions, Filtration and Air and Cooling.

Above all, the group seeks a positioning among the leaders in the sector in terms of customer satisfaction, profitability, cash flow and sustainability. A challenge that requires high levels of quality and efficiency.

To achieve this objective, **Sogefi** intends firstly to complete its presence in all geographical areas strategic for the automotive sector, by maintaining the strong position held in Europe and expanding further in North America, China and India.

The group also aims to improve the competitiveness of both existing and new industrial plants and develop a product portfolio with targeted leadership positions.

**Sogefi** expects innovation and new technologies to lower vehicle weight and emissions, resulting in new opportunities in the electric powertrain field for the Air and Cooling division.

Sustainability is an integral part of the operational and strategic priorities of Sogefi, which focus on production processes and the development of products that make vehicles more sustainable in terms of their environmental performance.



## 1.2 Governance and risk management

The system of corporate governance adopted by CIR allows the strategic goals to be achieved, ensuring efficiency, effectiveness and correctness towards all stakeholders, as explained in the Report on Corporate Governance, to which reference is made for further details.

This system is based on the principles and criteria expressed in the Corporate Governance Code prepared by the Corporate Governance Committee of Borsa Italiana as from 1999 and amended subsequently. In application of the Corporate Governance Code, the following positions were created: the Executive Director responsible for the Internal Control System, the Lead Independent Director and the Committees that assist the Board of Directors.

The following corporate bodies form the system of governance adopted by CIR S.p.A.: the Board of Directors, the Board of Statutory Auditors, the internal Committees and the General Meeting of the Shareholders.

In order to ensure the transparency and balanced composition of the Board of directors and guarantee achievement of the objectives established for the efficiency of group transactions, the reliability of financial information, compliance with laws and regulations and the safeguarding of corporate assets, CIR S.p.A. has implemented three internal committees:

- The Appointments and compensation committee;
- The Control, risks and sustainability committee;
- The Related-party transactions committee.

The Board of Directors was appointed by the Shareholders' Meeting held on 28 April 2017 and will remain in office until the Shareholders' Meeting held to approve the financial statements at 31 December 2019. The directors, who may remain in office for no more than three years, are appointed at the Shareholders' Meeting and may be re-elected.

At the end of the year covered by this NFS, the Board of Directors consisted of eleven members: four women (36%) and seven men (64%). Independent directors have a majority on the Board (six) and their number and authoritative standing ensure that their opinions carry significant weight when making Board decisions, thus contributing to the adoption of balanced resolutions especially when potential conflicts of interest arise. Lastly, all members of the Board of Directors in office at 31 December 2019 are over 50 years of age.

**Composition of the Board of Directors of CIR S.p.A. at 31 December 2019**

Name	Position	Executive	Non-executive	Independent <sup>7</sup>
Rodolfo De Benedetti	<i>Chairman</i>	✓		
Monica Mondardini	<i>Chief Executive Officer</i>	✓		
Philippe Bertherat	<i>Director</i>		✓	✓
Maristella Botticini	<i>Director</i>		✓	✓
Edoardo De Benedetti	<i>Director</i>		✓	
Franco De Benedetti	<i>Director</i>		✓	
Marco De Benedetti	<i>Director</i>		✓	
Silvia Giannini	<i>Director</i>		✓	✓
Francesca Pasinelli	<i>Director</i>		✓	✓
Claudio Recchi	<i>Director</i>		✓	✓
Guido Tabellini	<i>Director</i>		✓	✓

The Board of Directors of CIR comprises members with diverse professional experience (academic, entrepreneurial, managerial). The Board has for years been characterized by its intensive work. It routinely meets during the year more than the four times required to examine the quarterly results.

Lastly, based on preparatory work carried out by the Appointments and Compensation Committee, the Board of Directors of CIR has approved a succession plan for the executive directors. This plan clearly defines objectives for the process, identifying the related tools and timing, and envisages the involvement of the Board of Directors and a clear allocation of duties, starting from the preparatory analytical work.

<sup>7</sup> Independence: Corporate Governance Code and CFA.

### ***Risk management system***

The internal control and risk management system comprises a set of rules, controls and organisational structures that, starting from suitable identification and measurement of the risks faced by group companies and their businesses, ensures they are managed and monitored in an effective and timely manner. The Board of Directors of CIR S.p.A. has strengthened its governance model, defining an internal control and risk management system that identifies a set of rules for the healthy and proper management of the business, consistent with the established objectives and the interests of all stakeholders.

In the context of this system and in line with the Corporate Governance Code issued by Borsa Italiana and adopted by the group, as well as with the domestic and international best practices recognised in the market, CIR has adopted and implemented since 2012 a structured and formalised ERM (Enterprise Risk Management) process for the analysis and informed assessment of risks that might impede achievement of its strategic objectives. This process also facilitates the definition of appropriate tools to prevent, manage and mitigate the more significant risks, which fall into four categories.

#### ***Risk areas faced by the CIR group***



The **CIR** group is of course exposed to the risks affecting each member company. Their approaches to the management of these risks are described below.

For **KOS**, the prevention and management of risk is not solely a regulatory requirement, but also an indicator of the quality of its activities, guaranteeing patients and collaborators in the interests of the business. KOS adopts an ERM model that is updated periodically by risk management to reflect the growth of the group and the related internal organisational changes, assessing the potential risks faced by each area of activity. Impact and probability of occurrence are assessed for each risk, considering the effects of the preventive actions put in place in order to determine the residual risk. Where possible, the impact of adverse events is evaluated using quantitative criteria.

**Sogefi** also implements its own ERM model worldwide. Consistent with the best practices for corporate governance and risk management, Sogefi established a new function led by a Group Chief Risk Officer in January 2019. Dedicated to risk management, this function is therefore separate from the internal audit function that, until the end of 2018, was also responsible for risk management activities. This decision confirms the growing commitment made to ensure the effective implementation of an integrated internal control and risk management system. At the same time, Sogefi embarked on a process to enhance the

traditional approach to risk assessment, by designing and implementing a more structured risk management system consistent with the latest best practices in the sector. The ERM framework was updated to strengthen and further customise the model, considering the needs of a group that is expanding, while maintaining continuity with the work carried out in the past. The results are documented in the ERM Group Policy approved by the Board of Directors, which describes the approach and principles that underpin construction of the framework. The ERM process is guided and supervised by the Board of Directors which, in addition to defining the principal guidelines, requires direct and regular involvement by top and senior group management, following a top-down approach.

Lastly, as stated in the Report on corporate governance and the ownership structure, the internal control and risk management system adopted by **GEDI** is based on the general principles and guidelines approved by the Board of Directors. The risk manager works closely with the process managers and the internal audit manager, carrying out a complete review and monitoring constantly the risks to be addressed and any changes in scope during the year, in both organisational and corporate terms. This work follows the guidelines for the "ERM - Enterprise Risk Management" framework. In substance, the risk manager maps the business processes every year in order to identify any internal and external risks; measures these risks in terms of probability, impact and effect on the various areas concerned; analyses any mitigating factors and determines the residual risks; lastly, it presents the results of this work to the Control and Risks Committee for examination and preliminary discussion, prior to their presentation to the Board of Directors.

### **Sustainability risks**

As part of the constant monitoring of risk, CIR examines its ERM matrix regularly with reference to the sustainability factors identified by best practice. This work identifies specific sustainability factors that are addressed in the matrix, thus providing a more complete view of the risks already identified and, consequently, enhancing identification and assessment of the necessary mitigating actions.

In addition to the risks identified in the consolidated Annual Report and Financial Statements with regard to the topics referred to in articles 3 and 4 of Legislative Decree 254/2016, the group has also identified the main sustainability risks. The various types of risk are described below, together with their main impacts in terms of sustainability and the actions taken by the group to reduce the probability of their occurrence, as well as their effects.

The information available about climate change is reflected in the approach taken by the group towards environmental matters and the related risks. In future reports, the group will strive to supplement the analysis - and, therefore, the related disclosures - regarding its impacts on and the effects of climate change, having regard for changes in the related regulations.

### ***Risk of infringing anti-corruption laws***

The group is aware of the possible consequences of such infringement on its business and reputation, should it be involved in cases of corruption.

In terms of ethics and compliance, this risk is associated with possible breaches of the regulations in force in the countries in which the group companies operate, with particular reference to active and passive corruption. For this reason, the group companies make every effort to prevent every type of bribery, corruption or extortion. In this regard, CIR and its first-level subsidiaries subject to Italian law, as well as its

main indirectly controlled investees, have adopted an Organisation, Management and Control Model, in accordance with the requirements of Legislative Decree no. 231/2001, to ensure adequate management and mitigation of active corruption risks. In addition, to avoid the risk of control system inadequacies when it comes to conflicts of interest (related parties) and constantly improve supervision in this area, **Sogefi** and **GEDI** have adopted a specific procedure for the management of related-party transactions.

Both companies have confirmed this commitment by approving and adopting an internal whistle-blowing procedure that defines operating instructions for reporting, anonymously, any actual or suspected infringements of the Code of Ethics or any other internal procedure/regulation. Lastly, **Sogefi** embarked on a compliance project in 2019, in order to revise and strengthen the anti-corruption model adopted. This work, which is still in progress, will ensure that the group complies with the requirements of current legislation, including Legislative Decree no. 254/2016, Legislative Decree no. 231/2001 and the French Law Sapin II<sup>8</sup>.

All companies have adopted a Code of Ethics that recognises, as fundamental principle, the requirement to comply with the laws and regulations in force in every country in which they operate.

In addition, all group companies provide their employees with periodic information and training on anti-corruption matters. This strengthens group culture and gives them instructions to follow in order to identify and report internally any events that might be attributable to corrupt practices. Specifically, **KOS** notifies its anti-corruption policies to all members of the Board of Directors and to senior managers within the group. All communications and changes are sent to personnel (and business partners) by e-mail or posted on notice boards; furthermore, if deemed appropriate, the group internal audit function holds sessions to discuss the information provided in greater detail. In line with the project mentioned earlier and with the objective of strengthening group awareness about anti-corruption requirements, **Sogefi** notified all employees during 2019 about the applicable policies and procedures embodied, in particular, in the Code of Ethics. However, no specific training on the Code of Ethics was provided to employees in 2019. This Code is provided to business partners before initiating the relationships. Lastly, **GEDI** provides general training programmes to employees on cross-functional matters related to the 231 Model, as well as specific training for personnel active in specific risk areas, the supervisory board and those responsible for implementing internal controls. The publishing group promotes awareness about and compliance with the 231 Model among its advisors, collaborators, contractors and their employees, as well as the freelance workers active within the group, customers and suppliers.

Turning to **KOS**, the mapping addressed the risks associated with its routine operations, not only in terms of compliance with Decree 231/01, but also with regional requirements for the authorisation and accreditation of its healthcare facilities. Claims management is an activity specific to the sector in which KOS operates, given the requests for compensation sometimes presented by patients or their family members. Taking this aspect very seriously, KOS has centralised the management of these claims so that the situation can be assessed promptly and, where appropriate, proper compensation given for any losses suffered. Claims Evaluation Committees have been established on a multi-disciplinary basis in order to evaluate the work of the professionals and the substance of the objections raised, in accordance with Law no. 24/2017 (Gelli Law). It should be noted that the number of claims is low considering the size of the group.

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<sup>8</sup> See the 2019 Non-Financial Report of the Sogefi group, which is available at the website [www.sogefigroup.com](http://www.sogefigroup.com), for further information about this compliance project.

### ***Social risks and risks linked to human rights***

The risks linked to respect for human rights are significant, not least considering the type and location of the activities carried out by the group companies and the suppliers with which they work. The risk derives from potential failure to comply with the UN's Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Given the importance of this topic, the Codes of Ethics adopted by CIR group companies identify respect for human rights among the fundamental principles to be followed when carrying out their businesses.

As an example, **KOS** strives to support, respect and safeguard the dignity, liberty and equality of human beings and their health and safety at work. Specifically, KOS has defined various internal procedures to be followed, in order to ensure true and complete information about the healthcare protocols adopted for treatments and the services provided.

Seeking to protect the human rights potentially affected by internal operations and activities within the supply chain, **Sogefi** has adopted an essential Human Rights Policy that must be respected throughout the group and by the entire supply chain. This document identifies the fundamental principles that must be followed in all operations and business decisions, ensuring that respect for human rights is a prerequisite for the operations of Sogefi and its business units. In particular, considering the global presence of **Sogefi** and the large number of activities carried out locally by subsidiaries, there is a risk that their suppliers might fail to comply with group standards or match its commercial integrity. The purpose of the Code of Business Conduct adopted by **Sogefi** is to promote and share the ethical standards of the group throughout the entire supply chain. This Code, which must be accepted by all suppliers and third parties that collaborate with the group, helps **Sogefi** to build and maintain solid relations with its suppliers. In this way, assurance is obtained that purchased materials and components meet the required quality standards, thus reducing the risks associated with the use of non-sustainable suppliers. Respect for human rights is guaranteed at the same time, along with environmental protection, the protection of occupational health and safety and the fight against corruption.

For **GEDI**, respect for human rights is core to the activities of the group; this principally translates into the existence of suitable working conditions for employees, freedom of expression, non-discrimination and the protection of health and safety.

### ***Personnel-related risks***

The potential risks in relation with the **management of human resources** mainly refer to the development, professional growth and health and safety of personnel. The group companies therefore strive to provide a working environment in which the physical and cultural integrity of the individual is of fundamental importance. To this end, training sessions are held to share and consolidate a culture of safety and promote responsible behaviour of all employees and collaborators.

As an investment holding company exposed to limited risks, **CIR** nevertheless seeks to monitor in an adequate manner any health and safety risks to which employees may be exposed, as well as to implement suitable training and career development programmes.

Human resources play a central role for **KOS**. In addition to guaranteeing professional growth and development, the group strives to comply with the safety regulations, prepare and communicate related procedures and guidelines, and promote employee participation in the risk prevention process.

These principles are also shared by **Sogefi**, which has further demonstrated its commitment by defining a Health and Safety Policy that establishes the key health and safety standards to be followed by all subsidiaries. Additionally, via the Sogefi Excellence System, the health and safety departments within each business unit monitor periodically a set of KPIs in order to ensure full compliance with the health and safety standards adopted by the group. Lastly, Sogefi has implemented a Safety Management System that is structured and certified in accordance with the OHSAS 18001:2007 standards. This certification guarantees the adoption and implementation of best practices in the health and safety area, via the use of a structured and effective management system. At December 2019, 18% of sites are certified<sup>9</sup>. In addition, the group follows clear and transparent selection processes and uses an annual performance evaluation system, guided by the HR function and based on shared objectives, that can be measured numerically, economically, financially, qualitatively and individually.

The Code of Ethics adopted by **GEDI** recognises the central importance of human resources and the need to establish and maintain relations based on fairness and mutual trust. The main risks identified include inadequacy or non-compliance with the occupational health and safety regulations, especially with regard to training and the equipment provided. In order to mitigate this risk, **GEDI** has developed specific action plans designed to monitor regularly both the training and health of personnel. Additionally, following a market contraction, the corporate and organisational restructuring and the downsizing of employment, there is a risk of increased strife between the group and the trade unions active in the sector; accordingly, **GEDI** has taken concrete action to plan and manage its human resources, including the introduction of solidarity programmes and welfare policies.

#### ***IT security and privacy risks***

**Sogefi** also faces the risks associated with fraudulent or unauthorised access to its IT systems by third parties, which may result in the loss or breach of sensitive and confidential data, with adverse financial consequences and an impact on the reputation of the group. In 2019, for example, certain phishing attacks jeopardised information security, but adverse consequences were avoided following timely identification by the security team. With a view to minimising these risks, the Chief Information Officer (CIO) is guiding the implementation and/or update of adequate technical and operational measures designed to guarantee high levels of protection for the group's IT infrastructure.

Aware of these issues, **KOS** has appointed a Data Protection Officer (DPO) and has implemented a series of initiatives to align security levels with those envisaged in the new Regulation.

Considering the nature of **GEDI's** business and its geographical positioning, the risks concern possible failures to comply with the regulations governing privacy, the processing of personal data, advertising and intellectual property rights. In order to address these issues, **GEDI** has appointed a Data Protection Officer (DPO) and has established actions and plans to monitor constantly the regulations and relevant jurisprudence, prepared guidelines on the subject and developed ad hoc training for its personnel. As an investment holding company exposed to limited risks, **CIR** has nevertheless appointed a DPO.

#### ***Environmental risks***

Care for the environment is a shared and essential value for the group, helping to guide the strategic and operational decisions made. With regard to the environmental risks, the group must ensure that all activities

<sup>9</sup> The calculation covers 40 production plants, excluding Fraize (sold in April 2019), Gravatai (closed in October 2019) and Saint-Soupplets (which mainly makes prototypes). Bangalore is treated as two separate units.

respect the environment and public health, in compliance with the related domestic and international directives. For this reason, **CIR** and the other group companies strive to contribute constructively to the environmental sustainability of all their activities, ensuring that their strategies and operations are founded on the principles of sustainable development. In fact, the Codes of Ethics of all group companies document their commitment to share a corporate culture that respects the environment.

**KOS** identifies non-compliance with the relevant domestic and international directives as a potential environmental risk and, accordingly, its Code of Ethics emphasises the commitment made to ensure the environmental sustainability of all group activities. The strategies and operations of group companies embody the principles of sustainable development, paying constant attention to their compliance with current regulations.

Given the nature of its business, **Sogefi** may be exposed to such environmental risks as the excessive use of energy derived from non-renewable sources, the emission of greenhouse gases into the atmosphere, the improper disposal of waste and hazardous substances with an adverse impact on the soil and sub-soil, the inappropriate management of water resources and non-compliance with current rules and regulations. For this reason and to formalise its commitment in this subject, Sogefi has approved an Environmental Policy under which the strategic objectives of the group are pursued with due regard for the resources and best technologies available, in order to improve its environmental performance steadily. In addition, Sogefi has adopted its own environmental management system in order to control possible risks and the related environmental consequences. At December 2019, 93%<sup>10</sup> of sites are certified ISO 14001:2015.

After identifying the risk of failure to comply with the environmental regulations, **GEDI** mitigates this risk with a dedicated internal organisation and by recourse to competent external companies that carry out annual audits at the printing centres and assess the need for specific action.

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<sup>10</sup> The calculation covers 40 production plants, excluding Fraize (sold in April 2019), Gravatai (closed in October 2019) and Saint-Soupplets (which mainly makes prototypes). Bangalore is treated as two separate units.



### 1.3 Ethics, integrity and anti-corruption

**CIR** intends to maintain and develop a relationship of trust with its stakeholders, seeking the best balance for the interests involved, in compliance with all laws and the principles of honesty, impartiality, reliability, fairness, correctness, transparency and good faith.

For this reason, **CIR** and its subsidiaries have prepared a Code of Ethics, being a set of ethical-behavioural rules that define, clearly and transparently, the values adopted by the group for the achievement of its objectives. Compliance with the Code of Ethics is essential for the proper functioning, reliability, reputation and image of the group, which provide the foundations for its success and development, both now and in the future. Accordingly, the principles and instructions contained in the Code of Ethics are binding on the directors, employees and all those who work with the group on a contractual basis<sup>11</sup>.

The group has made a formal commitment to promote employee awareness of the contents of the Code of Ethics and the corporate procedures that apply to them. In particular, when hired, they are given the Code of Ethics and information about the relevant parts of the 231 Model. Similar information is provided to all collaborators, suppliers and customers.

In addition, the group promotes respect for the physical and cultural integrity and well-being of individuals, guaranteeing employment conditions that are respectful of their personal dignity and safe working environments. The group does not tolerate requests or threats intended to induce action against the law or the Code of Ethics, or behaviour contrary to individual beliefs and moral or personal preferences. The group also supports and respects the rights of individuals in accordance with the UN Universal Declaration of Human Rights.

#### ***Public policies and fundings***

In carrying out its activities, the group does not receive any of the sector grants or public fundings made available at national or European level.

In the healthcare sector, **KOS** provides patient services in accredited facilities and is paid by the National Health Service via the regional health authorities. The group signs annual contracts with the local health authorities (ASL) that establish budgets for the work to be performed and govern how payments are made.

During 2019, **GEDI** did not receive any subsidies from the Public Administration, as defined in article 1, paragraph 125, of Law no. 124 of 4 August 2017, which was amended by article 35 of Law Decree no. 34/2019, or from associations equivalent to the PA, and did not make grants of any kind to political parties or politicians. Similarly, during the year, the group did not receive any subsidies from the Public Administration or equivalent associations and did not make grants of any kind to political parties or politicians.

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<sup>11</sup> CIR's Code of Ethics is available on the website [www.cirgroup.it](http://www.cirgroup.it), in the Governance section.

### ***The 231 Model and anti-corruption matters***

In order to ensure that the business is carried out in a proper and transparent manner and to prevent the crimes envisaged in Legislative Decree no. 231/2001, **CIR S.p.A.** has adopted an "Organisation, Management and Control Model" that is checked periodically for adequacy and, when necessary, updated in order to guarantee its constant alignment with both regulatory and organisational changes<sup>12</sup>.

At the meeting held on 29 October 2018, the Board of Directors approved the latest version of the Organisation, Management and Control Model adopted by the company, following appropriate updates made to reflect the results of the self-assessment carried out at the end of 2016, as well as the latest regulatory changes. Apart from the additions to the catalogue of predicate crimes in the General Part in 2106, the 231 Model is now organised by "process" rather than, as previously, by type of crime. This makes the new Model easier to use by recipients and therefore more effective in its implementation. The Supervisory Board of CIR, comprising two external members and the internal audit manager appointed by the company, is responsible for monitoring the functioning of, compliance with and constant update of the Model.

The Italian group companies have adopted their own 231 Models, which establish clear rules of conduct, control guidelines and measures to protect occupational health and safety, as part of ever increasing transparency in the conduct of their businesses. Foreign group companies apply the Codes of Ethics of the companies to which they belong.

### ***Fight against corruption in the CIR group***

The **CIR** group gives great importance to the prevention of and the fight against active and passive corruption, striving to prevent all types of corruption and extortion and combat any malfeasance carried out by group companies or their employees.

The effectiveness of the controls is founded on the full knowledge and awareness of employees about the policies and procedures established by the group. For this purpose, the anti-corruption policies are specified in the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/01 and referenced to in the Code of Ethics. All group employees and all actors who, in various ways, collaborate with group companies are strongly encouraged to recognise and accept the principles embodied in the Code of Ethics. For this reason, the **CIR** group made a special effort to share these principles during 2019. Both the 231 Model and the Code of Ethics are published on the website and made available to all employees and service providers. **KOS** also distributes the procedures to the personnel concerned by e-mail.

In 2019, the business partners of **Sogefi** were updated about anti-corruption matters, while **KOS** added specific commitments to comply with the Code of Ethics to its contracts with service providers, freelance professionals and advisors. The contracts with freelance healthcare professionals also include commitments to comply with the 231 Model, which details among other matters the policies adopted for the prevention of corruption. This clause is also included in the contracts signed by **CIR**, which envisage possible termination for failure to comply with the Code of Ethics. Each year, the internal audit function checks for the presence of the clause in the various contracts examined.

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<sup>12</sup> The 231 Model can be found on the website [www.cirgroup.it](http://www.cirgroup.it) in the section on Governance/governance systems.

The Board of Directors of the **CIR** group did not receive any specific training on anti-corruption matters during 2019. The Chairman and Chief Executive Officer of **KOS** receive all communications and information about anti-corruption matters.

In line with the project described above and in order to strengthen group awareness about the anti-corruption requirements, during 2019 **Sogefi** informed all employees about the applicable policies and procedures, making particular reference to the Code of Ethics.

The employees of **CIR** and **Sogefi** did not receive any specific training on anti-corruption matters during 2019. By contrast, 71% of the executives and 2% of the white-collars of **KOS** received refresher classroom training during 2019 on matters relating to Legislative Decree no. 231/01. With regard to **GEDI**, the classroom training delivered on anti-corruption matters during 2019 by professional category is as follows: executives, 50%; white collars, 11%. No **KOS** operators or **GEDI** journalists or blue-collars received any specific training on anti-corruption matters during 2019.

### ***Codes, principles and trade associations***

**CIR** S.p.A. has adopted a Code of Conduct that contains a description of the main duties and functions of the corporate bodies and the internal control and risk management system. These duties and functions are described in a single document that also contains specific reference to the framework of applicable rules: the laws, regulations, statutory requirements and principles embodied in the Corporate Governance Code issued by Borsa Italiana, which **CIR** has adopted.

**CIR** is a member of various trade associations, considering that participation provides an important opportunity for useful discussion, dialogue and collaboration that can benefit all stakeholders. Among others, **CIR** is a member of the following associations: Assonime (Association of Italian limited liability companies), European Issuers (representing the interests of European listed companies) and ERT (European Round Table of Industrialists).

Considering the different areas of activity of the **CIR** group companies, each operates in compliance with codes and principles specific to their sectors and belongs to various trade associations.

**KOS** has adopted a Code of Ethics, containing the set of principles recognised, accepted and agreed at all levels within the organisation for the past several years. The Code is binding for everyone who works for the group. Correctness, transparency and professionalism are the key values and principles that guide their conduct. Non-compliance may expose personnel to disciplinary measures and result in the termination of contracts with external parties. Compliance with the principles is facilitated by various tools and methods of support, including: team meetings, listening and mutual-help groups, performance assessments and human resource appraisals. In addition, an e-mail address is available to anyone wishing to report possible infringements, in the knowledge that the company will act with discretion and safeguard their position.

With a view to ensuring ethical conduct and compliance with the regulations, **KOS** carries out extensive operational checks on organisational and operational matters, as well as on healthcare and supporting activities. As a leading operator in Italian healthcare, the company considers that associations represent an important forum for meetings, discussions and exchanges between operators at national and international level. Specifically, the company is represented on the board of the Healthcare and Life Sciences group within Assolombarda and is a member of the leading trade associations in the social and health care sector, participating actively in the discussions panels organised by them. Additionally, Anni Azzurri (now **KOS Care**),

a subsidiary of KOS that provides residential and healthcare support for the elderly, is a founder member of AGeSPI (an association of providers of social and health care and post-intensive care services).

**Sogefi** also recognises the strategic importance of trade associations and is a member of various in the geographical areas where the group operates. In particular, the group is a member of ANFIA (national association of operators in the automotive supply chain), CLEPA (*European Association of Automotive Suppliers*) and the Turin and Brescia Industrial Associations. Sogefi is also a member of SAE (*Society of Automotive Engineers*) in the United States and of FIEV (*Fédération des Industries des Equipements pour Véhicules*) in France. Additionally, Sogefi is a member of VDI (*Verein Deutscher Ingenieure*) in Germany and ACMA (*Automotive Components Association of India*) and CII (*Confederation of Indian Industry*) in India. In Brazil, Sogefi is a member of SINDIPEÇAS (*Sindicato das Industrias de Autopeças*) and ABRASFILTROS (*Associação Brasileira de Filtros*). Sogefi is a member of GIES (*Grupo de Intercambio de Empresas del Sabinal*) in Mexico.

Lastly, during 2019, the Air and Cooling business unit of **Sogefi** joined the "*Groupement de la plasturgie Automobile*", which is a professional organisation representing plastics manufacturers involved in the design and production of components, modules and systems made from plastics and composites for the automotive industry. Membership to this association enables Sogefi to obtain information about trends, innovations, market problems and legislative developments.

**GEDI** is a member of the "Leading European Newspaper Alliance" (LENA), which was formed in March 2015 to develop suitable responses to the changes that are taking place in journalism. GEDI is also a member of FIEG (the Italian federation of newspaper publishers), whose objectives include freedom of information, the profitability of publishers, the development of the various means of communication as tools for the delivery of information and advertising, and the defence of the rights and morals and material interests of members.

## 1.4 Sustainability for the CIR group

The **CIR** group continued to work on sustainability during 2019, seeking to strike a balance between the various activities of group companies and their environmental, social and economic impacts on the territories and communities in which they operate.

Despite their diversity, the **CIR** group companies share an ambition to create value for all stakeholders and give great importance to economic equilibrium: offering quality products and services, while making operational decisions that are mindful of environmental and social sustainability. In substance, this approach is based on the development and maintenance of mutual trust between the group and its stakeholders, in order to reconcile all the interests involved and, at the same time, comply with all laws and the principles of honesty, impartiality, reliability, fairness, correctness, transparency and good faith. In this context, respect for and the protection of human life are paramount.

Aware of its social role, **KOS** has identified responsibility, customer orientation, professionalism, respect, transparency, sense of belonging, consistency and diversity as the values that underpin its activities. In this light, the company is engaged in an approach to social responsibility that involves adopting innovative ways to deliver services in an increasingly person-centric manner.

**Sogefi** has focused its approach to sustainability on the reduction of environmental impacts, preventing pollution and the use of hazardous materials, optimising the consumption of energy and other resources, facilitating the re-use and recycling of materials and reducing the production of waste, emissions and spillages, as well as on respect for human rights.

**GEDI** maintains an open dialogue with the numerous key stakeholders involved in its activities in various ways, making use of the various channels of communication available. GEDI has implemented a system of social reporting that involves all stakeholders, transparently, in the efforts made to inform citizen-readers, promote the social role of the company and community participation, and highlight the consideration given to human resources and the environmental impact of its activities.

### *Group stakeholders and their involvement*

When pursuing the various corporate objectives, it is fundamental to develop forms of dialogue and constant interaction with all internal and external stakeholders to understand and take into consideration their different needs, interests and expectations. In particular, in a dynamic and competitive environment that is subject to considerable change, to be able to foresee changes and identify new trends through discussions with the stakeholders allows CIR to constantly generate shared added value in the long term. When determining strategies, policies and daily behaviours in this regard, the group considers the interests of its stakeholders as part of steps to enhance trust founded on the principles of transparency, openness and listening.

Based on the characteristics of the group and its activities, *CIR* has mapped its stakeholders in detail, identifying their degree of influence and dependency, and analysing the importance they give to sustainability matters in their sectors and environments.

The categories of stakeholders (internal and external) considered significant by CIR are indicated below:

### ***CIR group stakeholders***



The approach adopted by the group to communicate with stakeholders is evolving continuously, with initiatives of various types that employ the many channels available in the best possible way.

The Press Office of **CIR**, which manages relations between the company and information providers/opinion leaders in the area of corporate communications, carried out numerous activities during 2019: 29 press releases were issued via Borsa Italiana; the main information agencies, including Ansa, Radiocor and Askanews, attended the Shareholders' Meeting of 29 April; Chairman Rodolfo De Benedetti gave an interview to BloombergTV and two interviews to Il Sole 24 Ore; news was published on the company's website and information was also sent to stakeholders through LinkedIn and Twitter. During 2019, two conference calls were organized by the Investor Relations Department with analysts and investors to illustrate results and strategies. The management also performed 1 road show for the financial community and 15 one-to-one meetings. Dialogue with the communities in which the group works is especially important: for example, numerous initiatives were organised in the healthcare and media sectors to share knowledge, guide, inform and entertain local communities<sup>13</sup>.

Each group company has carried out specific stakeholder engagement activities, resulting in discussions and dialogue with the stakeholders of greatest significance for their business<sup>14</sup>.

**KOS** works primarily for the community in the widest sense: collaboration with associations, relations with institutions, the Public Administration and suppliers, community involvement and projects together with universities and scientific companies are all integral to the activities of the company, with a view to sharing knowledge and best practices for the treatment of patients.

**Sogefi** believes it fundamental to develop various forms of dialogue and constant interaction with its stakeholders, in order to satisfy their needs, interests and expectations in the best possible way, and build a relationship of trust based on the principles of transparency, openness and listening. The company recognises the fundamental importance of supplier relationships and, to strength its territorial ties, gives preference to local operators in order to facilitate their development.

In the media field, **GEDI** maintains constant relations with its stakeholders in order to benefit from useful suggestions, especially for the better implementation of its sustainability strategy. For this purpose, GEDI

<sup>13</sup> Further information about the frequency of these initiatives can be found in the NFSs of each company, which are available on the websites [www.sogefigroup.com](http://www.sogefigroup.com) and [www.gedispa.it](http://www.gedispa.it).

<sup>14</sup> Further information about these stakeholder engagement activities can be found in the NFSs of each company, which are available on the websites [www.sogefigroup.com](http://www.sogefigroup.com) and [www.gedispa.it](http://www.gedispa.it).

strives daily to build trust with its stakeholders, founded on the principles of transparency, openness and listening. The approach used by the publishing group to communicate with stakeholders has evolved steadily over time, with various initiatives that employ the many channels available in the best possible way. As evidence of constant and in-depth stakeholder engagement, the Central External Relations Department responsible for managing relations between the group and information providers, mainly with regard to corporate communications and contacts with other group stakeholders, has carried out multiple initiatives. By mere and incomplete way of example, this involvement has included participation at conferences, periodic meetings and specific panels, user satisfaction surveys, customer feedback, focus groups, events, conventions etc.

### **Analysis of materiality**

Materiality is analysed to identify the topics of importance to the CIR group, being those with the greatest impact on the organisation in economic, environmental and social terms, and those with a significant influence on the assessments and decisions of stakeholders. CIR updated its analysis of materiality during 2019, in order to identify the sustainability factors of greatest importance for the group and its stakeholders. The materiality matrix for the **CIR** group combines the updated materiality matrices of the three companies comprising the group.

The **KOS** and **Sogefi** materiality analyses were updated by desk analysis in 2018. The objective was to identify any changes in their specific sectors caused by the group and the significance of the related sustainability aspects for their stakeholders. The analysis took into account various reports issued by competitors and the best practices implemented in the various sectors addressed by group companies, as well as major studies and publications and the matters referred to in Legislative Decree no. 254/2016. Following the analysis, the representatives of the principal business functions involved in preparing the NFS were asked to consider changes to the positioning of certain topics with respect to the previous matrix. In addition, the **Sogefi** materiality matrix was approved by the CEO of the group. Both matrices were subsequently confirmed, without changes with respect to 2018, for use in the 2019 Non-Financial Statement. In 2020, **Sogefi** plans to extend stakeholder involvement in the process of analysing materiality to include certain key counterparties, such as customers, suppliers and employees.

**GEDI** updated its analysis of topics significant to the group and its stakeholders in 2019. In order to do this, in line with prior periods, consideration was given first of all to relevant best practices in the publishing sector, important studies and publications and the matters referred to in Legislative Decree no. 254/2016. Specific internal workshop sessions were subsequently held, during which management expressed its assessments of the various topics and their importance for the group. Furthermore, in order to achieve ever greater stakeholder interaction, consistent with the "public" involvement organised in 2018, an internal stakeholder engagement activity was also arranged in order to gather perceptions about the sustainability topics of interest to the group. This work involved sending an ad hoc questionnaire to group employees who, by their responses, made a significant contribution to identifying the principal impacts of group activities on the various phases of the value chain. The material topics were essentially unchanged after the various analyses, confirming the outcome identified in the prior period. The results of the 2019 materiality analysis were presented to the Control and Risks Committee of GEDI S.p.A. on 13 December 2019.

The material topics for the **CIR** group and its stakeholders were selected following an analysis, coordinated by the parent company, of the results obtained for each company. While respecting their specific

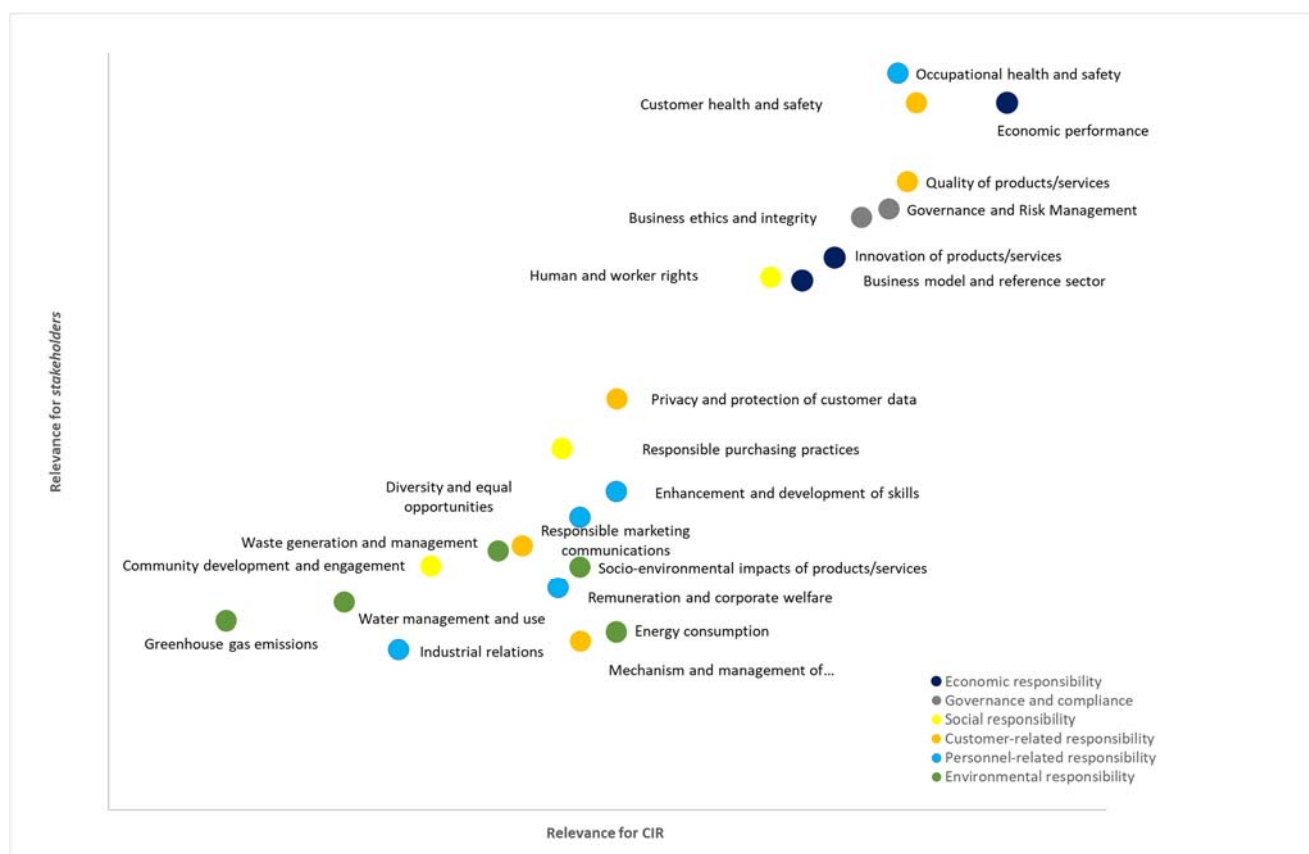


characteristics, these topics provide an overview of the economic, social and environmental impacts attributable to the activities of the entire group. The results of the analysis are presented in the materiality matrix of the **CIR** group. In line with prior years, this comprises six macro-areas: economic responsibility, governance and compliance responsibility, customer-related responsibility, personnel-related responsibility, social responsibility and environmental responsibility.

The 2019 materiality matrix was presented to the Control, Risks and Sustainability Committee.

The material topics provide a point of reference for the work presented in this NFS. The material topics identified, the GRI standards and the contents of Legislative Decree no. 254/2016 are reconciled in a table attached to this document. The table also provides information on the potential impact that material topics could have on the group and/or its stakeholders. Lastly, see the GRI Content Index for a list of the GRI standards considered and their positioning within this report.

### ***CIR group materiality matrix***



Summary comparison of the strategic business approach with the standpoint of stakeholders is an important way to define and develop the sustainability priorities of the CIR group and continue to generate agreed value added over the short, medium and long terms.



## 2. Economic responsibility

The economic data for 2019 were determined after applying IFRS 16<sup>15</sup>, which has resulted in changes to all key economic indicators. In addition, following the transaction announced on 2 December 2019<sup>16</sup>, the investment in **GEDI** has been classified among the "Assets held for sale" in accordance with IFRS 5<sup>17</sup>.

The 2019 consolidated results of **CIR** were affected by the loss recognised on the disposal of **GEDI** which, net of non-controlling interests, was € 136.7 million. This amount comprises the group interest in the 2019 net results of **GEDI**, which reflect impairment losses on goodwill and titles, and write-down of the carrying amount of the investment to the price agreed for its disposal to EXOR. Following this transaction, the investment in GEDI was classified among the "Assets held for sale" in accordance with IFRS 5.

Continuing operations made a profit of € 15.0 million; including GEDI, the group reported a loss of € 121.7 million.

In accordance with IFRS 5, the 2019 economic data presented below excludes **GEDI** except for the effects of its deconsolidation on the net loss and equity of the group. The group earned consolidated revenue of € 2,114.4 million, essentially in line with 2018, with **KOS** up 9.2% and **Sogefi** down 3.3%. Revenue generated abroad represents 71.1% of the total, given the international presence of **Sogefi**.

### *Consolidated results of the CIR group*

<i>(In millions of euro)</i>	<b>2018<sup>18</sup></b>	<b>2019</b>
<b>Revenue</b>	2,115.6	2,114.4
<b>Gross operating profit (EBITDA)</b>	259.0	292.6
<b>Profit (loss) for the year</b>	12.9	(121.7)
<b>Net financial indebtedness (31/12)</b>	297.1	(1,104.1)
<b>Equity (31/12)</b>	936.2	781.6

<sup>15</sup> IFRS 16 is being applied from 1 January 2019; put briefly, this means that all leases must be recognised in the statement of financial position as a right-of-use asset under assets and as a lease liability under liabilities, calculating their amount by discounting the future lease payments for the entire lease term. In addition to being reflected in the statement of financial position, application of this standard has an impact on the income statement as lease payments previously recognised as operating costs are now recognised partly as depreciation and partly as a finance expense. The annual report at 31 December 2019 has been prepared by applying IFRS 16 and its effects, where significant, are disclosed systematically in the 2019 consolidated financial statements of the CIR group.

<sup>16</sup> On 2 December 2019, CIR S.p.A. and EXOR N.V. signed a sale agreement for CIR's 43.78% investment in GEDI.

<sup>17</sup> See the 2019 consolidated financial statements of the CIR group for further information.

<sup>18</sup> The 2018 figure does not include the results for GEDI, which is classified among the "Assets held for sale" in accordance with IFRS 5.

Consolidated **gross operating profit** (EBITDA) was € 292.6 million (13.8% of revenue). Before the adoption of IFRS 16, EBITDA 2019 would have been € 240.9 million, down 7.0% compared with 2018 (€ 259.0 million), due to unfavourable conditions in the automotive market, where **Sogefi** operates, and to the significant non-recurring costs incurred on special transactions, including acquisition of the Charleston group by **KOS** and the **CIR/COFIDE** merger.

**Consolidated operating profit** (EBIT) was € 87.8 million (4.1% of revenue), compared with € 111.0 million in 2018, due to the factors mentioned above.

The consolidated 2019 **revenue** of **KOS**, € 595.2 million, was 9.2% higher than in 2018. Consolidated EBITDA amounted to € 141.3 million (€ 102.0 million excluding the effect of IFRS 16, in line with the prior year). The benefits deriving from the new acquisitions, Charleston in particular, will already be visible in 2020 and will become fully evident over the next three years.

In the automotive components sector, hit by a 5.8% contraction in the production of vehicles, **Sogefi** reported 2019 revenue of € 1,519.2 million (down by 3.3% compared with 2018) as group volumes showed resilience despite the market downturn. EBIT was € 39.6 million, compared with € 60.1 million in the previous year (adjusted for non-recurring profits, EBIT was € 43 million, compared with € 53.5 million in 2018). Profit for the year was € 3.2 million, compared with € 14.0 million in 2018<sup>19</sup>.

At 31 December 2019, **consolidated net financial indebtedness** before IFRS 16 amounts to € 304.0 million, an increase of € 110.1 million from € 193.9 million at 31 December 2018.

The **net financial position** of the parent and its non-industrial subsidiaries at 31 December 2019 was positive for € 319.8 million, more or less in line with the figure at 31 December 2018 (€ 325.5 million).

**Equity attributable to the owners of the parent** at 31 December 2019 was € 781.6 million compared with € 936.2 million at 31 December 2018 and the decrease is due to the loss recorded on GEDI (- € 136.7 million), the distribution of dividends and the purchase of treasury shares for a total of € 48.3 million.

The **total capitalisation** of the group amounts to € 2,894 million, comprising € 1,128 million in total equity and € 1,766 million in total non-current liabilities. The stockmarket capitalisation of CIR at 30 December 2019 was € 866 million.

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<sup>19</sup> See the 2019 consolidated financial statements of the Sogefi group for further information about the economic performance of Sogefi.

**Revenue by segment**

<b>(in millions of euro)</b>	<b>2018<sup>20</sup></b>	<b>%</b>	<b>2019</b>	<b>%</b>
<b>Healthcare</b> – KOS group	544.9	25.8	595.2	28.1
<b>Automotive components</b> –Sogefi group	1,570.7 <sup>21</sup>	74.2	1,519.2	71.9
<b>Media</b> – GEDI group	--	--	--	--
<b>Total consolidated revenue</b>	<b>2,115.6</b>	<b>100.0</b>	<b>2,114.4</b>	<b>100.0</b>
<i>Of which: Italy</i>	604.5	28.6	610.7	28.9
<i>Of which: Abroad</i>	1,511.1	71.4	1,503.7	71.1

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<sup>20</sup> The 2018 figures do not include the results for GEDI, which is classified among the "Assets held for sale" in accordance with IFRS 5.

<sup>21</sup> The 2018 economic data for Sogefi has been restated with respect to that published in the 2018 consolidated Non-Financial Statement and the 2018 Annual Report, due to disposal of the Fraize plant during the year.

## 2.1 Economic value generated and distributed

The economic value chart is a reclassification of the consolidated income statement and presents the wealth produced and distributed by the CIR group. Specifically, that chart shows the economic performance of the year and the wealth distributed to those considered to have an interest in the group: in other words, the ability of the organisation to create value for its stakeholders.

In order to calculate this economic value, the **CIR** group made reference to the methodology devised by the working party on Social Responsibility.

### *Economic Value Statement of the CIR group*

<i>(in millions of euro)</i>	<i>2018<sup>22</sup></i>	<i>2019</i>
Operating revenue	1,991.8	1,935.8
Results of financial management <sup>23</sup>	14.6	15.6
Loss from discontinued operations <sup>24</sup>	-30.9	-294.7
<b>Economic value generated directly</b>	<b>1,975.5</b>	<b>1,656.7</b>
Remuneration of suppliers	1,351.3	1,291.4
Remuneration of personnel	529.5	556.6
Remuneration of lenders	41.3	51.6
Remuneration of third parties	7.4	-144.3
Remuneration of the Public Administration	33.1	23.1
<b>Economic value distributed</b>	<b>1,962.6</b>	<b>1,778.4</b>
Profit (loss) attributable to the owners of the parent	12.9	-121.7
<b>Economic value retained</b>	<b>12.9</b>	<b>-121.7</b>

<sup>22</sup> Certain 2018 amounts, relating to the "assets held for sale", have been reclassified to "profit (loss) from discontinued operations" following the application of IFRS 5 "non-current assets held for sale and discontinued operations".

<sup>23</sup> This amount does not include financial charges that, for the sake of consistency, are presented in other captions.

<sup>24</sup> This amount reflects the adjustment to the group income statement deriving from the application of IFRS 5. The amount mainly relates to the disposal to EXOR of the controlling interest held in the GEDI Group.

**Operating revenue** comprises revenue from the products sold by the group in its various sectors of activity: healthcare, automotive components and media; together with other income, net of depreciation, amortisation, impairment and changes in inventories.

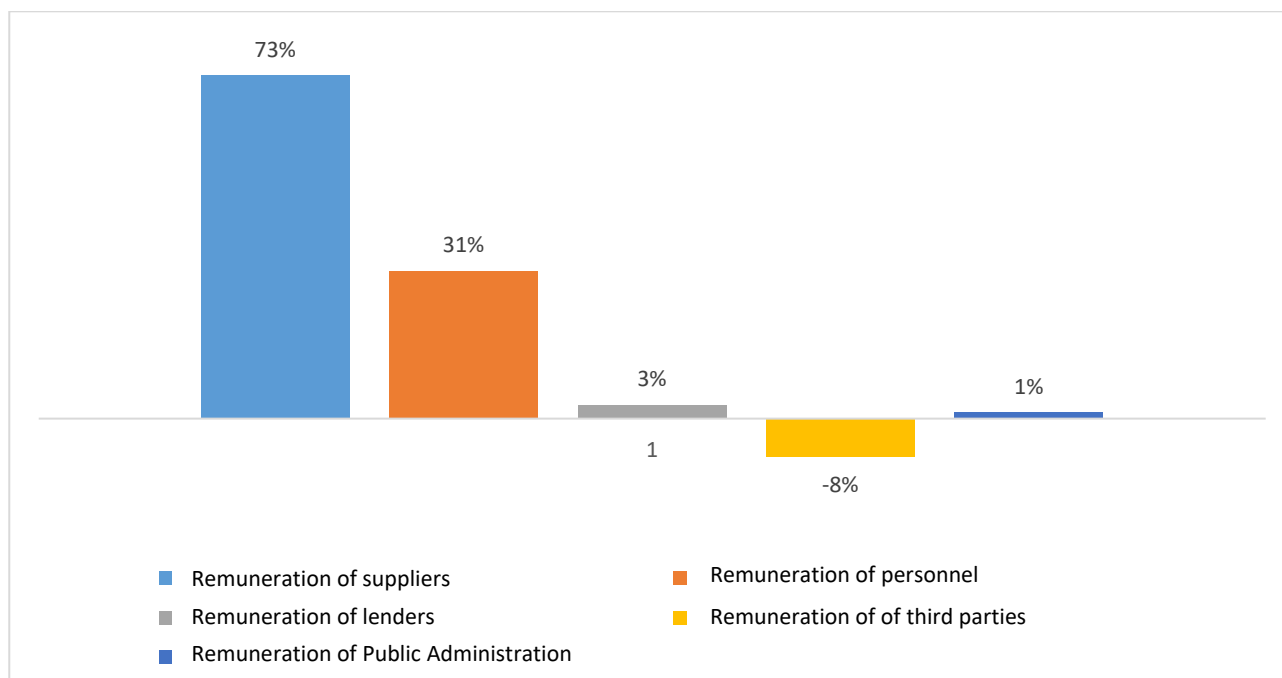
The **Results of financial management** comprise income/expense from dividends, security trading, interest income on bank current and deposit accounts, and income/expense from equity-accounted investees.

The above three elements comprise the **Economic value generated directly**, which amounted to € 1,656.7 million in 2019.

Economic value was distributed as follows:

- remuneration of suppliers of € 1,291.4 million in 2019 (-4.4% with respect to 2018), of which almost 70% for the cost of purchasing goods;
- remuneration of personnel of € 556.6 million in 2019, +5.1% with respect to 2018, of which the large majority for the wages and salaries of group employees;
- remuneration of lenders of € 51.6 million in 2019;
- remuneration of third parties in 2019, comprising the results for the year attributable to non-controlling interests;
- remuneration of the Public Administration of € 23.1 million in 2019 in the form of income taxes.

#### ***Distribution of 2019 Economic Value***



### 3. Customer-related responsibility

The CIR group companies have always sought to guarantee that the best products and services are offered to their customers, in compliance with all regulations and quality requirements specific to their sectors of operation.

#### 3.1 Quality and safety of products and services

The group draws strength from the values and principles embodied in the Code of Ethics and strives to ensure quality, plurality and diversity, having due regard for the regulations applicable in its sectors of operation. The quality and safety of products are therefore directly correlated with the responsibility of the group to supply products and services that meet the highest standards, combining elements with a direct impact on stakeholders: maximum possible benefit for the customer, highest levels of safety and maximum environmental compatibility.

Confirming its role as a leading healthcare operator, **KOS** implements operating procedures and protocols consistent with the strictest regional regulations governing authorisations and accreditation, as well as rigorous procedures to guarantee the expected quality standards and the safety of care. As an example, all facilities implement specific procedures for the reception of patients, the proper administration of clinical documentation and drugs, the monitoring and management of pain, the assurance of patient and guest hygiene, and informed consent for treatments.

All facilities have their own Charter of Services that provides information about service quality standards, with particular reference to the ease of procedures, the accuracy of information, reception and the correct human relations with facility personnel. The reference model for the **KOS** Charter of Services has been revised: this work identified the areas of communication and graphic layouts needed to create a document that is truly legible and accessible to users. The first prototype was prepared for Villa dei Pini and later extended to 4 further facilities.

In terms of communication, **KOS** has sought to develop tools that increase the awareness of patients and their family members about the treatment path. For example, the websites dedicated to group brands are updated constantly to present all the information needed to make clear, transparent and comprehensible the operations carried out, guaranteeing an in-depth understanding of the process and greater patient acceptance of the treatment plans.

Lastly in the healthcare sector, the mission of **KOS** includes the delivery of treatments, rehabilitation and support in a manner that is completely safe for both patients and operators. Procedures have been implemented in both hospital and care home environments to guarantee patient safety, prevent hospital infections and bedsores, administer drugs and restraints appropriately, keep the crash trolley ready and administer clinical documentation properly. All facilities have active committees for the prevention of hospital infections. Process control systems have also been activated to ensure quality and safety: over the past year, all KOS facilities have been checked to ensure the proper application of procedures, with consequent identification for each facility of a continuous improvement programme that ensures full compliance with the established qualitative objectives.

**Sogefi** attaches great importance to enhancing product quality and reducing the related costs and delivery times, both via the elimination of non-conformities and by a process of continuous improvement.

When quoting for a new product, **Sogefi** performs a risk assessment covering its design and the feasibility of development and production, as well as the potential impact of the project on quality, the environment and health and safety. This risk assessment encompasses the entire product life cycle and is updated during production for use as a knowledge base for future developments. Lastly, it is revised, updated and improved after each change request and potential incident involving the product. The risk assessment considers five risk factors: analyses of customer requirements and the technical specifications, assessments of product quality and the environmental, safety and governmental regulations, and the assessment of possible production delays. **Sogefi** starts a resolution process in the event of non-conformities. The first step consists in analysing the principal causes and taking suitable corrective actions; in addition, an internal audit is carried out as a precaution. The process of managing non-conformities is supervised by the certification body, in accordance with its certification requirements (processing and response times) for tackling the resulting potential risks, as a tool for analysing and dealing with the main causes. The effectiveness of the actions taken is assessed by an external audit carried out after one year and during routine internal audits. This procedure seeks to minimise the risk of the same event happening again.

In addition, the quality policy of the **Sogefi** group also focuses on the health and safety of customers; compliance with legal, ethical and social requirements and customer expectations; customer satisfaction with the quality of products and services; satisfaction of the expectations of stakeholders and their needs; continuous improvements in quality and the environmental performance of the group. In line with the group's approach to quality, the central functions (so-called remote functions) and 98% of group plants are IATF 16949 2016 certified, while 93% of plants are ISO 14001:2015 certified<sup>25</sup>. These standards define the requirements for the quality and environmental management systems with regard to the design, development and, where applicable, installation of and support for automotive sector products.

In order to archive data in an organised manner, **Sogefi** uses various data management systems and platforms, such as the International Material Data System (IMDS). This system is also used by suppliers and the data is presented in reports made available to the automotive manufacturers, which can therefore check for the absence of prohibited materials and calculate the percentage utilisation of raw materials in the finished vehicle. **Sogefi** uses platforms for the management of data about materials to ensure compliance with local regulations in the countries where products are developed and sold, in compliance with the principal requirements of Directive 2000/53/EC, REACH regulation 1907/2006/EC attachment XIV and REACH article 33, as well as with the rules on conflict minerals (CFSI) and the specific requirements of customers.

To ensure the highest quality of all products, **GEDI** strives to guarantee the plurality and diversity of content and freedom of expression. At the same time, the group ensures compliance with the regulations and safeguards the intellectual property of all content providers. The group creates all the conditions for journalists, artists and other collaborators to work in accordance with the principle of editorial independence, which translates into the development of quality content that is not influenced by interests foreign to journalism and the right to receive true and correct information. The group also seeks to improve and promote access to information and the right of everyone to be informed, including minorities, persons with disabilities and isolated communities.

The Code of Ethics of "la Repubblica" sets out standards for those who provide traceable information, which comply with precise ethical principles in order to guarantee content quality. The **GEDI** group achieves this by

<sup>25</sup> The calculation covers 40 production plants, excluding Fraize (sold in April 2019), Gravatai (closed in October 2019) and Saint-Soupplets (which mainly makes prototypes). Bangalore is treated as two separate units.

membership, via its published titles of the Trust Project (international consortium of digital media and firms), and by attaching 'trust indicators' to its digital content in order to help readers select quality, traceable and certified information that complies with a code prepared by the organisation and agreed with its partners.

Lastly, **GEDI** addresses safety in the context of responsible advertising and marketing. Via its concessionaire (A. Manzoni & C.), the group strives to apply virtuous models to advertising communications. GEDI has adopted the standards envisaged in the Voluntary Code for Commercial Communications and, accordingly, makes every effort not to accept messages that may offend the dignity and interests of individuals. For this reason, advertising managers strive to avoid the publication of false advertising information about commercial products or messages that incite physical or moral violence, that laud racism, that offend public, religious or civil beliefs, or that contain elements potentially harmful to the psychological, moral or physical well-being of children. The group does not accept advertising that might encourage gambling or the abuse of alcohol, tobacco or any other substance, and refuses messages with pornographic content. During 2019, A. Manzoni & C. did not receive any penalties in relation to unlawful cases or the non-compliance of advertising with the applicable regulations.

In addition to the Code of Marketing Communication Self-Regulation, the group also adopts regulations and promotes procedures and internal systems designed to safeguard and promote honest advertising communications that do not offend the sensitivity of users. The corporate intranet, accessible by employees, includes a special section on the "Laws governing advertising". The purpose of this section is not only to minimise legal disputes and corporate costs but also, if used appropriately, to be a valid tool in the provision of customer service, thereby facilitating the maintenance of long-term relationships. Given the relative absence of specific regulations governing online advertising and promotional campaigns, the group applies the more restrictive rules that govern television advertising in order to safeguard those most vulnerable and easily influenced by these messages.

### ***Monitoring service quality***

The group considers it essential to improve the quality of the products and services offered, in order to meet the expectations of its customers. This is demonstrated by the programmes and initiatives implemented by group companies in order to monitor the quality of their offer.

To assess the quality of the services provided and guide activities towards patient needs, **KOS** has implemented systems for listening and measuring customer satisfaction, based on regular interviews with guests and their families, as well as with personnel providing care and assistance. As part of the process of humanising treatments and progress towards the definition of service standards, rules of conduct have been identified for the following areas: "person-centricity", "transparency", "active listening", "respect for the rules", "unicity". These rules of conduct, applicable to relations within the facilities and fundamental to the process of humanising treatments, are used to measure the perceived competence of operators, the characteristics of hospitality aspects and other organisational matters.

During 2019, the net promoter score (indicator of customer experience) was added to the process of evaluating the performance of facility managers. This indicator is based on a single question asked to those who have used the services offered: "to what extent would you recommend our facilities to friends and relations?". The answers provided are then given a score from 0 to 10.



About 4,200 questionnaires were collected in rehabilitation and psychiatric facilities in 2019, together with more than 1,000 in rehabilitation outpatient centres. Care homes sent family members a quarterly questionnaire by e-mail, which resulted in the collection of 1,300 replies each time, on average, representing about 24% of the beds. The customer satisfaction of **KOS** guests is only surveyed in some regions due to regulatory requirements: 1,150 questionnaires were completed by guests, compared with an average presence throughout the year of about 5,150 patients.

Drawing on all the data collected since 2012, **KOS** prepared work in 2019 that, in 2020, will seek to identify drivers for the quality perceived by guests and their families. This process has been designed following careful investigation of those elements, gathered from the e-mail responses of customers, that best represent and explain the overall satisfaction of guests. In the acute care area, Villa dei Pini has installed customer satisfaction reporting points throughout the facility, mirroring the system adopted at the Suzzara Hospital in 2018.

Additionally, all **KOS** facilities listen constantly to the requests of users. This service is provided by treatment and support personnel, mutual support groups and professional staff.

Satisfying the expectations of customers and attention to product quality are also important objectives for **Sogefi**, as shown by the specific quality programmes implemented by the group.

Above all, the Sogefi Excellence System (SES), launched in 2017, highlights the focus on product quality and other forms of operational excellence. The strategic pillars of this programme are based on customer perceptions and the overall quality performance of the group, involving a specific escalation process and dedicated KPIs. The quality KPIs are collected and reviewed monthly. The main results are discussed during Executive Committee meetings that involve key senior management (e.g. Operations, Human Resources, Sales, Quality, R&D, Purchasing etc.). In addition, the Sogefi Quality Improvement Strategy is implemented to highlight the focus on product quality. The strategic pillars of this programme are based on verbatim customer perceptions and the overall quality performance of the group, involving a specific escalation process and dedicated KPIs. The KPIs are monitored constantly and a Quick Response Quality Control (QRQC) mentality is promoted, which seeks to identify and analyse problems immediately, as well as to develop and implement countermeasures within 24 hours. Plants are therefore constantly working to meet these KPIs, consolidating a structured process for the resolution of any issues relating to product quality, where present, and for the efficient and effective management of any customer complaints.

In addition to the focus on product quality, **Sogefi** also carries out customer surveys with a view to better satisfy their needs and identify their expectations. In 2019, the Air and Cooling business unit carried out various customer satisfaction audits and assessments, especially when developing and launching products. The feedback from customers was universally positive. In addition, the key account managers of the Suspensions and Filtration business units complete an internal self-assessment each year, considering such aspects as: Competitiveness, Logistics, Quality, R&D, Prototypes, Innovation and Implementation throughout the world. The purpose of the survey is to identify the positioning of Sogefi with respect to its main customers and competitors.

Lastly, stakeholder involvement by **GEDI** includes user satisfaction surveys, contacts with customers and the collection of feedback.

## **Innovation**

Product and process innovation is an integral part of the strategic vision of the CIR group. The group focus on R&D is fundamental for improving the performance of products and services and providing top quality to customers.

**KOS** is active in the research field and the dissemination of scientific knowledge: the group attends conferences, promotes high-level domestic and international conventions, organises study groups and establishes agreements with Italian and foreign universities: 42 agreements with universities were active during 2019. This commitment makes it possible to share social and health care best practices and, where necessary, to activate additional medical and organisational research.

**KOS** has created a function within the group dedicated to robotics: the Santo Stefano Innovative Technologies in Rehabilitation Lab, "InTeR Lab", was established by Santo Stefano Riabilitazione in order to coordinate technological innovation in the area of rehabilitation activities, covering both the purchase of innovative equipment and its introduction into daily clinical practice. In addition to expanding the technologies at work, the Santo Stefano group also helps to refresh the knowledge of the professionals concerned, as they play a crucial role in adapting the equipment to the individual needs of the people requiring rehabilitation. Based on the clinical results already obtained, InTeR Lab will further extend the technological innovation adopted via collaboration agreements with businesses, bodies and institutions involved in the design of advance rehabilitation technologies, as well as with public and private scientific research bodies.

In May 2019, InTeR Lab supported a robotics summer school promoted by "Europa di Medicina Fisica e Riabilitazione" for young doctors and physiotherapists from all over Europe. This event was followed by the launch of a community intended to share clinical experiences and identify possible new robotics applications in the rehab area. This community already comprises thirty members.

Turning to the automotive components sector, **Sogefi** invests significantly in R&D for the continuous improvement of its products in terms of life cycle, effectiveness, size, weight and environmental compatibility, as well as to create value for all stakeholders. In order to guarantee the structured management of R&D activities, the group maintains 6 research centres throughout the world (in Brazil, China, France, Germany, India and the United States) staffed by professionals with cross-functional skills. In addition, 6,312 hours were dedicated to R&D training in 2019. This considerable increase, from the 2,644 hours delivered in 2018, confirms the commitment of Sogefi to improving the know-how of its employees.

**Sogefi** holds a total of 277 patents at the end of 2019 (+7% compared with 2018). In addition, the number of R&D conferences and events organised and/or attended by the group rose by 27% during the year, underlying the increased group focus on innovation.

To develop new products and improve existing technologies, each **Sogefi** division calls on numerous partnerships established around the world with other firms, major laboratories and research centres, such as the FEMTO and ICube labs. Additionally, Sogefi attended various conferences focused on the automotive sector during 2019, in order to create a platform to share knowledge and monitor the industry as it evolves.

**Sogefi** is focused on the development and patenting of solutions that reduce the consumption of raw materials, the production of waste, noise, energy consumption and emissions, in order to improve driving comfort and safety and protect the environment. The development of new applications for Sogefi products, such as the reduction of fuel consumption, CO2 emissions and engine size, is central to group strategy. In order to achieve these objectives, Sogefi concentrates on environmental impact reduction from the

innovation phase and throughout product development: all solutions are evaluated in order to manage and minimise their potential impacts.

All business units, each for their own product category, are developing new emission-reduction solutions for the new generation of vehicles<sup>26</sup>.

During 2019, the Air and Cooling division continued to present OEM (Original Equipment Manufacturer) solutions for a new generation of vehicles with near-zero to zero emissions, including: battery cooling systems, optimised heat sinks and regulation valves. In the Filtration division, the company is working on the creation of advanced systems in terms of efficiency, maintenance intervals and compatibility with numerous additives and bio-fuels. The systems are also characterised by their reduced size and weight and increased use of plastic. Lastly, in the Suspensions division, Sogefi monitors constantly the possible impacts of vehicle electrification. The main change affecting these product lines will be an increase in the weight of helicoidal springs. This tendency will have a more limited effect on anti-roll bars. In addition, Sogefi works continuously to reduce vehicle noise via the adoption of innovative noise attenuation systems. For this reason, the group has developed a new brand for acoustic devices, LPA Step2 (Low Packaging Attenuator Generation 2), which seeks to guarantee optimal performance without additional materials or packaging changes. The LPA Step2 meets the customer specifications for engine tests, with significant savings in terms of volume, mass and cost with respect to resonators.

With regard to media, the major move towards digitalisation and the need to respond well to the changing requirements of users has prompted **GEDI** to evolve gradually towards a digital environment, by developing new products and business processes and adapting the activities carried out by the organisation on a daily basis. As part of this progression, the digital division of GEDI focused activities in 2019 on new versions of its digital platforms and products, such as the “la Repubblica” and “la Stampa” websites; on audio and video content and newsletters, such as the newsletter for Rep readers; on technological projects and funding, such as the GNI (Google News Initiative) loan<sup>27</sup>, and on data lakes for the integrated management of advertising and publishing data.

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<sup>26</sup> See the consolidated Non-Financial Statement of the Sogefi group, available at the website [www.sogefigroup.com](http://www.sogefigroup.com), for further information.

<sup>27</sup> See the consolidated Non-Financial Statement of GEDI Gruppo Editoriale, available on the website [www.gedispa.it](http://www.gedispa.it), for further information.

### 3.2 Privacy and data protection

In addition to being a material topic for the **CIR** group, internal policies and business processes constantly assess and update the situation regarding privacy and data protection. Given the strong social impact of its activities, the CIR group strives to apply virtuous models in its relations with customers, especially by complying with all regulations designed to safeguard privacy and protect personal data, in order to guarantee and protect the precious relationship of trust that exists between the group and its customers.

For **KOS**, the protection of privacy plays a fundamental role: in its Code of Ethics, the company guarantees the confidentiality of the information held and compliance with the data protection regulations. The company has also appointed a DPO, mapped the risks and aligned the organisation on privacy matters.

As already mentioned in the chapter on risks, **Sogefi** takes steps to tackle the risks associated with fraudulent or unauthorised access to its IT systems by third parties, which might lead to the loss or infringement of sensitive and confidential data, with consequent financial and reputational losses<sup>28</sup>. In addition, in order to improve working conditions and the flexibility of employees, since 2015 Sogefi has adopted an innovative united communications framework that enables it to use communications as a strategic resource, reducing the need for business travel and improving the quality of audio and video conference calls.

**GEDI** applies rigorous policies that are revised and updated periodically when processing the personal data of its users. These policies cover, in particular, the data collected and administered via its digital properties and are founded on such principles as the need for processing, proportionality, transparency and the freedom of choice of each data subject. **GEDI** applies all necessary technical, organisational and security measures to every database used to collect and retain the personal data of users, partners and collaborators, in order to avoid the risks of data loss or destruction, unauthorised access or unlawful processing. In this context, the company only processes the data actually needed in order to provide the services and content requested by users and, in all other cases (commercial and marketing purposes), their data is only processed after free and informed consent has been given, following the provision to them of suitable privacy information. With regard to the personal data of users obtained and processed using cookies, work to implement progressively a consent management platform commenced in November 2019. As a consequence, it will be possible to obtain a detailed list of third parties that might install cookies on the website and, for each of them, give or deny consent in a simplified manner.

More generally, the protection of privacy and personal data was a central topic for **GEDI** throughout 2019, as the group strives to consolidate an internal culture of privacy and organise the work commenced in prior years to implement the European general data protection regulation ("Regulation (EU) 2016/679 - GDPR"). The main activities, coordinated by the data protection function managed by the Data Protection Officer, included: constant update of the register of processing and the organisational model for privacy, including the involvement of third parties, with the appointment of data processors as necessary; update of the mapping of the systems that support processing, with analyses of the related organisational, process and technical security measures; implementation of the remediation actions identified from the ongoing privacy risk assessment process; coordination of activities to satisfy requests from data subjects to exercise their rights; provision of legal advice in the context of projects and operations; provision of training to employees throughout the entire group.

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<sup>28</sup> See the chapter on risks in this NFS and the consolidated Non-Financial Statement of the Sogefi group, available on the website [www.sogefigroup.com](http://www.sogefigroup.com), for further information.

In 2019, the CIR group did not receive any justified complaints about infringements of customer privacy or the loss of customer data.

### 3.3 Responsible purchasing practices

The CIR group companies exercise rigorous control over purchasing practices, which are a cornerstone of responsible and sustainable business activity. The supply chains used by CIR group companies are bound by the principles embodied in the Code of Ethics, which applies to all suppliers.

In the healthcare sector, **KOS** requires its suppliers to respect the principles of transparency and reliability. Given the large number of facilities and their distribution throughout many regions, KOS decided to organise a central purchasing function in order to obtain economic benefits, ensure the consistency of the products and services purchased and delivered, improve efficiency, reduce the use of allergenic substances and materials, and monitor service levels on an ongoing basis. Suppliers are mostly selected centrally, giving preference to producers active nationwide, but also using local suppliers where possible and sufficiently economic.

KOS obtains various types of supply, including property services, IT services, general procurement and technology. Property services include the purchase of equipment/installations for the various facilities - air conditioning, electrical items and the distribution of medical gases - as well as the construction of new facilities. The IT office is responsible for purchasing the equipment needed to manage the facilities and receive and support guests, including hardware, software, call equipment for wards and telephone/data connections. Central purchasing procures directly the goods and services needed to administer the facilities (kitchen furnishings and equipment, catering and cleaning services, food provisioning, medical devices and drugs).

With regard to the purchase and management of biomedical equipment, the technology unit obtains directly all the equipment needed for the proper care and treatment of patients.

The bidding procedures for larger amounts and longer durations are carried out on a dedicated web portal, with invited participants and guarantees of traceability and maximum transparency. In addition, firms must satisfy the following requirements in order to be admitted to these procedures: regular payment of social contributions, anti-mafia self-certification, 231 self-certification, presentation of the Chamber of Commerce registration, acceptance of the KOS Code of Ethics, compliance with Legislative Decree no. 81/08 and Legislative Decree no. 196/03. The existence of quality and environmental certification is an advantage.

An electronic suppliers' register (<https://procurement.kosgroup.com>) was established in 2019, enabling potential suppliers to register and become validated; invitations to tender are issued to relevant firms recorded on the suppliers' register, having regard for their geographical location and product sector.

Given the size and geographical extension of its activities, **Sogefi** plays an important role in the communities and countries in which it operates, especially with regard to the economic, social and environmental aspects of the business. The group works with many different types of supplier<sup>29</sup>; accordingly, Sogefi takes a responsible approach by implementing a business model that identifies sustainability as a key element in every decision and in all business relationships. In fact, the purchasing procedures adopted are founded on

<sup>29</sup> The types of supplier identified include, without limitation: brokers, advisors, main contractors, distributors, franchisees or licensees, home workers, freelance contractors, primary producers, sub-contractors, wholesalers.

the concept of seeking maximum competitive advantage, while respecting the principles of sustainability, equal opportunity for all suppliers, fairness and impartiality.

The group implements strategies for the responsible management of its procurement practices and related risks, ranging from the Code of Business Conduct (CBC) to the Supplier Initial Assessment Checklist<sup>30</sup>.

Via the purchasing departments of each business unit, the group requires new and existing suppliers to sign the CBC and the Sogefi general conditions of purchasing. Sogefi expects all suppliers that receive the CBC to comply with its instructions, as well as with all applicable laws and regulations governing respect for human rights, business ethics, global working conditions and protection of the environment. As in the prior year, the CBC was sent to more than 1,000 suppliers in 2019. ISO 14001:2015 environmental certification is included in the Supplier General Information Survey and the Supplier Initial Assessment Checklist that suppliers are asked to complete during the selection process.

Lastly, with regard to the responsible procurement of raw materials, Sogefi strives to disclose in a transparent manner the composition of all the substances used and to use the International Material Data Systems in order to notify them. Given this, the group tracks the composition of the materials and components contained in its products, requiring suppliers to guarantee that the materials used comply with the relevant regulations.

As an automotive producer with operations throughout the world, Sogefi is committed to fight the extraction of natural resources from war-torn areas (conflict minerals). Conflict minerals derive or are extracted from locations in various parts of the world, including the Democratic Republic of the Congo. In certain cases, they generate direct or indirect benefits for armed groups. To fight against the use of conflict minerals (such as tin, tantalum, tungsten, gold and their derivatives), Sogefi requires new suppliers to state whether their products contain the above minerals and, if they do, requests them to complete a questionnaire (the Conflict Minerals Reporting Template - CMRT), in order to identify any necessary corrective actions. The group intends to establish a global process and a specific tool for managing these conflict mineral statements<sup>31</sup>.

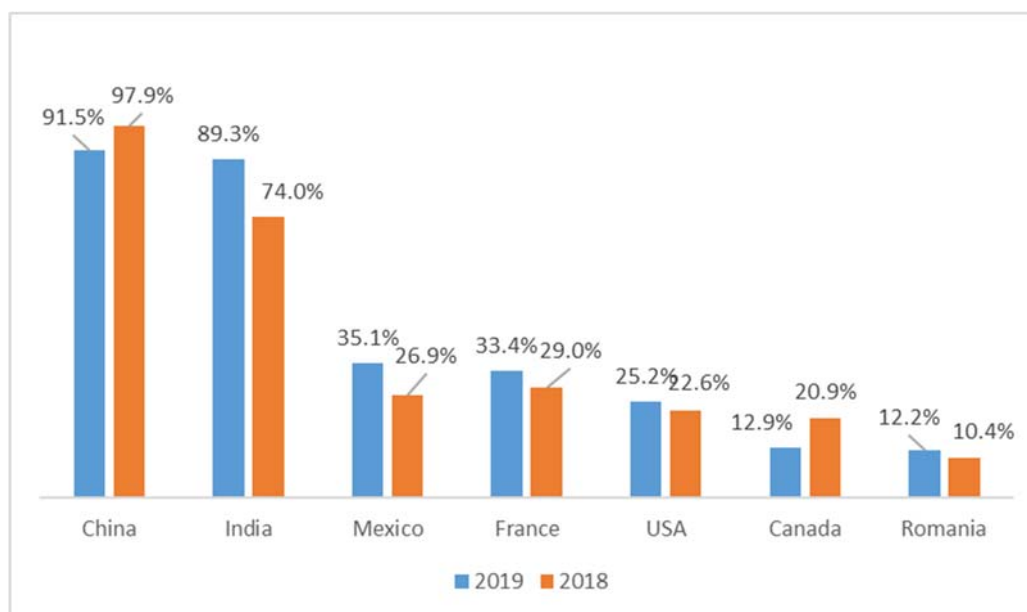
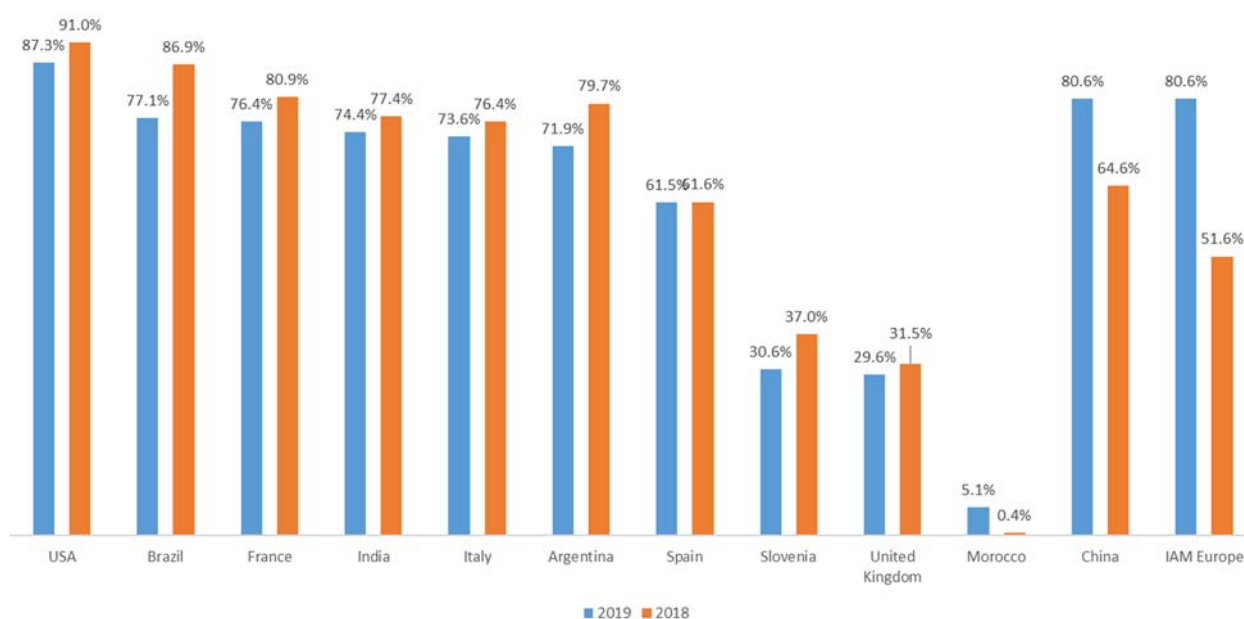
In order to strengthen ties with the community, Sogefi strives to give priority to local suppliers and, in this way, contribute to the economic growth of the area. Sogefi supports local suppliers with the objective of indirectly attracting additional investment in the local economy and maintaining relations with the community. The group is also careful when positioning its plants. In particular, product transportation is minimised via the strategic positioning of production plants.

The following schedule shows the percentage of the purchasing budget of the **Sogefi** group allocated to local suppliers, highlighting the significant operating locations.

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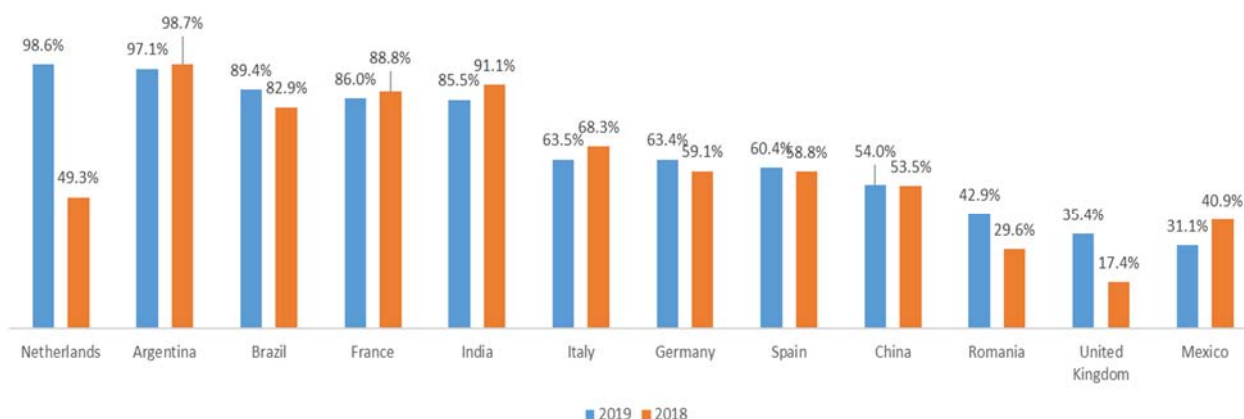
<sup>30</sup> See the 2019 consolidated Non-Financial Statement of Sogefi, available on the website [www.sogefigroup.com](http://www.sogefigroup.com), for further information about the responsible management of the Sogefi supply chain.

<sup>31</sup> See the 2019 consolidated Non-Financial Statement of Sogefi, available on the website [www.sogefigroup.com](http://www.sogefigroup.com), for further information about the fight against conflict minerals.

**Percentages of products and services purchased locally – Air and Cooling (2019)**

**Percentages of products and services purchased locally – Filtration (2019)**




### Percentages of products and services purchased locally – Suspensions (2019)



Lastly, the **GEDI** supply chain is mostly dedicated to the procurement of paper, which is the main material used in the industrial production of the group and significant in view of its environmental impact.

**GEDI** purchases the different types of paper used in its publishing products from leading international manufacturers, which guarantee compliance with the environmental protection regulations and whose production processes are certified by various bodies in order to obtain sustainability labels and check their environmental management systems.

In particular, the paper industry adopts forest management certification systems, applying verification procedures in accordance with recognised standards in order to obtain certification from independent bodies that their forests are managed in accordance with specific sustainability requirements. At this time, the Programme for the Endorsement of Forest Certification Schemes (PEFC) and the Forest Stewardship Council (FSC) are the most common forest management certifications obtained by the paper industry. The main certified environmental management systems adopted by the paper industry comply with specific reference standards, such as ISO 14001 and the Eco-Management system and/or Audit Scheme (EMAS) controlled by the European Union. All these systems are designed to cover the organisation and its procurement, product development, production and distribution activities. With regard to the paper purchased for printing purposes, during 2019 the **GEDI** group requested its suppliers to provide specific attestations, so-called “Paper Profiles”, containing information about the certifications and management systems mentioned above, specific environmental parameters and the composition of their products, as well as certificates of origin for some of the products purchased.



## 4. Personnel-related responsibility

### 4.1 Attention dedicated to human resources

The CIR group and each group company apply a common policy for the management of human resources based on the centrality of individuals, the development of human capital, respect for diversity and the promotion of equal opportunities. Accordingly, the management of working and collaborative relations is founded on respect for human rights and for workers, with full recognition of their contributions in a context that facilitates their professional growth and development.

Investment in human and intellectual capital is therefore recognised by the CIR group as a key driver for the creation and maintenance of value over time. Investing in training, development and corporate welfare generates benefits that contribute to the creation of value. The CIR group strives to facilitate a working environment that enables individuals to develop and strengthen their skills, creating value for the company and all its stakeholders.

While applying these shared group values, all companies have separate and independent HR functions that take account of their specific characteristics and business sectors.

In the healthcare sector, **KOS** makes every effort to ensure that its personnel possess all the prerequisites for the performance of their work in the best possible manner, with a view to assuring the constant reliability and improvement of the services offered to patients and their families. **KOS** has many types of employee, such as social and health care personnel, medical technicians, doctors and nurses, in order to guarantee the presence of the roles needed to assist the users of the services offered by the company.

Specifically, the recruitment and selection process followed by **KOS** takes account of the specific nature of each professional profile when assessing the area of expertise (specialist knowledge in this case), the "know-how" area (ability to apply the basic technical knowledge acquired), and the "know-how to be" area (interpersonal relations and ability to collaborate and cooperate). These areas are assessed using ad hoc technical tests and via the completion of candidate forms. The tests are carried out for each professional profile, making reference to a "common case study" that presents real working situations and interpersonal issues, in order to identify the ability of each person to interact and cooperate.

Its international profile is a strength of **Sogefi**, whose employees vary greatly in terms of culture, experience, daily routines and language. For Sogefi, this diversity represents a strength that has generated team spirit at all levels of managerial responsibility. Once again, given the activities of the company, blue-collars were the most significant professional category in numerical terms during 2019.

Lastly, the dynamic working environment and the need to decide rapidly in complex situations make human resources the principal asset of **GEDI**. The company is strongly committed to strengthening the sense of belonging and facilitating the effectiveness of team work, the exchange of knowledge and professional development.

### Composition of the workforce<sup>32</sup>

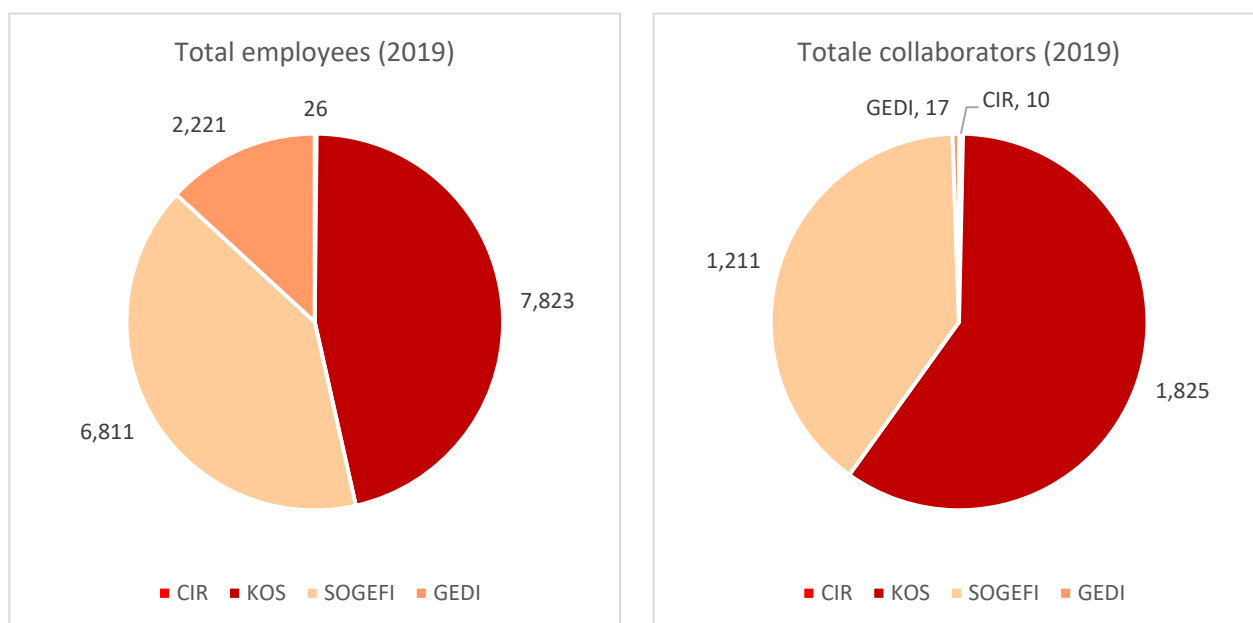
The **CIR** group offers a dynamic working environment that is evolving constantly. Its significant complexity derives from the diversified portfolio of activities.

At 31 December 2019, the total workforce of the CIR group comprises 16,881 employees, up by 3% compared with 2018. In absolute term, KOS is the subsidiary with the largest number of employees: 7,823 at the end of 2019, up by 12% compared with 2018.

In addition to these 16,881 employees, the COFIDE group has 3,063 collaborators at the end of 2019. These persons work for the group, albeit not as “employees”, and include various categories within KOS (doctors, nurses etc.) and agency personnel at Sogefi.

With regard to the geographical distribution of group employees, 78% are based in Europe, 5% in North America, 6% in South America and 11% in Asia<sup>33</sup>.

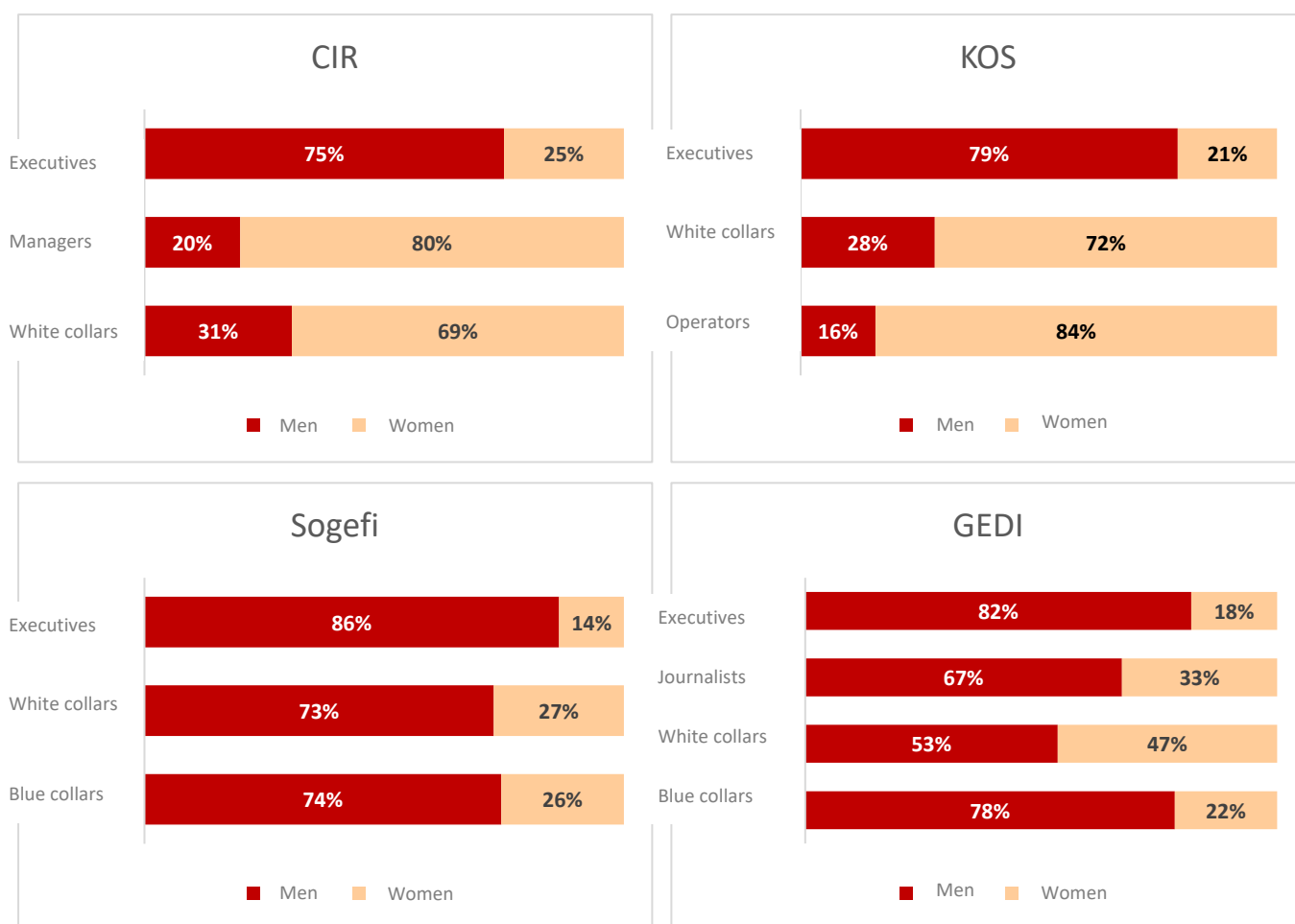
#### CIR group personnel (2019)



The **CIR** group employs 8,286 men and 8,595 women, who therefore represent 51% of the workforce. See the chapter on “Diversity, equal opportunities and well-being” in this document for more information about the female presence in the group.

<sup>32</sup> The total number of employees reported in the NFS (16,881) differs from that stated in the Annual Report of the COFIDE group (18,648), as the latter includes the Charleston employees (KOS), totalling 3,981 at 31.12.2019, excludes the GEDI employees, totalling 2,221 at 31.12.2019, and does not count the personnel at the plant under construction by Sogefi Suspensions Eastern Europe S.R.L. (Romania), which employs 7 people at year end (31.12.2019).

<sup>33</sup> See the attachments to this document for further information about the analysis of employees by geographical area.

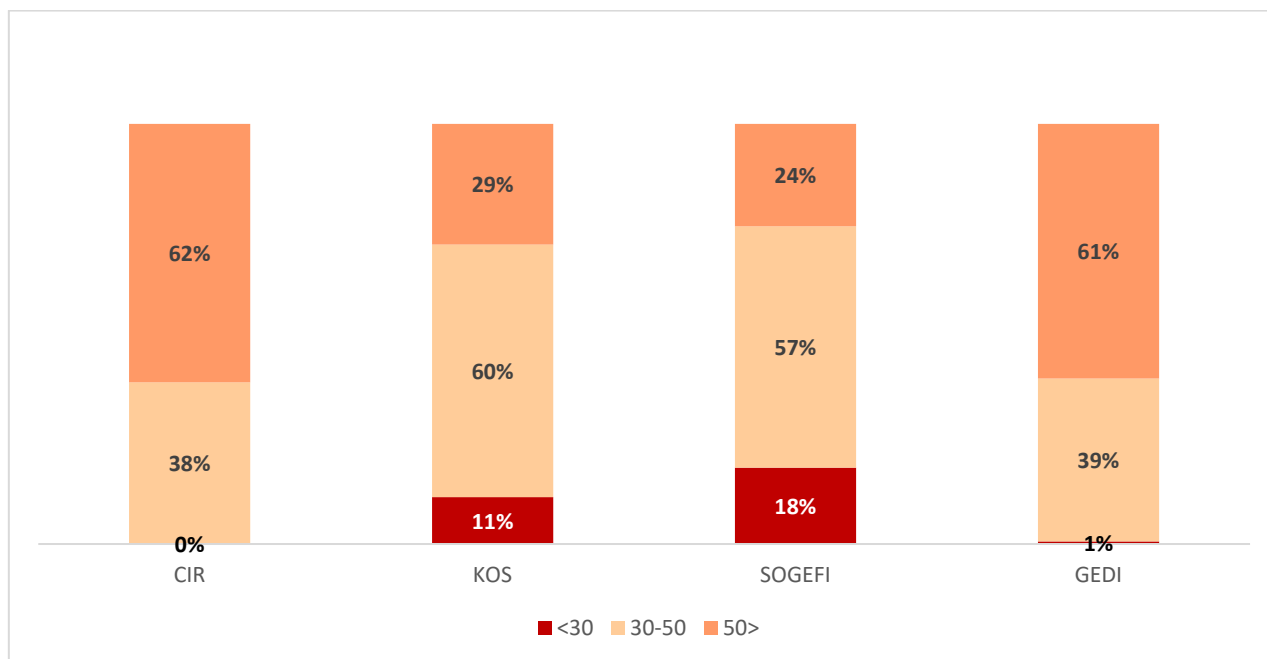
**Analysis of CIR group employees by professional role and gender (2019)<sup>34</sup>**


At individual company level, the statistics for female employees are influenced by the characteristics of the sector in which they operate. See the chapter on “Diversity, equal opportunities and well-being” in this document and the NFSs of Sogefi and GEDI for more information about the female presence in the group.

With reference to the age distribution of employees: about 31% are over 50 years of age, 56% are in the 30-50 age group and 13% are under 30. As shown in the following chart, **Sogefi** is the group company with the largest percentage of employees under the age of 30, comprising 18% of the company total.

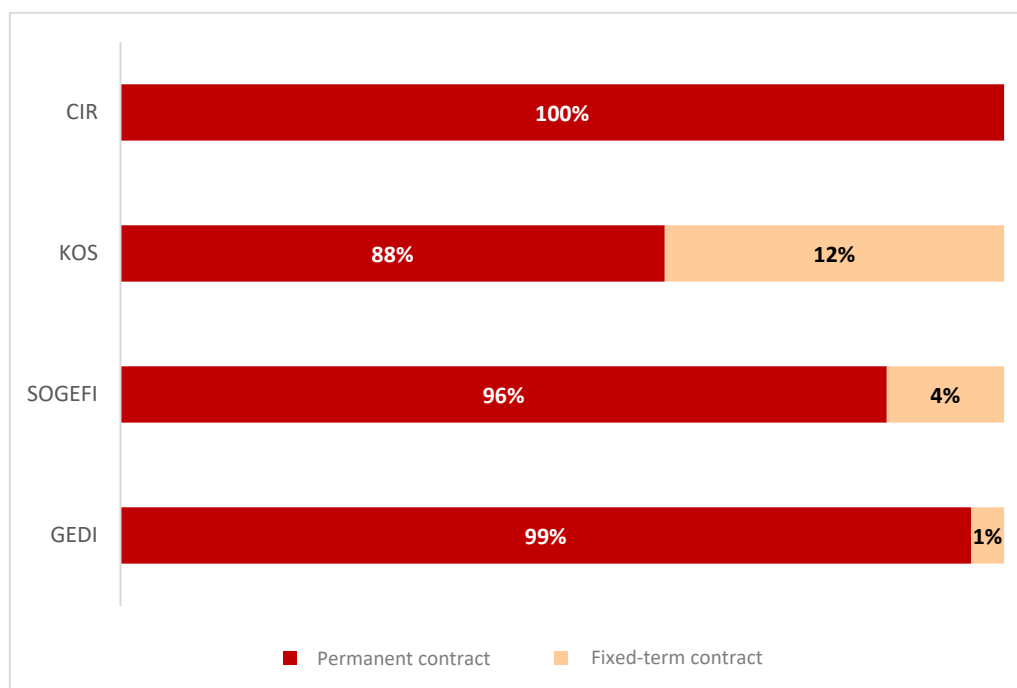
<sup>34</sup> For KOS, the “Operators” professional role includes: ASA (care home assistants), educators, nurses, OSS (socio-healthcare operators), technical maintenance workers, general technicians, kitchen workers, cleaners, reception and restaurant personnel.

### Analysis of CIR group employees by age group (2019)



In line with long-established personnel policies, the **CIR** group believes that employment stability is fundamental for the growth of the business. The commitment of the group to long-term collaboration with its employees is confirmed by the high percentage of permanent contracts at all subsidiaries, averaging about 93% of total employment.

### Analysis of CIR group employees by type of contract (2019)



A total of 4,561 employees joined the **CIR** group during 2019 and 3,727 persons departed, so inbound turnover was 27% and outbound turnover was 22%.

***Analysis of the inbound and outbound turnover of CIR group employees (2019)<sup>35</sup>***

New hires at 31 December 2019						
<i>no. of persons</i>	Employment	<30	30-50	> 50	Total	% Turnover
<b>Men</b>	8,286	700	892	221	1,813	22%
<b>Women</b>	8,595	777	1,450	521	2,748	32%
<b>Total</b>	16,881	1,477	2,342	742	4,561	27%

Departures at 31 December 2019						
<i>no. of persons</i>	Employment	<30	30-50	> 50	Total	% Turnover
<b>Men</b>	8,286	462	767	354	1,583	19%
<b>Women</b>	8,595	529	1,100	515	2,144	25%
<b>Total</b>	16,881	991	1,867	869	3,727	22%

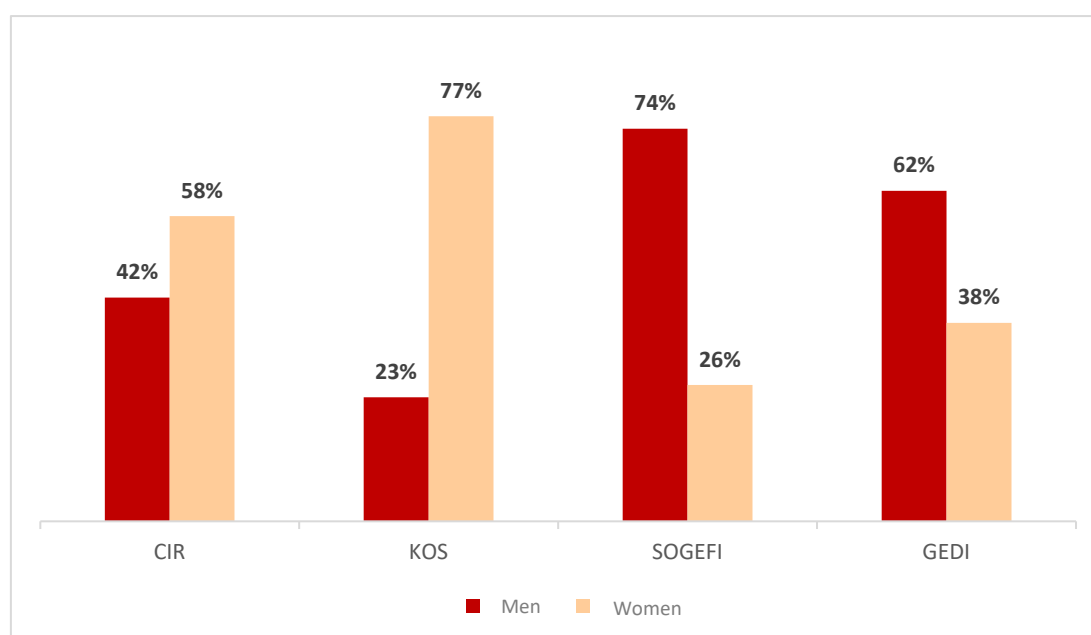
<sup>35</sup> Turnover data is calculated with respect to the same year and not the prior year. See the attachments to this document for further information about employee turnover.

## 4.2 Diversity, equal opportunities and well-being

The **CIR** group strives to promote diversity and equal opportunities, rejecting all forms of discrimination, whether based on age, gender, sexual orientation, physical condition, race, nationality, political opinions, religious beliefs or any other characteristics unrelated to the working environment, when making decisions that affect stakeholder relations. As always, the management and development of human capital is oriented towards respect for diversity and integration. Relations with employees are conducted in a manner that protects the rights and freedoms of personnel and the fundamental principles that affirm equal social dignity.

Overall, women comprise 51% of the workforce, up by 6% compared with 2018. This confirms the key role that women play in all group companies.

*Female presence in the CIR group (2019)*

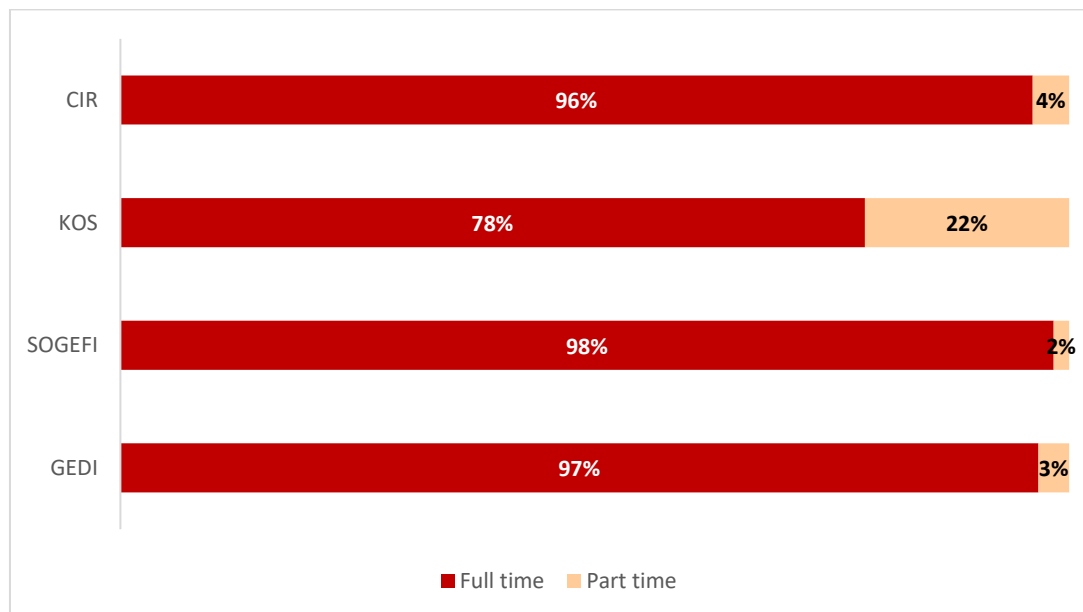


In order to guarantee equal opportunities for all employees, each group company promotes initiatives to facilitate the work-life balance, for example by allowing part-time work. About 11% of personnel took advantage of this opportunity during 2019, with 1,868 part-time employees at 31 December 2019. See the section on corporate welfare for further information.

The management and promotion of diversity - especially with regard to equal opportunities - are central to HR management at **KOS**. Company activities are based on respect for the primary and supplementary needs of patients and on the preparation of suitable responses that meet their needs. In order to ensure the satisfaction of all patients, while also respecting their social and cultural diversity, the HR selection process adopted by KOS gives great importance to diversity and multiculturalism, considering them to be fundamental to the satisfaction of all patients. As a key element in achieving this outcome, teamwork sweeps away prejudices and stereotypes, facilitating women in their professional careers by introducing flexible forms of work, such as smart working, so they can balance better their private and professional lives.

**Sogefi** also promotes respect for the physical and cultural health of each individual. In particular, the group policy on human rights commits to eliminate all forms of discrimination and recognise the value of diversity in the workplace, as well as to guarantee equal opportunities and facilitate a diversified and inclusive working environment. Additionally, the group organises specific training courses for employees in order to disseminate a corporate culture based on respect for human rights: a total of 2,429 hours were delivered in 2019.

#### *Analysis of CIR group employees by type of contract (2019)*



**CIR** group companies strive to facilitate the inclusion of protected (vulnerable) categories within the organisation.

#### **Remuneration policies**

Remuneration policies are intended to ensure competitiveness in the jobs market, consistent with the objectives of developing personnel and enhancing their loyalty, while also differentiating the forms of remuneration based on the professionalism and skills of individuals.

The system of remuneration applied by **CIR** differs depending on the professional category concerned: in addition to regular remuneration, the system includes economic benefits linked to personal and corporate objectives, thus fostering a group spirit.

The remuneration policies of **KOS** and the procedures for ensuring that men and women receive equal pay are based on specific methodologies for managing properly the evaluation of skills. In particular, the development of a system for the evaluation of skills - as a prerequisite for the proper management of remuneration policies - is considered strategic for the HR management of KOS group personnel. The evaluation of skills is part of the internal system of professional development (for both men and women), which involves: development of a shared organisational culture, development of professional skills consistent with the emerging business needs, and simplification and alignment of the pre-existing appraisal systems.

More specifically, **KOS** applies a “mixed” system involving the evaluation of skills (skills evaluation form) and the evaluation of performance against goals (MBO bonus scheme). The evaluation of skills is part of the internal system of professional development, which involves the development of a shared organisational culture, the development of professional skills consistent with emerging business needs, and the simplification and alignment of pre-existing appraisal systems. Lastly, as a useful tool for the decentralisation of responsibility and authority, the MBO bonus scheme is designed to maximise personnel participation in the delivery of results.

**Sogefi** has adopted a remuneration policy that establishes key principles for the determination of wages and salaries based on abilities, skills and the professional category of employees. Economic incentives, linked to both personal and corporate objectives, are then assigned to employees in order to encourage a group spirit. Lastly, Sogefi understands the importance of attracting new talents and being considered as an attractive employer. As shown in the following chart, the wages and salaries offered to new recruits at each group location around the world exceed the average in the respective job markets. See the attachments to this document and the 2019 consolidated Non-financial Statement of Sogefi for further information.



At group level, there are slight differences in the average salaries of men and women within the same professional category. The ratio of basic pay to total remuneration for both men and women is presented for each company in the attachments to this document.

### ***Employee well-being and welfare***

The principles underlying the centrality of the individual and the protection of equal opportunities embodied in the Code of Ethics of the CIR group translate, in practical terms, to the promotion of corporate welfare initiatives whose principal objective is to reconcile the work commitment of employees with their private lives.

The **CIR** group adopted numerous initiatives in favour of employees during 2019.



**CIR S.p.A.** and **CIR Investimenti S.p.A.** introduced a corporate welfare programme for employees in 2019. The objective is to increase their tangible and intangible well-being, as part of the continuous and productive recognition of the value of human capital, thus strengthening their sense of belonging to the business.

The welfare programme consists in the award of a performance bonus in the form of flexible benefits, which can be used in whole or in part to purchase goods and services, already net of taxes and contributions. All employees are able to choose independently the composition of their package of goods and services from among those available on the on-line platform, following the assignment of an annual per capita spending budget. There are many types of goods and services available in order to meet the different needs of employees. They include: reimbursement of child education expenses, support, mobility, health and wellness, training, travel and hobbies, supplementary healthcare. This new welfare programme has been confirmed for 2020 as well.

In line with the vision and values of **KOS**, the objective of the welfare plan is to introduce policies and tools that facilitate the work-life balance by supporting household income, education, health, family life and hobbies, as well as by offering commercial discounts. The corporate welfare system makes certain services available to employees at reduced cost, including: carer support at home for the elderly and persons with disabilities using experienced healthcare operators; other care giver services in the form of babysitters and educators; legal advice; summer holidays for the families of employees; tax support for the compilation and filing of form 730; study guidance services for the children of employees. At this time, the welfare plan is only available to specific professional categories (second-level managers, coordinators and professionals) with a permanent employment contract. The range of services offered in the context of the project can be accessed via the corporate Easy Welfare portal.

The long-term objective of the group is to turn the welfare system into a consolidated and stable bonus scheme that is open to other professional categories as well.

**KOS** will periodically record and measure the internal climate within the organisation, which is an essential step in the delivery of excellent service.

The process of personnel development is intended to ensure the excellence of healthcare services, while consolidating and developing the aware strategic management of employees, in the knowledge that the wealth of human resources and know-how represents an important source of competitive advantage for the business.

**Sogefi** offers workers certain benefits, including healthcare, parental leave, insurance coverage in the event of disabilities and invalidity, life insurance, pension programmes etc. In addition, Sogefi offers benefits that assist the work-life balance of employees and, therefore, promote well-being at home as well as at work.

Lastly, during 2019, **GEDI** signed agreements with the various social partners for the introduction of certain forms of corporate welfare.

### **Labour relations**

In carrying out its activities, the CIR group gives great importance to labour relations, in the knowledge that, by benefiting employees, they are beneficial to the group and its activities as a whole.

National collective employment contracts cover 92% of the employees of the parent company.

All **KOS** employees are covered by national collective employment contracts. In the area of labour relations, the objective of KOS is to agree an appropriate system of dialogue with the trade unions that enhances the value of human resources, increases the opportunities for discussion and reduces conflict, so that common problems can be tackled in a constructive manner. Against this background, the structures and the internal and/or external union representatives identify the objectives to be pursued and the related strategies, guaranteeing the freedom and right to carry out union activities in the workplace.

The percentage of **Sogefi** employees covered by national collective employment contracts is 84%. The level of coverage varies substantially by geographical area, mainly for reasons linked to union history and traditions in each country. Indeed, employee representatives at international Sogefi locations make reference to the local regulations in force.

In the media sector, **GEDI** assigns a central role to labour relations, collaborating actively with the various trade unions in full respect for the different roles played. Important agreements were reached with the social partners during the year, at a time of difficult macroeconomic conditions for the country as a whole and the sector in particular, including the signature of agreements to introduce forms of corporate welfare. Once again, all group employees were covered by collective contracts in 2019.

The collective contracts in force in the countries in which the group is active, taken together with the relevant employment legislation, envisage a minimum notice period for operational changes, which varies by geographical area and the professional category of employees.

#### 4.3 Recognition and development of human capital

The **CIR** group is careful to the development of professionalism of personnel and recognises talents, as this is key to long-term success. For this reason, the HR departments of the various group companies promote a working environment that stimulates the realisation of individual potential, partly by the provision of training paths consistent with the job characteristics and needs of personnel.

Each group company makes specialised development paths available to their employees so that they can grow.

The training paths organised by **CIR** consider the specific needs of personnel, given the constant technological and linguistic changes in their working environments, as well as the related occupational health and safety requirements. The training provided mostly falls into four categories: foreign languages, use of software applications, health and safety at work, managerial.

During 2019, CIR employees received individual English and French lessons from mother-tongue teachers, based on their specific training needs. Management training, organised by professional area, included attendance at relevant courses, conferences, seminars and workshops in Italy and abroad. This is consistent with the need to refresh managerial skills on a regular basis.

**KOS** strives to make suitable career development paths available to its personnel and, in order to manage pursuit of the related goals, has prepared a centralised human resources plan that takes account of the specific characteristics of each area of activity.

Coordinated by the facility manager and/or the function manager, this HR plan has the following objectives:

- organisation of personnel;
- development of abilities;
- assessment of performance;
- analysis of training needs;
- communication to and sharing with other facilities the points identified from the above activities.

**KOS** has also prepared a training plan that guarantees equal opportunity of access and fair professional rotation among the areas of interest. The training process involves various roles, all equally important and closely knit. Firstly, operators participate in the identification of training needs and the assessment of performance. Trainers and teachers provide continuity and coordination in the various phases and supply the appropriate technical-scientific skills. Lastly, facility and/or function managers take responsibility for the professional development of their collaborators.

The 2019 **KOS** training project focused principally on the development of a tool intended to support the organisational model and professional development, paying particular attention to the new roles and skills needed to achieve group objectives. Based on the values that guide the **KOS** group, the training office has been assigned three long-term objectives:

- management of internal training processes in an integrated and systematic manner;
- support satisfaction and maintenance of the requirements for accreditation of the function as a provider of continuous professional education;
- support, from a training standpoint, capitalisation and recognition of the value of KOS know-how in the management of facilities.

**KOS** employees received a total of 70,840 hours of training in 2019.

**Sogefi** also recognises the central importance of training for its employees and organises training activities designed to increase their managerial and technical skills. The HR function uses an IT system known as *HRIS "I care, my HR"*, implemented for the first time in 2019, to better manage and monitor the development of employees and talents.

**Sogefi** delivered 155,801 hours of training in 2019, involving all categories of employee and representing about 22.9 hours for each employee over the year. The training activities covered different skills, providing a multi-disciplinary programme for all employees<sup>36</sup>.

The training paths at **GEDI** seek to support and promote the professional growth and skills of human resources. Training needs are identified from regular discussions involving employees, sector managers and the HR department. The training organised in 2019 sought to implement and develop certain administrative and operational skills in response to changes in the regulations governing privacy and administrative-accounting matters, while the established programmes continued with foreign language lessons and training in the use of IT tools and applications. On this last point, specific courses were provided to the journalists at local editorial offices, in order to develop their skills and synergies with other areas within the group.

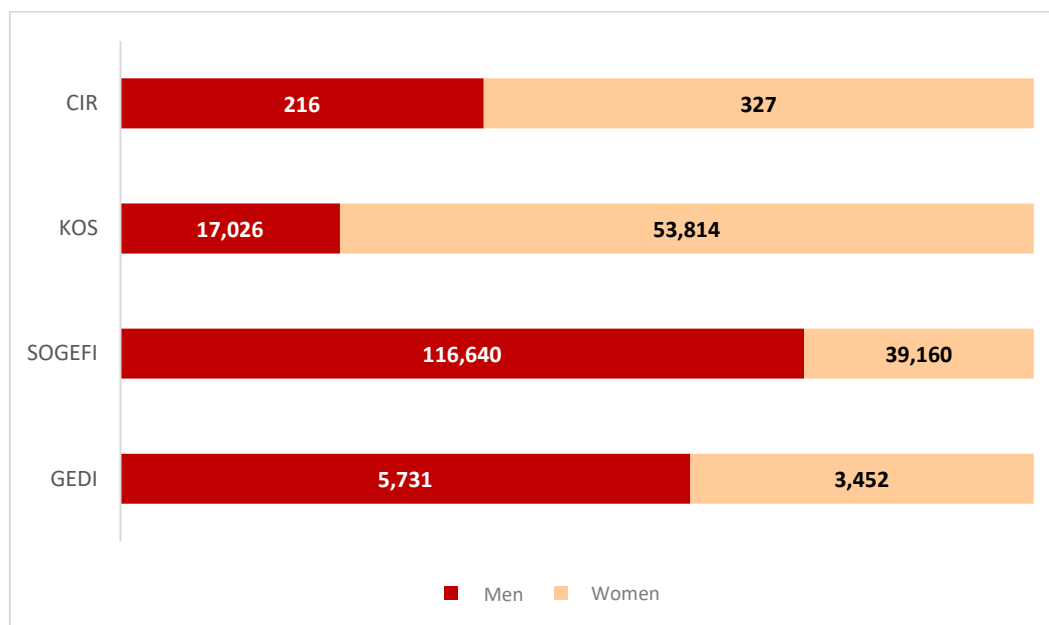
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<sup>36</sup> See the 2019 consolidated Non-Financial Statement of Sogefi, available on the website [www.sogefigroup.com](http://www.sogefigroup.com), for further information about training activities at Sogefi.

Journalists also attended the usual professional refresher courses. GEDI employees received a total of 9,183 hours of training during 2019.

CIR group companies provided a total of 236,367 hours of training during 2019.

***Training hours provided (2019)<sup>37</sup>***



Lastly, the CIR group companies assess the performance of personnel on a regular basis, in order to encourage employee development and guarantee excellence in the provision of services. Performance assessments can contribute to the development of individuals, the management of skills and the development of human capital.

**KOS** dedicated greater attention to the process of assessing employees' skills during 2019, as this is considered strategic to improving the efficiency, effectiveness, quality and productivity of the organisation. The company assessed the performance of 42% of its employees during the year, but considering the executives and operators separately, the coverage rises to 100% and 76% respectively.

**Sogefi** has implemented a structured performance review system throughout the group. IS (Icare System) is used for executives and white-collars, while the system is applied locally to the workers at each plant. The assessments may include an appraisal by the direct superior of the employee, or by another person at the same level, and may also involve the HR function. About 56% of employees underwent periodic assessment of their performance and professional development during 2019.

<sup>37</sup> See the attachments to this document for the average training hours provided to each employee.

#### 4.4 Health and safety of workers

The **CIR** group dedicates great attention to protecting the health and safety of employees, with constant improvement and development of the related monitoring systems, as well as with the dissemination of a safety culture in order to prevent and manage effectively the professional risks associated with business activities.

The group remains committed to protect the integrity, health and well-being of employees in all workplaces. The group also complies actively with the legal obligations and requirements governing occupational health and safety and monitors their application in full by each company. This is achieved by defining organisational structures with specific operational responsibilities, determining the duties of their managers, scheduling prevention activities, preparing the related expense budget, and using constantly all the technical support needed to evaluate and reduce risks. Particular attention is dedicated to the training of personnel for their assigned roles, duties and tasks, considering the risk profiles associated with each.

In order to build broad awareness about health and safety matters, **CIR** delivers specific classroom or on-line courses to all employees or personnel dedicated to individual functions, including the safety manager, the workers' safety representatives (RLS), the fire prevention operators and the first-aid operators. The above training courses are delivered periodically in the classroom and conclude with a final test to assess understanding and the issue of attendance certificates; the next courses will be held in 2020.

All **KOS** facilities are authorised to operate and hold current fire prevention certificates issued by the Fire Brigade. Facilities are also subjected to inspections in order to monitor and check their safety standards.

Pursuant to article 30, paragraph 5, of Legislative Decree no. 81/08, KOS has implemented an organisational model consistent with the UNI INAIL (SGSL) guidelines, including the preparation of a safety policy that has been communicated to employees. The system was implemented voluntarily by the organisation back in 2007. At this time, it applies to all Anni Azzurri care homes and is currently being implemented at the Santo Stefano facilities.

The management system envisages a regulatory compliance and risk assessment process that describes the methodology for identifying hazards in the workplace and the responsibilities for eliminating them and reducing risk. In addition, workers can submit reports, even "anonymously", in accordance with the internal whistle-blowing procedures. Furthermore, all workers are informed about the provisions of article 20 of Legislative Decree no. 81/08. In order to best identify the sources of risk, the company has analysed individual departments/ activities/processes/phases by type of risk. All job descriptions are accompanied by a risk assessment sheet that identifies the hazards associated with each phase of each process. The risks identified are assessed with reference to the gravity of the possible event, the frequency of exposure to the risk and its probability of occurrence.

Incidents and injuries are monitored by the completion of a dedicated form - Registration and Analysis of Injuries, Near Misses (Incidents), Hazardous Situations, Non-Conformities. These forms are analysed by the safety manager (RSPP), the facility manager, the workers' safety representative and all other roles involved, in order to solve any issues identified.

The safety organisation described in the risk assessment document requires RSPPs to identify hazards and make proposals for their elimination, request environmental assessments in order to analyse the exposure of workers, and provide advice to both management and workers. In addition, when inspecting the facilities, they also check on the emergency procedures and worker awareness of the action to be taken.

Moreover, workers are also involved in implementing the management system. At the time of hiring, all workers receive a manual that identifies the main risks associated with the activities carried out, as well as the measures adopted by the organisation to prevent them. This manual also contains a risk assessment sheet specific to the job performed. In addition, an annual programme of classroom training and/or e-learning is prepared for health and safety matters, specifying the mandatory requirements, the duration of the training and the trainers involved. The safety managers are responsible for training the workers' safety representatives during refresher courses, which are delivered annually at the time of the meetings required by article 35. Any new directives are communicated to personnel and management during these training sessions. At the time of hiring, all workers receive a manual that identifies the main risks associated with the activities carried out and the prevention measures. This manual contains a risk assessment sheet for the job performed. The effectiveness of learning is checked via the compilation of a learning questionnaire.

In order to prevent significant adverse impacts on occupational health and safety, **KOS** has prepared function mandates and job descriptions (regional manager, facility manager, lead managers, personnel function) for all roles involved in the management of health and safety, also to ensure achievement of the goals established in the health and safety policy approved by top management.

The company has made agreements with medical centres to facilitate the management of personal health problems. The confidentiality of information about the health of workers is guaranteed by implementation of the privacy regulations in the manner specified by the DPO.

**Sogefi** also dedicates special attention to health and safety matters, with constant improvement and development of the related monitoring systems, as well as with the dissemination of a health and safety culture that increases awareness about professional risks and promotes responsible behaviour among all employees and collaborators<sup>38</sup>.

**Sogefi S.p.A.** has approved an occupational health and safety policy that establishes the principles to be followed by all subsidiaries when structuring their own occupational health and safety management system. This policy describes the principles that **Sogefi** commits to follow in order to prevent workplace incidents and injuries. It also documents the context for the definition of objectives and action plans with regard to occupational health and safety. Via the health and safety policy, **Sogefi** strives to disseminate a culture of incident prevention and awareness of the risks associated with business activities at every level, guarantee the personal safety of employees and collaborators, mitigate the health and safety risks at all facilities and concentrate on the improvement of quality, cost control and the reduction of delivery times. The policy establishes a framework for the definition of objectives and an occupational health and safety action plan.

At the same time, with reference to management systems, the Sogefi Excellence System (SES) governs the organisation of production and operations, seeking to achieve the best performance levels in terms of quality, cost and delivery, in an environment that is safe for its employees. This system allows autonomy and ensures awareness, while maintaining an adequate level of control, determining how Sogefi operates throughout the world and establishing a common language and method of working.

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<sup>38</sup> See the 2019 consolidated Non-Financial Statement of Sogefi, available on the website [www.sogefigroup.com](http://www.sogefigroup.com), for further information about health and safety matters at Sogefi.

With regard to OHSAS 18001:2007 (Occupational Health and Safety Assessment), the percentage of **Sogefi** plants certified to this standard in 2019 is 18%<sup>39</sup>, in line with 2018. Implementation of this international

standard supports the management, control and continuous improvement of the occupational health and safety performance of the entire group. Each certified plant has established a health and safety committee that assesses the conduct of workers in relation to safety matters and carries out audits in each area of activity. Depending on the plant, this committee may comprise solely workers (e.g. 50% white collars, 50% blue collars), production and maintenance managers, safety managers, workers' representatives, trade union representatives or a combination of the above. The committees are an integral part of the health and safety management system and help to promote a positive health and safety culture, not least by involving workers directly in improvement of the occupational health and safety measures adopted. They meet regularly at each plant to discuss various health and safety matters.

During 2019, **GEDI** continued to work with the various top and lead managers at each production unit in order to gather information about operational processes and the way routine and unusual activities are carried out. The purpose of this activity was to identify precisely all hazards and the job descriptions to which they relate, so that the related risk profiles could be assessed.

Work also continued on the preparation and subsequent adoption of instructions and operating procedures governing workplace safety, as they play an important role in terms of prevention, especially at printing centres. The preparation of these documents requires the constant involvement of operational personnel, i.e. lead managers and workers, in order to facilitate increased awareness among them and, at the same time, the adoption of good practices and behaviours that improve general safety conditions in the workplace. The above activities and, in particular, the implementation of procedures/operating instructions and the improvement of employee awareness, reflect the concrete commitment made by the group to lay the foundations for building and implementing an occupational health and safety management system<sup>40</sup>.

In 2020, the HR department of the group is working to implement the measures introduced by the Italian government to fight against the COVID-19 (coronavirus) emergency, including the closure of all schools and non-essential business departments. Similar measures are also being adopted in other countries. Daily action is in fact being taken by the group to implement all the measures needed to guarantee and protect the health of all employees (e.g. smart working, distribution of appropriate personal protective equipment etc.). The development of events is being monitored constantly, in order to adjust the measures taken promptly while minimising the social and economic effects for the group.

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<sup>39</sup> The calculation covers 40 production plants, excluding Fraize (sold in April 2019), Gravatai (closed in October 2019) and Saint-Souplet (which mainly makes prototypes). Bangalore is treated as two separate units.

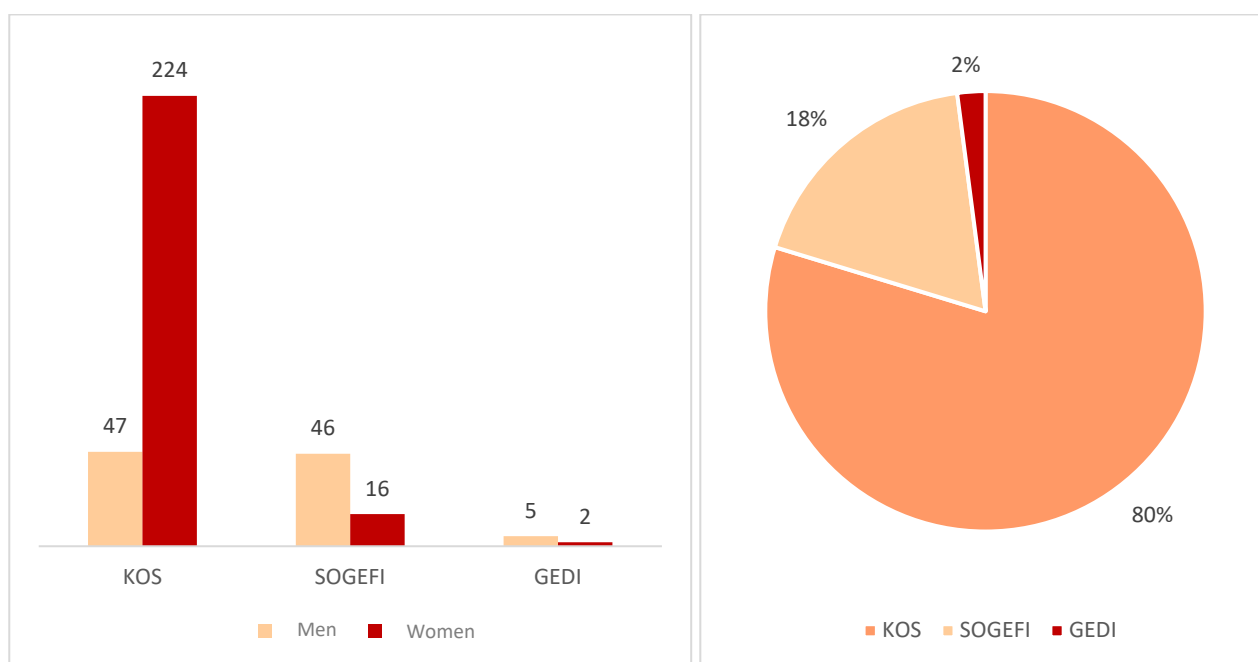
<sup>40</sup> See the 2019 consolidated Non-Financial Statement of GEDI, available at the website [www.gedispa.it](http://www.gedispa.it), for further information about occupational health and safety at GEDI.

Employees of the **CIR** group subsidiaries suffered 340 workplace injuries during 2019: 29% relating to men and 71% to women; this percentage distribution was because 80% of the injuries took place at **KOS**, where 77% of the workforce are women. In absolute terms, there was a reduction of 25% with respect to 2018.

More specifically, **CIR** did not have any injuries in 2019, while **KOS** recorded 271 (80% of total injuries at group level), **Sogefi** recorded 62 (18% of total injuries at group level) and **GEDI** recorded 7, of which 1 had serious consequences (attributable to 2% of all injuries).

The largest number of incidents involving Sogefi employees occurred in Europe (51), while incidents in North America, South America and Asia were much lower: respectively 4, 6 and 1.

### *Workplace injuries – CIR group employees (2019)<sup>41 42</sup>*



With regard to collaborators, the number of workplace injuries in 2019 totalled 33, of which 2 with serious consequences.

There were 44 cases of occupational diseases among employees in 2019 (31 relating to men and 13 to women). Specifically, neither **CIR** nor **GEDI** recorded any occupational diseases in 2019, while **KOS** had just one case and **Sogefi** had 43. There was only one case of an occupational disease among collaborators during 2019.

**Sogefi** dedicates considerable attention to plant health and safety and strives to improve continuously its prevention and mitigation practices, thus enhancing the overall performance of the entire group. Sogefi is fully committed to implementing actions to prevent fatal accidents, carrying out regular risk assessments and

<sup>41</sup> The charts do not include any injuries at CIR, as there were none in 2019.

<sup>42</sup> See the attachments to this document for further information about health and safety (including the death rate and the injury rate).



organising specific training sessions to enhance the corporate culture and build awareness among all employees.

As in prior years, **GEDI** did not identify any occupational diseases during 2019. As required by the guidelines, it is noted that a former employee "notified" a group company about an occupational disease in August 2019. At 31 December 2019, that occupational disease has not been recognised and the bodies concerned are currently carrying out appropriate assessments and investigations, having received all the requested documentation.

## 5. Community-related responsibility

The **CIR** group acts in a transparent and responsible manner towards society and its stakeholders, holding dear the concepts of quality and integrity. Aware of the effects of its activities on social development and the well-being of the community, CIR promotes a significant number of information, dialogue and listening-based initiatives in order to involve its stakeholders and ensure their participation as key players in corporate activities. In particular, these initiatives address shareholders, the financial community, institutions and employees. Initiatives in favour of the community include various forms of support for the activities of numerous associations and non-profit foundations.

**CIR** supports Fondazione Rodolfo De Benedetti, which is dedicated to the memory of its first chairman and conducts active research into such matters as employment, poverty and inequality, social and social assistance policies, and immigration.

**KOS** is active throughout the territory and especially in areas where its facilities are located, organising awareness and orientation campaigns and training initiatives on such topics as rehabilitation, the third age and assistance for the elderly. Much of this work is carried out together with associations and local voluntary groups. Around 75 open-day events (several repeated) were held in 2019 alone, benefiting not only the guests and patients of the facilities concerned, but also the local communities.

**KOS** also gives great importance to its relations with universities and scientific companies, resulting in valuable mutual exchanges.

**KOS** plays an important community role as a promoter of development and change and, for this reason, the group renewed its support in 2019 for two important social causes: Epsilon and Santo Stefano Sport:

- Epsilon is a charity that helps third-world children in the fields of healthcare, food security and education. Awareness of this cause was promoted throughout the organisation during 2019, resulting in a visit by 5 group employees (at their own expense) to the facilities in Togo supported by the charity;
- Santo Stefano Sport promotes sport as a tool for recreation and rehabilitation, as well as an element that encourages the acceptance of fragility, as well as the desire for self-actualisation and social inclusion, even at work. Today, the Santo Stefano Sport team campaigns in Series A1 of the wheelchair basketball championship. The association also promotes sport and trains athletes in various other disciplines, including mini-basketball, field athletics, golf, five-a-side football, archery and sailing. In 2019, the team won the Italian championship and was also crowned as “winter champion” 2019/2020.

**Sogefi**, active in many countries throughout the world, also invests heavily in its local communities, with a view to promoting social and economic development. For this reason, the group promotes various community initiatives and generates awareness among its employees, in order to strengthen community relations even further. Indeed, 46% of Sogefi plants have carried out projects intended to develop the communities in which they operate. These initiatives addressed the following main areas: education and sport, health and research and social solidarity. For example:

- in the area of education, the Jarinu filtration plant carried out an environmental project designed to increase the awareness of employees and their families about environmental protection, waste management and respect for life. The initiative consisted of capturing some actions aimed at

protecting the environment in a series of photographs. The materials collected were then presented in an exhibition, with a competition to award to best action in favour of environmental protection;

- in the area of health and research, the Monterrey suspensions plant participated in a programme to support a local anti-cancer association. This initiative involved the collection of bottle caps by employees to deliver to the association at year end. All the bottle caps collected were used to help fund medical treatments and other supporting activities;
- in the area of solidarity, the HR department of the plant in Argentina participated in the Recycling and Environment programme promoted by the Garrahan Foundation, which includes: a paper recycling programme, a programme for the recycling of plastic bottle caps and a programme for the recycling of bronze keys. The proceeds from recycling the various materials supported Casa Garrahan, which takes care of under-privileged children who live more than 100 kilometres from Buenos Aires, and that receive medical treatment at one of the city's children's hospitals. In addition, the proceeds helped to purchase technologically-advanced medical equipment and supplies, as well as to repair highly complex equipment and train the healthcare team responsible for assisting future patients throughout the country.

Employees are made aware of these projects in order to motivate them to participate. **Sogefi** does not want to contribute via monetary donations alone, but hopes that its employees will also volunteer to help develop these projects.

**GEDI** contributes to the sustainable development of the territory and organises events and initiatives of a social nature, also via all its technological platforms. Some of the main initiatives carried out or commenced during 2019 are mentioned below<sup>43</sup>:

- Since 2012, "la Repubblica delle Idee" a festival of culture and entertainment that has toured major Italian cities, from north to south, and that still gathers an enormous crowd in Bologna, with over 50,000 people attending the festival in just 3 days. Interviews, talks, debates, concerts, plays, readings: all focused on a new vision of the world and social life, helping to understand the ongoing changes as society evolves;
- "On life", the first la Repubblica festival dedicated entirely to technology;
- "Alfabeto del futuro": starting in autumn 2019, GEDI News Network held a series of public meetings in some of the main towns in which group newspapers are based (Genoa, Alba, Padua, Trieste, Mantua, Livorno and Modena);
- the 2019 edition of Lucca Comics & Games featured interviews, debates, meetings with leaders from the world of comic books who enlivened the la Repubblica area at the former S.Giovanni church. The la Repubblica stage featured both the classics and new entries to a world that brings to Lucca over 400 thousand people from around the globe.

The main initiatives promoted by Radio DeeJay during the year included runs organised in some major Italian cities. The DeeJay Ten run in Milan, which reached its fifteenth edition in 2019, has become a regular for both the city and the whole of Northern Italy, with 35,000 runners. Florence, a firm favourite, saw 11,000 participants in 2019. Bari hosted its fifth edition of the Radio DeeJay run, with 10,000 enthusiasts. In Rome,

<sup>43</sup> See the 2019 consolidated Non-Financial Statement, available on the website [www.gedispa.it](http://www.gedispa.it), for further information about the territorial initiatives organised by GEDI.

another 10,000 started from the splendid Circus Maximus and visited the Colosseum, the Imperial fora and other wonderful locations in central Rome, unusually free from traffic noise.

The third edition of the DeeJay Triathlon was also held in 2019, with around 3,000 athletes taking part. The Dynamo Camp campaign was supported by Radio DeeJay in 2019 for the eleventh consecutive year. The one week radio marathon, hosted by the "DeeJay chiama Italia" programme, featured guest appearances and in-depth discussions. The event highlighted the importance of the recreation therapy provide by the charity to children and teenagers affected by serious or chronic diseases. Listeners could donate 2€ by text message or call a charity hotline from a land line to gift a life experience at the camp. This collection of funds was supplemented by a charity auction held by Dynamo Camp Onlus in collaboration with Radio DeeJay.

In addition, with DEEJAY for Children over the Christmas period, Radio DeeJay collected funds for projects to help children via an auction that ran for an entire day and completely revolutionised the broadcasting schedule for the occasion. The Christmas collection raised more than Euro 55 thousand for Dynamo Camp, Vidas, CasaOz and Associazione Genitorinsieme Napoli.

In addition to exclusive gadgets, the auction included lunches with the radio broadcasters which received very generous bids from listeners.

## 6. Environmental responsibility

The **CIR** group is fully committed to seeking solutions that reduce its environmental impacts, favouring the responsible use of resources, the reduced consumption of energy, commodities and water, and the improved management of atmospheric emissions.

Renovation of the building at Via Ciovassino 1, the long-time headquarters of CIR S.p.A., was completed in September 2019. Efforts were made to improve its energy efficiency, with innovative solutions for the lighting and heating/cooling installations, as well as structural work to reduce heat dispersion. In this regard, all windows and doors were replaced and the insulation of the walls was improved in conjunction with the new glass façade. The most significant innovations, that will generate real energy savings over the long term, mainly related to the lighting and heating/cooling installations. As an example, these include the VRF (*Variable Refrigerant Flow*) installations for heat recovery, LED lighting and “presence detectors” in areas that only need to be lit for short periods, if people are present.

### 6.1 Reduction of environmental impacts

As an investment holding company, **CIR** generates limited environmental impacts but, nevertheless, strives to guarantee respect for the environment and to monitor the main environmental impact indicators.

**KOS**, active in the healthcare, measures its environmental impact in relation to the well-being of guests and the energy consumption of its facilities, equipment and medical apparatus. The policies designed to lower the environmental impacts of the group therefore envisage the application of new technologies to its installations and hospitality facilities. A number of new energy efficiency initiatives were completed in whole or in part during 2019. For example, efforts are being made to identify additional facilities in need of an energy upgrade, with the replacement of old water heaters with lower-consumption models, or by installing heat pumps or cogeneration units.

In order to monitor consumption of the principal sources of energy, **KOS** prepares an annual report containing detailed data on each facility and type of activity. The more energy consuming facilities have been audited, in order to identify possible solutions that reduce energy consumption to present to management. The energy savings achieved are monitored constantly, in order to identify possible additional efficiencies. Annually, during the meetings held with individual facility managers, prior-year consumption data is presented by type of facility (care homes, clinics etc.) and by region in order to raise user awareness.

For **Sogefi**, respect for the environment is an essential value in all daily activities, which must be transmitted to employees, customers and the local community. The strategies and operations of the company are founded on sustainable development principles, in compliance with the national and international directives in force in the production areas.

As evidence of its commitment to environmental protection, Sogefi S.p.A. approved an environmental policy in 2016 that lays down the principles to be followed by all group plants and branches. In addition, Sogefi has implemented environmental management systems in line with ISO 14001:2015, in order to reduce and control the risks and environmental impacts of its commercial activities. As a result, currently 93%<sup>44</sup> of Sogefi plants hold ISO 14001:2015 certification.

<sup>44</sup> The calculation covers 40 production plants, excluding Fraize (sold in April 2019), Gravatai (closed in October 2019) and Saint-Soupplets (which mainly makes prototypes). Bangalore is treated as two separate units.

The efforts made by **GEDI** to protect the environment are reflected in various initiatives designed to minimise the environmental impact of products and production activities, including the efficient use of natural resources, the optimisation of logistics flows and the responsible management of waste. The group dedicates considerable human and financial resources to active compliance with the vast number of regulations on environmental protection and the resolution of environmental issues, especially those that arise from industrial processing.

The management and consumption of paper are key aspects for the group and - despite the digital transformation pursued strategically by **GEDI** - remain of primary importance when it comes to reducing environmental impacts. The group also seeks to use other resources in a responsible manner, by reducing energy and water consumption and improving the management of atmospheric emissions.

In addition to paper, which is essential to the industrial production of the GEDI group, plates and inks are the raw materials most used in the printing of daily newspapers, with 2019 consumption lower than in 2018 (-5.5% for plates and -2.2% for inks). The group consumed about 70 thousand tonnes of paper during 2019, which was down by about 7% from approximately 75 thousand tonnes in 2018. This is in line with the long-term downward trend in distribution<sup>45</sup>.

## 6.2 Energy consumption and greenhouse gas emissions<sup>46</sup>

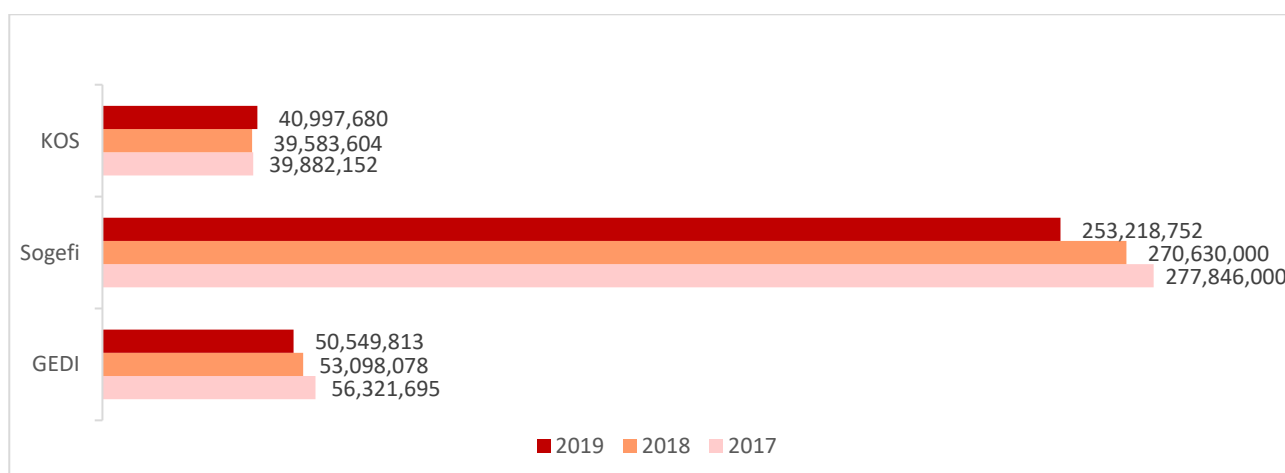
### *Energy consumption<sup>47</sup>*

During 2019, the **CIR** group consumed 345,044,559 kWh of electricity, which was 5% less than in 2018. In line with prior years, 73% of this consumption was attributable to Sogefi, given the types of activity carried out and its large number of industrial plants.

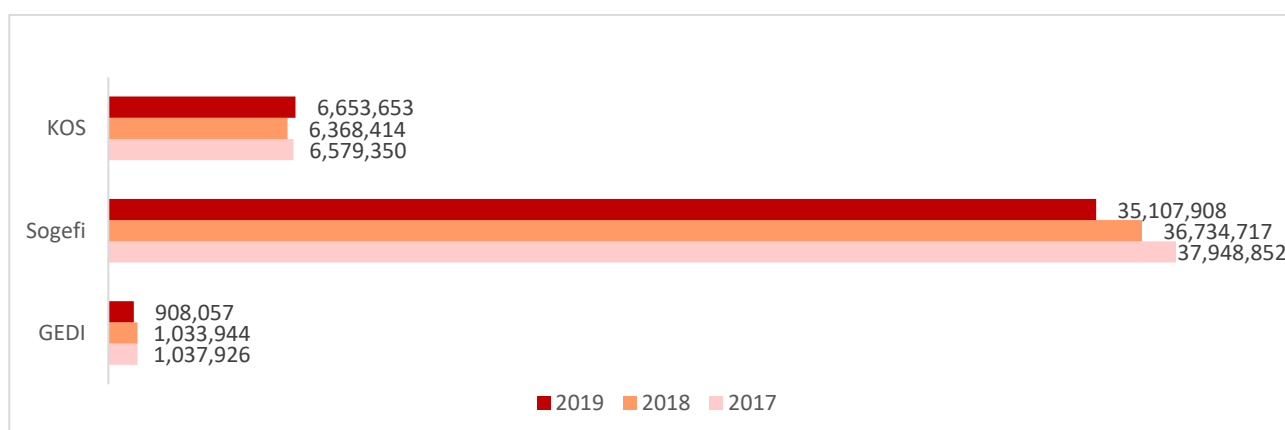
<sup>45</sup> See the 2019 consolidated Non-Financial Statement, available on the website [www.gedispa.it](http://www.gedispa.it), for further information about the consumption of paper, plates and inks by GEDI.

<sup>46</sup> The 2017 energy consumption data for Sogefi is based on actual data up to September and estimates for the final three months of that year. These estimates were made with reference to consumption in the prior year or to production volume, depending on the reliability of the related information. The 2018 and 2019 data takes account of actual annual consumption.

<sup>47</sup> The group did not purchase Guarantee of Origin (GO) certificates for the acquisition of electricity produced from renewable sources.

**Electricity consumption (kWh)<sup>48 49</sup>**


Natural gas consumption in 2019 amounted to 42,674,750 m<sup>3</sup>, down 3% from 44,141,820 m<sup>3</sup> in 2018. Consistent with the data for electricity, most of the natural gas consumption was attributable to the activities of **Sogefi** (82%).

**Natural gas consumption (m<sup>3</sup>)<sup>50</sup>**


**Sogefi** consumed about 6% less electricity in 2019, while its natural gas consumption was 4% lower than in 2018.

<sup>48</sup> The chart does not show the electricity consumed by CIR, which was about 0.1% of the total. The group did not purchase Guarantee of Origin (GO) certificates for the acquisition of electricity produced from renewable sources. In addition, consumption by KOS in October, November and December 2018 was estimated.

<sup>49</sup> The 2018 data of GEDI has been supplemented with the actual consumption of the Manzoni and GNN Lombardia Emilia offices that are supplied with remote heating.

<sup>50</sup> The chart does not show the natural gas consumed by CIR, which was less than 0.01% of the total. With regard to the natural gas consumed by GEDI, a conversion parameter of 9.7 (notified by the Lazio Region in 2016) was used, in order to allow a prudent margin for plant efficiency.

In addition, **Sogefi** increased its energy intensity (GJ consumed per million euro of revenue) by about 2.5% in 2019<sup>51</sup>. Energy intensity defines energy consumption in terms of a parameter specific to the organisation. For this reason, it is calculated by dividing the total energy consumption (numerator) by a metric designated by the organisation (denominator); **Sogefi** calculates energy intensity considering the consumption of both electricity and natural gas (numerator) in relation to its sales revenue (denominator)<sup>52</sup>. This ratio indicates the energy needed per unit of activity, output or other specific parameter. Together with total energy consumption, the energy intensity indicator puts the energy efficiency of an organisation into context.

### **Initiatives to reduce energy consumption**

In order to reduce energy consumption and its environmental impact, **KOS** took the following operational actions:

- unification of supply contracts by identifying a single supplier of electricity and a single supplier of gas;
- monitoring of energy consumption at each facility, in order to identify the most energy consuming with respect to unambiguous drivers (sq.m, beds);
- preparation of energy diagnostics for the more energy consuming facilities, in order to identify issues and the actions to be taken to reduce their consumption.

The most significant actions involved:

- including indications in the guidelines for new buildings about how to obtain energy classes A or B;
- making sure that purchasing offices are aware of the need to consider energy efficiency when selecting equipment;
- replacing windows and doors and the adoption of LED lighting technology during renovation work;
- installing solar heaters in new buildings;
- upgrading central installations by adding new machines that are more efficient;
- installing photovoltaic panels in new buildings;
- modifying and improving plant automation/regulation systems.

On a like-for-like basis, these actions helped to reduce consumption at existing facilities. As an example, Mirasole electricity consumption fell by 9.5% in 2019, while gas consumption dropped by 22% in the same period, due to replacement of its refrigeration units with heat pumps and the upgrade of its central boiler.

The company is also considering whether to track consumption at individual facilities by macro-area, so that data can be compared at a detailed rather than overall level (e.g. nuclei, kitchen, domestic water). Lastly, software has been purchased for subsequent installation that, over the long term, will allow the actual consumption of electricity to be monitored. This will stimulate the rational use of resources and facilitate the efficient consumption of electricity.

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<sup>51</sup> The increase in energy intensity was due to the reduction in energy consumption, albeit proportionally less than the decrease in revenue.

<sup>52</sup> See the 2019 consolidated Non-Financial Statement of the Sogefi group, available at the website [www.sogefigroup.com](http://www.sogefigroup.com), for further information about the energy intensity of Sogefi.



**Sogefi** seeks to increase employee awareness about the need to reduce energy consumption as part of its environmental protection activities. In particular, internal communications, weeks dedicated to the environment, training and other activities encourage employees to switch off lights, conditioners, computers and other equipment when not in use. As a result, awareness about energy saving at work has increased.

Sogefi is also taking steps to reduce energy consumption at all plants, such as by introducing LED lights and adjustable compressors, as well as by replacing traditional equipment with cutting edge and low energy consumption alternatives.

Specifically, the Suspensions division of **Sogefi** has launched a strategic Energy Project given that its production process is very resource intensive, based on the moulding of metal and surface treatments that require considerable energy, with an average energy intensity ratio<sup>53</sup> close to 3%. The initiative seeks to improve energy efficiency and, therefore, to reduce the environmental impact of the production process and overall energy usage.

This commitment has been translated into specific objectives:

- reduce total energy costs (-2.6 million euro in the period 2015-2019);
- reduce the energy intensity ratios;
- at group level, increase and disseminate awareness and know-how about energy efficiency (for example, Sogefi Brazil plans to hold a week dedicated to the environment);
- identify KPIs and establish objectives to narrow the gaps between various production plants;
- coordinate and complete the mandatory energy audits (Directive 2012/27/EU) at all European plants.

The Energy Project is managed at business unit level and implemented locally by continuous assessments carried out at the production plant by local teams supported by central functions. This project is sponsored at group level by top management, which allocates investment capital to energy saving actions proposed by both the local teams and central functions. The energy saving initiatives are evaluated for technical and economic feasibility and those meeting the needs and the established criteria are implemented. In addition, **Sogefi** carries out subsequent checks to verify the energy-saving results achieved, in order to validate each specific action.

**GEDI** strives to implement efficiency improvement and cost containment initiatives, with the ultimate objective of attaining ever higher levels of eco-efficiency. The company consumes electricity for various purposes including, in particular, radio relay stations, printing plants and lighting at administrative and publishing offices, other locations throughout Italy and warehouses. GEDI consumed about 50.5 thousand MWh of electricity during 2019, down by about 4.8% from approximately 53 thousand MWh in the prior year, confirming the declining trend over the three-year period.

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<sup>53</sup> Energy costs on Sogefi group global revenue.

## Greenhouse gas emissions<sup>54</sup>

Greenhouse gas emissions (GHG) are thought to be among the main contributors to climate change and are regulated by the UN Framework Convention on Climate Change the UN Kyoto Protocol and the Paris Agreement.

In recent years, the focus of the **CIR** group on the consequences of climate change has increased, partly due to greater awareness in the sectors in which it operates. In order to monitor its environmental impacts and implement initiatives to mitigate them, the **CIR** group strives to quantify the greenhouse gas emissions attributable, directly or indirectly, to its main activities.

**CIR** used the methodologies envisaged in the 2016 GRI Sustainability Reporting Standards to calculate its 2019 greenhouse gas emissions.

In accordance with the Greenhouse Gas (GHG) Protocol, which is the principal emissions reporting standard, emissions were divided into various types: *Scope 1* direct emissions and *Scope 2* indirect emissions.

Direct GHG emissions (*Scope 1*) deriving from sources (physical units or processes that release GHGs into the atmosphere) owned by the organisation or under its control were identified in the form of CO<sub>2</sub> emissions from the consumption of natural gas and diesel.

The GRI envisages two different ways to calculate the indirect GHG emissions (*Scope 2*) deriving from the consumption of electricity, heating, cooling and steam purchased or consumed by the organisation: “Market-based” and “Location-based”. The “Market-based” approach envisages the use of an emissions factor defined in the contract with the electricity supplier, taking account of any certificates purchased by the firm to confirm the use of electricity provided from renewable sources (e.g. Guarantees of Origin). On the other hand, the “Location-based” approach envisages the use of an average emissions factor associated with the specific national energy mix for the production of electricity. This approach takes into consideration the energy conversion factor linked to its generation in the country of purchase. *Scope 2* was only calculated in relation to the consumption of electricity.

The following factors were used to calculate the CO<sub>2</sub> emissions in 2019:

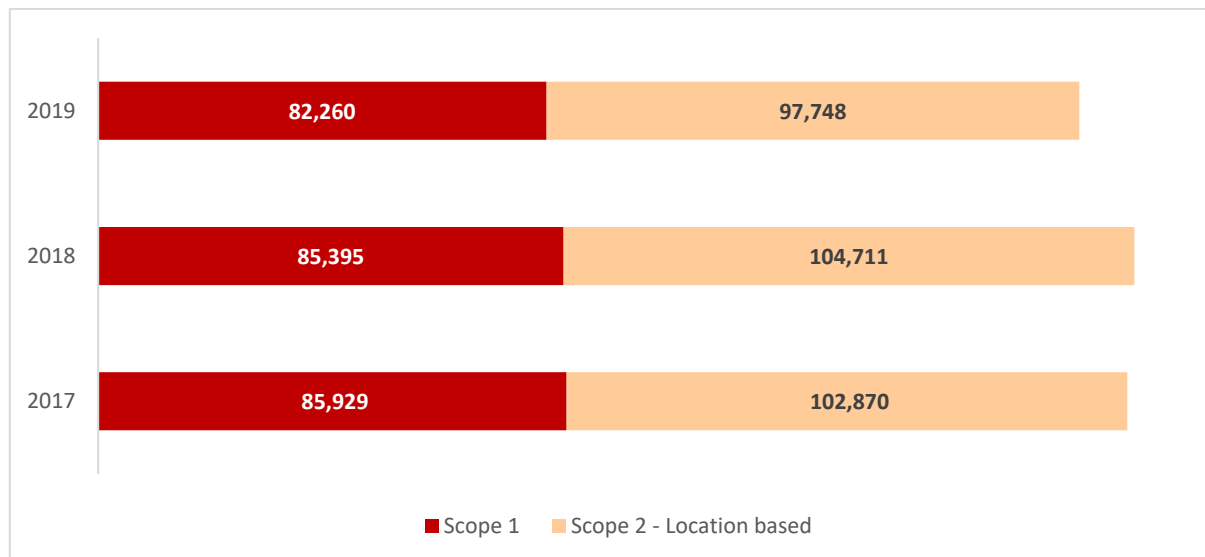
- **CIR** and **KOS** made reference to “Terna 2019 – International Comparisons” for their *Scope 2* “Location-based” emissions and to “AIB Residual Mix 2019” for their “Market-based” emissions;
- In Europe, **Sogefi** used the “Terna – International Comparisons” emission factors for its *Scope 2* “Location-based” emissions and the “AIB Residual Mixes” for its *Scope 2* “Market-based” emissions. No residual mix factors are available for non-EU countries, and so the same “Location-based” factors were used instead. Sogefi preferred to use emission factors relating to the national residual mix, given the absence of specific contractual agreements between group companies and the electricity supplier.
- Lastly, the following factors were used for **GEDI**: “Terna 2016 – International Comparisons” for its *Scope 2* “Location-based” emissions and “AIB Residual Mix 2017” for its “Market-based” emissions.

In confirmation of its major commitment to environmental matters, the **CIR** group produced about 180,008 tonnes of carbon dioxide during 2019, as calculated using the “Location-based” methodology to calculate the consumption of natural gas and diesel (*Scope 1*) and electricity (*Scope 2*), which was less than in 2018. Direct

<sup>54</sup> The consumption of petrol, diesel and LPG is not included in the GRI 302-1 and 305-1 calculations for Sogefi.

GHG emissions (Scope 1) were 4% lower than in 2018, while indirect GHG emissions (Scope 2) were down by 7% and 8% respectively using the “Location-based” and “Market-based” approaches.

**Total GHG emissions (ton CO<sub>2</sub>)**



In relation to energy consumption, **Sogefi** was responsible for about 73% of the emissions recorded in 2019, as shown in the following table:

CIR group CO <sub>2</sub> emissions (2019)			
tCO <sub>2</sub>	Scope 1	Scope 2 Location-based	Scope 2 Market-based
<b>CIR</b>	10	100	134
<b>KOS</b>	13,922	14,710	19,791
<b>Sogefi</b>	66,177	64,740	76,410
<b>GEDI</b>	2,151	18,198	24,112
<b>Total</b>	<b>82,226</b>	<b>98,077</b>	<b>120,890</b>

Self-generation by **KOS** was 28% greater than in 2018, reaching 1,037,800 kWh due to the increased output of the Volpiano cogeneration plant, which first started its operations in April 2018. More than 2% of the self-generated energy (up 7% compared with the prior year) can be classified as renewable energy.

Given that the majority of the CO<sub>2</sub> emissions by **Sogefi** are attributable to directly-controlled sources, the company is seeking to implement measures to reduce its consumption. For example, Sogefi has made considerable progress in improving logistics efficiencies. In this regard, Sogefi encourages reduction of the effects of logistics processes and promotes this effort throughout the supply chain. In particular, the group has adopted a global purchasing approach for transportation, which optimises logistics and transportation

by involving various regional offices and production plants. Based on this approach, the group has optimised purchasing and logistics, for example by strengthening targeted quality standards, such as ISO 9001:2015 certification for the suppliers of logistics services, and by improving the positioning of warehouses to reduce their distance from suppliers and customers.

Additionally, **Sogefi** Filtration launched a supply chain transformation plan in 2019, in order to optimise all the related flows. This plan has three pillars:

- improve the environmental footprint of the warehouse, by positioning it closer to suppliers and customers and therefore reduce transportation distances;
- optimise road transportation by using full truck loads and monitoring less-than-truck loads on a daily basis, in order to avoid additional time and costs and reduce the environmental impact;
- reduce the general environmental impact of logistics by adopting the global logistics standard. This standard emphasises the use of electric vehicles in all warehouses and promotes recourse to reusable packaging<sup>55</sup>.

**GEDI** pays great attention to reducing the environmental impact of transporting its products and is studying solutions to optimise this activity.

The daily newspapers published by GEDI S.p.A. and GEDI News Network S.p.A. are printed at eight printing centres located throughout Italy. Five are owned by the group (Turin, Mantua, Padua, Rome and Sassari) and three by third-party printers (Florence, Catania and Salerno).

Every night, trucks leave the various printing centres to deliver the printed copies to local distributors that, in turn, deliver them to newsagents throughout Italy. Transportation from the printing centre to the local distributor (third-party operator) is known as “primary transportation”; that from the local distributor to the newsagents is called “secondary transportation” and is managed entirely, with full autonomy, by the local distributors that, in turn, have their own service providers. In this regard, significant action has been taken to reduce the number of dedicated and exclusive carriers, with a view to saturating the various means of transport and reducing both the environmental impact of the logistics and overall distribution costs. Specifically, the transportation system now includes operators that also distribute the products of other publishers. In addition, the printing centres for local daily newspapers now share transportation networks.

Primary transportation from the printers of periodicals and add-ons (books, CDs, DVDs etc) that supplement the products published by GEDI is managed by GEDI Distribuzione S.p.A., which uses a single operator that provides nationwide service. This approach maximises the saturation of the vehicles used, reducing emissions into the environment.

Lastly, Elemedia S.p.A. broadcasts radio transmissions on behalf of the three **GEDI** stations (Radio DeeJay, Radio Capital, m2o). The signals, ranging over about 900 frequencies, are emitted by transmitters fixed to metallic pylons. They are mainly located in mountainous areas, far from urban centres. The emissions generated by Elemedia are a direct consequence of operations that comply strictly with the parameters specified in the concession. Elemedia dedicates adequate resources to the self-checks needed to maintain the related pollution systematically below the established thresholds. **GEDI** employs a network of inspectors to manage this network of installations. In addition to their regular checks, they also carry out maintenance work. The group also deploys probes throughout Italy and in strategic city locations in order to monitor signal

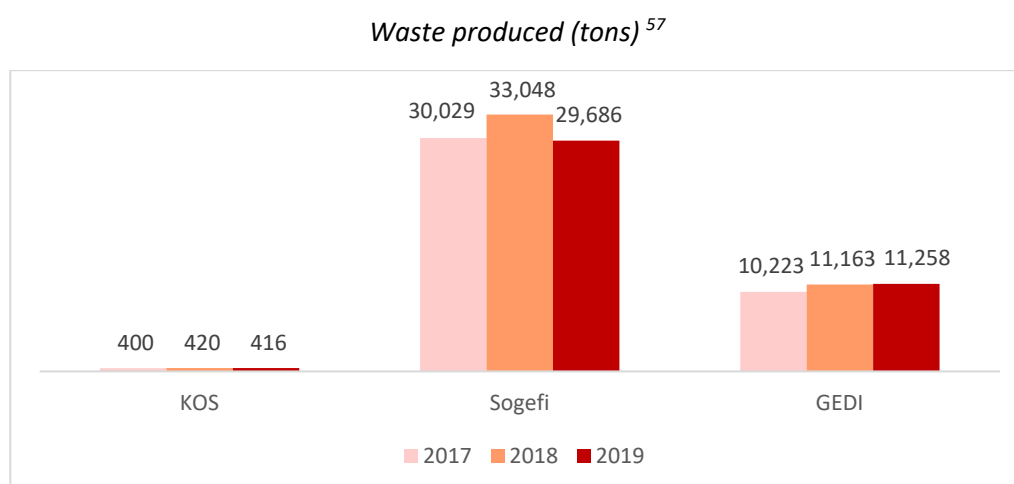
<sup>55</sup> See the 2019 consolidated Non-Financial Statement of the Sogefi group, available at the website [www.sogefigroup.com](http://www.sogefigroup.com), for further information about the actions taken by Sogefi.

levels (remote checking network). Elemedia has never been penalised for exceeding the protection limits on radio transmissions, but is frequently required to make reductions for compliance purposes<sup>56</sup>.

### 6.3 Waste management

The **CIR** group pays attention to the proper management and disposal of waste in compliance with current regulations, being fully aware of its importance for public health and protecting the rights of future generations. In order to discourage the use of disposable plastic bottles, **CIR** has installed water coolers (distributors of micro-filtered water from recyclable tanks) in the communal areas at the Via Ciovassino headquarters and made steel flasks available to all employees. This initiative is part of the actions taken by the group to promote sustainability and, in particular, to reduce waste and the use of disposable plastic in the offices.

In 2019, the **CIR** group generated 41,361 tonnes of waste, down 7% with respect to 2018. Hazardous and non-hazardous waste accounted for respectively 22% and 78% of the total, with a 22% decline over the year in hazardous waste due to the reductions achieved by Sogefi. Each **Sogefi** group plant strives to find sustainable solutions (recycling, recovery) for the processing of waste, in order to increase the percentage of waste recovered. Non-hazardous waste is largely recycled, confirming the commitment to sustainability made by the group.



The following disposal methods are used by the group:

Analysis of waste by disposal method (t) - 2019				
Disposal method	Hazardous waste	Non-hazardous waste	Total	% Total
Reuse	509	5,470	5,979	14%
Recycling	557	14,541	15,098	37%

<sup>56</sup> Visit the GEDI website and see the 2019 consolidated Non-Financial Statement, available on the website [www.gedispa.it](http://www.gedispa.it), for further information about Elemedia.

<sup>57</sup> The chart does not show the tonnes of waste generated by CIR, which represents 0.0009% of the total. The waste production data for KOS relates to the following organisations: Residenze Anni Azzurri, Santo Stefano Riabilitazione, Sanatrix Gestioni, KOS Servizi.

<b>Composting</b>	0	10	10	0%
<b>Energy recovery</b>	498	1,741	2,239	5%
<b>Incineration</b>	1,155	1,036	2,191	5%
<b>Landfill</b>	770	1,601	2,371	6%
<b>On-site storage</b>	7	0	7	0%
<b>Other</b>	5,492	7,974	13,466	33%
<b>Total</b>	<b>8,988</b>	<b>32,373</b>	<b>41,361</b>	<b>100%</b>

About 37% of all waste sent for disposal is recycled.

The production, management and disposal of waste by **KOS** is compliant with the provisions of Legislative Decree no. 152 of 03/04/2006. Both hazardous and non-hazardous waste are stored temporarily at the facilities: solid waste is differentiated and held in separate containers, while laboratory waste is stored in tanks. These waste retention units are structurally compliant with current regulations and the volume/time limits on the holding of waste are not exceeded.

**KOS** does not manage the various types of waste generated by the maintenance work (whether scheduled or otherwise) carried out by external companies. All company facilities are properly registered with Sistri (IT system for the traceability of waste) and record all movements of waste in the manner required by the regulations. Transportation and disposal are outsourced to specialist operators.

**Sogefi** also manages waste in a manner intended to reduce its production, seeking to maximise recycling and reuse, while minimising the incineration of non-recyclable materials and gradually eliminating the recourse made to landfills. Each production plant tracks the waste produced, separating hazardous from non-hazardous items in accordance with the regulations in force in the country concerned. In addition, bins are clearly identified, by colour coding or in other ways, so that they can be recognised easily by all. About 29,700 tonnes of waste was produced in 2019 (down 10% with respect to 2018), most of which was non-hazardous (84%).

Each **Sogefi** plant strives to find sustainable solutions (recycling, recovery) for the processing of waste, in order to increase the percentage of waste recovered. Waste is largely recycled, confirming the commitment to sustainability made by the group.

**GEDI** pays attention to the protection of the environment and the responsible use of resources, making employees aware of the need to manage and dispose of waste properly, minimise scrap and reduce the waste generated by routine activities. About 11.3 thousand tonnes of hazardous and non-hazardous waste were generated in 2019, which was essentially in line with 2018. Hazardous and non-hazardous waste represented respectively 34% and 66% of the total, again in line with the prior year. About 5.3% of the waste was recycled during 2019. In addition to the evaluation and management of waste in accordance with the regulations, the company has also completed all procedures for adopting the Sistri system for the management of waste.

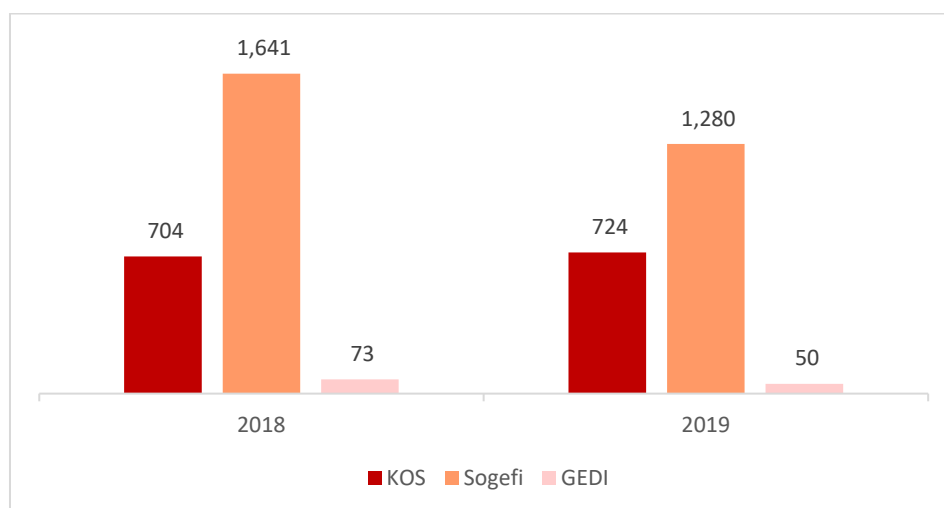
## 6.4 Water management

Access to drinking water and lavatories is a global challenge that must be tackled in order to assure them for future generations. The **CIR** group is aware of its direct impacts on this precious and limited resources and, for this reason, strives to reduce consumption and manage waste water efficiently, paying particular attention to the quantity of water drawn and consumed and the type of discharge made. The **CIR** group companies are therefore committed to saving water, ensuring its responsible use in production and at operating locations. This resource is primarily consumed for hygiene and sanitary purposes by employees, aside from limited use in the printing process at certain plants.

The **CIR** group consumed 2,059 MI of water in 2019, down 15% with respect to the prior year.

With regard to the drawing of water from water-stressed areas, the group uses the aqueduct tool developed by the World Resources Institute<sup>58</sup> to identify the areas potentially at risk. Water stress is considered to exist when the tool identifies an area to be subject to extremely high or medium-to-high water scarcity. See the attachment to this document for further information about the drawing of water from water-stressed areas.

**Water consumption (MI) <sup>59</sup>**



The main source of supply is the water resources of third parties, which provided more than 60% of the total drawn.

<sup>58</sup> The WRI tool is available on-line at the webpage: <https://www.wri.org/our-work/project/aqueduct>. The analysis took account of the results reported in the “baseline water stress” column.

<sup>59</sup> The chart does not show the water consumed by CIR, which was less than 0.3% of the total. In addition, the 2018 GEDI water data does not contain data for the 2018 semester for GNN Sardinia (Cagliari-Tempio location).

Water drawn <sup>60</sup>							
MI	2017		2018 <sup>61</sup>		2019		Change
Sources	Freshwater	Other water	Freshwater	Other water	Freshwater	Other water	2018-2019
Surface water	552	0	508	0	232	297	4%
Groundwater	329	306	243	345	181	53	-60%
Seawater	0	0	0	0	0	0	-
Produced water	0	0	0	0	0	0	-
Third-party water	1,533	25	1,306	18	1,282	14	-2%
<b>Total</b>	<b>2,414</b>	<b>330</b>	<b>2,057</b>	<b>363</b>	<b>1,695</b>	<b>364</b>	<b>-15%</b>

at **KOS**, water is used for normal food and hygiene purposes by employees and guests of the facilities. The only exceptions relate to:

- the functioning of the refrigeration unit of the air-conditioning plant at Residenza di Parco Sempione in Milan. Due to landscaping restrictions when building the facility, it was necessary to adopt a water-cooled solution with discharge of the waste water directly into the public drainage system;
- humidification is carried out by the air processing units. Here too, the water is discharged directly into the drainage system.

Water is drawn from the public supply or, rarely, from wells on site that are used for irrigation purposes during the summer.

As the water is not used for industrial purposes, but rather for normal residential purposes, no impact assessment has been made and the types of waste water discharged have not been considered or assessed.

Although the production processes of **Sogefi** are not water intensive, the group strives continuously to reduce the total quantity of water drawn. Almost all plants have obtained ISO 14001:2015 certification and comply with the requirements of the standard. The standard has established a series of principles to guide the implementation of an Environment Management System (EMS) relevant to the organisation and its needs and expectations. In addition to the EMS, certain plants have adopted additional systems and procedures for the monitoring of water consumption. Efforts to reduce water consumption in 2019 included:

- constant monitoring to prevent overflows, leakages and damage to water tanks;
- reuse of water when possible;
- replacement of all water taps in order to reduce consumption;
- attachment of instructions to all water taps in order to raise awareness about the need to save water (turn off the tap after use);

<sup>60</sup>The 2017 data for water drawn has been restated for comparability with 2018, following alignment with the new methodology required by the GRI standards (from the 2018 NFR). See the 2017 consolidated Non-Financial Statement for the 2017 data calculated using the old methodology.

<sup>61</sup> Freshwater is defined as water with  $\leq 1,000$  mg/L total dissolved solids. Other water is defined as water with  $>1,000$  mg/L total dissolved solids



- new washing process in production which has restricted the water flow and reduced its use;
- environmental training and awareness weeks in order to educate employees and their families about water conservation and the reduction of usage, both at work and at home. In addition, management at certain **Sogefi** plants is evaluating the implementation of an internal water treatment system to reduce their environmental impact, or studying the efficiency of the cooling tower for closed-circuit cooling systems.

**GEDI** only draws water from the public supply, mainly for hygiene and sanitary use by employees, but with limited consumption in the printing process at certain plants. Water consumption totalled about 50 megalitres in 2019, down from 75.4 megalitres in 2018 (-34%). The group draws water solely from the public supply. All locations discharge waste water into the public drainage system, in compliance with the qualitative characteristics specified by the manager of that system. The Rome Printing Centre is authorised to discharge to the surface waters.

With regard to the discharge of water, mostly by the Sogefi group, no highly polluting effluent is generated. However, when necessary and required by local regulations, plants install systems for the treatment of waste water before it is discharged into the natural environment or the public drainage system.

The methods used to discharge water vary, depending on local regulations and the type of activity. At present, Sogefi does not define standards or minimum objectives with regard to the discharge of water. However, all plants must comply with local environmental regulations and the water discharge permits issued by local environmental agencies, regardless of the country in which they operate. In addition, plants must satisfy the water consumption and discharge requirements of the municipality in which they are located.

## Attachments

### Human Resources <sup>62</sup>

#### Composition of the workforce<sup>63</sup>

CIR group - Breakdown of employees and collaborators by gender									
no. persons	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	8,216	7,597	15,813	8,218	8,138	16,356	8,286	8,595	16,881
Collaborators	1,534	1,152	2,686	1,644	1,243	2,887	1,934	1,129	3,063
<b>Total</b>	<b>9,750</b>	<b>8,749</b>	<b>18,499</b>	<b>9,862</b>	<b>9,381</b>	<b>19,243</b>	<b>10,220</b>	<b>9,724</b>	<b>19,944</b>

CIR group - Breakdown of employees by professional type (full time vs part time) and by gender									
no. persons	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	7,297	5,348	12,645	7,956	6,327	14,283	8,051	6,962	15,013
Part time	168	1,339	1,507	264	1,811	2,075	235	1,633	1,868
<b>Total</b>	<b>7,465</b>	<b>6,687</b>	<b>14,152</b>	<b>8,218</b>	<b>8,138</b>	<b>16,356</b>	<b>8,286</b>	<b>8,595</b>	<b>16,881</b>

CIR group - Breakdown of employees by contract type (fixed term vs permanent) and by gender <sup>64</sup>									
no. persons	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Fixed-term contract	751	910	1,661	561	1,018	1,579	473	724	1,197
Permanent contract	7,465	6,687	14,152	7,652	7,120	14,772	7,813	7,871	15,684
<b>Total</b>	<b>8,216</b>	<b>7,597</b>	<b>15,813</b>	<b>8,218</b>	<b>8,138</b>	<b>16,356</b>	<b>8,286</b>	<b>8,595</b>	<b>16,881</b>

CIR group – Breakdown of employees by contract type (fixed term vs permanent) and by geographical area (2019)											
no. persons	Europe		North America		South America		Asia		Total		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Total
Fixed-term contract	473	724	-	-	-	-	-	-	473	724	1,197
Permanent contract	5,242	6,728	593	220	805	197	1,173	726	7,813	7,871	15,684
<b>Total</b>	<b>5,715</b>	<b>7,452</b>	<b>593</b>	<b>220</b>	<b>805</b>	<b>197</b>	<b>1,173</b>	<b>726</b>	<b>8,286</b>	<b>8,595</b>	<b>16,881</b>

<sup>62</sup> The 2017 data analysing employment by gender/age and professional category has been restated for comparability with 2018, following alignment with the new methodology required by the GRI standards (from the 2018 NFS). See the 2017 consolidated Non-Financial Statement for the 2017 data calculated using the old methodology.

<sup>63</sup> The total number of employees reported in the NFS (16,881) differs from that stated in the Annual Report of the CIR group (18,648), as the latter includes the Charleston employees (KOS), totalling 3,981 at 31.12.2019, excludes the GEDI employees, totalling 2,221 at 31.12.2019, and does not count the personnel at the plant under construction by Sogefi Suspensions Eastern Europe S.R.L. (Romania), which employs 7 people at year end (31.12.2019).

<sup>64</sup> The analysis of CIR group employees by contract type (fixed term vs permanent) is not available for 2017 and 2018, because the related data for the KOS group companies in India and the United Kingdom was not available.

CIR group – Breakdown of employees by contract type (fixed term vs permanent) and by geographical area (2018)											
no. persons	Europe		North America		South America		Asia		Total		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Total
Fixed-term contract	870	1,282	371	117	-	-	342	116	1,583	1,515	3,098
Permanent contract	5,077	6,222	245	114	913	234	402	53	6,637	6,623	13,260
<b>Total</b>	<b>5,947</b>	<b>7,504</b>	<b>616</b>	<b>231</b>	<b>913</b>	<b>234</b>	<b>744</b>	<b>169</b>	<b>8,218</b>	<b>8,138</b>	<b>16,356</b>

### Turnover<sup>65</sup>

CIR group - Staff turnover by gender and age group (2019)										
no. persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	700	892	221	1,813	22%	462	767	354	1,583	19%
Women	777	1,450	521	2,748	32%	529	1,100	515	2,144	25%
<b>Total</b>	<b>1,477</b>	<b>2,342</b>	<b>742</b>	<b>4,561</b>	<b>27%</b>	<b>991</b>	<b>1,867</b>	<b>869</b>	<b>3,727</b>	<b>22%</b>

CIR group in Europe - Staff turnover by gender and age group (2019)										
no. persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	178	273	83	534	9.3%	109	248	195	552	9.7%
Women	141	142	25	308	4.1%	44	111	90	245	3.3%
<b>Total</b>	<b>319</b>	<b>415</b>	<b>108</b>	<b>842</b>	<b>6.4%</b>	<b>153</b>	<b>359</b>	<b>285</b>	<b>797</b>	<b>6.1%</b>

CIR group in North America - Staff turnover by gender and age group (2019)										
no. persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	67	51	9	127	21.4%	82	64	15	161	27.2%
Women	22	25	3	50	22.7%	32	27	13	72	32.7%
<b>Total</b>	<b>89</b>	<b>76</b>	<b>12</b>	<b>177</b>	<b>21.8%</b>	<b>114</b>	<b>91</b>	<b>28</b>	<b>233</b>	<b>28.7%</b>

CIR group in South America - Staff turnover by gender and age group (2019)										
no. persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	17	44	1	62	7.7%	46	87	34	167	20.7%
Women	10	10	0	20	10.2%	13	42	2	57	28.9%
<b>Total</b>	<b>27</b>	<b>54</b>	<b>1</b>	<b>82</b>	<b>8.2%</b>	<b>59</b>	<b>129</b>	<b>36</b>	<b>224</b>	<b>22.4%</b>

CIR group in Asia - Staff turnover by gender and age group (2019)										
no. persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	172	88	4	264	22.5%	40	68	4	112	9.5%
Women	17	32	0	49	6.7%	6	25	0	31	4.3%
<b>Total</b>	<b>189</b>	<b>120</b>	<b>4</b>	<b>313</b>	<b>16.5%</b>	<b>46</b>	<b>93</b>	<b>4</b>	<b>143</b>	<b>7.5%</b>

<sup>65</sup> The turnover data for Europe and Asia do not include the staff turnover of KOS group companies in India and the United Kingdom.

## CIR group - Staff turnover by gender and age group (2018)

no. persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	498	779	259	1,536	18.7%	400	725	345	1,470	17.9%
Women	537	1,181	535	2,253	27.7%	350	898	550	1,798	22.1%
<b>Total</b>	<b>1,035</b>	<b>1,960</b>	<b>794</b>	<b>3,789</b>	<b>23.2%</b>	<b>750</b>	<b>1,623</b>	<b>895</b>	<b>3,268</b>	<b>20.0%</b>

## CIR group in Europe - Staff turnover by gender and age group (2018)

no. persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	216	558	230	1,004	16.9%	204	455	296	955	16.1%
Women	445	1,095	523	2,063	27.5%	287	826	536	1,649	22.0%
<b>Total</b>	<b>661</b>	<b>1,653</b>	<b>753</b>	<b>3,067</b>	<b>22.8%</b>	<b>491</b>	<b>1,281</b>	<b>832</b>	<b>2,604</b>	<b>19.4%</b>

## CIR group in North America - Staff turnover by gender and age group (2018)

no. persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	136	81	20	237	38.5%	97	77	20	194	31.5%
Women	48	39	12	99	42.9%	39	28	10	77	33.3%
<b>Total</b>	<b>184</b>	<b>120</b>	<b>32</b>	<b>336</b>	<b>39.7%</b>	<b>136</b>	<b>105</b>	<b>30</b>	<b>271</b>	<b>32.0%</b>

## CIR group in South America - Staff turnover by gender and age group (2018)

no. persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	41	58	7	106	11.6%	21	89	25	135	14.8%
Women	15	26	0	41	17.5%	5	18	4	27	11.5%
<b>Total</b>	<b>56</b>	<b>84</b>	<b>7</b>	<b>147</b>	<b>12.8%</b>	<b>26</b>	<b>107</b>	<b>29</b>	<b>162</b>	<b>14.1%</b>

## CIR group in Asia - Staff turnover by gender and age group (2018)

no. persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	105	82	2	189	25.4%	78	104	4	186	25.0%
Women	29	21	0	50	29.6%	19	26	0	45	26.6%
<b>Total</b>	<b>134</b>	<b>103</b>	<b>2</b>	<b>239</b>	<b>26.2%</b>	<b>97</b>	<b>130</b>	<b>4</b>	<b>231</b>	<b>25.3%</b>

## CIR group - Staff turnover by gender and age group (2017)

no. persons	In					Out				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	646	555	114	1,315	16.0%	262	675	226	1,163	14.2%
Women	608	547	243	1,398	18.4%	125	292	159	576	7.6%
<b>Total</b>	<b>1,254</b>	<b>1,102</b>	<b>357</b>	<b>2,713</b>	<b>17.2%</b>	<b>387</b>	<b>967</b>	<b>385</b>	<b>1,739</b>	<b>11.0%</b>

### Diversity and equal opportunities

CIR group – Percentage of employees by professional category and by gender (2019)			
no. persons	Men	Women	Total
Executives	1%	0%	1%
Managers	0%	0%	0%
White collars	19%	26%	45%
Journalists	4%	2%	6%
Blue collars	22%	8%	30%
Operators	3%	15%	18%
<b>Total</b>	<b>49%</b>	<b>51%</b>	<b>100%</b>

CIR group – Percentage of employees by professional category and by age group (2019)				
no. persons	<30	30-50	50>	Total
Executives	0%	1%	1%	2%
Managers	0%	0%	0%	0%
White collars	5%	27%	12%	44%
Journalists	0%	2%	4%	6%
Blue collars	6%	16%	8%	30%
Operators	2%	10%	6%	18%
<b>Total</b>	<b>13%</b>	<b>56%</b>	<b>31%</b>	<b>100%</b>

CIR – Percentage of employees by professional category and by gender									
no. persons	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	27%	8%	35%	27%	8%	35%	23%	8%	31%
Managers	0%	15%	15%	0%	19%	19%	4%	15%	19%
White collars	15%	35%	50%	15%	31%	46%	15%	35%	50%
<b>Total</b>	<b>42%</b>	<b>58%</b>	<b>100%</b>	<b>42%</b>	<b>58%</b>	<b>100%</b>	<b>42%</b>	<b>58%</b>	<b>100%</b>

CIR – Percentage of employees by professional category and age group												
no. persons	2017				2018				2019			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	12%	23%	35%	0%	8%	27%	35%	0%	8%	23%	31%
Managers	0%	0%	15%	15%	0%	8%	12%	19%	0%	8%	11%	19%
White collars	0%	27%	23%	50%	0%	23%	23%	46%	0%	23%	27%	50%
<b>Total</b>	<b>0%</b>	<b>38%</b>	<b>62%</b>	<b>100%</b>	<b>0%</b>	<b>38%</b>	<b>62%</b>	<b>100%</b>	<b>0%</b>	<b>39%</b>	<b>61%</b>	<b>100%</b>

KOS – Percentage of employees by professional category and by gender									
no. persons	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	0%	0%	0%	0%	0%	0%	0%	0%	0%
White collars	15%	41%	56%	15%	41%	56%	17%	44%	61%
Operators	7%	36%	43%	7%	36%	43%	6%	33%	39%
<b>Total</b>	<b>23%</b>	<b>77%</b>	<b>100%</b>	<b>22%</b>	<b>78%</b>	<b>100%</b>	<b>23%</b>	<b>77%</b>	<b>100%</b>

**KOS – Percentage of employees by professional category and by age group**

no. persons	2017				2018				2019			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
White collars	11%	34%	15%	60%	9%	32%	16%	56%	7%	38%	15%	60%
Operators	5%	23%	13%	40%	4%	24%	14%	43%	4%	22%	14%	40%
<b>Total</b>	<b>15%</b>	<b>56%</b>	<b>28%</b>	<b>100%</b>	<b>13%</b>	<b>56%</b>	<b>31%</b>	<b>100%</b>	<b>11%</b>	<b>60%</b>	<b>29%</b>	<b>100%</b>

**Sogefi – Percentage of employees by professional category and by gender<sup>66</sup>**

no. persons	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	2%	0%	2%	2%	0%	2%	2%	0%	2%
White collars	20%	7%	27%	21%	8%	29%	19%	7%	26%
Blue collars	53%	17%	70%	51%	18%	69%	54%	18%	72%
<b>Total</b>	<b>76%</b>	<b>24%</b>	<b>100%</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>

**Sogefi – Percentage of employees by professional category and by age group**

no. persons	2017				2018				2019			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	1%	1%	2%	0%	1%	1%	2%	0%	1%	0%	1%
White collars	4%	17%	6%	27%	5%	18%	6%	29%	3%	18%	6%	27%
Operators	13%	39%	19%	70%	13%	38%	19%	69%	15%	39%	18%	72%
<b>Total</b>	<b>17%</b>	<b>57%</b>	<b>25%</b>	<b>100%</b>	<b>18%</b>	<b>57%</b>	<b>25%</b>	<b>100%</b>	<b>18%</b>	<b>57%</b>	<b>24%</b>	<b>100%</b>

**GEDI – Percentage of employees by professional category and by gender<sup>67</sup>**

no. persons	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	2%	0%	3%	2%	1%	3%	2%	1%	3%
Journalists	32%	16%	48%	32%	16%	48%	32%	16%	48%
White collars	22%	19%	42%	23%	19%	42%	23%	20%	43%
Blue collars	7%	1%	8%	6%	1%	7%	5%	1%	6%
<b>Total</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>	<b>62%</b>	<b>38%</b>	<b>100%</b>

**GEDI – Percentage of employees by professional category and by age group**

no. persons	2017				2018				2019			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	1%	2%	3%	0%	1%	2%	3%	0%	1%	2%	3%
Journalists	0%	20%	27%	48%	0%	19%	29%	48%	0%	18%	30%	48%
White collars	0%	16%	25%	42%	0%	20%	22%	42%	1%	18%	24%	43%
Blue collars	0%	4%	3%	8%	0%	3%	4%	7%	0%	2%	4%	6%
<b>Total</b>	<b>1%</b>	<b>41%</b>	<b>58%</b>	<b>100%</b>	<b>0%</b>	<b>43%</b>	<b>56%</b>	<b>100%</b>	<b>1%</b>	<b>39%</b>	<b>60%</b>	<b>100%</b>

<sup>66</sup> The 2017 employment data for Sogefi do not include the office employees of Filter Systems Maroc S.à.r.l. or Sogefi Filtration Russia.

<sup>67</sup> The total number of GEDI employees at 31 December 2017 includes 435 people who joined following the merger of ITEDI.

GEDI - Employees belonging to protected categories									
no. persons	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	0	0	0	0	0	0	0	0	0
Journalists	0	0	0	0	0	0	0	0	0
White collars	40	33	73	44	29	73	39	28	67
Blue collars	8	2	10	7	2	9	6	2	8
<b>Total</b>	<b>48</b>	<b>35</b>	<b>83</b>	<b>51</b>	<b>31</b>	<b>82</b>	<b>45</b>	<b>30</b>	<b>75</b>

### Compensation policies

Sogefi - Ratio of the local minimum wage to the minimum wage paid by the group (2019) <sup>68</sup>						
Euro	Local minimum wage		Minimum wage offered		Ratio	
	Man	Woman	Man	Woman	Man	Woman
Eu	16,999	16,676	18,981	18,860	1.1	1.1
North America	13,639	13,639	20,674	20,674	1.5	1.5
South America	1,518	1,518	2,213	2,213	1.5	1.5
Asia	1,196	1,507	1,505	1,907	1.3	1.3

CIR - women/men basic pay ratio			
%	2017	2018	2019
Executives	21%	28%	28%
Managers	-	-	444%
White collars	89%	87%	89%

CIR - women/men average pay ratio			
%	2017	2018	2019
Executives	92%	177%	257% <sup>69</sup>
Managers	-	-	99%
White collars	113%	87%	86%

KOS - women/men basic pay ratio			
	2017	2018	2019
Executives	87%	82%	78%
White collars	78%	82%	87%
Operators	93%	92%	94%

KOS - women/men average pay ratio			
	2017	2018	2019
Executives	89%	85%	74%
White collars	75%	78%	85%
Operators	92%	91%	94%

<sup>68</sup> For Sogefi, the ratio of the standard starting wage to the local minimum wage was calculated as an average for all plants in the relevant region.

<sup>69</sup> The difference between 2018 and 2019 was due to the bonus not envisaged in 2018.

Sogefi - women/men basic pay ratio			
	2017	2018	2019
Executives <sup>70</sup>	44%	64%	62%
White collars	67%	73%	71%
Blue collars	62%	61%	80%

Sogefi - women/men average pay ratio			
	2017	2018	2019
Executives	44%	61%	51%
White collars	66%	87%	62%
Blue collars	61%	70%	78%

GEDI - women/men basic pay ratio <sup>71</sup>			
	2017	2018	2019
Executives	75%	66%	78%
Journalists	80%	83%	85%
White collars	89%	89%	88%
Blue collars	86%	89%	94%

GEDI - women/men average pay ratio			
	2017	2018	2019
Executives	70%	62%	75%
Journalists	77%	79%	81%
White collars	82%	81%	82%
Blue collars	72%	87%	80%

## Training

CIR group – Average annual hours of training per employee (2019)			
no. hours	Men	Women	Total
Executives	10.8	11.7	11.0
Managers	60.0	2.6	14.1
White collars	19.3	10.6	14.3
Journalists	2.7	2.6	2.6
Blue collars	18.3	19.5	18.6
Operators	12.7	9.4	9.9
<b>Total</b>	<b>16.8</b>	<b>11.3</b>	<b>14.0</b>

<sup>70</sup> For 2017 and 2018, the basic pay and average pay only include the executives of the Sogefi plants in Europe.

<sup>71</sup> For GEDI, the basic pay and average pay of executives do not include the General Managers or the Central Managers.



CIR - Average hours of training by professional category and by gender									
no. hours	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	7.9	1.5	6.4	11.0	30.0	15.2	26.0	40.0	29.5
Managers	0.0	10.5	8.8	0.0	12.4	12.4	60.0	2.6	14.1
White collars	5.8	34.3	25.5	0.0	37.5	25.0	0.0	26.3	18.2
<b>Total</b>	<b>8.1</b>	<b>23.6</b>	<b>17.0</b>	<b>7.0</b>	<b>28.1</b>	<b>19.2</b>	<b>19.6</b>	<b>21.8</b>	<b>20.9</b>

KOS - Average hours of training by professional category and by gender <sup>72</sup>									
no. hours	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	3.1	0.8	2.6	5.7	4.6	5.5	3.3	1.2	2.9
White collars	9.2	9.5	9.4	8.3	8.3	8.3	8.1	8.7	8.5
Operators	8.3	6.6	6.9	8.2	6.4	6.7	12.7	9.4	9.9
<b>Total</b>	<b>8.8</b>	<b>8.1</b>	<b>8.3</b>	<b>8.2</b>	<b>7.4</b>	<b>7.6</b>	<b>9.3</b>	<b>9.0</b>	<b>9.1</b>

Sogefi - Average hours of training by professional category and by gender									
no. hours	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	13.7	9.2	13.2	13.9	16.3	14.3	15.6	18.5	16.0
White collars	23.7	19.5	22.6	22.4	18.5	21.4	35.6	28.2	33.6
Blue collars	12.2	9.1	11.4	16.3	12.7	15.4	18.7	20.0	19.0
<b>Total</b>	<b>15.3</b>	<b>12.2</b>	<b>14.5</b>	<b>18.0</b>	<b>14.5</b>	<b>17.1</b>	<b>23.1</b>	<b>22.3</b>	<b>22.9</b>

GEDI - Average hours of training by professional category and by gender <sup>73</sup>									
no. hours	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	13.8	26.7	16.1	14.1	15.9	14.5	3.3	2.8	3.2
Journalists	1.6	1.8	1.7	0.9	1.1	1.0	2.7	2.6	2.6
White collars	9.5	10.2	9.8	6.3	6.1	6.2	5.8	5.7	5.8
Blue collars	0.8	1.6	1.0	1.6	0.0	1.3	6.3	0.4	5.0
<b>Total</b>	<b>4.7</b>	<b>6.5</b>	<b>5.4</b>	<b>3.4</b>	<b>3.9</b>	<b>3.6</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>

<sup>72</sup> The hours of training provided to KOS employees in 2017 do not include the training activities of KOS S.p.A.

<sup>73</sup> The on-line training provided by GEDI in 2017 does not include former ITEDI employees. The classroom training delivered on anti-corruption matters during 2019 is analysed by professional category as follows: Executives, 50%; white collars, 11%.

## Health and safety<sup>74,75</sup>

CIR group – Employee work-related injuries						
no. of cases	2018			2019		
	Men	Women	Total	Men	Women	Total
Work-related injuries	179	276	455	98	242	340
of which fatalities	0	0	0	0	0	0
of which with serious consequences (excluding fatalities)	0	0	0	1	0	1

CIR group - Time data: hours worked by employees <sup>76</sup>						
no. hours	2018			2019		
	Men	Women	Total	Men	Women	Total
Hours worked	12,813,463	10,782,756	23,596,219	12,292,582	12,068,716	24,361,299

CIR group - Employee health and safety indicators						
no. of cases	2018			2019		
	Men	Women	Total	Men	Women	Total
Injury frequency rate	13.3	25.1	18.6	8.0	20.1	14.0
Death rate	0.0	0.0	0.0	0.0	0.0	0.0
Frequency of injuries with serious consequences (excluding fatalities)	0.0	0.1	0.0	0.1	0.0	0.0

CIR group – Collaborator work-related injuries <sup>77</sup>						
no. of cases	2018			2019		
	Men	Women	Total	Men	Women	Total
Work-related injuries	68	21	89	30	3	33
of which fatalities	0	0	0	0	0	0
of which with serious consequences (excluding fatalities)	0	0	0	1	1	2

CIR group - Time data: hours worked by collaborators <sup>78</sup>						
no. hours	2018			2019		
	Men	Women	Total	Men	Women	Total
Hours worked	2,935,801	1,107,319	4,043,120	1,688,316	691,122	2,379,438

<sup>74</sup> The 2017 health and safety data has been restated for comparability with 2018, following alignment with the new methodology required by the GRI standards (from the 2018 NFS). See the 2017 consolidated Non-Financial Statement for the 2017 data calculated using the old methodology.

<sup>75</sup> Rates calculation based on 1,000,000 hours worked:

- Injury frequency rate: (number of injuries/number of hours worked) x 1,000,000.
- Death rate: (Number of fatalities as a result of work-related injuries/number of hours worked) x 1,000,000.
- Rate of injuries with serious consequences: (Number of injuries with serious consequences/number of hours worked) x 1,000,000.

<sup>76</sup> The 2018 data for GEDI hours worked have been restated.

<sup>77</sup> The data for collaborator injuries do not include GEDI.

<sup>78</sup> In 2018 and 2019, a number of supervised workers left the company prior to 31 December 2018 and 31 December 2019; accordingly, they are not included in the workforce totals. However, their hours worked are included.

CIR group - Collaborator health and safety indicators						
no. of cases	2018			2019		
	Men	Women	Total	Men	Women	Total
Injury frequency rate	23	19	22	17.8	4.3	13.9
Death rate	0.0	0.0	0.0	0.0	0.0	0.0
Frequency of injuries with serious consequences (excluding fatalities)	0.0	0.0	0.0	0.6	1.4	0.8

CIR group – Employee occupational diseases						
no. of cases	2018			2019		
	Men	Women	Total	Men	Women	Total
Occupational diseases	41	19	60	31	13	44
of which fatalities	0	0	0	0	0	0

CIR group – Collaborator occupational diseases						
no. of cases	2018			2019		
	Men	Women	Total	Men	Women	Total
Occupational diseases	15	4	19	0	1	1
of which fatalities	0	0	0	0	0	0

## Environment<sup>79</sup>

### Energy consumption and greenhouse gas emissions<sup>80</sup>

CIR group - Energy consumption <sup>81</sup>						
	2017		2018 <sup>82</sup>		2019	
	Total	Total GJ	Total	Total GJ	Total	Total GJ
Electricity	374,445,723 kWh	1,347,996	363,509,900 kWh	1,308,636 GJ	345,044,559 kWh	1,245,807 GJ
Natural gas	45,586,607 m <sup>3</sup>	1,778,334	44,141,820 m <sup>3</sup>	1,556,132 GJ	42,674,750 m <sup>3</sup>	1,636,692 GJ
Diesel <sup>83</sup>	-	-	526,846 l	18,919 GJ	461,010 l	15,917 GJ

CIR group – Greenhouse gas emissions <sup>84</sup>			
tCO <sub>2</sub>	2017	2018	2019
<b>Scope 1</b> - Direct GHG emissions	85,929	85,395	82,260
<b>Scope 2</b> – Location based	102,870	104,711	97,748
<b>Scope 2</b> - Market based	126,818	131,535	120,447
<b>Total Location-based Emissions</b>	<b>188,799</b>	<b>190,107</b>	<b>180,008</b>
<b>Total Market-based Emissions</b>	<b>212,747</b>	<b>216,930</b>	<b>202,707</b>

<sup>79</sup> The following conversion factors were used to calculate energy consumption:

- electricity 1 kWh = 0.0036 GJ for the three-year period;
- natural gas 1 m<sup>3</sup> = 0.03901 GJ in 2017, 1 m<sup>3</sup> = 0.03525 GJ in 2018 and 1 m<sup>3</sup> = 0.03530 in 2019;
- diesel fuel 1t = 42.88 GJ in 2017, 1t = 42.87 GJ in 2018 and 1t = 42.87 GJ in 2019.

<sup>80</sup> The consumption of petrol, diesel and LPG is not included in the GRI 302-1 and 305-1 calculations for Sogefi.

<sup>81</sup> The KOS reporting boundary for 2019 energy consumption includes KOS Care, Ospedale Suzzara, Abitare il tempo, Sanatrix, Elsida, Jesilab, Medipass HQ, KOS HQ and S. Alessandro. The Sogefi data include all plants, but exclude the administrative offices whose energy consumption is not significant. The electricity consumption of GEDI includes the high frequency absorption. With regard to the natural gas consumed, a conversion parameter of 9.7 (notified by the Lazio Region in 2016) was used, in order to allow a prudent margin for plant efficiency.

<sup>82</sup> The KOS reporting boundary for 2018 energy consumption includes KOS Care, Ospedale Suzzara, Abitare il tempo, Sanatrix, Elsida and Medipass HQ. Consumption by KOS in October, November and December 2018 was estimated.

<sup>83</sup> GEDI has reported the diesel consumption of company cars since 2017.

<sup>84</sup> The reporting boundary of KOS includes: KOS Care, Ospedale di Suzzara, Abitare il tempo, Sanatrix, Elsida and Medipass HQ. The 2017 data for CO<sub>2</sub> emissions from electricity consumption have been restated for comparability with 2018, following alignment with the new methodology required by the GRI standards (from the 2018 NFS). See the 2017 consolidated Non-Financial Statement for the 2017 data calculated using the old methodology.

## Waste

CIR group - Waste production (t) <sup>85</sup>						
tons	2017		2018		2019	
	Total	%	Total	%	Total	%
Non-hazardous waste	30,652	75%	33,165	74.3%	32,373	78.3%
Hazardous waste	10,000	25%	11,466	25.7%	8,988	21.7%
<b>Total</b>	<b>40,652</b>	<b>100%</b>	<b>44,631</b>	<b>100%</b>	<b>41,361</b>	<b>100%</b>

CIR group - Waste disposal methods (t) <sup>86</sup>				
tons	2019			
	Hazardous waste	Non-hazardous waste	Total	% total
Reuse	509	5,470	5,979	14%
Recycling	557	14,541	15,098	37%
Composting	0	10	10	0%
Energy recovery	498	1,741	2,239	5%
Incineration	1,155	1,036	2,191	5%
Landfill	770	1,601	2,371	6%
On-site storage	7	0	7	0%
Other <sup>87</sup>	5,492	7,974	13,466	33%
<b>Total</b>	<b>8,988</b>	<b>32,373</b>	<b>41,361</b>	<b>100%</b>

## Water management

Water drawn <sup>8889</sup>					
MI	2017		2018		Change 2017-2018
Sources	Freshwater	Other water	Freshwater	Other water	Total
Surface water	552	0	508	0	-8%
Groundwater	329	306	243	345	-7.2%
Seawater	0	0	0	0	0%
Produced water	0	0	0	0	0%
Third-party water	1,533	25	1,306	18	-15.0%
<b>Total</b>	<b>2,414</b>	<b>330</b>	<b>2,057</b>	<b>363</b>	<b>-11.8%</b>

<sup>85</sup> The 2018 waste production data for KOS relate to the following facilities: Residenze Anni Azzurri, Santo Stefano Riabilitazione, Sanatrix Gestioni, KOS Servizi. For 2019, the data relates to the KOS group excluding Medipass.

<sup>86</sup> The KOS reporting boundary comprises the KOS group excluding Medipass.

<sup>87</sup> The "other" category refers to various methods that include composting, on-site storage and deep-well injection.

<sup>88</sup> The 2017 data for water drawn have been restated for comparability with 2018, following alignment with the new methodology required by the GRI standards (from the 2018 NFS). See the 2017 consolidated Non-Financial Statement for the 2017 data calculated using the old methodology.

<sup>89</sup> Freshwater is defined as water with  $\leq 1,000$  mg/L total dissolved solids. Other water is defined as water with  $> 1,000$  mg/L total dissolved solids

Water drawn from water-stressed areas <sup>90</sup>					
MI	2017		2018		Change 17-18
Sources	Freshwater	Other water	Freshwater	Other water	Total
Surface water	1	0	1	0	1%
Groundwater	30	0	24	0	-21%
Seawater	0	0	0	0	-
Produced water	0	0	0	0	-
Third-party water	213	26	903	21	287%
<b>Total</b>	<b>244</b>	<b>26</b>	<b>928</b>	<b>21</b>	<b>252%</b>

Water drawn (2019)			
MI	Total water drawn		Of which from water-stressed areas
Water drawn	<b>Surface water</b>		
	Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	232	0
	Other water ( $> 1,000$ mg/L total dissolved solids)	297	0
	<b>Groundwater</b>		
	Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	181	22
	Other water ( $> 1,000$ mg/L total dissolved solids)	53	3
	<b>Sea water</b>		
	Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	0	0
	Other water ( $> 1,000$ mg/L total dissolved solids)	0	0
	<b>Produced water</b>		
	Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	0	0
	Other water ( $> 1,000$ mg/L total dissolved solids)	0	0
	<b>Third-party water</b>		

<sup>90</sup> Water-stressed areas are defined using the aqueduct tool developed by the World Resources Institute; they exist when an area is subject to extremely high or medium-to-high water scarcity. For GEDI, the group printing centres (Milan, Rome and Turin) were analysed due to the significance of their consumption with respect to total consumption by the group. Water-stress drawings are included in the table of total water drawn.

	Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	1,282	185
	Other water ( $> 1,000$ mg/L total dissolved solids)	14	14
<b>Total water drawn</b>	Surface water (total) + groundwater (total) + sea water (total) + produced water (total) + third-party water (total)	<b>1,695</b>	<b>224</b>

## Reconciliation chart for material topics, GRI Standards and Legislative Decree no. 254/2016

MACRO AREA	Material topic (materiality matrix)	Topic-specific GRI standard	Decree 254/2016 topics
Economic responsibility	Economic performance	Economic performance; market presence	Social impact
	Innovation of products / services	N/A	
	Business model and reference sector	N/A	
Governance and compliance	Ethics and integrity	Anti-corruption; socio-economic compliance	Fight against active and passive corruption
	Governance and risk management	Anti-corruption; socio-economic compliance	
Customer-related responsibility	Grievance mechanism	N/A	Social impact
	Responsible marketing communications	Product and service information and labelling	
	Privacy and protection of customer data	Customer privacy	
	Quality of products / services	Socio-economic compliance	
	Customer health and safety	Consumer health and safety	
Personnel-related responsibility	Remuneration and corporate welfare	Non-discrimination; diversity and equal opportunities	Personnel-related matters
	Diversity and equal opportunities	Non-discrimination; diversity and equal opportunities	
	Labour relations	Labour relations	
	Enhancement and development of skills	Employment; training and education	
	Occupational health and safety	Occupational health and safety	
Social responsibility	Responsible purchasing practices	Procurement practices	Social impact



	Community development and engagement	Local community	Respect for human rights
	Human and worker rights	Non-discrimination; occupational health and safety	
Environmental responsibility	Water management and use	Water and effluents	Environmental
	Greenhouse gas emissions	Emissions	
	Waste generation and management	Discharges and waste	
	Energy consumption	Energy	
	Socio-environmental impacts of products and services	N/A	

## Scope of material topics of the CIR group

MATERIAL TOPICS	SCOPE OF MATERIAL TOPICS	ROLE OF THE CIR GROUP
<b>Economic responsibility</b>		
Economic performance	CIR group	Direct - Caused by the CIR group
Innovation of products / services	CIR group, customers, suppliers, business partners	Direct - Caused by the group and indirect – associated with the activities of the CIR group
Business model and reference sector	CIR group	Direct - Caused by the CIR group
<b>Governance and compliance</b>		
Ethics and integrity	CIR group	Direct - Caused by the CIR group
Governance and risk management	CIR group	Direct - Caused by the CIR group
<b>Customer-related responsibility</b>		
Grievance mechanism	CIR group, customers	Direct - Caused by the CIR group
Responsible marketing communications	GEDI Gruppo Editoriale	Direct - Caused by GEDI Gruppo Editoriale and indirect - associated with the activities of GEDI Gruppo Editoriale
Privacy and protection of customer data	CIR group	Direct - Caused by the CIR group
Quality of products / services	CIR group, customers, suppliers, business partners	Direct - Caused by the group and indirect – associated with the activities of the CIR group
Customer health and safety	CIR group	Direct - Caused by the group and indirect – associated with the activities of the CIR group
<b>Environmental responsibility</b>		
Water management and use	CIR group	Direct - Caused by the group and indirect – associated with the activities of the CIR group

Greenhouse gas emissions	KOS group, Sogefi group (production plants) and GEDI Gruppo Editoriale	Direct - Caused by subsidiaries and indirect – associated with the activities of subsidiaries
Waste generation and management	CIR group	Direct - Caused by the group and indirect – associated with the activities of the CIR group
Energy consumption	CIR group	Direct - Caused by the group and indirect – associated with the activities of the CIR group
Socio-environmental impacts of products and services	Sogefi group, GEDI Gruppo Editoriale	Direct - Caused by Sogefi group and GEDI Gruppo Editoriale and indirect – associated with the activities of the Sogefi group and GEDI Gruppo Editoriale
<b>Personnel-related responsibility</b>		
Remuneration and corporate welfare	CIR group	Direct - Caused by the CIR group
Diversity and equal opportunities	CIR group	Direct - Caused by the CIR group
Labour relations	CIR group	Direct - Caused by the CIR group
Enhancement and development of skills	CIR group	Direct - Caused by the CIR group
Occupational health and safety	CIR group	Direct - Caused by the CIR group
<b>Social responsibility</b>		
Responsible purchasing practices	Sogefi group, suppliers, business partners	Direct - Caused by the group and indirect – associated with the activities of the Sogefi group
Community development and engagement	CIR group, community and territory	Direct - Caused by the CIR group
Human and worker rights	CIR group, human resources, suppliers, community and territory, business partners	Direct - Caused by the group and indirect – associated with the activities of the CIR group

## GRI Content Index

The 2019 Consolidated Non-Financial Statement of the **CIR** group was prepared with reference to the GRI Sustainability Reporting Standards, applying the “in accordance – Core” option. The following table presents information about the group based on the GRI Standards, with reference to the materiality analysis for the **CIR** group.

Indicator		Page
<b>GRI 102 General Disclosures</b>		
<b>Organisational profile</b>		
102-1	Name of the organisation	6
102-2	Activities, brands, products, and services	10, 12-14
102-3	Location of headquarters	11
102-4	Location of operations	11
102-5	Ownership and legal form	10, 17-18
102-6	Markets served	11-14
102-7	Scale of the organisation	9, 33-35, 50
102-8	Information on employees and other workers	50, 52, 55, 82-83
102-9	Supply chain	45-48
102-10	Significant changes in the size, structure, ownership or supply chain of the organisation during the reporting period	6-8
102-11	Application of the precautionary approach to risk management	19-24
102-12	External initiatives	27-28
102-13	Membership of associations	27-28
<b>Strategy and analysis</b>		
102-14	Statement from senior decision-maker	4-5
<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and rules of conduct of the organisation	25-27
<b>Governance</b>		
102-18	Governance structure	10, 17-18
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups engaged by the organisation	30
102-41	Collective bargaining agreements	57-58
102-42	Identifying and selecting stakeholders	29
102-43	Approach to stakeholder engagement, including frequency and type of activity	30-31, 40-42
102-44	Key matters identified from stakeholder engagement	31-32
<b>Reporting practices</b>		
102-45	Entities included in the consolidated financial statements	6-8
102-46	Defining report content and material topic boundaries	6-8, 31-32
102-47	List of material topics	31-32, 96-97
102-48	Restatement of information	6-8
102-49	Significant changes in the list of goals and topic boundaries	6-8
102-50	Reporting period	6-8
102-51	Date of most recent report	6-8
102-52	Reporting cycle	6-8
102-53	Contact point for questions regarding the report	8
102-54	Indication of the "In accordance" option chosen	6

102-55	GRI content index	100-105
102-56	External assurance	106

Indicator		Page	Omission
<b>TOPIC-SPECIFIC STANDARDS</b>			
<b>GRI 200: ECONOMIC STANDARDS</b>			
<b>MATERIAL TOPIC: Economic performance (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	33-37	
103-3	Evaluation of topic management approach	33-37	
201-1	Economic value directly generated and distributed	36-37	
<b>MATERIAL TOPIC: Market Presence (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	55-56	
103-3	Evaluation of topic management approach	55-56	
202-1	Ratio of standard starting wage to local minimum wage, by gender	56, 87	
<b>MATERIAL TOPIC: Procurement practices (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	45-48	
103-3	Evaluation of topic management approach	45-48	
204-1	Proportion of spending on local suppliers	47-48	
<b>MATERIAL TOPIC: Anti-corruption (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	25-27	
103-3	Evaluation of topic management approach	25-27	
205-2	Communication and training on anti-corruption policies and procedures	26-27	
205-3	Confirmed cases of corruption and actions taken	No cases of corruption were reported or identified in 2019.	
<b>GRI 300: ENVIRONMENTAL SERIES</b>			
<b>MATERIAL TOPIC: Energy (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	24, 69-77	
103-3	Evaluation of topic management approach	24, 69-77	
302-1	Energy consumption within the organisation	70-71, 92	
<b>MATERIAL TOPIC: Water and effluents (2018)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	24, 69-70, 79-81	
103-3	Evaluation of topic management approach	24, 69-70, 79-81	
303-1	Interactions with water as a shared resource	79-81	
303-2	Management of water discharge-related impacts	79-81	
303-3	Water drawn	80, 93-95	
<b>MATERIAL TOPIC: Emissions (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	

103-2	Topic management approach	24, 69-70, 74-77	
103-3	Evaluation of topic management approach	24, 69-70, 74-77	
305-1	Direct GHG emissions (Scope 1)	74-75, 92	
305-2	Indirect GHG emissions (Scope 2)	74-75, 92	
<b>MATERIAL TOPIC: Effluents and waste (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	24, 69-70, 77-79	
103-3	Evaluation of topic management approach	24, 69-70, 77-79	
306-2	Waste by type and disposal method (total weight)	77-78, 93	
<b>SOCIAL INDICATORS</b>			
<b>MATERIAL TOPIC: Employment (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	49	
103-3	Evaluation of topic management approach	49	
401-1	New employee hires and employee turnover	53, 83-84	
401-2	Benefits provided to full-time employees	56-57	
<b>MATERIAL TOPIC: Labour relations (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	57-58	
103-3	Evaluation of topic management approach	57-58	
402-1	Minimum notice period for operational changes organisational changes)	58	
<b>MATERIAL TOPIC: Occupational health and safety (2018)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	61-65	
103-3	Evaluation of topic management approach	61-65	
403-1	Occupational health and safety management system	61-63	
403-2	Hazard identification, risk assessment, and incident investigation	22-23, 61-63	
403-3	Occupational health services	61-63	
403-4	Worker participation, consultation, and communications about occupational health and safety	61-63	
403-5	Worker training on occupational health and safety	61-63	
403-6	Promotion of worker health	61-63	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	61-63	
403-9	Work-related injuries	64, 90-91	
403-10	Occupational diseases	64-65, 91	
<b>MATERIAL TOPIC: Training and education (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	58-60	
103-3	Evaluation of topic management approach	58-60	
404-1	Average annual hours of training per employee	88-89	
<b>MATERIAL TOPIC: Diversity and equal opportunity (2016)</b>			

103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	54-56	
103-3	Evaluation of topic management approach	54-56	
405-1	Diversity of governance bodies and employees (gender, age, other indicators of diversity)	17-18, 54-55, 85-87	
405-2	Ratio of basic pay and remuneration of women compared to that of men	87-88	
<b>MATERIAL TOPIC: Non-discrimination (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	49, 54-56	
103-3	Evaluation of topic management approach	49, 54-56	
406-1	Cases of discrimination and actions taken	No cases of workplace discrimination were drawn to the attention of the group during 2019.	
<b>MATERIAL TOPIC: Local communities (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	66-68	
103-3	Evaluation of topic management approach	66-68	
413-1	Operations with local community engagement, impact assessment, and development programs	66-68	
<b>MATERIAL TOPIC: Consumer Health and Safety (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	38-40	
103-3	Evaluation of topic management approach	38-40	
416-2	Cases of non-compliance concerning the health and safety impacts of products and services	There were no cases of non-compliance with the regulations or voluntary codes during 2019.	
<b>MATERIAL TOPIC: Product and service labelling (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	40	
103-3	Evaluation of topic management approach	40	
417-3	Total number, analysed by type, of cases of non-compliance with regulations and voluntary codes involving marketing activities, including advertising, promotion, and sponsorship	There were no recorded cases of non-compliance with regulations or voluntary codes in 2019.	
<b>MATERIAL TOPIC: Customer privacy (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	44-45	
103-3	Evaluation of topic management approach	44-45	

418-1	Number of documented complaints received about privacy infringements and losses of customer data	No justified complaints about infringements of customer privacy or the loss of customer data were recorded in 2019.	
<b>MATERIAL TOPIC: Socio-economic compliance (2016)</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	25-27	
103-3	Evaluation of topic management approach	25-27	
419-1	Monetary value of penalties for non-compliance with laws or regulations relating to the use of products or services	The company did not identify any cases of non-compliance with regulations and voluntary codes in 2019 that resulted in penalties exceeding €10,000.	
<b>MATERIAL TOPIC: Innovation of products / services</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	42-44	
103-3	Evaluation of topic management approach	42-44	
<b>MATERIAL TOPIC: Business model and reference sector</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	10, 12-16	
103-3	Evaluation of topic management approach	10, 12-16	
<b>MATERIAL TOPIC: Socio-environmental impacts of products and services</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	38-42, 69-70	
103-3	Evaluation of topic management approach	38-42, 69-70	
<b>MATERIAL TOPIC: Grievance mechanism</b>			
103-1	Material topic and its boundary	32, 96-99	
103-2	Topic management approach	21-22, 38-42	
103-3	Evaluation of topic management approach	21-22, 38-42	



## **Auditors' Report**

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(Translation from the Italian original which remains the definitive version)

**Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018**

*To the board of directors of  
CIR S.p.A. – Compagnie Industriali Riunite (formerly COFIDE – Gruppo De Benedetti S.p.A.)*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the “decree”) and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2019 consolidated non-financial statement of the CIR Group (the “group”), whose parent, CIR S.p.A. (the “merged company”) was merged into CIR S.p.A. – Compagnie Industriali Riunite (formerly COFIDE – Gruppo De Benedetti S.p.A.) with effect from 19 February 2020, prepared in accordance with article 4 of the decree and approved by the board of directors on 9 March 2020 (the “NFS”).

***Responsibilities of the directors and board of statutory auditors (“Collegio Sindacale”) for the NFS***

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the “Global Reporting Initiative Sustainability Reporting Standards” issued in 2016 by GRI - Global Reporting Initiative (the “GRI Standards”).

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

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group’s business and characteristics, to the extent necessary to enable an understanding of the group’s business, performance, results and the impacts it generates.

The directors’ responsibility also includes the design of an internal model for the management and organisation of the group’s activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group’s policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

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

We are independent in compliance with the independence and all 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 company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Auditors' responsibility***

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does 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 we performed on the NFS are based on our professional judgement and include inquiries, primarily of the merged company's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
  - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
  - the group's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;

- the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the merged company's and KOS S.p.A.'s management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics, and the procedures carried out by the various separate teams as part of their respective engagements for the subsidiaries GEDI Gruppo Editoriale S.p.A. and Sogefi S.p.A., we performed the following procedures:

- a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence;
- b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information.

We visited:

- KOS S.p.A.
- GEDI Gruppo Editoriale S.p.A.
- Sogefi S.p.A.

which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators. With reference to KOS S.p.A., we performed these activities directly, while, with reference to GEDI Gruppo Editoriale S.p.A. and Sogefi S.p.A., these procedures were carried out by their respective engagement teams.

### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2019 consolidated non-financial statement of the CIR Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Milan, 2 April 2020

KPMG S.p.A.

(signed on the original)

Giovanni Rebay  
Director of Audit

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