

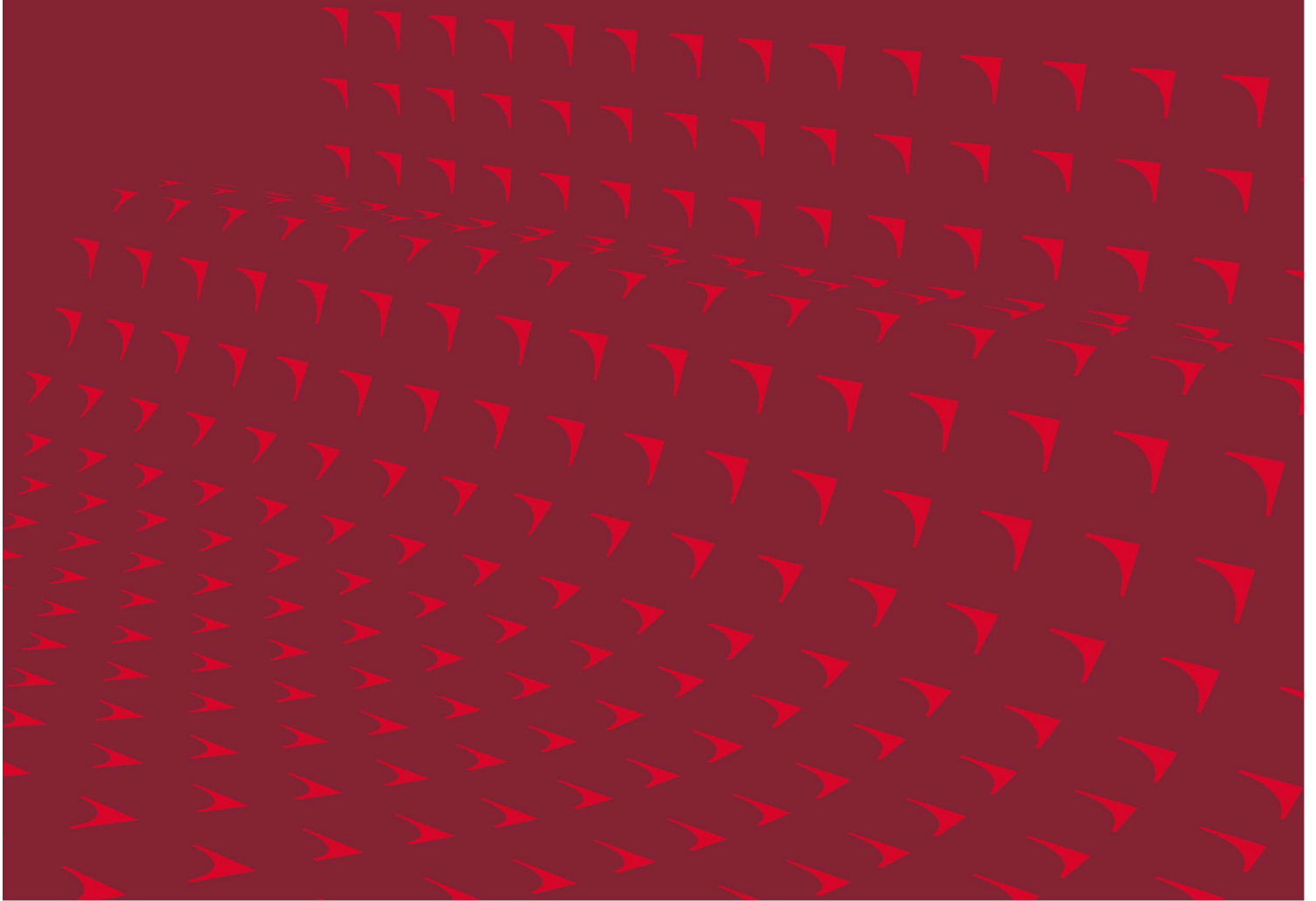


# Consolidated non financial statement

Pursuant to Legislative Decree no. 254/2016

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**2020**







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## Letter to the stakeholders

Stakeholders,

*In our role as long-term shareholders, generating value means adopting initiatives, behaviour and, in general, a way of doing business that give the Company and its subsidiaries sustainable success over time.*

*For us, sustainability is first and foremost rigour and integrity in management, which are transversal principles that are essential for the success of the Group to which we devote our continuous attention: from the monitoring and control systems of business activities, to effective management of risks and the sharing of a corporate culture based on transparency.*

*We have always been committed to guaranteeing our Company and our subsidiaries a style of governance that is in line with best practices; the management bodies are mostly made up of independent directors and their composition reflects the principles of diversity in terms of gender, experience, skills and age. We have always promoted the establishment of independent and effective control functions, beyond legal obligations, and spread a managerial culture aimed at strategic reflection and medium and long-term planning.*

*For us, sustainability means investing only in responsible business models. For years now, through our sustainability reports, we have been describing and measuring the impacts of our activities on people, on the environment, on society. We are aware that we must go further, ensuring that our companies define structured projects dedicated to sustainability and fully integrated with business objectives. It is with this in mind that in 2020 we set up a function dedicated to Sustainability at the holding company level, we attributed competences in this area to internal board committees and we assigned specific objectives to management.*

*The CIR Group operates in two very different sectors: in the health and care sector in Italy and Germany, with the subsidiary KOS, and in the automotive components sector, with the subsidiary Sogefi.*

*KOS carries out an activity with a high social impact, and not only: first and foremost for the profession it exercises, as a health operator which offers long-term care to frail people, supporting the public sector; as an employer of more than eleven thousand*



*employees, to whom it guarantees stable and protected employment as well as constant training; as the owner and/or tenant of a body of real estate for which it constantly optimizes the safety level and reduces its impact on the environment.*

*Sogefi has one of the most important technological challenges for the environment, that of sustainable mobility, and is committed to accompanying its customers in innovation, seeking the balance between the resources available and the necessary evolutions. In addition, it has a constant commitment to employee health and safety and environmental impacts, characteristic of a complex production structure present all over the world.*

*In 2020 we faced an unprecedented crisis for our businesses, which is still unresolved, and we are convinced that it will accelerate the strategic evolution of the sectors in which we operate.*

*We are confident that the ability to react and the mobilisation that our companies have been able to deploy in the face of such an acute and serious emergency will allow us to face the challenges of our professions more strongly.*

*We wish to conclude by expressing our gratitude to all Group employees for their commitment and sense of belonging.*

Rodolfo De Benedetti  
Chairman

Monica Mondardini  
Chief Executive Officer



## Methodological note

### GENERAL PART

This document is the Sustainability Report of the CIR Group. As required by Legislative Decree 254 (Leg. Decree 254/2016 or the Decree) and subsequent amendments and additions, which transposed Directive 2014/95/EU, from the 2017 report, it also represents the Consolidated Non-Financial Statement (NFS), prepared as a separate statement with respect to other disclosures.

This NFS, which is published annually (the NFS for 2019 was published on 2 April 2020), was drawn up using the "Global Reporting Initiative Sustainability Reporting Standards" defined by the Global Reporting Initiative (GRI), following the so-called "in accordance - Core" option.

The GRI Content Index, showing the indicators that are considered significant for the CIR Group based on the materiality analysis, is presented as an attachment to this document.

When the information required by the reporting scheme is already included in other corporate documents that have been made public, explicit reference will be made to them (such as the Report on Corporate Governance and Ownership Structure, the Annual Financial Report, the Code of Ethics, etc.).

The NFS aims to describe the main results and initiatives achieved in terms of sustainability in 2020 (from 1 January to 31 December) and ensure an understanding of the Group's activity, performance, results and impact. It covers environmental, social and personnel issues, respect for human rights and the fight against bribery and corruption to the extent that they are relevant to the Group and its stakeholders.

### REPORTING SCOPE

The NFS has been prepared in compliance with arts. 3 and 4 of the Decree. The data and information reported relate to CIR and all of the subsidiaries consolidated on a line-by-line basis at 31 December 2020 (the Group or CIR group).<sup>1</sup>

The data and information contained in this document relate to 2020, unless stated otherwise; where possible, to show the evolution over time, we make comparisons with 2018 and 2019.

Following a number of extraordinary transactions in 2019 and 2020, which are explained in the annual and interim financial reports, the consolidation scope of the CIR Group has changed substantially compared with that reported in the 2019 NFS; where possible and significant, indicators based on the same consolidation scope have been provided to facilitate an understanding of trends; below we explain how the various transactions have influenced NFS reporting:

- CIR S.p.A. – COFIDE S.p.A. merger (February 2020): following the merger, the merged company COFIDE changed its name to "**CIR S.p.A.- Compagnie Industriali Riunite**". The website where you can find group information is [www.cirgroup.it](http://www.cirgroup.it);

<sup>1</sup>"CIR" is used to mean all Corporate activities, which in addition to CIR S.p.A. 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 any 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".

- Sale of GEDI (April 2020): in defining the materiality matrix of the CIR Group in 2020, the stakeholders of GEDI were not taken into consideration; the overall data for 2018 and 2019 included GEDI: some indicators have therefore been provided excluding this group to facilitate comprehension;
- Sale of MEDIPASS (by KOS, November 2020) and the Filters business in Brazil (by Sogefi, December 2020): in order to give a picture that is consistent with the current scope, the data for the year and previous years include the impacts of these activities, as they were under the Group's control (any exceptions are highlighted in the document);
- Purchase of the Charleston group (by KOS, October 2019): in 2020 the Charleston group adopted a non-financial data collection system, with which the related performance KPIs used for consolidation in the Group's 2020 NFS were monitored; however, data from previous years are not available; the data of the Charleston group for 2020 have therefore been consolidated in the 2020 NFS and, to facilitate comprehension and comparison with previous years, the Charleston group's figures are reported separately from those of KOS.

Any scope limitations or use of estimates (based on the best information available or on sample surveys) are signposted appropriately in the text.

This NFS was approved by the Board of Directors of the CIR Group on 12 March 2021.

This document has been subjected to a limited assurance engagement by KPMG S.p.A. (in accordance with the criteria envisaged in the ISAE 3000 Revised standard). The work was carried out in accordance with the procedures described in the "Auditors' Report", which is included in this document.

The NFS is also available on Group's website ([www.cirgroup.it](http://www.cirgroup.it)).

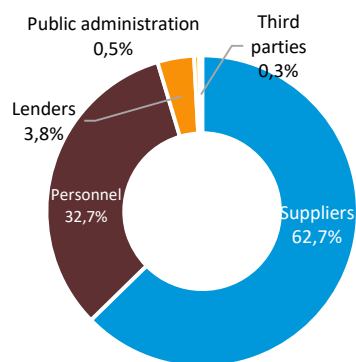
For further information about the corporate social responsibility policies adopted by the Group, or clarification about the information presented in this Consolidated Non-Financial Statement, please write to CIR's Press Office ([infostampa@cirgroup.com](mailto:infostampa@cirgroup.com)), or to the Investor Relations function ([ir@cirgroup.com](mailto:ir@cirgroup.com)).



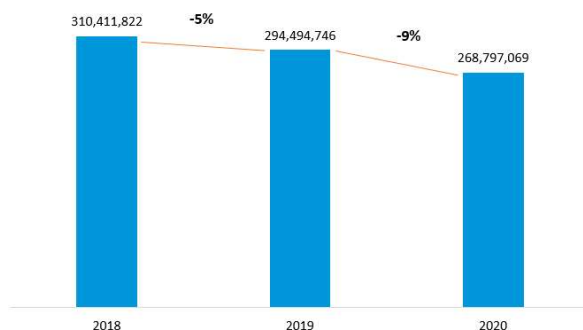
## 1. The CIR Group and sustainability

### Highlights

#### > Economic Value Generated and Economic Value Distributed

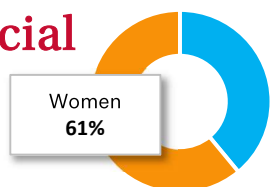


### E<sub>nvironmental</sub>



Electricity consumption\* -9%  
versus 2019

### S<sub>ocial</sub>



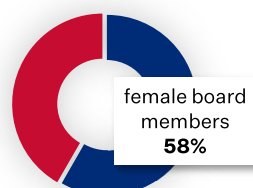
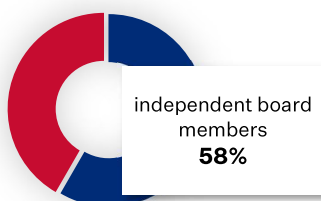
#### KOS patient satisfaction

2020: 85%→

2019: 71%→



### G<sub>overnance</sub>



\* Electricity consumption calculated on a like-for-like basis.

## 1.1 CIR Group profile

**CIR S.p.A. – Compagnie Industriali Riunite** is an Italian holding company characterised by long-term investment strategies in services and industry. The company currently holds controlling interests in KOS and Sogefi, groups operating respectively in healthcare and automotive components, as well as other non-controlling interests and financial assets.

In particular, KOS, one of the main Italian groups operating in long-term care, manages residences for the elderly and facilities for complex and psychiatric functional rehabilitation.

Sogefi develops and manufactures systems for air and cooling management, suspension components and filters. The CIR Group employs nearly 18,000 people. The parent CIR S.p.A., founded in 1976 and listed on the Milan Stock Exchange (FTSE/Mid Cap), is controlled by Fratelli De Benedetti S.p.A..

### PRESENCE OF KOS



### PRESENCE OF SOGEFI



CIR is based in Milan and operates on four continents through its subsidiaries: Europe, America, Asia and Africa. The Group is deeply rooted in Italy thanks to the widespread local presence of KOS health facilities in 11 Italian regions (Lombardy, Marche, Piedmont, Veneto, Liguria, Trentino-Alto Adige, Umbria, Tuscany, Emilia-Romagna, Lazio and Campania). It boasts an international presence, thanks to the recent acquisition of retirement homes in Germany (Charleston group) by KOS, and thanks to Sogefi which with its 39 production plants, 4 research centres and 9 development centres is present in 20<sup>2</sup> countries (Italy, France, Germany, United Kingdom, Netherlands, Romania, Russia, Slovenia, Spain, United States, Canada, Mexico, Brazil, Argentina, India, China, and Morocco).

<sup>2</sup> Considering the global presence of Sogefi (including sales activities).

Fratelli  
De Benedetti S.p.A.

30.8%

45.5% voting rights

**CIR**

59.8

**KOS**

56.6

**soGEFI**

Non-core  
investments

## Business

KOS is a leading Italian operator in the socio-healthcare sector, specialising in Long-Term Care - with a significant presence also in Germany - and in diagnostics and cancer care in India.

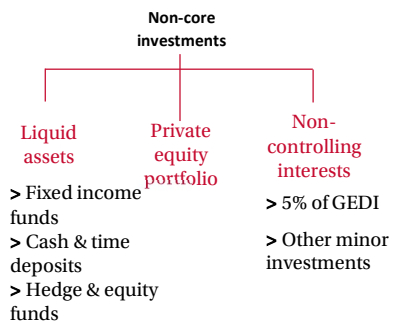
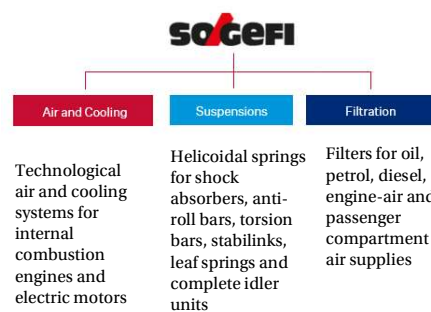
In Italy, it manages residential care homes for the elderly (Anni Azzurri - 52 facilities and 5,700 beds), functional and psychiatric rehabilitation facilities, and day hospitals (Santo Stefano and Neomesia - 37 facilities and 2,800 beds), in addition to the Ospedale Fratelli Montecchi in Suzzara (123 beds) in concession by the Lombardy Region.

In Germany, it provides residential services for the elderly who are not self-sufficient and ancillary services for elderly and highly disabled patients (Charleston - 47 facilities and 4,000 beds).

**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 on four continents and in 20 countries with 52 locations, including 39 production plants, Sogefi partners with the most important global manufacturers of vehicles, operating in the original equipment, original parts and independent parts markets. Established in Italy with steady growth in Europe and the rest of the world, also via acquisitions, Sogefi is now expanding strongly in non-European market including, in particular, North America and Asia.

Diversified portfolio for liquidity management

## Structure



## Strategy

KOS is focused on developing its core business, namely "Long-Term Care" (which presents the greatest development opportunities, as highlighted by demographic and social trends) through own developments ("greenfield") and acquisitions with geographical diversification (the acquisition of Charleston as a development platform in Germany is essential).

The group intends to focus its activities on the markets and geographical areas deemed most promising in terms of presence, competition and development, maintaining a product portfolio with high value added and in line with the technological and market evolution.

Maintenance and management of the financial investment portfolio to optimise the risk-return profile with highly liquid assets to take advantage of strategic investment opportunities.



## Economic value generated and distributed

The economic value statement is a reclassification of the consolidated income statement and presents the wealth produced and distributed by the CIR Group. Specifically, that statement shows the economic results of operations and the wealth distributed to the stakeholders in the group: in other words, the ability to create value for its stakeholders and society.

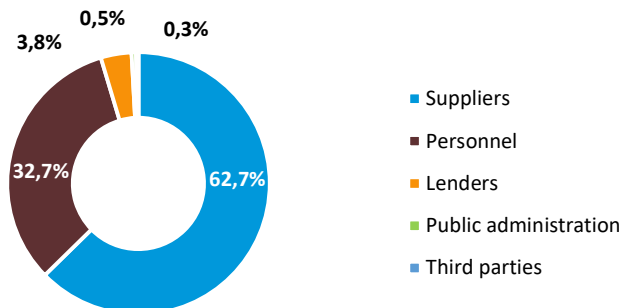
In order to calculate this economic value, the **CIR** Group made reference to the methodology devised by the working party on Social Responsibility<sup>3</sup>.

In 2020, the **economic value generated** by the CIR Group amounted to € 1,740.6 million, an increase of 11.6% compared with 2019 (€ 1,559.2 million); this increase, in apparent contrast to the reduction in activity levels (revenue decreased by 8.3% compared with 2019), is attributable to the impact of selling GEDI in 2019.

The **economic value distributed**, on the other hand, was equal to € 1,724.3 million, an increase of 5.8% compared with 2019, broken down as follows:

- remuneration of suppliers, € 1,080.6 million, down 11.4% compared with 2019, mainly due to the reduction in business volumes which led to lower consumption and purchases of goods (which represent 66% of this item);
- the remuneration of personnel, € 563.9 million (+5.9% on 2019), which was largely the wages and salaries paid to employees of the Group; the increase is attributable to the expenses of the personnel at Charleston, consolidated for the whole of 2020 (as opposed to only two months in 2019), offset by the lower personnel expenses of Sogefi achieved by using social safety nets to contrast the impacts of Covid;
- the distribution of economic value to lenders of € 65.4 million in 2020 (€ 51.7 million in 2019);
- the remuneration of non-controlling interests, i.e. the portion of the profit for the year attributable to non-controlling interests, € 5.1 million in 2020;
- remuneration of the Public Administration in the form of income taxes: € 9.3 million in 2020 (€ 22.0 million in 2019).

Distribution of economic value by stakeholder



See the 2019 consolidated financial statements of the CIR Group for further information about the financial performance of the year.

<sup>3</sup> The idea is to reclassify the figures taken from the IFRS-compliant financial statements as follows: the **economic value generated** includes operating revenue, other revenue, gross financial income and the profit/(loss) for the year attributable to non-controlling interests, profit/(loss) from assets held for sale net of depreciation, amortisation, impairment losses and changes in inventories, while the **economic value distributed** corresponds to costs, broken down by counterparty (suppliers and employees), financial expense and taxes.



## 1.2 Impacts of the Covid-19 pandemic

During the year, all Group companies suffered the consequences of the Covid-19 pandemic, which affected normal business activities in many ways and forced companies to act vigorously to limit the impacts from a health, social and economic point of view.

In terms of sustainability and impacts on stakeholders, this has resulted in having to limit various activities and initiatives for patients, staff and local communities, whose attention has been focused even more on safety issues.

In terms of consumption and the environment, given that the first measures to contain the pandemic according to the guidelines of all health authorities included the use of personal protective equipment, these were widespread among employees and patients, leading to an increase in consumption and special, potentially infected waste, especially for KOS health activities.

The Sogefi group was affected by the “stop-and-go” of its plants which reduced their efficiency; on the other hand, the lockdown periods during the year, as well as the drop in demand, led to an absolute reduction in production and therefore in consumption and waste.

A description of the economic and financial consequences on the CIR Group is provided in the report on operations, to which reference should be made; below, in the chapters dedicated to each stakeholder, more in-depth information is provided on the consequences that the pandemic has had on them and on material issues.



### 1.3 Governance of Sustainability

Despite their diversity, **CIR Group** companies share an ambition to create value for all stakeholders and attach great importance to economic equilibrium: offering quality products and services, while making operational decisions that are mindful of environmental and social sustainability.

Within the Group, while respecting their own governance and characteristics, the various companies are equipped with adequate bodies and functions to continue their sustainability path, aimed at ensuring a balance between the different activities of the Group and the environmental, social and economic impacts that the various activities have on the territory and on the community.

	CIR	KOS	Sogefi
<b>Governance bodies</b>	> BoD > CCRS	> BoD > CCR	> BoD > CCR - transformation into CCRS under discussion
<b>Sustainability function</b>	> In place since 2016 > Institutionalised in 2021, it reports to the CEO	> Activities carried out by existing company functions	> Sustainability manager since 2019, he reports to the CEO
<b>Procedures - Risks and internal control systems</b>	> Only administrative procedures, given its nature as a holding company > ERM: updated and approved	> "Sustainability" procedures integrated into each function > ERM in place	> Procedure in place for the various functions > ERM / SRA: updated and approved
<b>Non-financial information</b>	> Consolidated annual NFS since 2015, using GRIs, "core" option	> Information presented by the holding company CIR	> Annual NFS since 2015, using the GRIs, "core" option
<b>External communication and activities</b>	> Publication of annual NFS > "Sustainability" section on the website	> Carrying out activities and events to involve patients and their families, local communities and universities, as well as initiatives for staff > Communication on "social" channels	> Carrying out activities in the field of R&D, energy efficiency, environmental issues, community and safety in the workplace > Communication on various channels, including "social" ones

## 1.4 Stakeholder engagement and materiality matrix

When pursuing the various corporate objectives, it is fundamental to develop forms of dialogue and constant interaction with all internal and external stakeholders. By understanding them, their different needs, interests and expectations can be taken into consideration. In particular, working under dynamic and competitive conditions that are subject to considerable change, it is important to discuss new trends with the stakeholders as they emerge, so CIR can constantly generate value added in an agreed manner over 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 attach to sustainability matters in their sectors and environments.

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

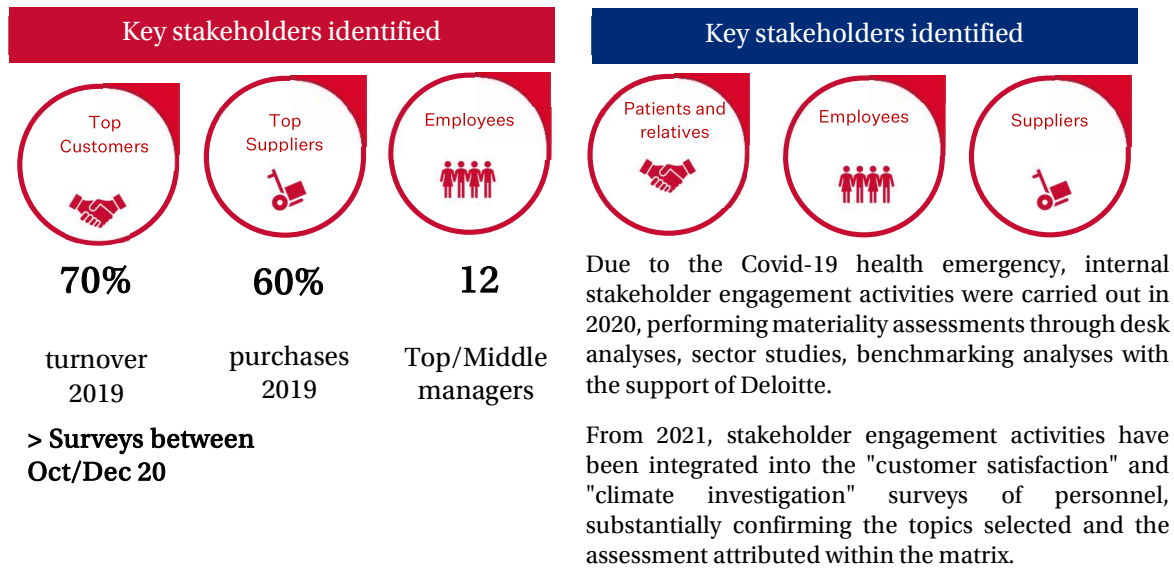
### CIR Group stakeholders



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.

With regard to CIR S.p.A., in 2020, the Press Office, which is responsible for managing relations between the company and the media on corporate communication, issued **29 press releases** through Borsa Italiana; the Investor Relations function, which manages the flow of information to shareholders, financial analysts and institutional investors, in compliance with the rules established for the communication of information and documents, organised **54 meetings** and **calls with analysts** and **4 presentations of results to the market**.

## Stakeholder engagement 2020



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.

For the Group, the synthesis between the strategic business approach and the stakeholder perspective represents an important tool for defining and developing sustainability priorities.

During 2020, the materiality analysis of KOS was updated considering both the best practices in the health-care sector, the relevant studies and publications, the topics referred to in Legislative Decree no. 254/16, and a desk analysis. The material aspects identified were then discussed internally by the main company functions and approved by Top Management.

Furthermore, the results were also substantially confirmed by the first stakeholder engagement activities carried out in January 2021. During the year, both internal and external stakeholder engagement activities were scheduled on an ongoing basis, with patients and relatives, employees and suppliers.

Sogefi's matrix was updated through surveys of the key stakeholders, i.e., the main customers, suppliers and managers of the three business units. They were asked to assess the relevance of the material aspects identified, also in light of the possible long-term impacts of the pandemic. The ratings received from customers and suppliers were then discussed with the CEO and CFO to assess their priority within the companies. The matrix was approved by the Group's CEO and presented together with Sogefi's NFS to the Risk Control Committee to confirm its content.

Following the analysis of KOS and Sogefi's results, the most important internal and external issues were selected at the CIR Group level, which, while respecting the specific aspects of the two businesses, provide an overview of the activities. The synthesis of these issues is represented in the CIR Group's materiality matrix, divided into six macro-areas, which are the main point of



reference for this NFS: economic responsibility, governance and risk management, customer satisfaction, our people and human rights, environmental responsibility and commitment to the community.

With respect to the material issues identified in 2019, we would point out the following changes:

- “Responsible marketing communications” and “Business model and reference segments” are no longer material, following the exit of the GEDI group from the consolidation scope and the updated valuations of KOS and Sogefi;
- the topic “Privacy and data protection” is less significant, also because of the fact that stakeholders gave more attention to safety issues during the pandemic;
- some issues relating to customer satisfaction (“Patient satisfaction”, “Complaints management”, “Quality and effectiveness of social assistance services” and “Access to social health assistance” for KOS and “Product quality and safety” and “Customer satisfaction” for Sogefi) have been merged into the one topic “Customer satisfaction”.

The 2021 materiality matrix was presented to the Control, Risk and Sustainability Committee.

CIR Group materiality matrix<sup>4</sup>

A reconciliation of the material topics identified, the GRI standards and the contents of Legislative Decree 254/2016 can be found in a table attached to this document. Lastly, see the GRI Content Index for a list of the GRI standards considered and their positioning within this report.

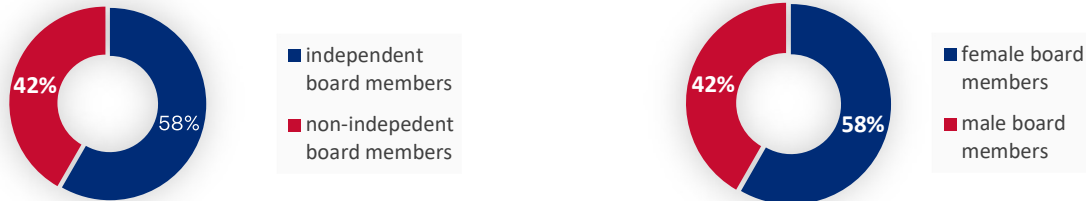
<sup>4</sup> The topic of "Business ethics and integrity" in the CIR matrix includes both "Governance and Compliance" and "Internal risk management controls", which are relevant for KOS. In Sogefi, the topic of "Risk management" has been integrated into "Business ethics and integrity".



## 2. Governance, Risk Management, Ethics and Integrity

### Highlights

#### > Governance



> New Corporate Governance Code adopted from 2021

#### > Risk management

> Model 231 adopted by CIR, Sogefi and KOS

> ERM update including ESG risks

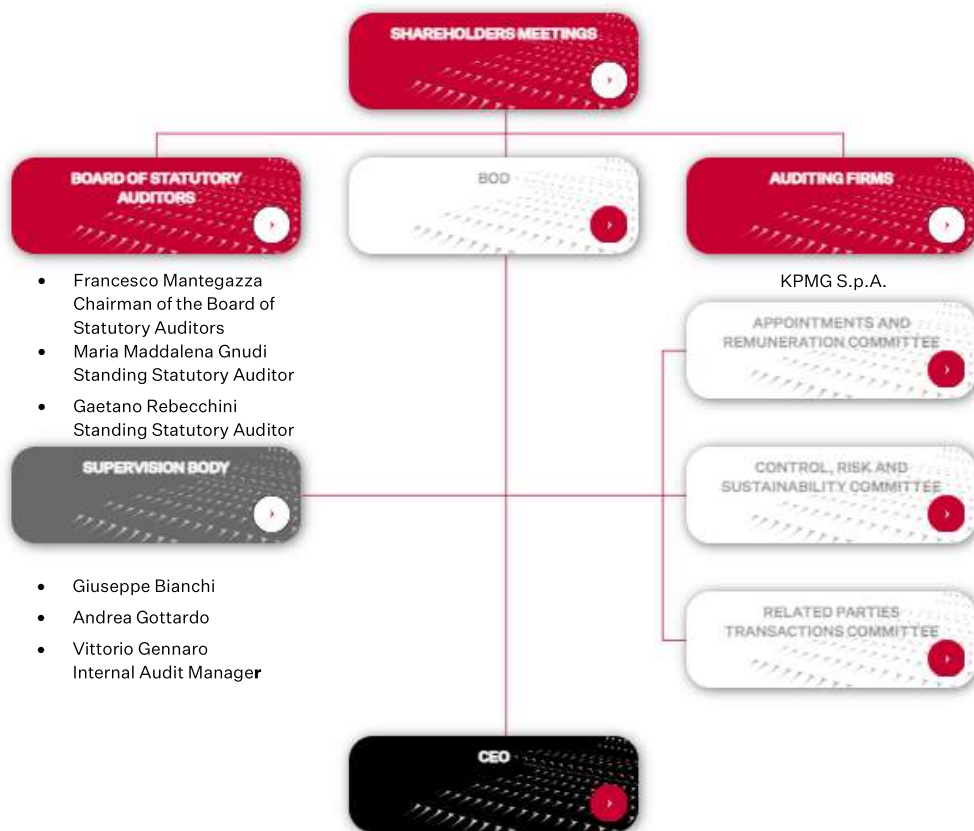
## 2.1 Corporate governance and organisational structure

CIR is aware of the importance of the Corporate Governance system to achieve strategic objectives and create sustainable value, through effective corporate governance, which respects the rules and institutions, efficient in making choices and in their implementation, maintaining a correct relationship with all stakeholders.

CIR therefore keeps its governance system aligned with the best standards: on 29 January 2021, **CIR S.p.A.** adopted its own Corporate Governance Code which replaces the Company's Corporate Code of Conduct. This code contains a description of the main tasks and functions of the corporate bodies, their composition and functioning, as well as the internal control and risk management system, defined having regard to the framework of the applicable rules (legal and regulatory provisions and Articles of Association) and the principles of the Corporate Governance Code for Listed Companies published on 31 January 2020 by the Corporate Governance Committee, in which business associations, Borsa Italiana S.p.A. and Assogestioni participate.

The corporate governance model adopted is the “traditional” one, made up of the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. A central role is attributed to the Board of Directors, as the body responsible for managing the company in the interest of the shareholders.

### Governance structure of CIR S.p.A.



The merger between CIR S.p.A. and its parent COFIDE S.p.A., on 19 February 2020, made it possible to simplify the structure of the Group and improve its governance as it shortened the chain of control with the operating companies, in line with best international practices and with the expectations of the market and regulatory authorities.

The **Board of Directors** of CIR S.p.A. comprises members with diverse professional experience (academic, entrepreneurial, managerial). The directors, who are appointed by the Shareholders, can remain in office for no more than three terms.

The current Board of Directors was appointed at the Shareholders' Meeting held on 8 June 2020 and will remain in office until the Shareholders' Meeting held to approve the financial statements at 31 December 2022. It is made up as follows:

Name	Age at 31 Dec. 2020	Position	Executive	Non-Executive	Independent <sup>5</sup>	ACC	CCRS	RPTC
Rodolfo De Benedetti	>50	Executive Chairman	X					
Monica Mondardini	>50	Chief Executive Officer and General Manager	X					
Philippe Bertherat	>50	Director		X	X	X		
Maristella Botticini	>50	Director		X	X		X	X
Franco De Benedetti	>50	Director		X				
Edoardo De Benedetti	>50	Director		X				
Marco De Benedetti	>50	Director		X				
Paola Dubini	>50	Director		X	X		X	X
Silvia Giannini	>50	Director Chairwoman of the CCRS and RPTC		X	X	X	X	X
Pia Hahn Marocco	>50	Director		X	X		X	X
Francesca Pasinelli	>50	Director Chairman of the ACC		X	X	X	X	X
Maria Serena Porcari	30-50	Director Lead Independent Director		X	X	X	X	X

ACC: Appointments and Remuneration Committee; CCRS: Control, Risk and Sustainability Committee; RPTC: Related Party Transactions Committee

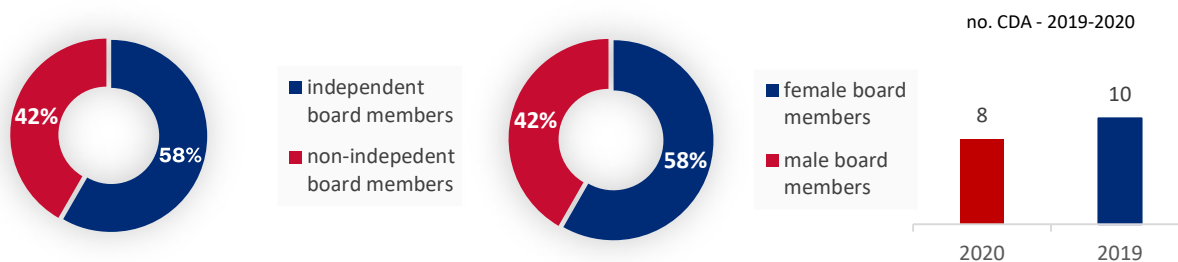
With the help of the Appointments and Remuneration Committee, the Board of Directors periodically assesses the effectiveness of its activities through formalised procedures, monitoring their implementation, both through an annual self-assessment and with external consultants at least once every three years.

The Board of Directors defines the policy for the remuneration of directors, members of the supervisory body and top management, which is aimed at pursuing the sustainable success of the company and the group. In determining the remuneration of executive directors and top management, the Board takes care to verify that it meets the reward criteria, providing that the variable part has a significant weight on the remuneration and that the share-based remuneration plans for management incentivise their alignment with the interests of shareholders in the medium to long term.

<sup>5</sup> Independent according to the Corporate Governance Code and CFA

Lastly, based on preparatory work carried out by the Appointments and Remuneration 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.

92% of the Board members are over 50 years of age. Non-executive directors are, in terms of number and authority, sufficient to guarantee that their judgement can have a significant weight in board decisions. In 2020, the Board of Directors met 8 times (10 times in 2019).



In compliance with the recommendations of the Corporate Governance Code, the Board has appointed Maria Serena Porcari as **Lead Independent Director**. She acts as a point of reference for the non-executive directors - particularly the independent ones - and coordinates their requests and contributions; she coordinates meetings of only the independent directors, that she has the right to convene, independently or at the request of other directors, to discuss issues deemed to be of interest with respect to the functioning of the Board of Directors or management.

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

- > The **Appointments and Remuneration Committee** which carries out consultative, propositional and monitoring functions on the appointment of directors, on the self-assessment of the board of directors and on remuneration. The composition of the committee ensures the presence of skills and/or experience in financial matters and/or remuneration policies.
- > The **Control, Risk and Sustainability Committee** which carries out advisory, propositional and monitoring functions on the internal control and risk management system of the company and on sustainability strategies. Furthermore, it supports the Board of Directors in defining the guidelines of the internal control and risk management system of the company and in assessing its adequacy every year. The composition of the committee ensures the presence of skills and/or experience in financial and/or risk management matters;
- > The **Related Party Transactions Committee** which carries out advisory, propositional and monitoring functions and supports the board of directors on related party transactions, pursuant to the procedure for related party transactions adopted by the company.

The **Board of Statutory Auditors** carries out supervisory and control activities. In carrying out its duties, it interacts with the Control, Risk and Sustainability Committee and with the Internal Audit Manager through a constant exchange of information. The current Board of Statutory Auditors of

CIR S.p.A. is made up of three standing and three alternate auditors. It was appointed at the Shareholders' Meeting of 8 June 2020 and is in office until the Shareholders' Meeting which will approve the financial statements at 31 December 2022. The Board of Statutory Auditors met 12 times during 2020.

## 2.2 Ethics, integrity and anti-corruption

### Code of Ethics

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

For this reason, CIR, KOS and Sogefi 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, also transmitted to all employees. This code also provides that the Group promotes respect for the physical and cultural health and well-being of individuals, guaranteeing employment conditions 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.

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>6</sup>. In particular, KOS, which works with the National Health Service, is not only subject to strict procedural controls, but also has a strict internal policy that Group employees must observe and on which they are adequately trained.

### Public policies and funding

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

In the healthcare sector, KOS provides services to patients in duly recognised centres and is remunerated by the Italian 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. In Germany, the costs of care for the elderly are partly guaranteed by insurance coverage or by local public funds, the reference bodies of which define the service levels.

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<sup>6</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

The CIR Group attaches great importance to the prevention of and the fight against corruption in all its forms, striving to prevent all types of bribery and corruption and combat any acts of extortion by Group companies or their employees.

In order to ensure the proper and transparent conduct of business and prevent the offences envisaged in the Decree, CIR S.p.A. has adopted an "Organisational, Management and Control Model" pursuant to Legislative Decree 231/2001. The Model is checked periodically for adequacy and, when necessary, updated in order to guarantee its constant alignment with both regulatory and organisational changes<sup>7</sup>.

The latest version of the Organisational, Management and Control Model was approved by the Board of Directors on 29 October 2018 following the update based on the results of the self-assessment carried out at the end of 2016 and the most recent regulatory innovations; in 2020, the updating process was started to incorporate the new types of offence.

The new Model, structured according to a "process" logic, is more user-friendly and easier to implement effectively. The Supervisory Body 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.

All the Italian Group companies have their own 231 Model, while the Code of Ethics of the reference Group is applied to the companies under foreign law.

For this purpose, the anti-corruption policies are specified in the Organisational, Management and Control Model pursuant to Legislative Decree 231/01 and referenced in the Code of Ethics. All group employees and all actors who, for in various ways, collaborate with group companies are strongly encouraged to recognise and accept the principles embodied in the Code of Ethics. Both the 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.

During 2020, 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>7</sup> The 231 Model can be found on the website [www.cirgroup.it](http://www.cirgroup.it) in the section on Governance/governance systems.



### Employees who have received anti-corruption training

	CIR				KOS				SOGEFI			
	2019		2020		2019		2020		2019		2020	
		% of the total		% of the total		% of the total		% of the total		% of the total		% of the total
Executives	--	--	--	--	17	71%	--	--	--	--	--	--
Managers/white collars	--	--	--	--	--	--	--	--	--	--	--	--
Operators	--	--	--	--	82	1%	--	--	--	--	--	--
Blue collars	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	--	--	--	--	<b>99</b>	<b>2%</b>	--	--	--	--	--	--

In 2020, no training hours were provided on anti-corruption for CIR, KOS and Sogefi employees. Furthermore, in 2020 no member of the Boards of CIR, Sogefi and KOS was trained on anti-corruption.

### Codes, principles and trade associations

**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 belongs to the following associations: Assonime (*Association of Italian limited liability companies*), European Issuers (representing the interests of European limited liability companies) and ERT (*European Round Table for Industry*).

Sogefi and KOS operate in compliance with specific codes and principles of their reference sector and have joined various trade associations.

KOS 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-healthcare sector, participating actively in the roundtable discussions and working parties organised by them. Additionally, Anni Azzurri (now KOS Care), that provides residential and healthcare support for the elderly, is a founder member of AGEspi (an association of providers of social-healthcare and post-intensive care services). Charleston is a member of the Association of Private Providers (BPA) and the Association of Nurses (AGVP).

**Sogefi** also recognises the strategic importance of trade associations and belongs to several in the geographical areas served by the group: such as CLEPA, European Association of Automotive Suppliers, ANFIA, Associazione Nazionale Filiera Industria Automobilistica, Unione Industriale Torino and Unione Industriale Brescia in Italy, SAE, Society of Automotive Engineers in the United States, FIEV, Fédération des Industries des Equipements pour Véhicules in France, VDI, Verein Deutscher Ingenieure in Germany, ACMA, Automotive Components Association of India and CII, Confederation of Indian Industry in India, SINDIPEÇAS, Sindicato das Industrias de Autopeças and ABRASFILTROS, Associação Brasileira de Filtros in Brazil and GIES, Grupo de Intercambio de Empresas del Sabinal in Mexico.



## 2.3 Risk Management

The internal control and risk management system adopted by **CIR S.p.A.**, **KOS** and **Sogefi** is articulated in various corporate bodies, is in line with best practice and involves:

Body / function	Role in risk management
Board of Directors	<ul style="list-style-type: none"> <li>&gt; it defines the guidelines for the internal control and risk management system in line with the Company's profile</li> <li>&gt; it annually assesses the adequacy and effectiveness of the internal control and risk management system</li> <li>&gt; it establishes the principles concerning the coordination and information flows between the various parties involved in the internal control and risk management system</li> </ul>
Chief Executive Officer (*)	> in charge of implementing and maintaining the Company's internal control and risk management system
Control, Risk and Sustainability committee (**)	> it carries out advisory, propositional and monitoring functions on the Company's internal control and risk management system and on sustainability strategies
Internal audit manager (***)	<ul style="list-style-type: none"> <li>&gt; he/she carries out continuous checks on compliance with international standards</li> <li>&gt; he/she prepares periodic reports containing information on his/her activities, on the ways in which risk management is conducted, as well as on compliance with the plans defined for their containment and an assessment of the suitability of the internal control and risk management and verification system, as part of the audit plan, the reliability of the information systems, including the accounting systems</li> </ul>
Risk Manager (***)	<ul style="list-style-type: none"> <li>&gt; he/she defines, implements and maintains adequate risk management processes, tools and methodologies in the Company</li> <li>&gt; he/she monitors, on a regular basis, the evolution of the Company's risk profile, as well as the state of implementation of the defined mitigation plans</li> </ul>
Board of Statutory Auditors	> it monitors the effectiveness of the control and risk management system
Supervisory body	> it performs the tasks envisaged by the Organisational Model and exchanges information with the Control, Risk and Sustainability Committee and the Board of Statutory Auditors, and reports periodically to the Board of Directors
Manager in charge of financial reporting	> he/she supervises the administrative-accounting internal control system

*\* Chief Executive Officer of Sogefi; \*\* Control and Risk Committee of KOS and Sogefi, \*\*\* outsourced function for CIR*



## Enterprise Risk Management

The internal control and risk management system comprises a set of rules, controls and organisational structures designed to permit conscious and healthy management of the company consistent with the objectives of sustainable success of the Company and of the Group to which it belongs, through the suitable identification, measurement, management and monitoring of the main risks.

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 order to align itself with the Corporate Code of Conduct issued by Borsa Italiana and adopted by the group, as well as with the domestic and international best practices recognised by the market, **CIR S.p.A.** 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. Usually once a year, **CIR S.p.A.** performs a global risk assessment, quantifying them and evaluating their possible impact. CIR S.p.A. has a Risk Management function - outsourced - which methodologically supports the CEO and management in general in the Enterprise Risk Management process, ensuring that periodic reports on risk management activities also get sent to the Control, Risk and Sustainability Committee and the Board of Directors.

**CIR S.p.A.** monitors the evolution of the risk profile, through the global assessment of risks and management measures: risks classified in methodological consistency with the COSO Enterprise Risk Management Framework<sup>8</sup> are discussed with management and evaluated in terms of probability of occurrence and possible impact, determining, where necessary, the design of action plans to guide the organisation's efforts. Implementation of the plans is guaranteed through monitoring that is carried out every six months.

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 the risk management function to reflect the expansion 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 assessed using quantitative criteria.

During 2020, as a consequence of the Covid-19 pandemic, KOS revised the Enterprise Risk Management model to consider its effects on the identified risks. The risk management system of the German Charleston branch, which entered the Group's consolidation scope at the end of 2019, is also focused on monitoring the risks that may affect the performance of the company's various activities.

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<sup>8</sup> Committee of Sponsoring Organizations of the Treadway Commission (COSO), ENTERPRISE RISK MANAGEMENT – INTEGRATING WITH STRATEGY AND PERFORMANCE, 2017

As of 2019, **Sogefi** has undertaken a path aimed at strengthening the corporate risk culture, starting with the strengthening of the Enterprise Risk Management (ERM) framework which, in line with the most recent best practices, is aimed at identifying, assessing, managing and systematically monitoring the main Group risks, as well as defining adequate information flows aimed at ensuring greater transparency and circulation of information within the organisation.

The Group's ERM framework aims to analyse and evaluate a broad portfolio of risks, varied by nature and type, from an enterprise-wide perspective. Through this approach, it is also possible to identify and manage those risks connected to the economic, environmental and social sustainability of the Group and its supply chain. Sogefi has chosen to manage sustainability risks as an integral part of the ERM model. This choice is also reflected in the governance model adopted: in fact, since 2019, responsibility for the sustainability process has been entrusted to the Group Chief Risk Officer, who also assumed the role of Sustainability Director.

In line with this approach, sustainability issues are considered transversal to the risk categories typical of the Group's business model (i.e. strategic, financial, operational, legal and compliance risks, represented in the so-called Risk Model).

### Sustainability topics

As part of the constant monitoring of risk and sustainability issues, CIR examines its ERM matrix periodically 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.

The intensification of phenomena concerning climate change and the related impacts on the main areas of the value chain (e.g. operations, supply chain, customers and markets), represent one of the main challenges that companies will face in the short and medium-long term. This is particularly significant for the automotive sector, which, through the development of alternative and sustainable mobility solutions, currently plays a central role in the “green” transition process; on the other hand, climate change is less specific for the activities of KOS and CIR, and any emerging risks are already included in traditional risks.

In addition to the risks identified in the Group's annual financial report, with respect to the thematic areas referred to in articles 3 and 4 of Legislative Decree 254/2016, the Group has identified additional areas of attention that can turn into opportunities thanks to adequate management.

*Main issues identified by Group companies that are material for the purposes of Legislative Decree 254/2016*



During the year, the activities performed on the various issues by Group companies underwent changes in order to mitigate and contain the effects of the pandemic. The main actions taken in response are detailed in the following chapters. As regards the business and business model aspects, a description is provided in the Group's report on operations and consolidated financial statements, to which reference should also be made for the impact of the pandemic on the financial performance.

***Fight against corruption***



Group companies are committed to prevent every type of bribery, corruption or extortion. In this regard, CIR and its first-level Italian subsidiaries, as well as its principal indirect subsidiaries, have adopted an Organisational, Management and Control Model, consistent with the requirements of Legislative Decree 231/2001, to ensure appropriate management and mitigation of the risks of corruption. In addition to this, to make the control systems more effective in the area of conflict of interest (Related Parties), and to continuously improve its supervision on the subject, **CIR S.p.A.** and **Sogefi** have adopted a specific procedure for managing transactions with related parties.

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. **Sogefi** launched a Compliance Project in 2019, aimed at reviewing and strengthening the organisational model for the fight against corruption (to ensure compliance with the requirements, including Legislative Decree 254/2016, Legislative Decree 231/2001 and the Sapin II<sup>9</sup>).

KOS included in the mapping the risks associated with group core operations, also in terms of compliance with Legislative Decree 231/01 and 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 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

<sup>9</sup> See the 2019 Non-Financial Statement of the Sogefi group, which is available at the website [www.sogefigroup.com](http://www.sogefigroup.com), for further information about this compliance project.

Assessment Committees have been established on a multi-disciplinary basis in order, having regard for Law 24/2017 (Gelli Law), to evaluate the work of the professionals concerned and the substance of the objections raised. Notably, the number of claims is low with respect to the size of the group.

### *Respect for human rights*



Cir ensures respect for human rights and has therefore mitigated any risk related to respect for them (lack of respect for the provisions of the UN Universal Declaration of Human Rights and the ILO Declaration on fundamental principles and rights at work), in consideration of the type and location of the activities carried out by Group companies and in relation to the suppliers with whom it interfaces. 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 in the conduct of their businesses.

**KOS** undertakes to support, respect and protect the dignity, freedom and equality of human beings and health and safety at work and to ensure truthful and exhaustive information on the clinical care protocols adopted and the services provided. **KOS** has defined various internal procedures, the last of which is the establishment of a specific mailbox dedicated to reports and widespread contacts of the Internal Audit Manager.

Seeking to safeguard 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 disseminate 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.

### *Human resources management*



The development of human capital is essential to create long-term value and CIR has therefore mitigated any risk related to respect to the **human resources management**, paying particular attention to the development, professional growth and health and safety of personnel. Group companies therefore strive to provide a

working environment in which the physical and cultural health of personnel is of fundamental importance. In this regard, training sessions are held to disseminate and consolidate a culture of safety, promoting responsible behaviour by all employees and collaborators.

Although exposed to limited risks, **CIR** guarantees adequate supervision of health and safety risks and adequate training 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.

Sogefi, which has further demonstrated its commitment by defining a Health and Safety Policy 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 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.

During 2020, personnel and, in particular, those whose work must necessarily be carried out in the presence of KOS operators and Sogefi workers, are subject to the risk of contagion deriving from the Covid-19 pandemic. The timely adoption of stringent protocols in line with local regulations guarantees work continuity in total safety, protecting the health of its employees and their families and preventing the spread of the virus within the organisation itself. On the other hand, with reference to tasks that do not require a presence in the workplace, the risk of contagion is limited and has been managed through the adoption of remote work, albeit adopting the same safety protocols.

#### *IT security and privacy management*



All group companies are also faced with the risks associated with fraudulent or unauthorised access to its IT systems by third parties, which may result in the loss or misuse of sensitive and confidential data, with adverse financial consequences and an impact on their reputation. With a view to minimising these risks, CIR S.p.A., and the KOS and Sogefi groups appointed Data Protection Officers (DPOs), who have carried out an assessment of the risks and fragility of the systems and therefore have put in place a series of initiatives to align with the safety levels provided for by the new Regulation. In addition, the Chief Information Officers (CIOs) keep the attention on this issue high, implementing and updating the appropriate technical and operational measures to ensure high levels of protection of the Group's IT infrastructure. During 2020, 17 CIR S.p.A. employees and 2 CIR Investimenti S.p.A. employees followed the online training on the European Privacy Regulation (GDPR) and the Legislative Decree 196-2003 and subsequent amendments, and obtained attendance certificates.



### *Environmental responsibility*

The group ensures that every activity is carried out in respect of the environment and public health, in compliance with the relevant national 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.

**KOS's** environmental risks are limited and derive from non-compliance with national and international directives. 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. Sogefi S.p.A. approved an environmental policy in order to progressively improve its performances. In addition, Sogefi has adopted its own environmental management system in order to control possible risks and the related environmental consequences.

### *Climate change management*



Analysis of the consequences of climate change and the measures to combat it mainly involved Sogefi, as for CIR S.p.A. and KOS this type of analysis did not indicate any repercussions or changes to the business model. We point out that the only material risks are the physical ones related to acute natural events that can damage the facilities of KOS and interrupt its offer. Sogefi's analysis, on the other hand, highlights four areas in which the company can act:

**Regulatory evolution:** the introduction of more stringent laws and regulations on the reduction of CO<sub>2</sub> emissions from motor vehicles or local restrictions (e.g. diesel ban) could lead to a reduction in sales of traditional products, which will have to be offset by the introduction of new/innovative alternatives. Sogefi constantly monitors the regulations, and invests in research and development in order to anticipate future trends and transform its product portfolio in a “green” perspective.

**Market:** greater awareness of climate change combined with greater media and political attention are influencing consumers' purchasing choices, directing them towards the adoption of more sustainable vehicles. In order to preserve its reputation and consolidate its relationship with customers, Sogefi responds to customer requests for the development of innovative and sustainable products.

**Technology:** the automotive industry is increasingly orienting towards the production of vehicles with reduced environmental impact. For Sogefi it is essential to innovate its products and promote solutions that do better in terms of reduced consumption and better control of performance. Considering the inherent difficulties in research and development activities, there is a risk of losing one's competitive advantage or incurring extra costs or that competitors develop better solutions faster.

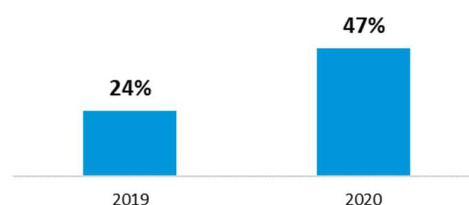
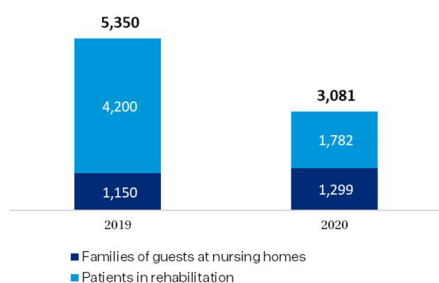


**Physical Risks:** the intensification of the physical consequences of climate change constitutes a further element capable of affecting the correct conduct of the Group's activities. The rapid deterioration in the climate affects the frequency of so-called "acute phenomena" (such as storms, floods, fires, heat waves, etc.) that can damage assets.

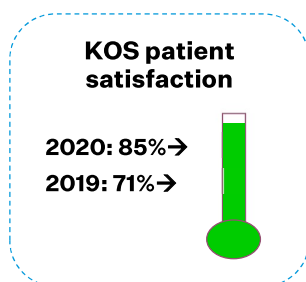
### 3. Customer Satisfaction

#### Highlights

> Questionnaires collected from patients and families of guests and response rate



> Degree of user satisfaction

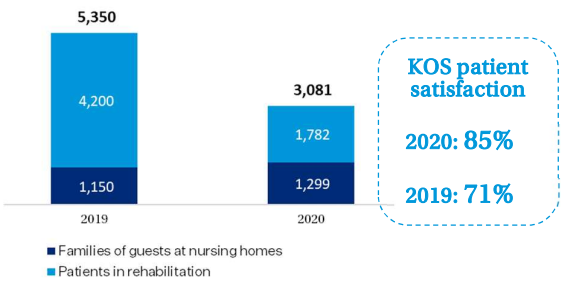



> Quality



### 3.1 Satisfaction monitoring

The companies of the **CIR Group** have always been committed to guaranteeing their guests and customers the best possible products and services, in compliance with the regulations and specific quality requirements of the sector.

KOS	Sogefi
KOS believes that the satisfaction of its patients is the central element of its offer and has therefore defined standards relating to the humanisation of care, such as the "centrality of the person", "transparency", "active listening", "respect for the rules", "uniqueness", which are transmitted to employees through specific training courses.	Product reliability and customer satisfaction are the pillars on which its business model is based. Reliability means putting on the market safe and quality products that guarantee compliance with the high standards of the sector.
Measurement systems	
<p>Measurement takes place through a structured multi-channel system, consisting of:</p> <ul style="list-style-type: none"> <li>&gt; listening systems, with periodic interviews with guests, their families and interviews with staff;</li> <li>&gt; quarterly surveys of patients and their families;</li> <li>&gt; definition of a summary customer experience index: "Net promoter score", which answers the question "how much would you recommend our facility to friends and relatives?" between 0 and 10;</li> <li>&gt; use of "totems" (in structures that require a limited stay for the guest, especially in the Acute care area - Villa dei Pini and Suzzara Hospital).</li> </ul>	<p>In line with industry practices, Sogefi receives two types of feedback:</p> <ul style="list-style-type: none"> <li>&gt; through the customer portal, which provides a scorecard with an evaluation of the products and services offered by each plant, giving an industrial opinion (i.e. quality, purchases, logistics, etc.) and an opinion on other aspects (R&amp;D, certifications, etc.); these results are shared with the BU managers and any "red alerts" are the subject of a corrective plan shared with the customer, who can ask for specific audits (no case in 2020);</li> <li>&gt; commercial meetings with customers, in which the Sales Department obtains direct feedback.</li> </ul>
Assessment results	
<p>In 2020, the questionnaires collected were fewer than in previous years, mainly due to the reduced presence of family members in the structures and the fact that it was practically impossible to evaluate the service.</p>  <p><b>KOS patient satisfaction</b></p> <p>2020: 85%</p> <p>2019: 71%</p>	<p>Sogefi won the <b>Top First-Level Supplier Award</b> from General Motors.</p> 
Complaints management	
Complaints mainly relate to reports made by patients and family members regarding poor service or quality problems. In Italy, all of the structures have a service that is listening constantly to requests and complaints. In Italy and Germany, apart from timely handling of every complaint, all feedback is analysed by the central quality control function to ensure that improvements are made at Group and company level.	Complaints mainly include problems of non-conformity of products or difficulties in distributing them to customers. In the event of non-compliance, there is a Quick Response Quality Control (QRQC) analysis and resolution process that provides the tools and skills to increase responsiveness, standardise the process and share best practices and the lessons learned throughout the company. The effectiveness of remedial action taken is re-evaluated after one year with internal or external audits to minimise any new risks.



### 3.2 Safety of services and products

The group draws strength from the values and principles embodied in the Code of Ethics and strives to ensure the safety of products and services, having due regard for the regulations applicable in its sectors of operation.

For **Sogefi**, the safety of products is directly correlated with the responsibility to supply products that meet the highest standards; to this end, the company conducts risk assessments according to the Failure Mode Effects Analysis (FMEA) industry standard, to identify and assess the risks associated with design, development and production feasibility, as well as the impacts that a project could have on quality, environment and health and safety, covering the entire life cycle of the product. In 2020, no cases of non-compliance with an impact on health and safety were detected.

**KOS** adopts operational procedures and protocols in line with the most stringent regional regulations on authorisation and accreditation, to guarantee the expected quality standards and the safety of care. In the hospital and social welfare sectors, procedures are in place to guarantee the safety of patients in terms of prevention of hospital infections and pressure injuries, the management of drugs and restraints and the management of clinical documentation.

2020 was marked by the pandemic, to which all Group structures responded by raising their attention to safety even higher, both in Italy and in Germany, through a series of initiatives to protect the health of guests, which also involved the staff, a possible source of contagion, as summarised below:

Areas	Indications provided and activities implemented
Identification and management of "Covid-19 suspects"	<ul style="list-style-type: none"> <li>&gt; indications for early identification and reporting obligations</li> <li>&gt; activation of treatment and assistance programmes</li> <li>&gt; dissemination of specifications on cleaning and sanitising environments</li> </ul>
Treatment of people affected by Covid-19	<ul style="list-style-type: none"> <li>&gt; dissemination of the guidelines issued by the SIMIT (Italian Society of Infectious and Tropical Diseases) and of publications from the authorities containing recommendations for treatment</li> </ul>
Activities in the structures	<ul style="list-style-type: none"> <li>&gt; instructions on how to subdivide the activities and define shifts for the units to reduce staff turnover</li> <li>&gt; reduction of recreational activities</li> <li>&gt; distribution of meals in two stages or in bedrooms (instead of in common areas)</li> <li>&gt; measuring temperature and signing self-certifications</li> </ul>
Patient incoming evaluation	<ul style="list-style-type: none"> <li>&gt; limitation/reduction of admittances and control of origins</li> <li>&gt; precautionary isolation</li> </ul>
Measures for the management of deaths	<ul style="list-style-type: none"> <li>&gt; definition of procedures to contain any risks and comply with current legislation in the management of corpses in the emergency phase</li> </ul>
Health education for patients	<ul style="list-style-type: none"> <li>&gt; risk communication to guests</li> <li>&gt; training for the correct use of PPE, hand and respiratory hygiene, social distancing, also for new guests (through ward operators and brochures)</li> </ul>
Access restriction	<ul style="list-style-type: none"> <li>&gt; from 23 February: containment of visitor access</li> <li>&gt; in the next phase: restrictions on visits, different by area and type of patient visits, organised safely only when the epidemiological conditions and the competent authorities allow it</li> </ul>
Information systems	<ul style="list-style-type: none"> <li>&gt; dissemination of graphic information in all facilities, with an indication of recommended behaviour in the various care environments and contexts</li> </ul>

KOS also activated safe methods of meeting between patients, guests and family members, according to infection trends in the different areas, and taking into account the presence of positive cases in some structures, and therefore the degree of risk. Considering the importance of maintaining relationships with family members in the care and assistance process, protected methods of approaching/entering the structures were activated, preceded by triage and sharing strict regulations with family members. In 2020, 16 cases of non-compliance were detected, all related to violations of self-regulation codes.

### 3.3 Quality and Innovation

The CIR Group considers it fundamental to continue improving the quality of the products and services on offer, so as to meet the expectations of guests, patients and customers. This is demonstrated by the programmes and initiatives implemented by the group in order to monitor the quality of its offerings. Product and process innovation is an integral part of the strategic vision of the CIR Group and attention to R&D is fundamental for improving products and services and providing top quality to customers.

Furthermore, for KOS, the provision of a high quality service in its state-of-the-art care facilities - especially in emergency situations such as the one we have experienced over the last year - is one of the most important prerequisites for the Group to be able to compete successfully.

KOS	Sogefi
Definition of Quality	
<p>The Group has procedures, at individual structure and Group level, for:</p> <ul style="list-style-type: none"> <li>&gt; defining the procedures for taking care of patients and guests;</li> <li>&gt; managing clinical and drug documentation;</li> <li>&gt; monitoring and managing pain and hygiene;</li> <li>&gt; identifying and managing assistance risks (nutritional, fall, dehydration, etc.);</li> <li>&gt; obtaining informed consent for treatment.</li> </ul> <p>A quality management system has also been developed in Germany to ensure the same standards.</p> <div>    </div> <p>Each structure has its own Service Charter, which provides information on the type of service offered, the methods of access, the structure's commitment regarding the quality standards to be maintained and the ways in which the user can actively participate in the continuous improvement of the structure and the protection of their rights.</p> <p>During 2020 the service charters of all of the nursing homes in Piedmont and Lombardy were revised. They are an integral part of the hospitalisation contract signed by users (a practice that will be extended to all nursing homes in 2021)</p>	<p>The Quality-Safety/Health-Environment Policy defines guiding principles and objectives to be pursued, including:</p> <ul style="list-style-type: none"> <li>&gt; risk analysis and implementation of controls;</li> <li>&gt; continuous improvement in processes and performance, also with a "lesson learned" process;</li> <li>&gt; the identification and satisfaction of current and future customer "wishes", and emerging expectations</li> <li>&gt; compliance with the regulations in force.</li> </ul> <div>  </div> <p>98% of certified factories in 2020<sup>10</sup></p>
Monitoring and control system	
<p>Process control systems have also been activated to ensure quality and safety: during 2019, all KOS structures were subject to internal audits and roads to improvement were defined. In 2020, the audits focused on health issues due to the pandemic.</p>	<p>This risk assessment encompasses the entire product life cycle and is updated during production for use as a knowledge base for future developments. In the end, it is revised, updated and improved.</p>

<sup>10</sup> The specific international standard for "quality" in the automotive sector, aimed at continuous improvement, the prevention of risks and non-conformities: The calculation covers 41 production plants, considering Bangalore as two different units, excluding Saint-Souplet (which mainly makes prototypes) and including the locations of Jarinu and Mateus Leme, closed at the end of 2020 but which operated during the year as part of the Group and in compliance with certifications.

KOS	Sogefi
Innovation	
<p>In 2020, service innovation efforts were focused on developing and implementing secure service delivery methods, such as:</p> <ul style="list-style-type: none"> <li>&gt; telerehabilitation courses, to make up for in-presence outpatient treatments that were forcibly interrupted;</li> <li>&gt; educational activities through the adoption of tablets and specific cognitive stimulation apps for the elderly;</li> <li>&gt; system of video calls and broadcasting activities, with dedicated tablets, inserted in the company network and accompanied by a specific procedure, drawn up in compliance with the privacy requirements;</li> <li>&gt; activation of safe meeting methods between patients/guests and family members: according to infection trends in the various areas and taking into account the presence of positive cases within the structures, and therefore the degree of risk, preceded by triage and sharing of strict regulations with family members.</li> </ul> <p>Furthermore, the group is very active in the field of research and scientific dissemination, as described in the chapter “Commitment to the Community”.</p>	<p>In 2020, the activities are carried out in 4 R&amp;D centres and 9 Innovation centres present in different countries around the world, thanks to 189 dedicated engineers and supported by periodic training programmes, with an annual expenditure of approximately 3-4% of the Group's revenue.</p> <p><u><i>Sogefi R&amp;D and Innovation sites</i></u></p>  <p>The Group carries out "Market Intelligence" analyses (benchmarking, tracking competitors, customer feedback, etc.) to intercept customer needs and market trends, which are increasingly directed towards alternative mobility and the reduction of consumption and polluting emissions.</p> <p>In this context, Sogefi is well positioned with a varied offer of e-mobility products:</p> <p><u><i>E-mobility products</i></u></p>  <p>Sogefi has also continued its R&amp;D on innovative and eco-responsible products, launching various innovations in recent years, such as:</p> <ul style="list-style-type: none"> <li>&gt; first diesel filter made out of 100% recycled plastic;</li> <li>&gt; the use of pipes instead of solid bars, to reduce fuel consumption;</li> <li>&gt; development of “LPA Step2” acoustic devices, to guarantee excellent performance without additional materials and packaging.</li> </ul>
Goals/awards achieved	
	<p><b>Patents:</b> 14% growth in the three-year period 2018-2020 and 22% compared with 2019.</p> <p><b>International awards and recognitions in 2020:</b></p> <ul style="list-style-type: none"> <li>&gt; Laureate of the Support Funds for the Modernization of the Automotive Sector (MODERATE Project), issued by the French Minister of Economy, Finance and Recovery for the production of high-strength steel springs.</li> </ul>

### 3.4 Privacy and data protection

In addition to being a material topic for the **CIR** Group, internal policies and business processes are constantly assessed and updated for privacy and data protection issues. 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, so as to guarantee and safeguard the precious relationship of trust that exists between the Group and its customers.

During 2020, the **CIR** Group did not receive any justified complaints about infringements of customer privacy or the loss of customer data.

For **KOS**, the safeguarding 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. In 2020, a Privacy Manager was also appointed to support the management and evolution of company processes in compliance with privacy regulations.

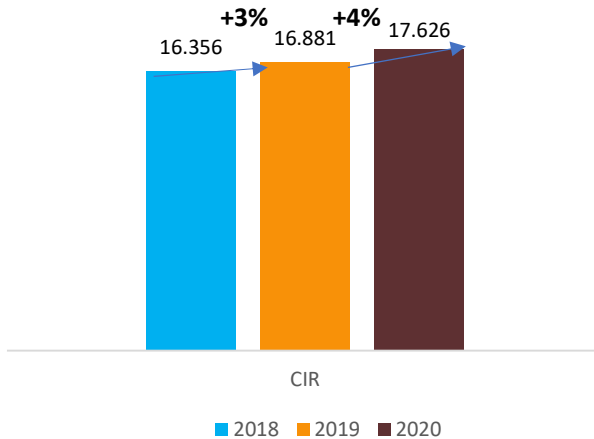
To ensure information security, **Sogefi** has defined an IT security policy, which aims to preserve the confidentiality, integrity and availability of the information asset held by the organisation with regard to customers, partners and internal staff. This policy defines the set of minimum requirements that must be respected to ensure the protection of information from any risks of cyber attacks. Furthermore, the applicable risk management strategies are defined on the basis of a specific risk assessment periodically updated by the group CIO.



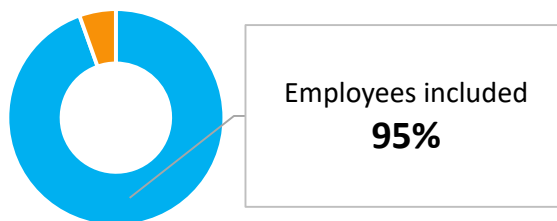
## 4. Our people and human rights

### Highlights

> The employees of the CIR Group



> Employees included in collective bargaining agreements



> Women in the group represent **61%** of the total workforce

> The Group provided a total of 106,592 hours of training, down by 55% due to the restrictions imposed by the pandemic.

## 4.1 Composition of the workforce

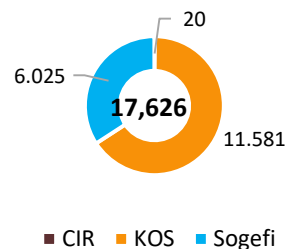
All CIR Group companies are inspired by a common HR management policy based on the centrality of people, on the enhancement of human capital, on respect for diversity and on the promotion of equal opportunities. The CIR Group strives to facilitate a working environment that enables individuals to develop and strengthen their skills, creating value for the Group and all its stakeholders. 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, guests and their families.

At 31 December 2020, the total workforce of the CIR Group comprises 17,626 persons, up by 4% compared with 2019 (16,881).<sup>11</sup> In absolute terms, KOS is the subsidiary with the largest number of employees: 11,581 at the end of 2020, with an increase compared with 2019 for the inclusion of Charleston in the consolidation scope. The total number of employees of the CIR Group, on a like-for-like basis, decreased by 1,043 people (around 7%) following the sale of certain Sogefi factories during the year.

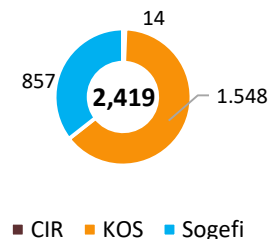
	2019					2020				
	M	%	F	%	Total	M	%	F	%	Total
CIR	11	42%	15	58%	26	8	40%	12	60%	20
Sogefi	5,055	74%	1,756	26%	6,811	4,504	75%	1,521	25%	6,025
KOS (without Charleston)	1,833	23%	5,990	77%	7,823	1,593	21%	5,979	79%	7,572
<b>Like-for-like</b>	6,899	47%	7,761	53%	14,660	6,105	45%	7,512	55%	13,617
Charleston	--	--	--	--	--	773	19%	3,236	81%	4,009
GEDI	1,388	62%	833	38%	2,221	--	--	--	--	--
<b>Total CIR Group</b>	<b>8,287</b>	<b>49%</b>	<b>8,594</b>	<b>51%</b>	<b>16,881</b>	<b>6,878</b>	<b>39%</b>	<b>10,748</b>	<b>61%</b>	<b>17,626</b>

In addition to these 17,626 employees, at the end of 2020 the CIR Group also has 2,419 collaborators. These are people who work for the Group, but not as employees, and include various categories within KOS (doctors, nurses etc.) and temporary personnel at Sogefi.

Employees CIR group

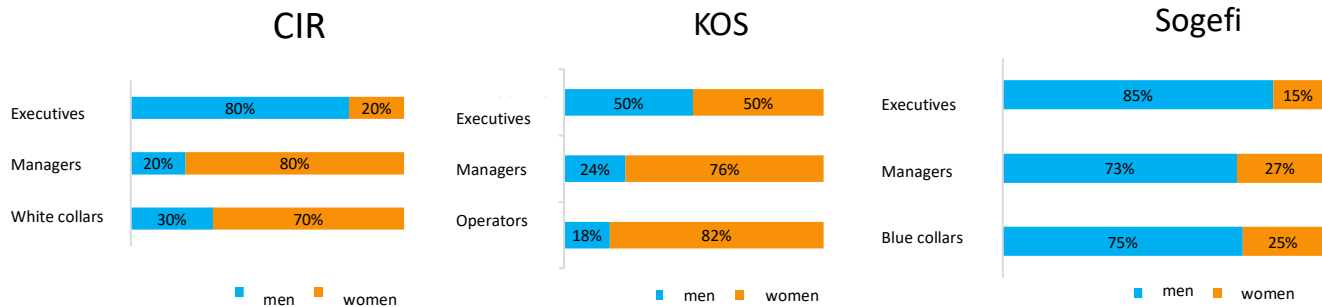


Collaborators CIR group



<sup>11</sup> The total number of employees reported in the CIR Group's 2019 consolidated financial statements is 18,648: the figure differs from that in the 2019 consolidated NFS, as the latter included the Charleston employees (KOS), totalling 3,981 at 31.12.2019, excluded the GEDI employees, totalling 2,221 at 31.12.2019, and did not count the personnel at the plant under construction by Sogefi Suspensions Eastern Europe S.R.L. (Romania), which employed 7 persons at the end of 2020.

At individual company level, the statistics for female employees are influenced by the characteristics of the sector. While for KOS, in the healthcare sector, the presence of women is predominant, for Sogefi, the staff is largely represented by blue collars with a large proportion of men. The graphs on the breakdown of the group's employees by professional category in 2020 are shown below:



In carrying out its activities, the CIR Group attaches great importance to industrial relations, in the knowledge that benefiting employees is beneficial to the Group as a whole; in fact, almost all employees of the Group (**95%**) **are covered by national collective bargaining agreements** (90% at the parent, 100% at KOS and 84% at Sogefi), and the exclusions derive mainly from regulatory peculiarities of the countries where the workers reside.

The collective bargaining agreements 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.

A total of 4,698 employees joined the **CIR** Group during 2020 and 5,525 persons departed, so incoming turnover was 27% and outgoing turnover was 31%; these incoming and outgoing turnover rates are constant over time and show no particular trends. Staff turnover rates are almost the same between men and women, so the two categories do not have different work leaving trends.

Incoming at 31 December 2020							2019	2018
No. of persons	Workforce	<30	30-50	>50	Total	Turnover %	Turnover %	Turnover %
Men	6,878	546	691	195	<b>1,432</b>	<b>21%</b>	22%	19%
Women	10,748	1,035	1,594	637	<b>3,266</b>	<b>30%</b>	32%	28%
<b>Total</b>	<b>17,626</b>	<b>1,581</b>	<b>2,285</b>	<b>832</b>	<b>4,698</b>	<b>27%</b>	27%	23%

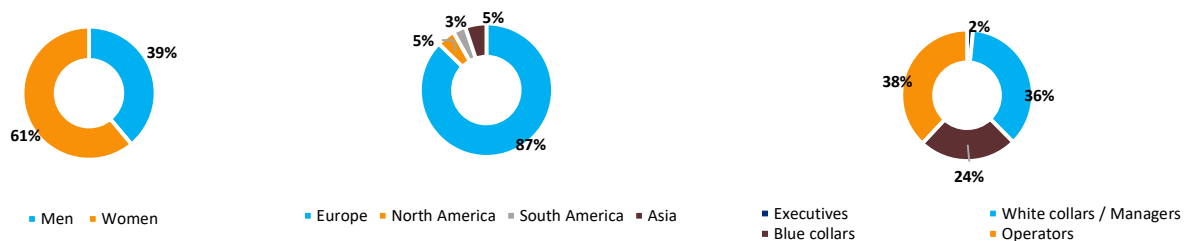
Outgoing at 31 December 2020							2019	2018
No. of persons	Workforce	<30	30-50	>50	Total	Turnover %	Turnover %	Turnover %
Men	6,878	555	1,081	427	<b>2,063</b>	<b>30%</b>	19%	18%
Women	10,748	942	1,734	786	<b>3,462</b>	<b>32%</b>	25%	22%
<b>Total</b>	<b>17,626</b>	<b>1,497</b>	<b>2,815</b>	<b>1,213</b>	<b>5,525</b>	<b>31%</b>	22%	20%

The **CIR Group** considers it essential for growth to stabilise working relationships with its employees: 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 88% of total employment**. The percentage of permanent contracts comes to 93% in 2020 if Charleston staff are excluded, in line with the previous year.

	2019					2020				
	TD	%	TI	%	Total	TD	%	TI	%	total
CIR	--	--	26	100%	<b>26</b>	--	--	20	100%	<b>20</b>
Sogefi	128	2%	6,683	98%	<b>6,811</b>	177	3%	5,848	97%	<b>6,025</b>
KOS (without Charleston)	901	12%	6,922	88%	<b>7,823</b>	832	11%	6,740	89%	<b>7,572</b>
<b>Like-for-like</b>	1,029	7%	13,631	93%	<b>14,660</b>	1,009	7%	12,608	93%	<b>13,617</b>
Charleston	--	--	--	--		1,131	28%	2,878	72%	<b>4,009</b>
GEDI	25	1%	2,196	99%	<b>2,221</b>	--	--	--	--	<b>--</b>
<b>Total CIR Group</b>	<b>1,054</b>	<b>6%</b>	<b>15,827</b>	<b>94%</b>	<b>16,881</b>	<b>2,140</b>	<b>12%</b>	<b>15,486</b>	<b>88%</b>	<b>17,626</b>

## 4.2 Diversity and equal opportunities

The CIR Group promotes diversity and equal opportunities, rejecting all forms of discrimination, whether based on age, gender, sexual orientation, state of health, race, nationality, political opinions, religious beliefs or any other characteristics unrelated to the working environment.



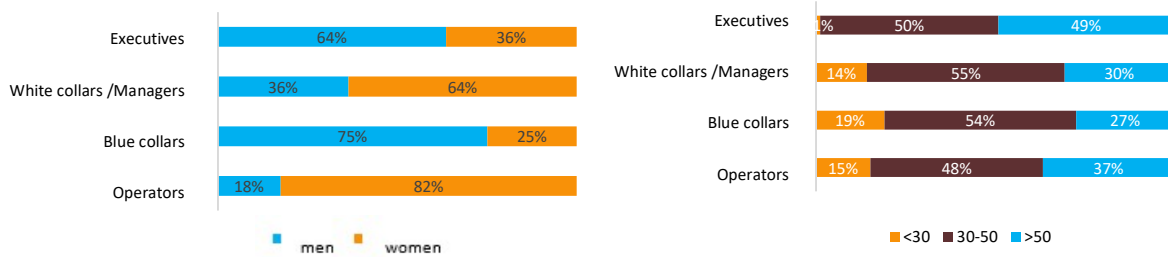
The CIR Group offers a dynamic working environment that is evolving constantly. Its significant complexity derives from the diversified portfolio of activities. KOS has many types of employee, such as social-healthcare personnel, medical technicians, doctors and nurses, in order to guarantee the presence of the roles needed to assist patients and their families.

Sogefi's personnel has an international profile, which is a strength of the Group. Employees vary greatly in terms culture, experience, habits and language; this diversity is spread at all levels of company responsibility.

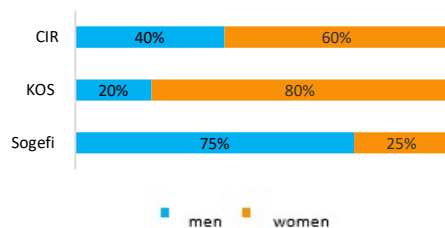
In the CIR Group, out of a total staff of 17,626 employees, 61% are women and 39% are men, 52% are between the ages of 30 and 50. Young people under 30 represent 16% of total employees and are mainly blue-collar workers (19%) and social-healthcare workers (15%).

Women within the Group mostly occupy positions of social-healthcare workers (82%) in the KOS Group and of office workers (64%).

Graphical representations of the CIR Group by gender, geographical area, age Group and professional category in 2020 are shown below:



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. In order to guarantee equal opportunities for all employees, KOS and Sogefi promote initiatives to facilitate work-life balance, for example by allowing remote working and part-time work, although full-time contracts are the majority (75%).



Respect for physical and personal integrity, diversity and multiculturalism are topics of great value; in **KOS**, where the Group's activities are based on respecting the primary or induced requirements of its patients and on the development of adequate responses to meet their needs, social and cultural diversity and multiculturalism are key to ensuring the satisfaction of all patients. With its policy on human rights **Sogefi** declared its commitment to eliminate all forms of discrimination and recognise the value of diversity.

## 4.3 Wellness and enhancement

### Economic enhancement

There are slight differences in the average salaries of men and women within the same professional category.

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. CIR Group companies assess the performance of personnel periodically, in order to encourage employee development and guarantee excellence in the provision of services.

The ratio of basic pay to total remuneration for both men and women is presented for each company in the attachments to this document.

As regards the **KOS** Group, the ratio of basic salary and remuneration between women and men is higher in the category of social-health workers, also because there is a higher proportion of women in this category.

**KOS** dedicated more attention to the process of assessing employee skills during 2020, as this is considered strategic in improving the efficiency, effectiveness, quality and productivity of the organisation. **KOS** applies a “mixed” assessment involving the evaluation of skills (for the development of internal professional skills, a shared organisational culture, professionalism consistent with needs and uniformity in the existing assessment systems) and the evaluation of performance by objectives (MBO bonus scheme).

During 2020, due to the epidemiological crisis situation, the Group assessed the performance of approximately 5% of employees (63% of executives and 10% of employees).

As regards the **Sogefi** Group, the women/men ratio of basic salary and remuneration is a few points higher in North America, while it is again more or less in line in other regions. Regardless of gender, the Group offers new hires at every branch worldwide a salary in line with the legal requirements, while in Italy and the USA it exceeds the national minimum limits set by local regulations.

**Sogefi** implemented a structured performance review system for managers and white collars through the ICARE - myHR IT system and, locally, for the workers of each plant. Such assessments can include an employee self-assessment and an assessment by the employee's immediate supervisor, and may also involve staff from the HR department. All white collar employees can benefit each year from an Annual Performance and Development Review (APDR), the structure and process of which are defined centrally in agreement with the HR department of the three BUs, guaranteeing uniformity in all countries. In 2020, over 98% of the white collars included in the annual HR process cycle participated in the APDR with their manager of reference.

As regards blue collars, each factory manages the performance reviews in line with the legal obligations and specific indications of each country. For example, in France all blue collars benefit from a bi-annual performance interview and an interview, on average every three years, on career advancement opportunities (e.g. possible evolutions, professional projects, etc.). In 2020, around 50% of blue collars took part in periodic reviews of their performance and professional development.

## Engagement of employees

The principles underlying the centrality of the individual and the protection of their rights embodied in the CIR Group's Code of Ethics translate to the consolidation and the promotion of corporate management style based on a strategic management of human resources. The management of the company's human resources and know-how represents an important source of competitive advantage.

The success of strategic management of employees is monitored periodically through surveys of the internal climate, on the satisfaction and well-being of employees; it is also sought by promoting corporate welfare initiatives, the main objective of which is to reconcile the work commitment of employees with their private life. This is particularly significant for **KOS** which, considering the increasing capillarity of the structures in the area, the commitment required in filling out paper questionnaires and the difficulties in moving due to the pandemic, launched a project for the constant survey of well-being and motivation of its collaborators through the use of a dedicated app, designed to minimise the commitment required of participants, to obtain results in real time and thereby offer service coordinators and structure management an additional support tool for managing their staff.



## Employee well-being

The companies of the **CIR Group** have implemented various measures to improve the well-being of employees, through specific actions and corporate welfare plans, which provide employees with access to a range of goods and services to meet their various different needs and help reconcile work and private life, including: reimbursement of child education expenses, support, mobility, health and wellness, training, travel and hobbies, supplementary healthcare.

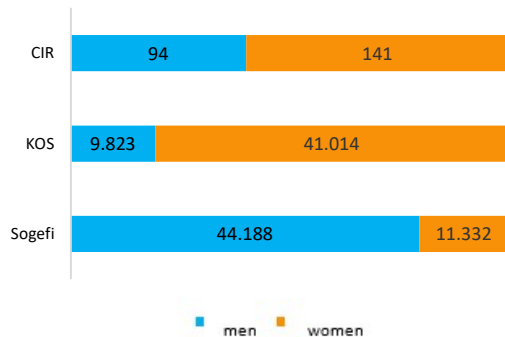
CIR S.p.A. and CIR Investimenti S.p.A. introduced a corporate welfare programme: it is a company bonus in the form of “flexible benefits” extended to all employees. **KOS** provides a welfare plan to specific professional categories (second level managers, coordinators and professionals) with permanent contracts, but in the future, it will probably stabilise this welfare benefit and extend it to other professional categories as well. **Sogefi** offers workers certain benefits, including healthcare, parental leave, insurance coverage in the event of disabilities and invalidity, life insurance, pension programmes etc.

For several years, Group companies have offered certain categories of workers the possibility of remote and part-time work; during 2020, these tools were used more frequently and extended to all administrative and corporate profiles in order to guarantee staff safety, the right distancing of those who need to go to the office and meet the new needs of families and individuals that have arisen during this period.

## Enhancement of human capital

The **CIR Group** is careful to develop the professionalism of its people and recognise talents, as this is key to sustainable success. For this reason, the HR departments of the various subsidiaries promote a working environment that stimulates the realisation of individual potential, partly by the provision of training programmes consistent with the job characteristics and needs of personnel, providing employees with specialised development and enhancement programmes.

CIR Group companies provided a total of 106,592 hours of training during 2020, 55% less than in 2019. In fact, the emergency situation caused by the pandemic interrupted various courses, especially those held in the classroom in the first part of the year, and reduced the number of participants at courses scheduled in the second part of the year. The training course was mostly focused on containment, management and working methods in the context of a pandemic.



The training programmes 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, professional updating and development of new skills (including IT), occupational health and safety, and managerial. In particular, in 2020, in order to counter the spread of the Covid-19 pandemic, specific additional training courses were held for KOS, Sogefi and CIR personnel, depending on the activities performed by the employees of each company.

**KOS** has a centralised Human Resources Plan to guarantee its people an adequate and structured career development plan, coordinated by the Facility or Function Manager.



In the first quarter of 2021, **KOS** launched in Italy KOS Academy, an academy aimed at training professionals who work in the field of assistance to fragile persons. The aim of KOS Academy is to improve the quality of the service offered to guests at the facilities, using multidisciplinary and continuous training to transfer technical skills in the clinical field to social-healthcare workers and social assistance auxiliaries, in order to promote virtuous behaviour.

**KOS** also launched a project to digitise human resources through the adoption of Talentia, a human capital management platform to access and constantly monitor organisational and performance data.

**KOS** employees received a total of 50,837 hours of training in 2020.

Sogefi also recognises the central importance of training for its employees and organises training activities designed to increase their managerial and technical skills and to develop talent. **Sogefi** delivered 55,520 hours of training in 2020, involving all employee categories and representing about 9.2 hours for each person over the year<sup>12</sup>.

During 2020, **CIR S.p.A.** provided its employees with individual English and French lessons with mother-tongue teachers, based on their specific training needs.

## 4.4 Health and safety of workers

The **CIR Group** takes great care to ensure that the protection of its workers' health and safety is pursued in all workplaces, actively fulfilling the requirements and legal obligations regarding safety and health at work and supervising the application thereof, so that it can effectively prevent and manage the professional risks associated with its activities. This is achieved by both disseminating a culture of safety throughout the Group and defining organisational structures with specific operational responsibilities, determining the duties of the managers, scheduling prevention activities, preparing the related expense budget, and constantly using all the technical

<sup>12</sup> See the 2020 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.

support needed to assess 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.

During 2020, following the spread of the Covid-19 pandemic, the Group's HR departments issued emergency protocols to protect people's health, through the supply of personal protection equipment, sanitisation of environments, the implementation of stringent health protocols and the distribution of information material. In addition, all the measures deemed necessary to contain the spread of the virus in Group companies were taken, closing access to company departments where presence was not necessary, favouring, where possible, remote work.

For **KOS**, the outbreak of the pandemic meant substantially changing how activities were planned and immediate measures were taken to protect employees, suppliers, contractors and patients of the facilities. Protecting employees also has the purpose of protecting patients in the facilities. At the nursing homes of KOS, in particular, the following initiatives were undertaken:

- > immediate implementation of legislative orders (integration of the DVR with references to Covid-19), drafting of procedures regarding the use of PPE in line with the DPCM, the Circulars of the Ministry of Health, the reports of the Istituto Superiore di Sanità, as well as the regional and local ATS, USSL and ASL resolutions and with the guidelines issued by the Robert Koch Institute regarding Charleston;
- > establishment of Covid committees at various company levels: Corporate Covid Board, Covid Multidisciplinary Committees for each area of activity and Covid Facility Committees and Crisis Teams to provide practical information, divide and organise the facilities into "covid" and "covid-free", putting into practice the safety measures shared with local health authorities;
- > carrying out internal audit checks in the facilities on the adoption of Covid containment procedures and promoting self-assessment initiatives; structured audits were carried out in 40 structures in 2020;
- > offer of training to encourage the adoption of specific prevention and protection behaviours (inside and outside the working environment), the correct use of PPE, dressing and undressing methods. The training was transversal and involved all company functions. Furthermore, aware that the pandemic would also have impacts from a psychological point of view, listening and support desks were set up for operators;
- > use of remote working as far as possible (all meetings including the periodic ones provided for by Article 35 of Legislative Decree 81/08);
- > procedures for the management of suppliers and contractors and for the use of changing rooms, lifts and canteens;
- > autonomous execution of serological tests and swabs on guests/patients and collaborators and on the local population to support public health with respect to strong territorial demand.

In 2020, in the subsidiaries of the **CIR** Group registered 415 injuries at work, with causes other than Covid-19 (340 injuries in 2019) and 1,037 injuries at work due to Covid-19 infection<sup>13</sup>, for a total of

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<sup>13</sup> The cases of Covid-19 relate to KOS employees; Covid injuries are recognised for certain categories where the specific risk emerged and for whom the presumption of occupational exposure applies. Workers at nursing homes are included among those with a high risk of contagion, so in their case there is a presumption of occupational exposure.



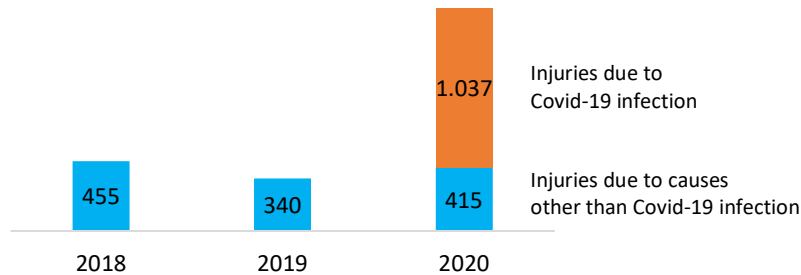
1,452 injuries at work. Comparing the 2020 and 2019 figures and considering only the injuries other than Covid-19 infection, the increase in 2020 would be 22%.

More specifically, as regards the parent, **CIR**, during 2020 no injuries were recorded, in **KOS** there were 352 injuries with causes other than Covid-19 and 1,037 injuries with Covid-19 for a total of 1,389 injuries for the Group. In **Sogefi** there were 63 injuries (5% of injuries at Group level).

**Sogefi** had the highest number of workplace injuries for employees in Europe with 49 injuries, followed by South and North America with 7 and 5 and Asia with 2. With reference to the number of injuries at work involving employees, in 2020 Sogefi recorded 45 injuries (33 in 2019), none with serious consequences. There were no injuries involving collaborators of the parent, CIR, while KOS does not collect data on injuries involving collaborators.



The following graph shows the injuries involving CIR Group employees in the three-year period 2018-2020:



Tables with the injury rates<sup>14</sup> for CIR, Sogefi and KOS, employees and collaborators, are shown below:

#### Employee injury indicators

	CIR		Sogefi <sup>15</sup>		KOS	
	2019	2020	2019	2020	2019	2020
Rate of work-related injuries (causes other than Covid-19 infection)	--	--	5.4	6.7	28.5	23.9
Rate of work-related injuries (due to Covid-19 infection)	--	--	--	--	--	70.4
Death rate	--	--	--	--	--	--
Rate of injuries with serious consequences (excluding deaths)	--	--	0.1	--	--	--

#### Injury indicators for collaborators

	CIR		Sogefi <sup>16</sup>		KOS <sup>17</sup>	
	2019	2020	2019	2020	2019	2020
Rate of work-related injuries	--	--	6.9	10.8	--	--
Death rate	--	--	--	--	--	--
Rate of injuries with serious consequences (excluding deaths)	--	--	0.4	--	--	--

There were 23 cases of professional diseases among employees in 2020 all attributable to Sogefi.

<sup>14</sup> Rates are calculated 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>15</sup> Following improvements to the reporting system, the 2019 figures for injuries at work involving employees have been restated compared with those published in the previous NFS.

<sup>16</sup> Following improvements to the reporting system, the 2019 figures for injuries at work involving collaborators have been restated compared with those published in the previous NFS.

<sup>17</sup> Injuries involving collaborators are not monitored at KOS.

In order to build widespread awareness about health and safety matters, CIR, KOS and Sogefi apply an engagement and training policy for their personnel:

CIR delivers specific 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;

KOS involves workers in implementing the management system: at the time of hiring, all workers receive a manual that identifies the principal risks associated with the activities to be carried out, as well as the measures adopted by the organisation to prevent them; an annual training programme is prepared for health and safety matters, specifying the mandatory requirements, the duration of the training and the trainers involved. The effectiveness of the course is then verified by filling in learning questionnaires. 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 art. 35. Any new directives are communicated to personnel and management during these training sessions.

Sogefi dedicates considerable attention to plant health and safety and continues to improve its prevention and mitigation practices.<sup>18</sup>

Pursuant to art. 30, para. 5, of Legislative Decree 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 art. 20 of Legislative Decree 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.

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, not least to ensure achievement of the objectives established in the health and safety policy approved by top management.

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. Incidents and injuries are monitored by the completion of a dedicated form -

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<sup>18</sup> See the 2020 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.



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 resolve 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.

**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 OHS 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 OHS 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.

With regard to OHSAS 18001:2007 standard (Occupational Health and Safety Assessment), the percentage of Sogefi plants certified to this standard in 2020 is 15%<sup>19</sup>, slightly down on 2019, given that the calculation includes a new plant being built and awaiting certification. 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 OHS measures adopted. They meet regularly at each plant to discuss various health and safety matters.

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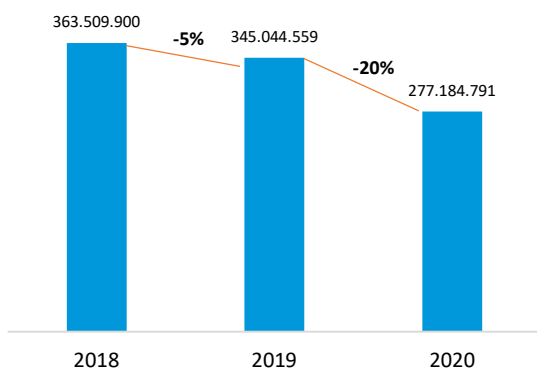
<sup>19</sup> The percentage calculation covers 39 production plants, excluding those closed in 2020 in Jarinu and Mateus Leme and Saint Soupplets, the latter already excluded in 2019. Bangalore is treated as two separate units.



## 5. Environmental responsibility

### Highlights

#### > Electricity consumption\*



#### Sogefi:

> Environmental policy since 2016

> Purchase of certified green energy

#### KOS in Italy:

> **21%** of self-produced energy

#### > Plastic free initiatives



#### CIR:

> water bottles donated to CIR S.p.A. employees to reduce the consumption of disposable plastic

\* The electricity consumption shown in the graph is based on the overall consumption in the three-year period 2018-2020

## 5.1 Energy, emissions and mitigation actions

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 a reduction in atmospheric emissions.

As an investment holding company, **CIR S.p.A.** generates limited environmental impacts. Nevertheless, it confirms its commitment to safeguard the environment with certain initiatives. In 2020, the company embarked on a path to discourage the use of plastic bottles: water dispensers were installed in common areas and steel water bottles were distributed to employees and suppliers. In addition, the renovation of the historic headquarters in Via Ciovassino 1, Milan, based on energy efficiency, introduced innovative solutions for lighting and air conditioning systems, as well as structural interventions for the insulation of walls and the renewal of fixtures (window frames in particular).

### Energy consumption<sup>20</sup>

During 2020, the **CIR** Group (on a like-for-like basis) consumed 268,797,069 kWh of electricity, which was 9% less than in 2019. Consistent with prior years, 80% of this consumption was attributable to Sogefi, given the types of activity carried out and its large number of industrial plants. The decrease in consumption is largely attributable to the reduction in activities and periods of shutdown of the Sogefi plants due to Covid-19, which was offset, however, by lower energy efficiency, due to the "stop & go" of the plants.

The increase in CIR's consumption in 2020 is due to the return to the headquarters in Via Ciovassino 1 at the end of 2019, whereas in 2018 and 2019 the staff worked at third party offices during the restructuring. Consumption recorded in 2018 and 2019 relates to Group-owned properties rented to third parties, the consumption of which is stable also in 2020.

#### Electricity consumption (kWh) 2018-2020

	2018	2019	2020	Δ% 20/19	Δ% 20/18
CIR	198,218	278,314	414,022	49%	109%
SOGEFI	270,630,000	253,218,752	228,079,000	-10%	-16%
KOS (without Charleston)	39,583,604	40,997,680	40,304,047	-2%	2%
<b>Like-for-like</b>	<b>310,411,822</b>	<b>294,494,746</b>	<b>268,797,069</b>	<b>-9%</b>	<b>-13%</b>
KOS - Charleston <sup>21</sup>	--	--	8,387,722		
GEDI	53,098,078	50,549,813	--		
<b>Total CIR Group</b>	<b>363,509,900</b>	<b>345,044,559</b>	<b>277,184,791</b>		

<sup>20</sup> Within the Group, only the subsidiary Sogefi has made recourse to the purchase of Guarantee of Origin (GO) certificates for the acquisition of electricity produced from renewable sources. Specifically, the GO certificates cover approximately 5% of the electricity purchased by Sogefi.

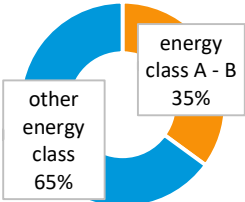
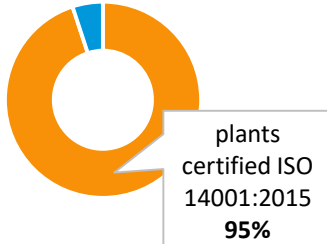

<sup>21</sup> The energy consumption of some Charleston facilities (KOS Group), in the absence of final data for 2020, were estimated on the basis of the 2019 final figures.



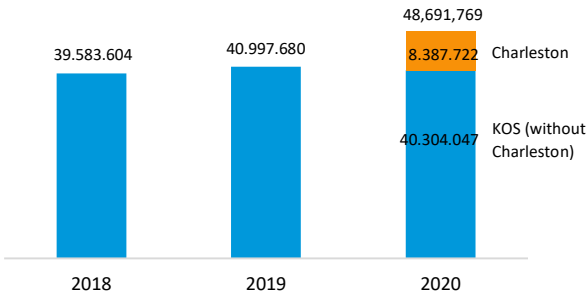
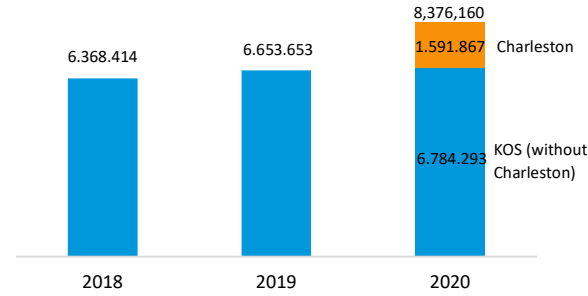
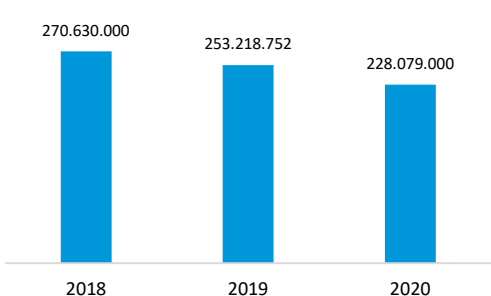
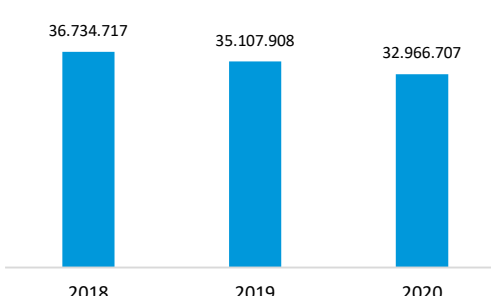
Natural gas consumption in 2020 (like-for-like) amounted to 39,755,796 m<sup>3</sup>, down 5% from 2019. Also for these consumptions, the largest percentage relates to Sogefi's activities (82% of the total).

#### Natural gas consumption (m<sup>3</sup>) 2018-2020

	2018	2019	2020	Δ% 20/19	Δ% 20/18
CIR	4,745	5,131	4,796	-7%	1%
SOGEFI	36,734,717	35,107,908	32,966,707	-6%	-10%
KOS (without Charleston)	6,368,414	6,653,653	6,784,293	2%	7%
<b>Sub-total CIR Group</b>	<b>43,107,876</b>	<b>41,766,692</b>	<b>39,755,796</b>	<b>-5%</b>	<b>-8%</b>
KOS - Charleston	--	--	1,591,867		
GEDI	1,033,944	908,057	--		
<b>Total CIR Group</b>	<b>44,141,820</b>	<b>42,674,749</b>	<b>41,347,663</b>		

KOS	Sogefi										
<b>Uses</b>											
Energy consumption arises from residential uses of medical equipment and equipment in facilities.	Consumption is mainly attributable to industrial processing.										
<b>Management mode</b>											
Procurement takes place through supply contracts (one supplier for electricity and one for gas), monitoring is managed through annual reports of energy consumption by single structure/type of activity and related KPIs, energy audits for the most energy-intensive structures and the determination of energy standards for new buildings. The actions to reduce consumption are based on raising awareness among staff (through meetings and the distribution of past data) and patients (with information material), the dissemination of best practices and specific efficiency measures at each facility. Building management differs between new and existing buildings: for new ones, there are guidelines to reach energy class A or B with the use of solutions with a low environmental impact (solar thermal and photoelectric systems); while for existing buildings, efficiency interventions are planned (replacement of fixtures and lighting with low consumption versions, redevelopment of installations and the elimination of diesel-fired heating).	Procurement is from local suppliers; for monitoring, the Group has established an Environmental Management System (EMS), which was developed in line with the international environmental standards ISO 14001: 2015 to monitor risks and mitigate the impacts on the external environment related to its commercial activities. Reductions in energy consumption are taking place mainly at the Suspensions Business Unit, which is responsible for 58% of electricity consumption and 94% of natural gas consumption out of the Group's total consumption, with the aim of reducing it. This should also reduce the cost of energy and the energy intensity index, periodically monitoring the key performance indicators and the achievement of specific objectives <sup>22</sup> ; there are also activities to raise staff awareness about the adoption of behaviour aimed at energy saving and specific initiatives at all sites (replacement of traditional bulbs with LED bulbs that consume less, etc.).										
<b>Policies and certifications</b>											
<p><b>35% of the 63 structures in Italy are in energy class A or B..</b></p>  <table border="1"> <thead> <tr> <th>Energy Class</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>energy class A - B</td> <td>35%</td> </tr> <tr> <td>other energy class</td> <td>65%</td> </tr> </tbody> </table>	Energy Class	Percentage	energy class A - B	35%	other energy class	65%	<p>Since 2016, the Group has adopted an Environmental Policy, which establishes the ethical principles and good conduct that all subsidiaries must respect in carrying out their activities. Furthermore, 95% of the plants are ISO 14001: 2015 certified.</p>  <table border="1"> <thead> <tr> <th>Certification</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>plants certified ISO 14001:2015</td> <td>95%</td> </tr> </tbody> </table>	Certification	Percentage	plants certified ISO 14001:2015	95%
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<b>Initiatives and results of the year</b>											
<p>In 2020, the consumption of the Melograno structure was reduced thanks to the installation of a cogenerator and the redevelopment of the thermal power plant (c. € 32k/year). The Villa Rosa, Villa Azzurra, San Luca and Melograno facilities (partly to be completed) are also energy efficient, with the redevelopment of the thermo-refrigeration plants, for an overall saving of around 240 tons of CO<sub>2</sub>/year.</p>	<p>In 2020 Sogefi participated in the CDP Climate Change Report, obtaining a score of B (on a scale from A to D), a sign that the company is taking action to mitigate the impacts from climate change.</p> 										

<sup>22</sup> For more information on the Energy Project and other energy saving initiatives of the Group, please refer to the Sogefi 2020 NFS, in the Environment chapter.

Consumption																																																	
<p>Excluding Charleston, electricity consumption in 2020 were 40,304,047 kWh, 2% lower than in 2019. including Charleston<sup>23</sup> they would have been 48,691,769 kWh, with an increase of around 20%.</p> <p><i>Electricity consumption in 2018-2020 in kWh</i></p>  <table><tr><th>Year</th><th>2018</th><th>2019</th><th>2020</th></tr><tr><td>Charleston</td><td>-</td><td>-</td><td>8,387,722</td></tr><tr><td>KOS (without Charleston)</td><td>39,583,604</td><td>40,997,680</td><td>40,304,047</td></tr><tr><td><b>Total</b></td><td><b>39,583,604</b></td><td><b>40,997,680</b></td><td><b>48,691,769</b></td></tr></table> <p><b>Natural gas</b> consumption (like-for-like) was 6,784,293 m<sup>3</sup>, in line with the previous year. Including Charleston, it was 8,376,160 m<sup>3</sup> in 2020, with an increase of 26% on 2019.</p> <p><i>Natural gas consumption in 2018-2020 in m<sup>3</sup></i></p>  <table><tr><th>Year</th><th>2018</th><th>2019</th><th>2020</th></tr><tr><td>Charleston</td><td>-</td><td>-</td><td>1,591,867</td></tr><tr><td>KOS (without Charleston)</td><td>6,368,414</td><td>6,653,653</td><td>6,784,293</td></tr><tr><td><b>Total</b></td><td><b>6,368,414</b></td><td><b>6,653,653</b></td><td><b>8,376,160</b></td></tr></table>	Year	2018	2019	2020	Charleston	-	-	8,387,722	KOS (without Charleston)	39,583,604	40,997,680	40,304,047	<b>Total</b>	<b>39,583,604</b>	<b>40,997,680</b>	<b>48,691,769</b>	Year	2018	2019	2020	Charleston	-	-	1,591,867	KOS (without Charleston)	6,368,414	6,653,653	6,784,293	<b>Total</b>	<b>6,368,414</b>	<b>6,653,653</b>	<b>8,376,160</b>	<p>In 2020 the group consumed <b>electricity</b> for <b>228,079,000 kWh</b>, a decline of 10% on 2019.</p> <p><i>Electricity consumption in 2018-2020 in kWh</i></p>  <table><tr><th>Year</th><th>2018</th><th>2019</th><th>2020</th></tr><tr><td><b>Total</b></td><td><b>270,630,000</b></td><td><b>253,218,752</b></td><td><b>228,079,000</b></td></tr></table> <p><b>Natural gas consumption</b><sup>24</sup> in 2020 amounted to 32,966,707 m<sup>3</sup>, a decline of 6% on 2019.</p> <p><i>Natural gas consumption in 2018-2020 in m<sup>3</sup></i></p>  <table><tr><th>Year</th><th>2018</th><th>2019</th><th>2020</th></tr><tr><td><b>Total</b></td><td><b>36,734,717</b></td><td><b>35,107,908</b></td><td><b>32,966,707</b></td></tr></table> <p>The decrease in consumption derives from the group's energy reduction initiatives, from periods of temporary inactivity due to lockdowns and the drop in demand due to Covid-19.</p>	Year	2018	2019	2020	<b>Total</b>	<b>270,630,000</b>	<b>253,218,752</b>	<b>228,079,000</b>	Year	2018	2019	2020	<b>Total</b>	<b>36,734,717</b>	<b>35,107,908</b>	<b>32,966,707</b>
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<p>The group has started to track consumption by individual facilities and macro-areas (e.g. kitchen, nuclei, domestic water, etc.) to improve comparison between the most energy-intensive areas, as well as the purchase of specialised software to monitor the electricity consumption of individual activities.</p>	<p>Sogefi continues with the “Energy Project” and the purchase of GOs (clean energy origin certificates).</p>																																																
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<p>Energy consumption was higher due to the start-up of the 24/h air inlet systems and gas for heating, as a result of the greater natural ventilation of the premises.</p>	<p>Production stoppages due to lockdowns and lower output during the year resulted in lower consumption, but also in lower efficiency due to the “stop-and-go” of the plants.</p>																																																

<sup>23</sup> The energy consumption of some Charleston facilities (KOS group), in the absence of final data for 2020, were estimated on the basis of the 2019 final figures.

<sup>24</sup> In addition to natural gas, the Sogefi group also consumes petrol, diesel and LPG, mainly for forklifts and for car fleets with non significant consumption, therefore this is not included in the GRI 302-1 and 305-1 calculations.



## Greenhouse gas emissions

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 order to monitor its environmental impacts and implement initiatives to mitigate them, the **CIR** Group strives to quantify the emissions attributable, directly or indirectly, to its activities.

The CIR Group used the methodologies envisaged in the GRI Sustainability Reporting Standards and the Greenhouse Gas (GHG) Protocol forecasts, the main emission reporting standard, to calculate its emissions:

Emissions Scope 1	Emissions Scope 2	
deriving from internal consumption	from the consumption of electricity, heating and cooling purchased and consumed by the organisation (calculated considering only the consumption of electricity)	
equivalent value for natural gas and oil consumption	> <i>Market-based approach</i> : using an emissions factor defined in the contract with the electricity supplier	> <i>Location-based approach</i> : using an average emissions factor associated with the national energy mix of each country for the production of electricity.
	Factors used: for <b>CIR, KOS and Sogefi's EU activities</b> : "AIB Residual Mix; <b>Sogefi's non-UE activities</b> : "Terna - International Comparisons" in the absence of mix residual factors) The factors used are updated with respect to the reporting years.	Factors used for <b>CIR, KOS and Sogefi</b> : "Terna 2016 - International Comparisons". The factors used are updated with respect to the reporting years.

In 2020, the CIR Group on a like-for-like basis generated 153,617 tonnes of CO<sub>2</sub> (161,254 tonnes CO<sub>2</sub> including Charleston), following the location-based approach, down by 7% with respect to 2019; whereas it produced 165,869 tonnes of CO<sub>2</sub> (174,848 tons of CO<sub>2</sub> including Charleston) following the market-based approach, down 9%. On a like-for-like basis, direct GHG emissions (Scope 1) were 5% lower than in 2019, while indirect GHG emissions (Scope 2) were down by 9% and 12% respectively using the location-based and market-based approaches.

CIR Group CO <sub>2</sub> emissions									
tCO <sub>2</sub>	Scope 1 <sup>25</sup>			Scope 2 Location-based approach			Scope 2 Market-based approach		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
CIR	9	10	10	71	100	139	95	134	193
Sogefi	74,591	71,011	66,680	70,985	64,740	59,078	87,617	76,410	66,044
KOS (without Charleston)	13,417	13,922	14,187	14,540	14,710	13,523	18,495	19,791	18,755
<b>CIR Group on a like-for-like basis</b>	<b>88,017</b>	<b>84,943</b>	<b>80,877</b>	<b>85,596</b>	<b>79,550</b>	<b>72,740</b>	<b>106,207</b>	<b>96,335</b>	<b>84,992</b>
<b>Change %</b>		<b>-3%</b>	<b>-5%</b>		<b>-7%</b>	<b>-9%</b>		<b>-9%</b>	<b>-12%</b>
KOS- Charleston	--	--	3,871	--	--	3,766	--	--	5,108
GEDI	2,572	2,151	--	19,115	18,198	--	25,328	24,112	--
<b>Total CIR Group</b>	<b>90,589</b>	<b>87,094</b>	<b>84,748</b>	<b>104,711</b>	<b>97,748</b>	<b>76,506</b>	<b>131,535</b>	<b>120,447</b>	<b>90,100</b>

In 2020, for **KOS**, excluding Charleston, both direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2), location-based and market-based, are in line with 2019. Including Charleston, direct GHG emissions (Scope 1) increased by almost 30% and indirect GHG emissions (Scope 2) increased by 18% and 21% respectively with the location-based and market-based approaches.

In Italy, self-generation by **KOS** was (21%) greater than in 2019, reaching 1,256,195 kWh due to the increased output of the Volpiano cogeneration plant, which became operative for the first time in April 2018. About 4% of self-produced energy can be classified as renewable energy.

Direct GHG emissions (Scope 1) were 6% lower than in 2019, in line with the Sogefi group trend in natural gas consumption. In 2020, direct GHG emissions (Scope 2) were respectively 9% and 14% lower using the location-based and market-based approaches. The reduction in emissions is attributable to various factors, including the closure of a number of sites, temporary inactivity due to the lockdowns imposed by national governments due to Covid-19 and, last but not least, to group initiatives. In fact, the trend of the last three years shows a reduction in emissions of 18% (market-based).

In addition to actions to reduce the industrial carbon footprint, Sogefi considers it essential to adopt a more sustainable approach along the entire supply chain, optimising flows where possible. In this regard, Sogefi has expanded the monitoring of Scope 3 (indirect emissions that are generated by the means of transport that deliver products to customers), adopting a global purchasing approach of transport, which allows the optimisation of logistics and transport thanks to the involvement of various regional offices and production plants. In addition, the Filtration and Suspension business units have also launched a plan to reduce transport distances and optimise deliveries, bringing the warehouse closer to suppliers and customers.

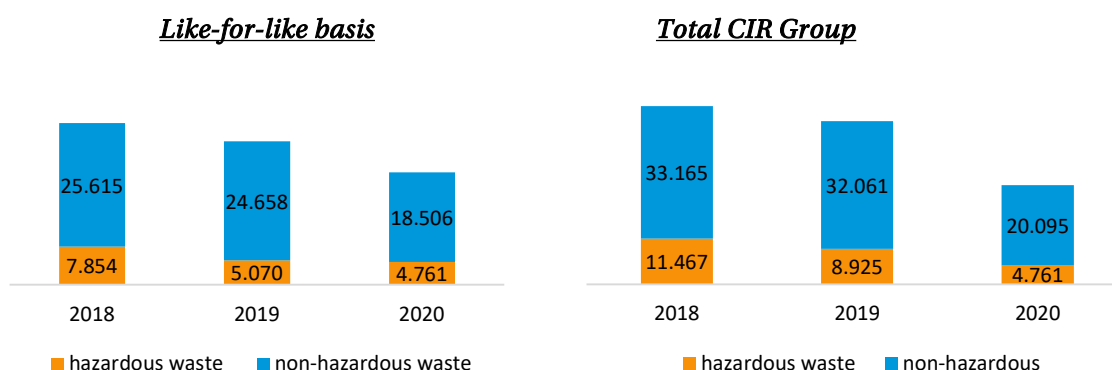
<sup>25</sup> For the calculation of Scope 1 emissions, the Sogefi Group used the coefficients of the UK Government GHG Conversion Factors for Company Reporting - DEFRA 2020. Note that in order to ensure comparability with 2020, the Scope 1 emissions for 2018 and 2019 have been restated using the same method of calculation [UK Government GHG Conversion Factors for Company Reporting 2018 and 2019]. For the value reported in the 2019 Consolidated Non-Financial Statement, please refer to the document published on the website.

## 5.2 Waste management

The **CIR Group** pays attention to the proper management and disposal of waste in compliance with current regulations, being well aware of its importance in terms of public health and protecting the rights of future generations.

During 2020 and on a like-for-like basis, the **CIR Group** produced 23,267 tonnes of waste, a 22% decrease with respect to 2019. Including Charleston, total waste production in 2020 totalled 24,856 tonnes. Hazardous and non-hazardous waste represented respectively 20% and 80% of the total on a like-for-like basis, again with a reduction of 6% of hazardous waste and 25% of non-hazardous waste, compared with the prior year; driven largely by the reduction in the volume of Sogefi's activities due to the conditions created by the pandemic; conversely, KOS generated much more waste than the previous year, due to the use of PPE following the spread of the pandemic.

The quantities of waste produced by type (hazardous/non-hazardous) are shown below, both on a like-for-like basis and for the entire reporting scope<sup>26</sup>:



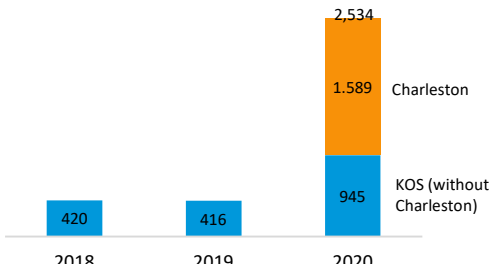
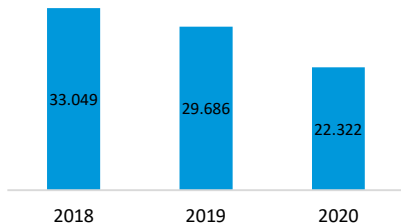
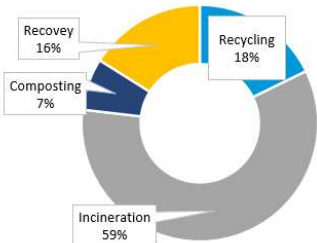
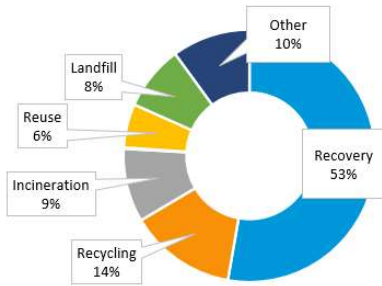
The most used method of disposal in 2020 is recycling, which concerns approximately 49% of the total waste disposed of, as described in the table below:

Disposal method	Hazardous waste	Non-hazardous waste	Total	%
Reuse	240	2,825	3,065	12%
Recycling	123	12,103	12,226	49%
Composting	--	212	212	1%
Energy recovery	639	1,017	1,656	7%
Incineration	1,613	1,989	3,602	14%
Landfill	619	1,235	1,854	7%
On-site storage	--	-	--	--
Other <sup>28</sup>	1,527	714	2,241	9%
<b>Total</b>	<b>4,761</b>	<b>20,095</b>	<b>24,856</b>	<b>100%</b>

<sup>26</sup> The like-for-like calculation includes the waste produced by the KOS group (excluding Charleston) and by the Sogefi group. The graphs do not show the tonnes of waste produced by CIR, equal to 0.00000861 of the total.

<sup>27</sup> The chart does not show the tonnes of waste generated by CIR, which represents 0.00000861% of the total. In addition, the quantities of waste produced by some Charleston facilities (KOS group) have been estimated, as municipal and local waste collection services do not provide statistics on the weight of the waste.

<sup>28</sup> The "other" category refers to various methods that include composting, on-site storage and deep-well injection.

KOS	Sogefi																								
Generation																									
The waste produced derives from medical/patient treatment materials (potentially infected), maintenance and management of the buildings and ordinary waste.	The waste derives from production scrap, consumables and machinery components/parts of production lines that have been replaced.																								
Policies and management methods																									
<p>The KOS group undertakes to observe all rules and regulations regarding production, management and disposal; the production, management and disposal of waste comply with Legislative Decree 152 of 03/04/2006.</p> <p>Waste (hazardous and non-hazardous) is stored in temporary deposits in the structures within the quantitative and temporal limits dictated by the regulations: solid waste is differentiated and held in separate containers, while laboratory waste is stored in tanks. Transportation and disposal are outsourced to specialist operators. All the structures are registered in the Sistri (computerised waste traceability system) and record all waste movements according to the procedures prescribed by the regulations.</p> <p>The types of waste produced by maintenance and construction of buildings are entirely entrusted to companies outside the group.</p>	<p>The Sogefi group requires each plant to find sustainable solutions (recycling, etc ..) for the treatment of waste and to increase its recoverability.</p> <p>Each plant tracks the waste that it produces and differentiates it between hazardous and non-hazardous, based on current legislation in the country where it operates, also through clearly separated collection containers with different colours to make them easily recognisable to all.</p> <p>The group pursues two objectives: <b>limit the consumption of raw materials</b> and <b>use recyclable and recycled materials</b><sup>29</sup>. To achieve these objectives the group: reuses waste materials such as steel and plastics, uses plastics for multiple production cycles, returns packaging and reduces the use of plastics and adopts procedures to limit the dispersion of paint.</p>																								
Waste produced and disposal methods																									
<p>In 2020 the KOS group, including Charleston, produced approximately <b>2,534 tonnes of waste</b><sup>30</sup>, of which about 913 tonnes of hazardous waste. Excluding Charleston, the increase in waste production is still very high (+127%), due to the greater use of PPE to cope with the health emergency.</p>	<p>In 2020 the Sogefi group generated and disposed of <b>about 22,322 tonnes of waste</b> (-24% compared with 2019), of which approximately 3,848 tonnes of hazardous waste; in absolute terms, Europe is the region that represents the largest volumes of waste produced, with over 69%.</p>																								
 <table><caption>Waste produced by KOS group (tonnes)</caption><thead><tr><th>Year</th><th>KOS (without Charleston)</th><th>Charleston</th><th>Total</th></tr></thead><tbody><tr><td>2018</td><td>420</td><td>0</td><td>420</td></tr><tr><td>2019</td><td>416</td><td>0</td><td>416</td></tr><tr><td>2020</td><td>945</td><td>1,589</td><td>2,534</td></tr></tbody></table>	Year	KOS (without Charleston)	Charleston	Total	2018	420	0	420	2019	416	0	416	2020	945	1,589	2,534	 <table><caption>Waste produced by Sogefi group (tonnes)</caption><thead><tr><th>Year</th><th>Total</th></tr></thead><tbody><tr><td>2018</td><td>33,049</td></tr><tr><td>2019</td><td>29,686</td></tr><tr><td>2020</td><td>22,322</td></tr></tbody></table>	Year	Total	2018	33,049	2019	29,686	2020	22,322
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<p>In 2020, the disposal method most used by the KOS group was incineration with 59% of the waste disposed of in this way.</p>  <table><caption>Disposal methods for KOS group (2020)</caption><thead><tr><th>Method</th><th>Percentage</th></tr></thead><tbody><tr><td>Incineration</td><td>59%</td></tr><tr><td>Recycling</td><td>18%</td></tr><tr><td>Recovery</td><td>16%</td></tr><tr><td>Composting</td><td>7%</td></tr></tbody></table>	Method	Percentage	Incineration	59%	Recycling	18%	Recovery	16%	Composting	7%	<p>The most widely used disposal methods are recycling (53%) and reuse (14%).</p>  <table><caption>Disposal methods for Sogefi group (2020)</caption><thead><tr><th>Method</th><th>Percentage</th></tr></thead><tbody><tr><td>Recovery</td><td>53%</td></tr><tr><td>Recycling</td><td>14%</td></tr><tr><td>Other</td><td>10%</td></tr><tr><td>Landfill</td><td>8%</td></tr><tr><td>Reuse</td><td>6%</td></tr><tr><td>Incineration</td><td>9%</td></tr></tbody></table>	Method	Percentage	Recovery	53%	Recycling	14%	Other	10%	Landfill	8%	Reuse	6%	Incineration	9%
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<sup>29</sup> For more information on the reuse of materials, and materials used by weight and volume, refer to the Sogefi 2020 NFS, in the chapter on use and reuse of materials.

<sup>30</sup> The quantities of waste produced by some Charleston facilities (KOS group) have been estimated, as municipal and local waste collection services do not provide statistics on the weight of the waste.

## 5.3 Water management

One of the major challenges of the international community is to allow present generations access to drinking water and sanitation and, at the same time, to guarantee this right for future generations. The companies of the CIR Group are committed to water saving and responsible use of water, which is mainly intended for Sogefi's industrial processes and for the sanitation use by patients and guests in KOS facilities, as well as by the staff.

The CIR Group drew 1,874 Ml of water in 2020, down 0.4% with respect to the prior year. The principal source of supply is the water resources of third parties, which provided more than 70% of the total drawn.

MI	Water drawn <sup>31,32</sup>									
	2018			2019 <sup>33</sup>			2020 <sup>34</sup>			Δ %
Sources	Fresh water	Other water	Total	Fresh water	Other water	Total	Fresh water	Other water	Total	19-20
Surface water	508	--	508	231	297	528	7	300	307	-42%
Groundwater	243	345	588	181	53	234	160	74	234	0%
Seawater	--	--	--	--	--	--	--	--	--	--
Produced water	--	--	--	--	--	--	--	--	--	--
Third-party water	1,306	18	1,324	1,106	14	1,120	1,301	32	1,333	19%
<b>Total</b>	<b>2,057</b>	<b>363</b>	<b>2,420</b>	<b>1,517</b>	<b>364</b>	<b>1,882</b>	<b>1,468</b>	<b>406</b>	<b>1,874</b>	<b>-0.4%</b>

Water withdrawals from areas identified as at risk of stress according to the "Aqueduct Tool" developed by the World Resources Institute<sup>35</sup>, amounted to 17% of total withdrawals in 2020 and were approximately 36% higher than in 2019 due to the inclusion of the Charleston Group (these withdrawals, on the other hand, are 67% lower than in 2018 following a change in those countries considered to be water stressed between 2018 and 2019).

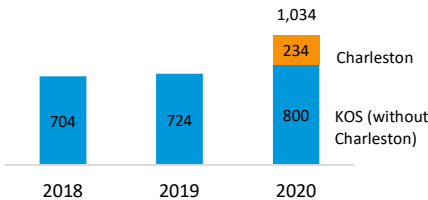
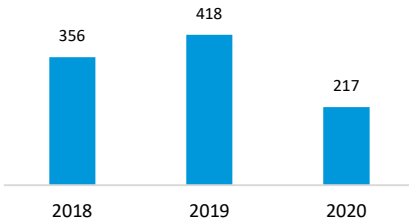
<sup>31</sup> The chart does not show the water consumed by CIR, which was less than 0.3% of the total.

<sup>32</sup> Fresh water is defined as water with ≤1,000 mg/L total dissolved solids. Other water is defined as water with >1,000 mg/L total dissolved solids.

<sup>33</sup> Following improvements to the reporting system, the 2019 figures for water withdrawal, drainage and consumption have been restated with respect to those published in the previous NFS.

<sup>34</sup> Water consumption figures for 2020 include the Charleston group.

<sup>35</sup> The WRI tool provides information on establishments located in areas subject to extreme water scarcity by comparing the best available information on water, population sanitation and bio-diversity on a national and basin basis. It is available online at the web page: <https://www.wri.org/our-work/project/aqueduct>. For the analysis, the results in the "baseline water stress" column were taken into consideration. The categories considered "water stressed" are shown as "extremely high" and "medium to high scarcity". For more information, refer to the Attachments.

KOS	Sogefi																								
Use																									
The water is mainly used for food and hygiene purposes by the staff and guests of the facilities.	Its main use is in production and cooling processes (“low water intensity” processes).																								
Policy																									
The company pursues a policy of reducing consumption and waste, but given its business and the needs of guests, and the lack of activities in water stressed areas in Italy, this is not a priority.	An Environmental Management System (EMS) is implemented to reduce consumption; some plants have additional systems and procedures, such as FMEA (Failure Mode and Effect Analysis), for example, a methodology for identifying environmental risks and preventing pollution.																								
Sourcing																									
The supply is mainly from third-party water resources (except in rare cases where water from the property's internal wells is used for irrigation).	The total water withdrawal of the Sogefi group was around 840 Ml in 2020, with a decrease of around 26% compared with 2019. The sources from which the water comes are mainly surface waters (37%), followed by groundwater (29%) and third party waters.																								
Consumption																									
<p>In 2020, the KOS group consumed a total of approximately 1,034 Ml of water, an increase of 43% compared with 2019; the increase derives from the inclusion of consumption by the Charleston group, excluding which water consumption would have increased by 10% compared with 2019.</p>  <table><caption>Water Consumption (Ml)</caption><thead><tr><th>Year</th><th>KOS (without Charleston)</th><th>Charleston</th><th>Total KOS</th></tr></thead><tbody><tr><td>2018</td><td>704</td><td>-</td><td>704</td></tr><tr><td>2019</td><td>724</td><td>-</td><td>724</td></tr><tr><td>2020</td><td>800</td><td>234</td><td>1,034</td></tr></tbody></table>	Year	KOS (without Charleston)	Charleston	Total KOS	2018	704	-	704	2019	724	-	724	2020	800	234	1,034	<p>In 2020 the overall water consumption of the Sogefi group (calculated as water withdrawn less water discharged) was approximately 217 Ml, a reduction of 48% compared with 2019; the Suspension division uses approximately 78% of the total.</p>  <table><caption>Overall Water Consumption (Ml)</caption><thead><tr><th>Year</th><th>Consumption</th></tr></thead><tbody><tr><td>2018</td><td>356</td></tr><tr><td>2019</td><td>418</td></tr><tr><td>2020</td><td>217</td></tr></tbody></table>	Year	Consumption	2018	356	2019	418	2020	217
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Year	Consumption																								
2018	356																								
2019	418																								
2020	217																								
Discharge																									
The water is discharged directly through the sewer system	Even though the activities do not generate highly polluting effluents, in some plants waste water treatment systems have been installed, while in others the water used in the production processes is in a closed-loop system to avoid any impact on wildlife and flora. In 2020 the water discharged from the production sites amounted to over 620 Ml, down by 27% compared with 2019; such discharges occur in surface waters, in public sewage systems, or other destinations, in compliance with local regulations.																								
Actions																									
No particular monitoring action linked to water consumption.	At the production sites there are continuous monitoring tools to avoid overflows, leaks and damage to the tanks, and where possible, water is reused in the production cycle; some processes have been modernised to reduce water use (such as "washing in production"). In addition, all taps have been replaced with “smart” water-saving models and training and awareness-raising activities are carried out, with themed weeks to educate employees on conservation.																								
Policies / certifications																									
No policy given the limited and residential use.	95% of the plants are certified ISO 14001: 2015.																								



## 6. Commitment to the community

### > Commitment to the fight against Covid



### > Charitable and philanthropic initiatives

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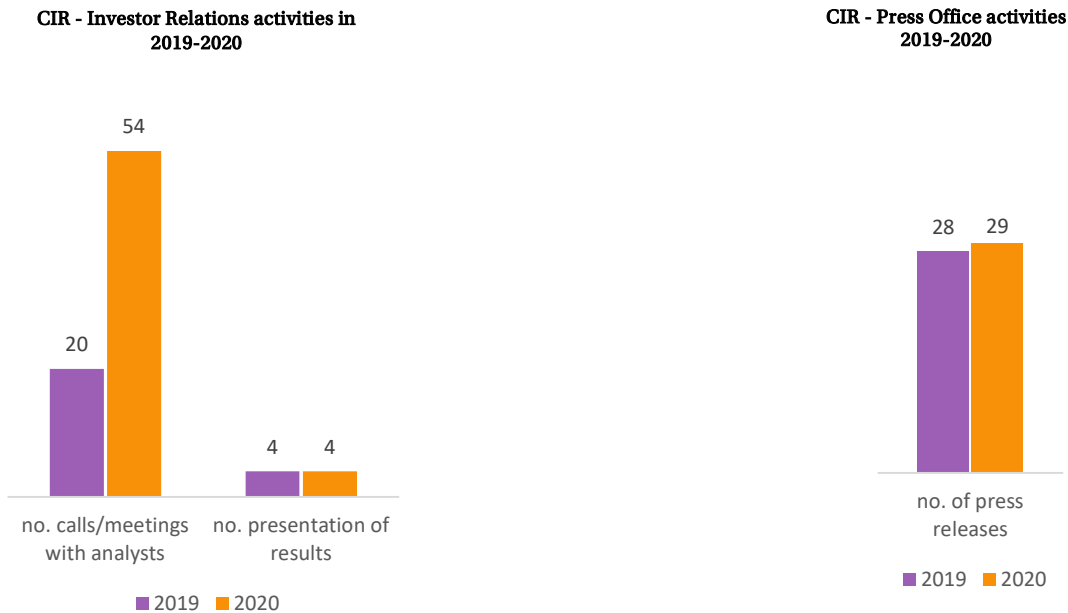




## 6.1 Relations with communities

The **CIR** Group acts in a transparent and responsible manner towards society and its stakeholders, holding dear the concepts of quality and integrity. The **CIR** Group promotes a significant number of initiatives for information, dialogue and listening to engage its stakeholders and make them participants and protagonists of corporate activities.

Consistent with its role as a listed holding company, **CIR** maintains relations with the financial community, with a view to developing value for shareholders and stakeholders in general, facilitating the understanding of the financial and strategic evolution of the Group and reducing unclear or inconsistent information through clear, precise and punctual communications.



**KOS** works closely with various local and regional health structures, creating synergies and contributing to the economic development of the communities in which it operates, by using local suppliers and by creating job opportunities and professional development.

The activities that **KOS** organises throughout the territory tend to offer awareness-raising, orientation and training initiatives on issues of rehabilitation, the third age and assistance to the elderly, also in collaboration with associations and the world of local volunteering.

Unlike in 2019, when more than 75 inaugural events were organised for guests and patients, but also for local communities, in 2020 all initiatives of a social nature were suspended to limit the risk of Covid-19 infection. However, the group has offered its contribution to the community by activating important measures and initiatives in support of the Health Service, such as:

> **Covid hospitals and facilities:** in the initial phase of the pandemic, the two hospitals of the group (Suzzara Hospital and Villa dei Pini) were dedicated to the care of infected patients; in addition, over 200 beds were activated in dedicated departments, isolated from the rest of the structure, for the treatment of non-acute Covid patients coming from local hospitals;



> **free psycho-educational support service:** the group made its know-how available in the area of psychiatric rehabilitation with the activation of a remote support service (via telephone and web) for citizens, dedicated to the emotional difficulties developed due to the pandemic;

> **points for performing serological tests and swabs:** in the territories where KOS is present, screening points have been made available to the population to carry out serological tests and antigenic and molecular swabs.

In addition, the group donated 10 latest generation ventilators to the Campania Region, a semi-automatic analytical platform for nucleic acid extraction to support the swab analysis at the Microbiology Laboratory of the Integrated University Hospital of Verona, as well as various kits for the execution of the swabs to the Marche Region.

KOS also attaches great importance to its relations with universities and scientific companies, resulting in valuable mutual exchanges. In 2020, the group's collaboration with universities, particularly on the internship front, stopped due to the pandemic, as students and trainees could not access the facilities for safety reasons, whereas in 2019 there were agreements with 42 universities.

Meetings with the scientific community were organised, when possible, by webinar, to share opinions and case studies on issues related to Covid-19 and other topics.

**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. The group does not want to contribute only through monetary donations, but to take an active part in the development of these projects through employees who volunteer to help. There were also several collaborative projects with private companies, start-ups, laboratories and research centres that each Business Unit carries out for the development of new products and the improvement of existing technologies, as well as participation in numerous conferences and specialist events that allow a direct benchmark with the market.<sup>36</sup>

In 2020, despite the impediments due to Covid-19, more than half of the group's plants carried out projects in aid of the local communities in which they operate (46% of plants in 2019).

## 6.2 Responsible procurement practices

**KOS** lays the principles of transparency and reliability at the basis of relations with its suppliers. 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. During 2020, the same practices were extended to Charleston, Germany.

<sup>36</sup> For more details, see the chapter on innovative and eco-responsible products/technologies of the Sogefi 2020 NFS.



The types of supplies that **KOS** uses are various and classified as real estate services (purchase of equipment/systems present in the structures - air conditioning, electrical and medical gas distribution - and the construction of new structures of the organisation), IT services (purchase of hardware and software equipment, call systems for hospital rooms), pharmacy (medical devices and drugs) and clinical engineering and purchasing (electro-medical equipment, furniture and equipment for kitchens, catering and cleaning services, foodstuffs, incontinence products and laboratory products analysis).

Competitive proceedings with a longer amount and duration are carried out on a dedicated web portal, to which at least 3 suppliers are invited from those who have registered in the electronic supplier register <https://procurement.kosgroup.com> - that have been validated (contributory regularity, anti-mafia self-declaration, self-declaration 231, presentation of the Chamber of Commerce, adherence to the Code of Ethics by KOS, compliance with Legislative Decree 81/08 and compliance with Legislative Decree 196/03 as well as certifications in the field of quality and environment).

During 2020, almost all (98%)<sup>37</sup> of the KOS group's purchases were local, i.e. from Italian suppliers for the Italian activities and from German suppliers for the German ones. In March 2020, due to the health emergency and the unavailability of personal protection equipment (PPE) and medical devices (MD), a working group was set up consisting of the Operations Manager, Pharmacy Manager, Purchasing Manager and General Services Manager, with the aim of locating and distributing PPE to all facilities that needed them. Two logistics centres were set up (north and centre) and purchases were made according to the availability of products, especially abroad (China and other production areas) as almost all national suppliers were without PPE, at a time when the needs of our facilities had increased exponentially.

Although in many cases it was necessary to make advance payments without carrying out the usual supplier assessment procedures, particular attention was paid to evaluating the technical data sheets and certifications of the products to be purchased. So far, no KOS facility has said that it lacked PPE or MD to contain the pandemic.

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. Sogefi recognises the importance of sourcing from suppliers that comply with the highest quality standards, that comply with current environmental and safety regulations, and that ensure compliance with ethical, social and governance principles. In line with the group's purchasing procedures, formalised in the Quality Purchasing Manual adopted by each business unit, the supplier selection process and the subsequent definition of the purchase conditions are based on an objective assessment of the individual characteristics of quality, price, economic performance and aspects of sustainability.

Suppliers are accredited internally by filling in the Supplier Initial Assessment Checklist, a questionnaire with which technical and detailed information is requested, then the Procurement Department sends the suppliers the Group's Code of Commercial Conduct and the General Purchase Conditions, which define the ethical principles and good conduct, as well as the

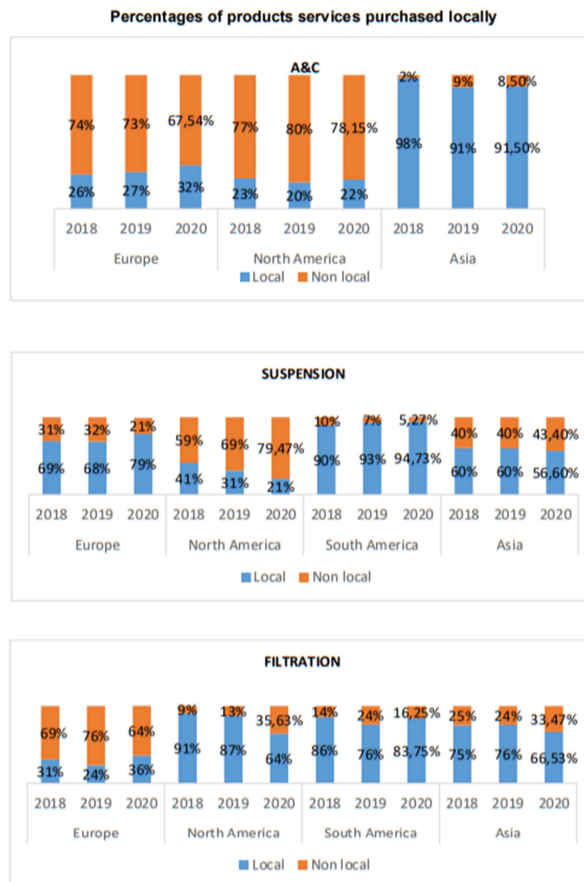
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<sup>37</sup> Excluding India because data are not available

conditions under which each supplier must comply during the collaboration and is therefore required to return, countersigned for acceptance<sup>38</sup>.

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 make reference to the International Material Data Systems to communicate 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. **Sogefi** is also engaged in the fight against the extraction of natural resources that come from conflict zones, the so-called conflict minerals.

The following graphs show the regional breakdown of purchases between local and non-local suppliers, from which it emerges that some areas, such as Asia in Air&Cooling (A&C), North and South America in Filtration and South America in Suspensions, are strongly oriented towards "local for local" policies, with over 80% of purchases coming from local suppliers. The percentages by region remain substantially unchanged over the years, also indicating continuity in the group's supply relationships.



<sup>38</sup> See Sogefi's 2020 Consolidated Non-Financial Statement, available on the website [www.sogefigroup.com](http://www.sogefigroup.com) for further information about responsible management of the Sogefi supply chain.

## 6.3 Taxes

The companies of the **CIR** Group boast a transparent and responsible tax policy, based on the tax regulations in force in the countries in which they operate, without resorting to strategies aimed at minimising the overall tax burden. A Group tax strategy has therefore never been formulated, considering that correct application of the tax regimes in the countries where the Group operates is not only obligatory, but necessary to finance and support local administrations and communities. In particular, both the KOS group and the Sogefi group calculate the tax burden of each legal entity on the basis of its activities, revenue and the legislation in force in each tax jurisdiction, according to a "business-driven" approach (and not a "tax -driven" approach).

KOS operates mainly in Italy and Germany, with extremely limited trade between the two countries. Within the Sogefi group, transfers of goods and services among entities belonging to different tax regimes are regulated by transfer price mechanisms, which:

- in the case of recharges for personnel and services (management fees), they are limited and based on cost without any significant mark-up;
- in the case of the sale of goods (a situation that is particularly frequent for the Filtration Aftermarket business), which are based on the requests of end customers to have relations with "local counterparties" (to which the "production" companies of the Sogefi group transfer the products); they take place on the basis of cost plus a mark-up aimed at remunerating local production and not at transferring profits to more convenient tax regimes.

Given the presence of several legal entities in certain tax jurisdictions, the CIR Group makes use of tax consolidation schemes, mainly in Italy (involving CIR S.p.A. and the Italian business of KOS and Sogefi) and in France (where the consolidation takes place for the various companies active in the three divisions of Sogefi).

The CIR Group does not have a central department (this central function is present only within the Sogefi group, but with a role of mere coordination) and delegates compliance with local tax regulations to individual companies and their directors, who are often supported by local companies in the calculation and drafting of tax returns. The tax risk is considered low, both in magnitude and in probability.

Control over local tax practices takes place at different levels: from adherence by the directors of the various companies to the Codes of Ethics to the segregation of duties in place among different individuals, as well as the checks carried out by the internal audit functions, the supervisory bodies and, lastly, the local tax authorities. There are also mechanisms to report any critical issues or illegal or unethical behaviour, including whistleblowing (see what has been written previously on this topic).

The Group (in its current scope of activity) and the individual companies that make it up have been subject to checks several times from which no significant or relevant problems have emerged.

Tax matters are not material for the Group, which having chosen a "business-based" approach to calculating taxes and having a low "appetite for risk", has never activated "advocacy" processes or approaches to taxation or to the tax authorities, other than having a transparent relationship with the tax administration in the various countries in which it operates. Tax matters are no doubt of interest to external stakeholders, such as governments and local organisations, but they have not been involved in terms of shareholders' engagement.

The CIR Group is made up of 137 corporate entities, of which 28 operate in Italy, 65 in Germany and 7 in France; in total, 112 entities are located in Europe, while the remainder are in India, China and North and South America. There are no companies operating in "low-tax regimes" as defined by Italian law (i.e. those where corporation tax is less than 50% of the Italian rate of 27.9%) or in so-called "black-list" or "grey-list" countries as defined by the EU.

The following is a summary of tax reporting on a "country by country"<sup>39</sup> basis.

€ / m	no. of company	no. of employees	Revenue from third parties	Revenue I/C	Profit/loss before taxes	property, plant and equipment (other than cash and cash equivalents)	taxes paid	taxes in the income statement
France	7	2,500	449.5	80.7	21.1	118.6	0.3	0.6
Germany	65	4,457	129.2	2.0	3.6	25.7	2.7	0.1
Italy	28	7,460	651.7	67.0	87.5	315.8	16.8	17.8
Luxembourg	3	2	9.2	0.1	1.5	0.0	-	0.0
Netherlands	2	38	5.3	1.2	0.6	2.4	0.3	0.2
Romania	2	301	50.2	0.9	6.2	26.7	0.7	1.0
Russia	1	3	1.8	-	0.2	-	-	0.1
Slovenia	1	473	34.6	17.8	1.7	17.8	-	-
Spain	2	412	98.1	6.0	12.6	21.0	2.5	2.7
Sweden	1	1	-	0.6	0.1	-	0.0	0.0
<b>EU</b>	<b>112</b>	<b>15,647</b>	<b>1,429.7</b>	<b>173.3</b>	<b>135.0</b>	<b>528.0</b>	<b>23.4</b>	<b>22.4</b>
<b>United Kingdom</b>	<b>7</b>	<b>405</b>	<b>83.0</b>	<b>7.3</b>	<b>4.4</b>	<b>25.3</b>	<b>1.3</b>	<b>0.1</b>
Canada	1	363	115.9	1.3	7.9	17.7	2.6	2.0
Mexico	1	209	40.2	0.4	3.8	25.2	-	-
United States	2	386	132.0	10.4	13.1	28.2	3.2	2.5
<b>NAFTA</b>	<b>4</b>	<b>958</b>	<b>288.1</b>	<b>12.1</b>	<b>17.2</b>	<b>71.0</b>	<b>5.8</b>	<b>4.4</b>
China	4	437	75.4	6.6	2.2	53.5	-	0.0
Hong Kong	1	-	-	-	0.0	-	-	-
India	4	3,014	91.8	5.7	1.7	45.0	2.8	2.2
<b>Asia</b>	<b>9</b>	<b>3,451</b>	<b>167.1</b>	<b>12.3</b>	<b>3.9</b>	<b>98.5</b>	<b>2.8</b>	<b>2.2</b>
Argentina	2	452	65.0	0.3	0.7	11.3	0.6	0.8
Brazil	2	830	95.1	0.6	10.4	26.9	0.1	0.0
<b>LATAM</b>	<b>4</b>	<b>1,282</b>	<b>160.1</b>	<b>0.9</b>	<b>9.7</b>	<b>38.2</b>	<b>0.6</b>	<b>0.8</b>
<b>Morocco (Africa)</b>	<b>1</b>	<b>112</b>	<b>15.0</b>	<b>0.4</b>	<b>7.4</b>	<b>22.3</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>137</b>	<b>21,855</b>	<b>2,143.1</b>	<b>206.3</b>	<b>143.3</b>	<b>783.3</b>	<b>33.9</b>	<b>29.9</b>

This table shows the total aggregate figures by country (i.e. by tax jurisdiction) resulting from the "Country by country" report sent to the Italian Tax Authorities.

The differences between the taxes paid and those charged to the income statement derive mainly from the normal mismatch between the amount paid during the year, which includes the balance due for the previous year and advances for the current year and the taxes actually accrued and charged to the income statement at the end of the year. Then there is the fact that the KOS group and the Sogefi group are sometimes both present in the same tax jurisdiction, which gives rise to an offsetting of the "economic impacts" but not of the cash impacts.

The "Country by country" report from which this information is extrapolated is subjected to a set of procedures and processes and to an internal and external control system typical of financial information, which it is. External assurance activities (i.e. the statutory audit of the financial statements, the certification of tax returns, as well as activities by the Tax Authorities to validate the figures) include these figures and were carried out without any significant findings.

<sup>39</sup> The numbers shown here may not be identical to the figures in the consolidated financial statements as (i) they exclude the accounting impacts of consolidation, (ii) they classify financial and other income as revenue and (iii) they consider only the taxes paid and not those collected (refunds, withholding taxes or income from tax consolidation); the complete list of companies by individual tax jurisdiction and details of the activities carried out is in the consolidated financial statements.

## 6.4 Philanthropy and Charity

As a corollary of the community support activities integrated into their businesses, the various group companies provide additional support to local communities through philanthropic and charitable initiatives.

**CIR** favours the community through institutional initiatives and supports:



the Rodolfo Debenedetti Foundation, a non-profit organisation active in research on the issues of employment, poverty and inequality, social, welfare and immigration policies<sup>40</sup>.

**KOS** plays an important community role as a promoter of development and change and supports two important social causes:



Epsilon is a charity that helps third-world children in the fields of healthcare, food security and education;



Santo Stefano Sport, a team playing in the wheelchair basketball championship. It promotes sporting activities and trains athletes in various disciplines, favours sport as a recreational and rehabilitative tool, as well as an element of stimulus to the acceptance of fragility, the desire for personal fulfilment and insertion into social and working life.

In 2020, unfortunately, the active commitment of KOS employees towards these two associations was limited by the pandemic, due to the restrictions on both travel and sporting activity, not to mention the huge effort on the part of the entire organisation in coping with the effects of the pandemic.

**Sogefi** supports the communities in which it has a direct impact, promoting and investing in their social and economic development, with training and sport, health and research and solidarity initiatives:



the Mogi Mirim plant in Brazil supports the ICA and Banda Lira bodies, local non-governmental organisations that offer cultural and musical activities to children from very low-income families, as well as organising events for employees and their families on environmental protection, management of natural resources and energy;



the Moterrey plant in Mexico has partnered and collaborates with the Anti-Cancer Alliance, which works to promote cancer awareness campaigns;



the Medvode plant in Slovenia, promotes the inclusion and employment of disabled people, achieving more and more cooperation with local companies that now employ over 50% of disabled workers.

<sup>40</sup> For more information on the initiatives and projects of the Rodolfo Debenedetti Foundation, please refer to the following website: <https://www.frdp.org/>



## Attachments



## Human Resources

### Composition of the workforce

CIR Group - Breakdown of employees and collaborators by gender									
no. persons	2018			2019 <sup>41</sup>			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	8,218	8,138	<b>16,356</b>	8,287	8,594	<b>16,881</b>	6,878	10,748	<b>17,626</b>
Collaborators	1,644	1,243	<b>2,887</b>	1,934	1,129	<b>3,063</b>	1,451	968	<b>2,419</b>
<b>Total</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>	<b>8,329</b>	<b>11,716</b>	<b>20,045</b>

CIR Group - Breakdown of employees by professional type (full time vs part time) and by gender									
no. persons	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full time	7,956	6,327	<b>14,283</b>	8,051	6,962	<b>15,013</b>	6,325	6,940	<b>13,265</b>
Part time	264	1,811	<b>2,075</b>	235	1,633	<b>1,868</b>	547	3,814	<b>4,361</b>
<b>Total</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>	<b>6,872</b>	<b>10,754</b>	<b>17,626</b>

CIR Group - Breakdown of employees by contract type (fixed term vs permanent) and by gender <sup>42</sup>									
no. persons	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Fixed-term contract	561	1,018	<b>1,579</b>	473	724	<b>1,197</b>	523	1,617	<b>2,140</b>
Permanent contract	7,652	7,120	<b>14,772</b>	7,813	7,871	<b>15,684</b>	6,349	9,137	<b>15,486</b>
<b>Total</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>	<b>6,872</b>	<b>10,754</b>	<b>17,626</b>

CIR Group – Breakdown of employees by contract type (fixed term vs permanent) and by region (2020)											
no. persons	Europe		North America		South America		Asia		Total		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Total
Fixed-term contract	523	1,617	--	--	--	--	--	--	523	1,617	<b>2,140</b>
Permanent contract	4,507	8,739	573	207	505	43	764	148	6,349	9,137	<b>15,486</b>
<b>Total</b>	<b>5,030</b>	<b>10,356</b>	<b>573</b>	<b>207</b>	<b>505</b>	<b>43</b>	<b>764</b>	<b>148</b>	<b>6,872</b>	<b>10,754</b>	<b>17,626</b>

<sup>41</sup> The total number of employees reported in the CIR Group 2019 consolidated financial statements is 18,648: the figure differs from that in the 2019 consolidated NFS, as the latter included the Charleston employees (KOS), totalling 3,981 at 31.12.2019, excluded the GEDI employees, totalling 2,221 at 31.12.2019, and did not count the personnel at the plant under construction by Sogefì Suspensions Eastern Europe S.R.L. (Romania), which employed 7 persons at the end of 2020.

<sup>42</sup> The analysis of CIR Group employees by contract type (fixed term vs permanent) is not available for 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 region (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>

## Turnover<sup>43</sup>

CIR Group - Incoming and outgoing turnover by gender and age group (2020)										
no. persons	Incoming					Outgoing				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	546	691	195	1,432	20.8%	555	1,081	427	2,063	30.0%
Women	1,035	1,594	637	3,266	30.4%	942	1,734	786	3,462	32.2%
<b>Total</b>	<b>1,581</b>	<b>2,285</b>	<b>832</b>	<b>4,698</b>	<b>26.7%</b>	<b>1,497</b>	<b>2,815</b>	<b>1,213</b>	<b>5,525</b>	<b>31.3%</b>

CIR Group in Europe - Incoming and outgoing turnover by gender and age group (2020)										
no. persons	Incoming					Outgoing				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	449	559	183	1,191	23.7%	396	625	327	1,348	26.8%
Women	1,005	1,537	3,175	5,717	55.2%	878	1,563	3,212	5,653	54.6%
<b>Total</b>	<b>1,454</b>	<b>2,096</b>	<b>3,358</b>	<b>6,908</b>	<b>44.9%</b>	<b>1,274</b>	<b>2,188</b>	<b>3,539</b>	<b>7,001</b>	<b>45.5%</b>

CIR Group in North America - Incoming and outgoing turnover by gender and age group (2020)										
no. persons	Incoming					Outgoing				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	49	56	11	116	20.2%	54	80	22	156	27.2%
Women	16	37	4	57	27.5%	16	27	7	50	24.1%
<b>Total</b>	<b>65</b>	<b>93</b>	<b>15</b>	<b>173</b>	<b>22.1%</b>	<b>70</b>	<b>107</b>	<b>29</b>	<b>206</b>	<b>26.4%</b>

CIR Group in South America - Incoming and outgoing turnover by gender and age group (2020)										
no. persons	Incoming					Outgoing				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	10	16	1	27	5.3%	61	226	56	343	67.9%
Women	2	8	--	10	23.3%	39	120	8	167	388%
<b>Total</b>	<b>12</b>	<b>24</b>	<b>1</b>	<b>37</b>	<b>6.7%</b>	<b>100</b>	<b>346</b>	<b>64</b>	<b>510</b>	<b>93%</b>

<sup>43</sup> The turnover data for Europe and Asia does not include the incoming and outgoing employees of KOS group companies in India and the United Kingdom.

CIR Group in Asia - Incoming and outgoing turnover by gender and age group (2020)										
no. persons	Incoming					Outgoing				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	38	60	--	98	13.0%	44	150	22	216	28.0%
Women	12	12	--	24	16.0%	9	24	--	33	22.0%
<b>Total</b>	<b>50</b>	<b>72</b>	<b>--</b>	<b>122</b>	<b>13.0%</b>	<b>53</b>	<b>174</b>	<b>22</b>	<b>249</b>	<b>27.0%</b>

CIR Group - Incoming and outgoing turnover by gender and age group (2019)										
no. persons	Incoming					Outgoing				
	<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 - Incoming and outgoing turnover by gender and age group (2019)										
no. persons	Incoming					Outgoing				
	<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 - Incoming and outgoing turnover by gender and age group (2019)										
no. persons	Incoming					Outgoing				
	<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 - Incoming and outgoing turnover by gender and age group (2019)										
no. persons	Incoming					Outgoing				
	<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 - Incoming and outgoing turnover by gender and age group (2019)										
no. persons	Incoming					Outgoing				
	<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>

CIR Group - Incoming and outgoing turnover by gender and age group (2018)										
no. persons	Incoming					Outgoing				
	<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>

### Diversity and equal opportunities

CIR Group – Percentage of employees by professional category and by gender (2020)			
no. persons	Men	Women	Total
Executives	1%	1%	2%
Managers	0%	0%	0%
White collars	13%	23%	36%
Blue collars	18%	6%	24%
Operators	7%	31%	38%
<b>Total</b>	<b>39%</b>	<b>61%</b>	<b>100%</b>

CIR Group – Percentage of employees by professional category and by age group (2020)				
no. persons	<30	30-50	50>	Total
Executives	0%	1%	1%	2%
Managers	0%	0%	0%	0%
White collars	5%	20%	11%	36%
Blue collars	5%	12%	7%	24%
Operators	6%	18%	14%	38%
<b>Total</b>	<b>16%</b>	<b>51%</b>	<b>33%</b>	<b>100%</b>

CIR – Percentage of employees by professional category and by gender									
no. persons	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	27%	8%	35%	23%	8%	31%	20%	5%	25%
Managers	0%	19%	19%	4%	15%	19%	5%	20%	25%
White collars	15%	31%	46%	15%	35%	50%	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>40%</b>	<b>60%</b>	<b>100%</b>

CIR – Percentage of employees by professional category and age group												
no. persons	2018				2019				2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	8%	27%	35%	0%	8%	23%	31%	0%	0%	25%	25%
Managers	0%	8%	12%	19%	0%	8%	11%	19%	0%	10%	15%	25%
White collars	0%	23%	23%	46%	0%	23%	27%	50%	0%	20%	30%	50%
<b>Total</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>	<b>0%</b>	<b>30%</b>	<b>70%</b>	<b>100%</b>

KOS – Percentage of employees by professional category and by gender									
no. persons	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	0%	0%	0%	0%	0%	0%	1%	1%	2%
White collars	15%	41%	56%	17%	44%	61%	10%	31%	41%
Operators	7%	36%	43%	6%	33%	39%	10%	48%	58%
<b>Total</b>	<b>22%</b>	<b>78%</b>	<b>100%</b>	<b>23%</b>	<b>77%</b>	<b>100%</b>	<b>20%</b>	<b>80%</b>	<b>100%</b>

KOS – Percentage of employees by professional category and by age group												
no. persons	2018				2019				2020			
	<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%	1%	1%	2%
White collars	9%	32%	16%	56%	7%	38%	15%	60%	6%	21%	13%	40%
Operators	4%	24%	14%	43%	4%	22%	14%	40%	9%	28%	21%	58%
<b>Total</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>	<b>15%</b>	<b>50%</b>	<b>35%</b>	<b>100%</b>

Sogefi – Percentage of employees by professional category and by gender									
no. persons	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	2%	0%	2%	2%	0%	2%	1%	0%	1%
White collars	21%	8%	29%	19%	7%	26%	20%	7%	27%
Blue collars	51%	18%	69%	54%	18%	72%	54%	18%	72%
<b>Total</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>	<b>74%</b>	<b>26%</b>	<b>100%</b>	<b>75%</b>	<b>25%</b>	<b>100%</b>

Sogefi – Percentage of employees by professional category and by age group												
no. persons	2018				2019				2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	1%	1%	2%	0%	1%	0%	1%	0%	1%	1%	2%
White collars	5%	18%	6%	29%	3%	18%	6%	27%	3%	17%	7%	27%
Operators	13%	38%	19%	69%	15%	39%	18%	72%	14%	38%	19%	71%
<b>Total</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>	<b>17%</b>	<b>56%</b>	<b>27%</b>	<b>100%</b>

GEDI – Percentage of employees by professional category and by gender									
no. persons	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	2%	1%	3%	2%	1%	3%	--	--	--
Journalists	32%	16%	48%	32%	16%	48%	--	--	--
White collars	23%	19%	42%	23%	20%	43%	--	--	--
Blue collars	6%	1%	7%	5%	1%	6%	--	--	--
<b>Total</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>	<b>62%</b>	<b>38%</b>	<b>100%</b>	<b>--</b>	<b>--</b>	<b>--</b>

GEDI – Percentage of employees by professional category and by age group												
no. persons	2018				2019				2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	1%	2%	3%	0%	1%	2%	3%	--	--	--	--
Journalists	0%	19%	29%	48%	0%	18%	30%	48%	--	--	--	--
White collars	0%	20%	22%	42%	1%	18%	24%	43%	--	--	--	--
Blue collars	0%	3%	4%	7%	0%	2%	4%	6%	--	--	--	--
<b>Total</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>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>

GEDI - Employees belonging to protected categories									
no. persons	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	0	0	0	0	0	0	--	--	--
Journalists	0	0	0	0	0	0	--	--	--
White collars	44	29	73	39	28	67	--	--	--
Blue collars	7	2	9	6	2	8	--	--	--
<b>Total</b>	<b>51</b>	<b>31</b>	<b>82</b>	<b>45</b>	<b>30</b>	<b>75</b>	<b>--</b>	<b>--</b>	<b>--</b>

## Remuneration policies

Sogefi Group - ratio of basic salary and earnings of women to men<sup>44</sup>

	Ratio of the average basic salary of women to men by category and by region			Ratio of the average remuneration of women to men by category and by region		
	2018	2019	2020	2018	2019	2020
<b>Europe</b>						
Executives	0.84	0.91	0.73	0.56	0.91	0.77
White collars	0.79	0.80	0.81	0.80	0.80	0.77
Blue collars	0.50	0.90	0.84	0.38	0.90	0.81
<b>North America</b>						
Executives	0.13	0.67	0.73	0.67	0.55	0.66
White collars	0.78	0.74	0.84	0.80	0.63	0.86
Blue collars	0.95	0.82	0.90	0.95	0.80	0.95
<b>South America</b>						
Executives	0.52	0.03	n/a	0.45	0.04	n/a
White collars	0.53	0.64	0.64	0.55	0.62	0.64
Blue collars	0.55	0.65	0.82	0.56	0.63	0.83
<b>Asia</b>						
Executives	n/a	n/a	n/a	n/a	n/a	n/a
White collars	0.85	0.66	0.84	0.85	0.45	0.84
Blue collars	0.91	0.89	0.92	1.03	0.89	0.98

<sup>44</sup> N/a as women are not employed in the specific professional category. In addition, the remuneration and salary of the CEO and CFO are not considered in the calculation.

CIR - women/men basic pay ratio			
	2018	2019	2020 <sup>45</sup>
Executives	47%	45%	n/a
Managers	-	96%	97%
White collars	87%	89%	95%

CIR - women/men average remuneration ratio			
	2018	2019	2020
Executives	38%	37%	n/a
Managers	-	99%	103%
White collars	87%	86%	85%

KOS - women/men basic pay ratio			
	2018	2019	2020
Executives	82%	78%	66%
White collars	82%	87%	68%
Operators	92%	94%	89%

KOS - women/men average remuneration ratio			
	2018	2019	2020
Executives	85%	74%	67%
White collars	78%	85%	70%
Operators	91%	94%	88%

GEDI - women/men basic pay ratio <sup>46</sup>			
	2018	2019	2020
Executives	66%	78%	--
Journalists	83%	85%	--
White collars	89%	88%	--
Blue collars	89%	94%	--

GEDI - women/men average remuneration ratio			
	2018	2019	2020
Executives	62%	75%	--
Journalists	79%	81%	--
White collars	81%	82%	--
Blue collars	87%	80%	--

<sup>45</sup> N/a as women are not employed in the specific professional category. For the calculation of the ratio of average wages for women/men and basic wages for women/men, the CEO of CIR S.p.A. was excluded both in 2020 and in 2019 and 2018.

<sup>46</sup> For GEDI, the basic pay and average remuneration of executives do not include the General Managers or the Central Managers.

## Training

CIR Group – Average annual hours of training per employee (2020)			
no. hours	Men	Women	Total
Executives	4.1	5.2	4.5
Managers	22.0	3.5	7.2
White collars	9.9	1.3	6.9
Blue collars	7.9	5.8	7.4
Operators	4.3	4.5	4.5
<b>Total</b>	<b>7.9</b>	<b>4.9</b>	<b>6.0</b>

CIR - Average hours of training by employee category and by gender									
no. hours	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	11.0	30.0	15.2	26.0	40.0	29.5	18.0	2.0	14.8
Managers	0.0	12.4	12.4	60.0	2.6	14.1	22.0	3.5	7.2
White collars	0.0	37.5	25.0	0.0	26.3	18.2	--	17.8	12.5
<b>Total</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>	<b>11.8</b>	<b>11.7</b>	<b>11.7</b>

KOS - Average hours of training by employee category and by gender									
no. hours	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	5.7	4.6	5.5	3.3	1.2	2.9	3.1	5.5	4.3
White collars	8.3	8.3	8.3	8.1	8.7	8.5	4.1	4.4	4.3
Operators	8.2	6.4	6.7	12.7	9.4	9.9	4.3	4.5	4.4
<b>Total</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>	<b>4.1</b>	<b>4.5</b>	<b>4.4</b>

Sogefi - Average hours of training by employee category and by gender									
no. hours	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	13.9	16.3	14.3	15.6	18.5	16.0	4.2	3.8	4.2
White collars	22.4	18.5	21.4	35.6	28.2	33.6	15.3	11.6	14.3
Blue collars	16.3	12.7	15.4	18.7	20.0	19.0	7.9	5.8	7.4
<b>Total</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>	<b>9.8</b>	<b>7.5</b>	<b>9.2</b>

GEDI - Average hours of training by employee category and by gender <sup>47</sup>									
no. hours	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	14.1	15.9	14.5	3.3	2.8	3.2	--	--	--
Journalists	0.9	1.1	1.0	2.7	2.6	2.6	--	--	--
White collars	6.3	6.1	6.2	5.8	5.7	5.8	--	--	--
Blue collars	1.6	0.0	1.3	6.3	0.4	5.0	--	--	--
<b>Total</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>	<b>--</b>	<b>--</b>	<b>--</b>

<sup>47</sup> The classroom training delivered on anti-corruption during 2019 is analysed by professional category as follows: Executives, 50%; white collars, 11%.

Health and safety<sup>48 49</sup>

CIR Group – Employee work-related injuries		
no. of injuries	2019	2020
Work-related injuries		
of which from causes other than Covid-19 infection	340	415
of which from Covid-19 infection	--	1,037
of which: fatalities	--	--
of which with serious consequences (excluding deaths)	1	--

CIR Group - Hours worked - employees		
	2019	2020
Hours worked	25,341,219	24,142,052

CIR Group - Employee health and safety indicators		
no. of injuries	2019	2020
Injury frequency rate (causes other than Covid-19 infection)	13.4	17.2
Injury frequency rate (due to Covid-19 infection)	--	42.9
Death rate	0.0	0.0
Frequency of injuries with serious consequences (excluding deaths)	0.0	0.0

CIR Group – Collaborator work-related injuries <sup>50</sup>		
no. of injuries	2019	2020
Work-related injuries	33	45
of which: deaths	--	--
Of which with serious consequences (excluding deaths)	2	--

CIR Group - Hours worked - collaborators <sup>51</sup>		
	2019	2020
Hours worked	2,379,438	4,177,742

CIR Group - Collaborator health and safety indicators		
no. of injuries	2019	2020
Injury frequency rate	13.9	10.8
Death rate	0.0	0.0
Frequency of injuries with serious consequences (excluding deaths)	0.8	0.0

<sup>48</sup> Rates are calculated 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>49</sup> Following a process of improvement of the reporting system, the 2019 figures relating to injuries at work, both for employees and collaborators, have been restated with respect to those published in the previous NFS.

<sup>50</sup> The data relating to the number of injuries involving employees refer only to the Sogefi group. With respect to the KOS group, the company will deepen the analysis with respect to the materiality of other non-employee workers, in order to assess the need to collect data from the employers of external collaborators and suppliers who operate at the Group's sites and/or under the Group's control, evaluating the quality and accuracy of such data over which it does not exercise direct control.

<sup>51</sup> The figures relating to hours worked for collaborators refer only to the Sogefi group.



CIR Group – Employee professional diseases		
	2019	2020
Professional diseases	44	23
of which: deaths	--	--

CIR Group – Collaborator professional diseases		
	2019	2020
Professional diseases	1	--
of which: deaths	--	--

## Environment<sup>52</sup>

### Energy consumption and greenhouse gas emissions

CIR Group - Energy consumption						
	2018		2019		2020 <sup>53</sup>	
	Total	Total GJ	Total	Total GJ	Total	Total GJ
Electricity	363,509,900 kWh	1,308,636 GJ	345,044,559 kWh	1,245,807 GJ	277,184,791 kWh	997,857 GJ
Natural gas	44,141,820 m <sup>3</sup>	1,556,132 GJ	42,674,750 m <sup>3</sup>	1,636,692 GJ	41,347,663 m <sup>3</sup>	1,585,747 GJ
Diesel	526,846 l	18,919 GJ	461,010 l	15,917 GJ	451,522 l	16,186 GJ

CIR Group – Greenhouse gas emissions			
tCO <sub>2</sub>	2018	2019	2020
<b>Scope 1</b> - Direct GHG emissions	85,395	82,260	84,748
<b>Scope 2</b> – Location based	104,711	97,748	76,506
<b>Scope 2</b> - Market based	131,535	120,447	90,100
<b>Total Location-based Emissions</b>	<b>190,107</b>	<b>180,008</b>	<b>161,254</b>
<b>Total Market-based Emissions</b>	<b>216,930</b>	<b>202,707</b>	<b>174,848</b>

<sup>52</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>53</sup> The energy consumption of some Charleston facilities (KOS group), in the absence of final data for 2020, were estimated on the basis of the 2019 final figures.

## Waste

CIR Group - Waste production (t)						
tons	2018		2019		2020 <sup>54</sup>	
	Total	%	Total	%	Total	%
Non-hazardous waste	33,165	74.3%	32,373	78.3%	20,095	80.8
Hazardous waste	11,466	25.7%	8,988	21.7%	4,761	19.1
<b>Total</b>	<b>44,631</b>	<b>100%</b>	<b>41,361</b>	<b>100%</b>	<b>24,856</b>	<b>100%</b>

CIR Group - Waste disposal methods (t)				
tons	2020			
	Hazardous waste	Non-hazardous waste	Total	% total
Reuse	240	2,825	<b>3,065</b>	<b>12%</b>
Recycling	123	12,103	<b>12,226</b>	<b>49%</b>
Composting	--	212	<b>212</b>	<b>1%</b>
Energy recovery	639	1,017	<b>1,656</b>	<b>7%</b>
Incineration	1,613	1,989	<b>3,602</b>	<b>14%</b>
Landfill	619	1,235	<b>1,854</b>	<b>7%</b>
On-site storage	--	--	--	--
Other <sup>55</sup>	1,527	714	<b>2,241</b>	<b>9%</b>
<b>Total</b>	<b>4,761</b>	<b>20,095</b>	<b>24,856</b>	<b>100%</b>

<sup>54</sup> The chart does not show the tonnes of waste generated by CIR, which represents 0.00000861% of the total. In addition, the quantities of waste produced by some Charleston facilities (KOS group) have been estimated, as municipal and local waste collection services do not provide statistics on the weight of the waste.

<sup>55</sup> The "other" category refers to various methods that include composting, on-site storage and deep-well injection.

## Water management

Water drawn <sup>56 57</sup>					
MI	2018		2019		Change
Sources	Freshwater	Other water	Freshwater	Other water	Total
Surface water	508	--	231	297	+4%
Groundwater	243	345	181	53	-60%
Seawater	--	--	--	--	--
Produced water	--	--	--	--	--
Third-party water	1,306	18	1,106	14	-15%
<b>Total</b>	<b>2,057</b>	<b>363</b>	<b>1,517</b>	<b>364</b>	<b>-22%</b>

Water drawn from water-stressed areas <sup>58</sup>					
MI	2018		2019		Change 2018-2019
Sources	Freshwater	Other water	Freshwater	Other water	Total
Surface water	1	--	1	--	0%
Groundwater	24	--	22	3	+4%
Seawater	--	--	--	--	--
Produced water	--	--	--	--	--
Third-party water	903	21	188	14	-78%
<b>Total</b>	<b>928</b>	<b>21</b>	<b>211</b>	<b>17</b>	<b>-78%</b>

<sup>56</sup> The chart does not show the water consumed by CIR, which was less than 0.3% of the total. Following a process of improvement in the reporting system, the 2019 figures relating to water withdrawal, drainage and consequently to water consumption have been restated with respect to those published in the previous NFS.

<sup>57</sup> Freshwater is defined as water with  $\leq 1,000$  mg/L total dissolved solids. Other types of water are defined as water with  $> 1,000$  mg / L dissolved solids.

<sup>58</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. Water-stress drawings are included in the table of total water drawn.

Water drawn (2020)			
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)	7	1
	Other water ( $> 1,000$ mg/L total dissolved solids)	300	--
	<b>Groundwater</b>		
	Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	160	26
	Other water ( $> 1,000$ mg/L total dissolved solids)	74	--
	<b>Sea water</b>		
	Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	--	
	Other water ( $> 1,000$ mg/L total dissolved solids)	--	
	<b>Produced water</b>		
	Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	--	
	Other water ( $> 1,000$ mg/L total dissolved solids)	--	
	<b>Third party water</b>		
	Freshwater ( $\leq 1,000$ mg/L total dissolved solids)	1,301	252
	Other water ( $> 1,000$ mg/L total dissolved solids)	32	31
<b>Total water drawn</b>	Surface water (total) + groundwater (total) + sea water (total) + produced water (total) + third-party water (total)	<b>1,874</b>	<b>310</b>

## Reconciliation table for material topics, GRI Standards and Decree 254/2016

MACRO AREA	Material topic (materiality matrix)	Topic-specific GRI standard	Decree 254/2016 topics
Economic responsibility	Economic performance	Economic performance	Social impact
	Innovative and eco-responsible products and technologies	N/A	
Governance and compliance	Ethics and integrity	Anti-corruption; socioeconomic compliance; Taxes	Fight against active and passive corruption
Customer-related responsibility	Customer Satisfaction	N/A	Social impact
	Privacy and protection of customer data	Customer privacy	
	Customer health and safety	Customer Health and Safety	
Personnel-related responsibility	Company remunerations and welfare	Diversity and equal opportunity	Personnel matters
	Diversity and equal opportunity	Non-discrimination; diversity and equal opportunity	
	Enhancement and development of skills	Employment; training and education; labour/management relations	
	Health and safety of workers	Occupational health and safety	
Social responsibility	Responsible supply practices	Procurement practices	Social impact
	Integration, involvement and impact on local communities	Local community	Respect for human rights
Environmental responsibility	Water use and management	Water and effluents	Environmental
	Energy and emissions	Energy; Emissions	
	Responsible management of materials and waste	Materials; Discharges and waste	

## 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
Innovative and eco-responsible products and technologies	CIR group, customers, suppliers, business partners	Direct - Caused by the group and indirect – associated with the activities of the CIR group
<b>Governance and compliance</b>		
Ethics and integrity	CIR group	Direct - Caused by the CIR group
<b>Customer-related responsibility</b>		
Customer health and safety	CIR group	Direct - Caused by the group and indirect – associated with the activities of the CIR group
Customer Satisfaction	CIR group, customers	Direct - Caused by the CIR group
Privacy and protection of customer data	CIR group	Direct - Caused by the CIR group
<b>Environmental responsibility</b>		
Water use and management	CIR group	Direct - Caused by the group and indirect – associated with the activities of the CIR group
Energy and emissions	CIR group	Direct - Caused by subsidiaries and indirect – associated with the activities of the CIR group
Responsible management of materials and waste	CIR group	Direct - Caused by the group and indirect – associated with the activities of the CIR group
<b>Personnel-related responsibility</b>		
Company remuneration and welfare	CIR group	Direct - Caused by the CIR group
Diversity and equal opportunity	CIR group	Direct - Caused by the CIR group
Enhancement and development of skills	CIR group	Direct - Caused by the CIR group
Health and safety of workers	CIR group	Direct - Caused by the CIR group
<b>Social responsibility</b>		
Responsible supply practices	Sogefi group, suppliers, business partners	Direct - Caused by the group and indirect – associated with the activities of the Sogefi group
Integration, involvement and impact on local communities	CIR group, community and territory	Direct - Caused by the CIR group



## GRI Content Index

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205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption were reported or identified in 2020	
<b>MATERIAL TOPIC: Taxes (2019)</b>			
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103-2	The management approach and its components	68-69	
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103-1	Explanation of the material topic and its boundary	15, 86-87	

103-2	The management approach and its components	53-56	
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303-1	Interactions with water as a shared resource	61	
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303-3	Water withdrawal	61, 84-85	
<b>MATERIAL TOPIC: Emissions (2016)</b>			
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103-2	The management approach and its components	57-58	
103-3	Evaluation of the management approach	57-58	
305-1	Direct (Scope 1) GHG emissions	57-58, 82	
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<b>MATERIAL TOPIC: Effluents and waste (2016)</b>			
103-1	Explanation of the material topic and its boundary	15, 86-87	
103-2	The management approach and its components	59-60	
103-3	Evaluation of the management approach	59-60	
306-2	Waste by type and disposal method (total weight)	59-60, 83	
<b>SOCIAL INDICATORS</b>			
<b>MATERIAL TOPIC: Employment (2016)</b>			
103-1	Explanation of the material topic and its boundary	15, 86-87	
103-2	The management approach and its components	40	
103-3	Evaluation of the management approach	40	
401-1	New employee hires and employee turnover	41, 73-75	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	45	
<b>MATERIAL TOPIC: Labour/management relations (2016)</b>			
103-1	Explanation of the material topic and its boundary	15, 86-87	
103-2	The management approach and its components	41	
103-3	Evaluation of the management approach	41	
402-1	Minimum notice periods regarding operational changes	41	

<b>MATERIAL TOPIC: Occupational health and safety (2018)</b>			
103-1	Explanation of the material topic and its boundary	15, 86-87	
103-2	The management approach and its components	46-51	
103-3	Evaluation of the management approach	46-51	
403-1	Occupational health and safety management system	46-51	
403-2	Hazard identification, risk assessment, and incident investigation	46-51	
403-3	Occupational health services	46-51	
403-4	Worker participation, consultation, and communication on occupational health and safety	46-51	
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103-1	Explanation of the material topic and its boundary	15, 86-87	
103-2	The management approach and its components	45-46	
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404-1	Average annual hours of training per employee	79-80	
<b>MATERIAL TOPIC: Diversity and equal opportunity (2016)</b>			
103-1	Explanation of the material topic and its boundary	15, 86-87	
103-2	The management approach and its components	42-43	
103-3	Evaluation of the management approach	42-43	
405-1	Diversity of governance bodies and employees	20, 42-43	
405-2	Ratio of basic pay and remuneration of women to men	77-78	
<b>MATERIAL TOPIC: Non-discrimination (2016)</b>			
103-1	Explanation of the material topic and its boundary	15, 86-87	
103-2	The management approach and its components	42-43	
103-3	Evaluation of the management approach	42-43	
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination were reported or identified in 2020	
<b>MATERIAL TOPIC: Local communities (2016)</b>			
103-1	Explanation of the material topic and its boundary	15, 86-87	

103-2	The management approach and its components	64-65	
103-3	Evaluation of the management approach	64-65	
413-1	Operations with local community engagement, impact assessment, and development programs	70	
<b>MATERIAL TOPIC: Customer Health and Safety (2016)</b>			
103-1	Explanation of the material topic and its boundary	15, 86-87	
103-2	The management approach and its components	34-35	
103-3	Evaluation of the management approach	34-35	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance were reported or identified in 2020	
<b>MATERIAL TOPIC: Customer privacy (2016)</b>			
103-1	Explanation of the material topic and its boundary	15, 86-87	
103-2	The management approach and its components	38	
103-3	Evaluation of the management approach	38	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints concerning breaches of customer privacy or losses of customer data were recorded in 2020	
<b>MATERIAL TOPIC: Socioeconomic compliance (2016)</b>			
103-1	Explanation of the material topic and its boundary	15, 86-87	
103-2	The management approach and its components	21-22	
103-3	Evaluation of the management approach	21-22	
419-1	Non-compliance with laws and regulations in the social and economic area	The company did not identify any cases of non-compliance with regulations and voluntary codes in 2020 that resulted in penalties exceeding €10,000	
<b>Innovative and eco-responsible products and technologies</b>			
103-1	Explanation of the material topic and its boundary	15, 86-87	
103-2	The management approach and its components	35-37	
103-3	Evaluation of the management approach	35-37	
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103-1	Explanation of the material topic and its boundary	15, 86-87	



103-2	The management approach and its components	33	
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## 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*

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 2020 consolidated non-financial statement of the CIR Group (the “group”) prepared in accordance with article 4 of the decree and approved by the board of directors on 12 March 2021 (the “NFS”).

***Responsibilities of the directors and board of statutory auditors (“Collegio Sindacale”) of CIR S.p.A. - Compagnie Industriali Riunite (the “parent”) 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 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 International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) 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 parent'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 entity'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 parent'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 separate team as part of its engagement for the subsidiary 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.
- 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 Sogefi S.p.A., these procedures were carried out by its engagement team.



**CIR Group**  
*Independent auditors' report*  
31 December 2020

### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2020 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, 8 April 2021

KPMG S.p.A.

(signed on the original)

Giovanni Rebay  
Director of Audit





