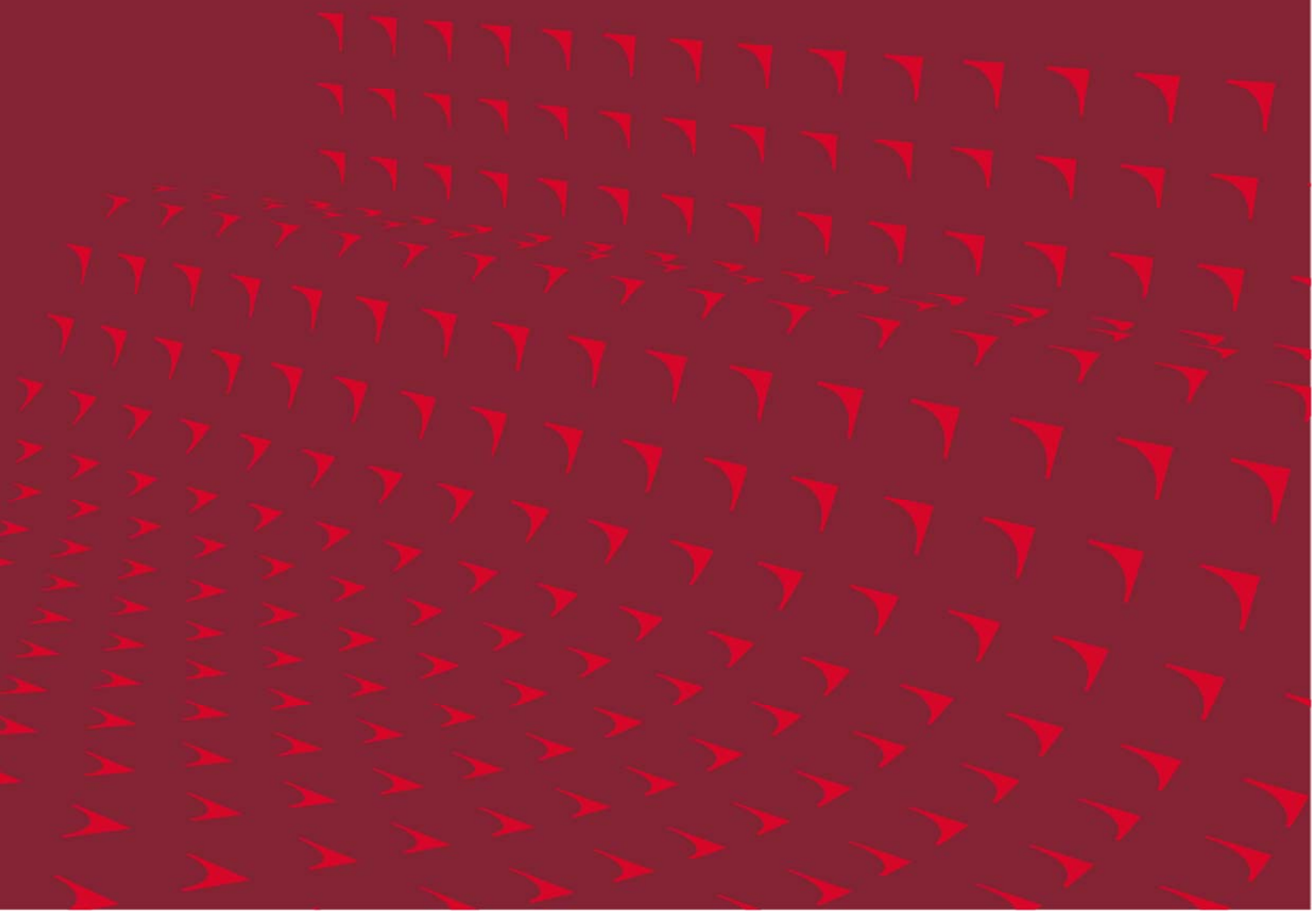




2021 Consolidated Non-Financial Statement

pursuant to Decree 254/2016



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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 excellence in governance and precision, integrity and transparency in the way we operate, these being essential principles across the board for the success of the Group and each of its constituent parts.

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, even beyond the legal obligations, and spread a managerial culture with a strategic vision, oriented towards sustainable economic prosperity.

For us, sustainability also means investing only in responsible business models, capable of ensuring long-term value generation. For years now, through our sustainability reports, we have been describing and measuring the impacts of our activities on the environment, on people and on society in general. During 2021, our companies laid down structured plans for sustainable development, fully integrated with our business objectives.

CIR Group operates in two very different sectors: in the health and social care sector in Italy and Germany, through KOS, and in the automotive components sector, through Sogefi.

In any case, at the heart of our strategies are innovation, eco-compatibility and the well-being of customers, employees and co-workers, in total harmony with our business strategies.

The mission of KOS, whose activity in the health and care sector has a high social impact, is centred on a philosophy of care and a culture of service that aim to bring the maximum possible well-being to people in situations of fragility. The company's strategic objective is to increasingly affirm the leadership of its model, continuously

improving the quality of service for the benefit of its guests and the sustainable success of the business. We are aware that in order to achieve this goal it is essential that the 11,000+ employees that KOS guarantees stable and protected employment, not only receive constant training, but above all recognise in KOS a responsible employer able to provide a working environment that is serious, fair and engaging.

For Sogefi, immersed in the technological revolution that affects the entire automotive sector, research and innovation oriented towards technologies for sustainable mobility are essential conditions for it to maintain a leading role in the market, accompanying its customers in the process of technological transition.

In 2020 we faced an unprecedented crisis for our business activities caused by the Covid-19 pandemic. It 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 mobilise that our companies have demonstrated in the face of such an acute and serious emergency will help us cope with any challenges that our industry may throw at us.

A few weeks after the emergence of a new emergency, the Russian-Ukrainian crisis, we hope that it will soon find a solution and that any form of escalation will be averted, as it would inevitably have devastating consequences in humanitarian, economic and social terms.

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

Introduction

This document constitutes the consolidated Non-Financial Statement (hereinafter also the "NFS"), prepared from 2017 onwards, in compliance with Legislative Decree no. 254/2016 ("Decree") and subsequent amendments or additions to implement European Directive 2014/95/EU, and drawn up as a separate report from other published disclosures.

This NFS, which is published annually (2020 NFS was published on 9 April 2021), 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.

1. The Group

CIR - Compagnie Industriali Riunite S.p.A. ("CIR" or the "Company") is an Italian holding company, listed on the Milan Stock Exchange in the FTSE/Mid Cap segment, which controls operating and finance companies (CIR and its subsidiaries together constitute the "CIR Group", or simply the "Group"). The company, based in Milan, was founded in 1976 and has always been controlled by Fratelli De Benedetti S.p.A., which at 31 December 2021 owned 31.2% of the ordinary share capital and 44.95% of the voting rights.

CIR's **mission** is to hold controlling stakes with a view to being a stable shareholder and to create leading companies in their field, oriented towards responsible and sustainable long-term growth.

CIR's **role**, in compliance with the corporate governance and autonomy of each subsidiary, consists of working with the subsidiaries' management by providing active and continuous assistance on governance, strategic issues and certain managerial and technical aspects, also having its own representatives on their Boards of Directors.

CIR's **investment portfolio** today mainly includes two majority interests in companies that, in line with the strategy, are market leaders in their respective sectors.

CIR's **consolidated equity** amounts to € 982.7 million.

Through its subsidiaries, the CIR Group operates in **three sectors**: long-term care through KOS S.p.A., components for the automotive sector through Sogefi S.p.A. and financial management through CIR Investimenti S.p.A. and CIR International S.A.

KOS was founded in 2003 by CIR and via a series of acquisitions has become a leading Italian healthcare Group operating, in health and social care in Italy and Germany with various well-known brands and in chronic residential care, rehabilitation, psychiatry and acute care medicine in Italy.

Sogefi was founded by CIR in 1980 and today is a leading company operating worldwide in the design and production of filtration systems, air and cooling systems and suspensions for vehicles, both original equipment and for the aftermarket. The Group collaborates with the world's leading manufacturers of industrial vehicles, cars, two-wheeled and three-wheeled commercial vehicles and earthmoving equipment. It has production plants in Europe, NAFTA, LATAM, China and India. Sogefi shares, which have been quoted on the Milan Stock Exchange since 1986, have been traded on the STAR segment (now Euronext STAR Milan) since 2004.

		CIR		
		59.8%	56.6%	100.0%
		KOS	soGEFI	CIR Investimenti & CIR International
Activities	<ul style="list-style-type: none">• one of the main Italian operators in the health and social care sector;• specialising in long-term care;• in Italy, 56 residential care homes and 36 psychiatric and rehabilitation facilities, 29 day hospitals and 2 hospitals;• in Germany, 47 residential care homes for the elderly;• Turnover 2021: € 660 m• No. of beds: 13,100• No. of employees: c.11,000	<ul style="list-style-type: none">• it produces automotive components in three sectors: Filtration, Air & Cooling and Suspensions;• it is present on four continents and in 18 countries with 37 production plants and 8 research centres;• it is partners with the most important manufacturers of vehicles and operates in the original equipment, original parts and independent parts markets;• Turnover 2021: € 1,321 m• No. of employees: c.5,400	<ul style="list-style-type: none">• a diversified portfolio in• liquid assets (fixed income, cash & time deposits and hedge & equity funds),• investments in private equity funds• direct investments in minority interests• Investment property	
			<ul style="list-style-type: none">• around € 400 million in assets	
Strategy	<ul style="list-style-type: none">• to consolidate the excellence of its care philosophy and seek constant improvement in service quality;• to strengthen leadership in Italy through organic (“greenfield”) development of new facilities and acquisitions;• to seek growth opportunities in Germany so as to increase the company's presence there, which was already significant in 2019 with the acquisition of another local company.	<ul style="list-style-type: none">• to develop the range of products for electric vehicles;• to focus development on products that are high-tech with high value added;• to increase presence in the most promising geographical areas.	<ul style="list-style-type: none">• the financial asset management policy provides for a conservative and diversified asset allocation• with the aim of limiting the portfolio's Value at Risk.	

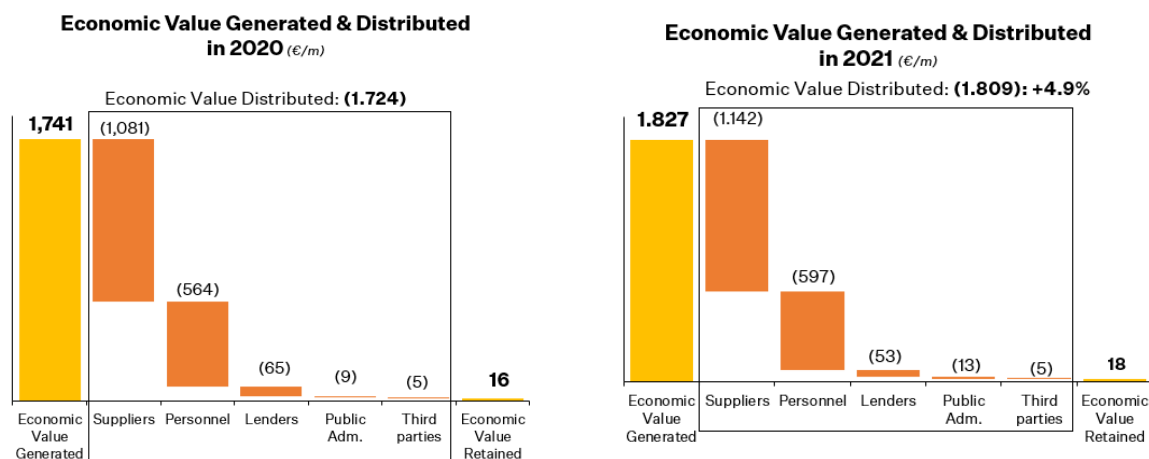
Subsidiaries' operations were significantly affected by COVID-19.

The initial phase of the pandemic caused a real health emergency in KOS's facilities as contagion spread among guests and staff. The phenomenon is under control now thanks to the vaccination campaign, but after successive blocks on entry, the number of patients at residential facilities for the elderly fell to below standard; fortunately, the trend reversed from the summer of 2021 and the number of guests is gradually recovering.

As for Sogefi, the pandemic caused the automotive market to shrink in 2020, with periods when production was suspended due to the restrictions necessarily introduced by the various governments, followed by an uncertain recovery in 2021, when world production only recovered by 2.5% overall, after a drop of 16.2% in 2020.

2. The economic value generated and distributed by the Group

In 2021, the **economic value generated** by the Group came to € 1,827 million, an increase of 4.9% compared with 2020 (€ 1,741 million), thanks to the fact that revenue rose by 8.7%. Even though the economic value has increased compared with the previous period, it is still influenced by the effects of the pandemic, being lower than the economic value that the Group will be able to express once the impacts of the pandemic have been overcome.



The **economic value distributed** amounted to € 1,809 million, also up by 4.9% compared with 2020, and is broken down as follows:

- ✓ remuneration of suppliers: € 1,142 million, an increase of 6.6% on 2020, following the recovery in business volumes, which led to greater consumption and purchases of goods (which represent 70% of the value);
- ✓ remuneration of personnel: € 597 million (+6.5% vs 2020), which mainly includes wages and salaries paid to Group employees; the increase is attributable to the development of new facilities by KOS and the resumption of production by Sogefi, resulting in a greater use of manpower;
- ✓ distribution of economic value to lenders: € 53 million (€ 65 million in 2020);
- ✓ remuneration of the Public Administration: € 13 million, an increase compared with 2020 (€ 9 million), as more taxes were paid mirroring the higher results;
- ✓ remuneration of non-controlling interests: € 5 million in both periods, which corresponds to their share of the profit for the year.

The **economic value retained**, equal to € 18 million in the year (€ 16 million in 2020) consists mainly of the share of the profit not distributed to shareholders in order to finance future investments and strengthen the Group's capitalisation.

For more information on the economic performance of the year and on the impacts of Covid-19, please refer to the consolidated financial statements of the CIR Group and the report on operations, both published on the Company's website, as well as to the Non-Financial Statement of KOS S.p.A. and Sogefi S.p.A. for detailed information on the distribution of their economic value.

3. Group ESG strategy 2022-2025

CIR believes that Environment, Social and Governance (**ESG**) values constitute a driver of growth and progress.

CIR therefore encourages subsidiaries to implement ESG practices and at the same time defines its own ESG policy, suited to its role as investor and applied by the team of professionals operating at the Holding Company.

3.1 ESG Governance Organisation

The sustainable development policy concerns all Group functions in all countries and is designed in accordance with the business models and objectives.

In 2020 CIR established an **ESG department** which plays a pivotal role in coordinating the Company's and the Group's initiatives, under the impulse of CIR's Chief Executive Officer and of the Control, Risks and Sustainability Committee. To support the management of the risks involved in the challenges posed by sustainable development (so-called "non-financial risks"), the ESG department receives and reviews the sustainability risk analyses carried out by the subsidiaries' own Risk Managers.

The Board of Directors attributed consultative and proactive tasks on sustainability issues to the **Control, Risks and Sustainability Committee** back in 2018, to encourage the formulation of a Group ESG strategy, identify the Group's ESG challenges and objectives, verify non-financial performances and supervise the gradual implementation of ESG policies and their integration as a fundamental element of the strategy of CIR and its subsidiaries. In addition to analysing the non-financial performance in 2020 (in the "Non-Financial Statement" or "NFS") in 2021, the Committee received various dedicated presentations, which make up the Group's new ESG strategy developed during the year.

CIR also gave a boost to the implementation of a similar **ESG governance** in each **of the main subsidiaries**, which involves the Board of Directors and a dedicated company function, with the task of coordinating the debate and actions on ESG matters by all company functions.

3.2 The SDG framework

As is generally known, the 2030 agenda adopted by the member states of the United Nations defines the goals of sustainable development, breaking them down into specific targets which individuals and communities, of any kind, including businesses, should use to inspire their own strategies and behaviour to ensure responsible and ethical action, preserve the eco-system and achieve social progress.

In order to define the Group's strategy and sustainable growth objectives, CIR and its subsidiaries referred to the United Nations Sustainable Development Goals (SDGs) framework, shown below, to define their challenges.



CIR and its subsidiaries have therefore identified the SDGs which can be supported, taking into account their specific activities and business model.

3.3 The Group's commitments for sustainable growth

The CIR Group has been informing the market since 2016, using the international GRIs standards, about its governance and the impacts of its activities **(i)** in economic terms, on all its stakeholders, **(ii)** on the environment and **(iii)** on society in general.

During 2021, CIR's Board of Directors gave the impetus for the Group to take a further step, directing all the Group's activities towards the definition of an ESG plan.

This plan was based on a complex analysis process which included:

- ✓ a review of the Italian and European regulatory context and of the decisions taken by the main market players operating in the same sectors as each of the Group's activities;
- ✓ close examination of the Group's activities, of their corporate governance system, strategy, management model and the economic, environmental and social impacts of each of them.

The Plan envisages a complex analysis process, entailing:

- ✓ identification of the challenges in terms of governance and social and environmental impacts that Group companies may have to face to achieve sustainable development,
- ✓ definition of the commitments that each activity takes on when faced by the challenges that have been identified;
- ✓ consequently, setting sustainability goals and targets, integrated into the strategic and operational plans of Group companies and into the bonus systems for top management and employees.

The Group's sustainable growth plan is divided into four long-term **strategic commitments**, to which each business has set out its own goals and targets.

Governance and Advocacy Excellence

CIR believes that a Group governance system which guarantees a law-abiding style of management respectful of the rules, compliant with the values of its own rigorous and transparent code of ethics, constitutes an essential enabling factor for the achievement of long-term sustainable success.

"ESG driven" innovation

CIR supports the investment of its subsidiaries in the search for products or services that are:

- economically efficient
- and able to contribute to the protection of the environment and social well-being (i.e. ESG-driven)

Eco Compatibility

CIR intends to minimise the environmental impacts of its business activities by reducing:

- energy consumption, thanks to targeted investments
- CO₂ emissions, by using renewable energy sources
- and wasted resources, through a more circular management

Well-being of individuals and communities

CIR is aware that sustainable success depends on the well-being and engagement of its human resources and promotes:










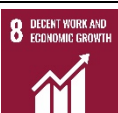


- the improvement of safety in the workplace
- training and merit-based promotions, excluding any form of discrimination
- positive integration into local communities

As part of the strategic commitments undertaken by CIR, the main subsidiaries should develop an ESG policy, defining goals and targets, according to their activity and business model.

Each company has hence established targets and action plans based on the regulatory context and on its own growth strategy.

The subsidiaries operate in very different sectors, making it useless to comment on the plans and the non-financial performance indicators at a consolidated level, as the information obtained would lack operational significance; instead, we have chosen to comment on the plans and certain indicators which monitor the ESG performance for each subsidiary (the consolidated indicators are shown in the attachment in any case).

The commitments undertaken by the Group for its long-term sustainable prosperity are consistent with the SDGs framework, as shown below.

Commitment	SDG	Target
Governance and Advocacy		16.5 Substantially reduce corruption in all its forms 16.6 Develop effective, accountable and transparent institutions 16.7 Ensure responsive, inclusive, participatory and representative decision making
"ESG driven" innovation		3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
		8.1 Sustain per capita economic growth 8.2 Achieve higher levels of economic productivity through diversification, technological updating and innovation
		9.5 Enhance scientific research and upgrade the technological capabilities
Eco Compatibility		7.2 increase substantially the share of renewable energy in the energy mix 7.3 Double the rate of improvement in energy efficiency
		12.2 Achieve sustainable management and efficient use of natural resources 12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse
		13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters
Well-being of individuals and communities		4.4 Increase the number of people who have the necessary technical and professional skills
		5.1 End all forms of discrimination against women in general 5.5 Ensure women's full and effective participation and equal opportunities for leadership
		8.8 Protect labour rights and promote safe and secure working environments
		10.3 Ensure equal opportunities and reduce inequalities
		11.2 Provide access to safe, affordable accessible and sustainable transport systems

4. CIR: 2022-2025 ESG Plan

In its role of holding company, CIR contributes to the sustainability plan mainly through the Company's governance and its advocacy activity versus the subsidiaries.

4.1 Corporate Governance Excellence

#	COMMITMENT	GOALS
1	Corporate Governance and Advocacy Excellence	<ul style="list-style-type: none"> ✓ implement governance that ensures accountability, best practices and transparency ✓ set an example for the Group in matters of diversity, with particular regard to the composition of the corporate bodies ✓ adopt a Code of Conduct that promotes excellence in ethics and values ✓ ensure that all personnel adhere to the Code of Ethics and are adequately trained ✓ implement a whistleblowing mechanism ✓ implement an integrated system of control measures to ensure legality, transparency and rigour ✓ include ESG topics as a key mission of the Board and the CCRS committee ✓ link the management and employee incentive plans to sustainability goals ✓ inform the market on ESG performance

In addition to complying with current legislation and its articles of association, CIR adheres to the Corporate Governance Code of Borsa Italiana S.p.A.; it has also drawn up procedures and policies regarding the performance of the main activities of the Board of Directors, has adopted its own code of ethics and has prepared all the tools to make individuals aware of the values and principles of the Group and to guarantee the necessary control measures.

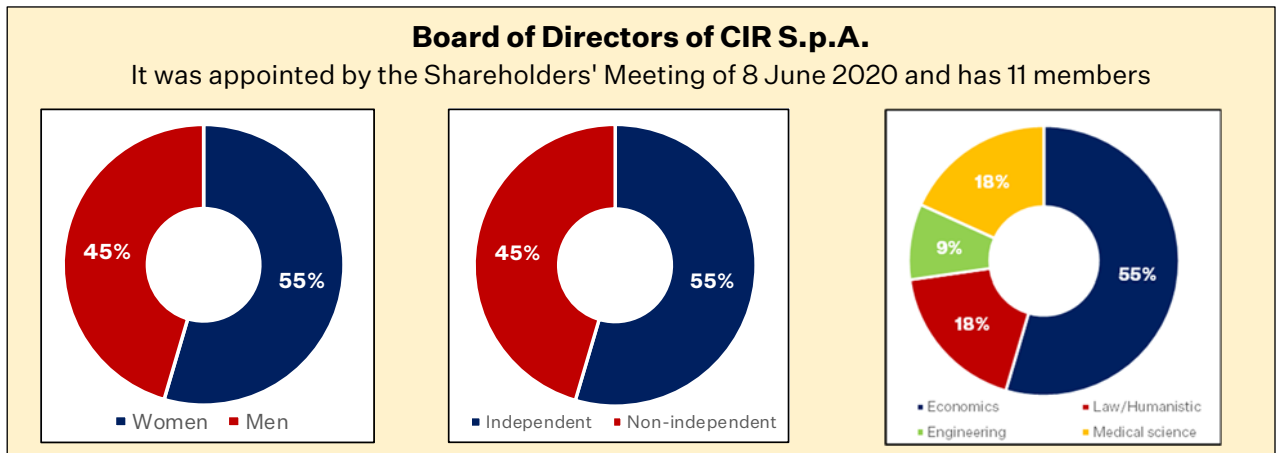
CIR's corporate governance model is a "traditional" one, with the Shareholders' Meeting, the Board of Directors as the management body and the Board of Statutory Auditors as the control body. The Board of Directors has the central role, being delegated with the broadest powers to manage the Company.

In order to encourage an aware, informed and thoughtful decision-making process, the Board of Directors has set up three committees, with consultative and propositional functions: the Appointments and Compensation Committee, the Control, Risks and Sustainability Committee and the Related-Party Transactions Committee. All these committees are made up exclusively of independent directors. The roles and activities of these committees are illustrated in the "2022 Report on Corporate Governance and the Ownership Structure", which is available on the Company's website (which also contains biographies of the directors in the "Governance" section).

CIR's Board of Directors is made up of eleven members, of whom two are executive directors and the others are non-executive directors. Non-executive directors are, in terms of number and authority, sufficient to guarantee that their judgement has a significant weight in board decisions.

Six out of eleven directors, are **independent**. In terms of profile and number, given that most directors are independent, they ensure that the Board of Directors has sufficient autonomy to act in the interests of all the shareholders.

The composition of the Board of Directors ensures a marked level of **diversity**, in terms of gender (with a prevalence of female directors), training, age and international experience, setting an example for the entire Group.



An update of the governance system was initiated during the year. **CIR's new Corporate Governance Code** was adopted, in line with the Corporate Governance Code of Borsa Italiana S.p.A., principally with the aim of **integrating sustainability** as a fundamental prerogative of the success of the Company and the Group, strengthening the skills of the Board of Administration, the duties of the Control, Risks and Sustainability Committee, as well as those of the various functions involved in internal control and risk management on sustainability issues.

CIR S.p.A. has an internal control and risk management system which identifies a set of rules to help ensure:

- ✓ compliance with legislation, the articles of association and the internal regulations in force from time to time
- ✓ the reliability and accuracy of financial and non-financial information
- ✓ the business is carried on with the adoption of conscious, sound, correct, and prudent decisions that are consistent with corporate objectives
- ✓ a reduction in the possibility of wrong management decisions being made
- ✓ effective and efficient implementation of business processes
- ✓ achievement of the Company's sustainable success

through an adequate process of identification, measurement, management of the main operational and compliance risks, the monitoring of these risks, the mitigation measures and any corrective actions required, the structuring of adequate information flows and the coordination of the actors involved.

This Internal Control and Risk Management System (ICRMS) is inspired by and aligned with national and international best practices. In particular, the Company has defined the ICRMS consistently and in accordance with the recommendations of the current Code of Corporate Governance of Listed Companies as implemented by the Company with its Code of Corporate Governance. It is also in line with the so-called CoSO Report, which represents the internationally recognised regulatory framework of reference for the understanding, analysis and integrated evaluation of the system's effectiveness.

The ICRMS presents three levels of control, according to the "three lines" model ⁽¹⁾ and with the related principles, to support the identification of the facilities and processes that can best assist in the achievement of the goals, facilitating robust governance and risk management processes.

In this "three lines" model, the Board of Directors, assisted by the Control, Risks and Sustainability Committee, defines the guidelines, deploys the necessary resources, ensures organisational delegation and subsequent supervision. This ICRMS relays upon various corporate actors and roles in line with best practice.

— Stakeholder	Role
Board of Directors	✓ its role is to provide guidance and to assess the adequacy of the system
Chief Executive Officer	✓ the CEO establishes the Internal Control and Risk Management System and ensures that it is adequate for the nature and size of the business carried on by the Company
Control, Risks and Sustainability Committee	✓ it performs advisory, propositional and monitoring functions on the Company's internal control and risk management system and sustainability strategies and provides support for the Board of Directors' assessments and decisions relating to the ICRMS and approval of financial and non-financial reports
Internal Audit Manager	<ul style="list-style-type: none"> ✓ carries out checks on the correct functioning and adequacy of the ICRMS ✓ reports on the methods with which risk management is conducted, on compliance with the plans for risk containment, on the suitability of the internal control and risk management system and on the reliability of the information and accounting systems
Risk Manager	<ul style="list-style-type: none"> ✓ defines, implements and maintains adequate risk management processes, tools and methodologies ✓ regularly monitors changes in the Company's risk profile, as well as the stage of implementation of any mitigation plans that have been decided
Board of Statutory Auditors	✓ monitors the effectiveness of the internal control and risk management system
Supervisory Body	✓ carries out the tasks laid down in the Organisational Model regarding the supervision of the functioning and observance of the 231 Model and reports back periodically to the Board of Directors
Executive responsible for the preparation of the financial statements	✓ supervises the administrative and accounting internal control system

CIR has also equipped itself with the following tools and models:

- ✓ **Code of Ethics:** it is a set of ethical and behavioural rules that defines the values and principles of the Group; in particular, it promotes compliance with the provisions of the law and the principles of honesty, impartiality, reliability, loyalty, correctness, transparency and good faith; all Group employees, suppliers and co-workers are obliged to comply with the Code with a system of sanctions envisaged in the event of non-compliance;
- ✓ **231 Model:** the "Organisation, Management and Control Model" pursuant to Legislative Decree no. 231/2001 has the objective of ensuring conditions of fairness and transparency in the conduct of company activities, preventing the crimes envisaged by the Decree; CIR

(1) The Institute of Internal Auditors, "The IIA'S three lines model: an update of the three lines of defence ", 2020.

periodically checks the adequacy and updating of the model and, if necessary, adapts the model to ensure compliance with any regulatory amendments and changes in the organisational structure²;

- ✓ **Whistleblowing**: is a system for the receipt of anonymous reports of any violation or suspected violation of the Code of Ethics or any crime or offence, while guaranteeing anonymity to avoid the risk of retaliation; the task of overseeing the whistleblowing system and receiving reports has been delegated to the Supervisory Body; the Company did not receive news of any reports during the year from the Supervisory Body;
- ✓ **Enterprise Risk Management (ERM)**: is a structured, formal process to analyse and evaluate the risk elements that the business is exposed to and to define suitable tools to prevent, manage and mitigate the most relevant ones; the Risk Manager performs a global assessment, quantifying risks and assessing their possible impact, ensuring periodic information on risk management activities also to the Control, Risks and Sustainability Committee and the Board of Directors; the stage of implementation of the plans is guaranteed through monitoring that is carried out every six months;
- ✓ **IT security and privacy management tools**: a set of safeguards for the risks associated with fraudulent and unauthorised access by third parties to IT systems; CIR has appointed a Data Protection Officer (DPO) who periodically implements and updates the appropriate technical and operational measures; during the course of 2021, various interventions were made and three new tools were implemented to strengthen the Company's network infrastructure and IT perimeter;
- ✓ **Related party procedure**: this is a set of rules of conduct that the Company is required to adopt to ensure correct management of transactions of this nature; the procedure determines the criteria and methods for identifying related parties of the Company, lays down the principles for identifying transactions with related parties and regulates the procedures for carrying them out, which are periodically assessed by the Board of Directors; the transactions are submitted for the opinion of the Related Party Transactions Committee, made up entirely of independent directors, which assesses the correctness and convenience of such transactions, with a consultative or binding opinion, depending on the circumstances;
- ✓ **Sustainability risk analysis**: it is the process of analysing the impacts that CIR's activities may have on the environment and vice versa, which mainly concerns CIR's subsidiaries; the potential impacts of an intensification of phenomena related to climate change on the value chain (e.g. operations, supply chain, customers and markets) may in fact risk a deterioration in financial performance, against which the subsidiaries are implementing identification, monitoring and management plans;
- ✓ **Training Plan**: plans are prepared periodically for employee training on the 231 Model and internal regulations to minimise the risk of committing the predicate offences mentioned in Legislative Decree no. 231/2001.

Regarding the **ESG policy**, the Board of Directors:

- ✓ has adopted the principle that it guides the Group and its strategy with long-term sustainable success as its objective;

² The 231 Model can be found on the website www.cirgroup.it in the section on Governance/governance systems.

- ✓ has delegated to the Control, Risks and Sustainability Committee to evaluate the ESG plans and monitor its implementation and performance;
- ✓ has approved the first industrial plan integrating ESG goals;
- ✓ has decided, in a perspective of engagement of its managers and co-workers, to provide that, starting from 2021, the variable remuneration system should include ESG goals among the relevant KPIs for vesting purposes.

Lastly, CIR and its subsidiaries inform the market and all stakeholders about their performance in the ESG field every year through the publication of a “Non-Financial Statements”.

4.2 ESG-driven innovation

#	COMMITMENT	TARGET
2	ESG-driven innovation	<ul style="list-style-type: none"> ✓ Promote a business culture oriented towards long-term economic prosperity ✓ Give priority to the development of products and services taking into consideration their positive contribution to the environment, the well-being of customers and social progress, as well as their economic efficiency

During 2021, CIR launched a project together with the subsidiaries to place at the centre of the Group's business strategy the development of ESG-driven services or products, i.e. designed also to have a positive impact on the environment, the well-being of customers and the progress of society in general.

In this context, CIR, in its capacity as an investment holding company, has an advocacy and monitoring role for its subsidiaries; for details, reference should be made to their plans, as summarised below.

4.3 Eco-compatibility

#	COMMITMENT	TARGET
3	Reduce CO ₂ emissions and minimise waste	<ul style="list-style-type: none"> ✓ Use energy entirely from renewable sources ✓ Plastic ban for all applications, with plastic-free alternatives ✓ Minimise the production of unsorted waste

Aware that the most relevant environmental impacts are caused by the activities of the subsidiaries, CIR has nonetheless chosen to adopt a rigorous policy within the Company as well, involving:

- ✓ a reduction in CO₂ emissions, by using energy exclusively from renewable sources, and
- ✓ minimisation of unsorted waste and plastic consumption.

4.4 Well-being of individuals and communities

#	COMMITMENT	TARGET
4	Well-being of communities	Support not-for-profit initiatives with a view to contributing to the debate on socially sensitive issues

CIR supports the initiatives of the Fondazione Ing. Rodolfo De Benedetti (frdb.org), which promotes applied research on economic policy decisions in the field of the labour market,

immigration and welfare, and organises public events for the scientific community and a wider public of experts and policy makers.

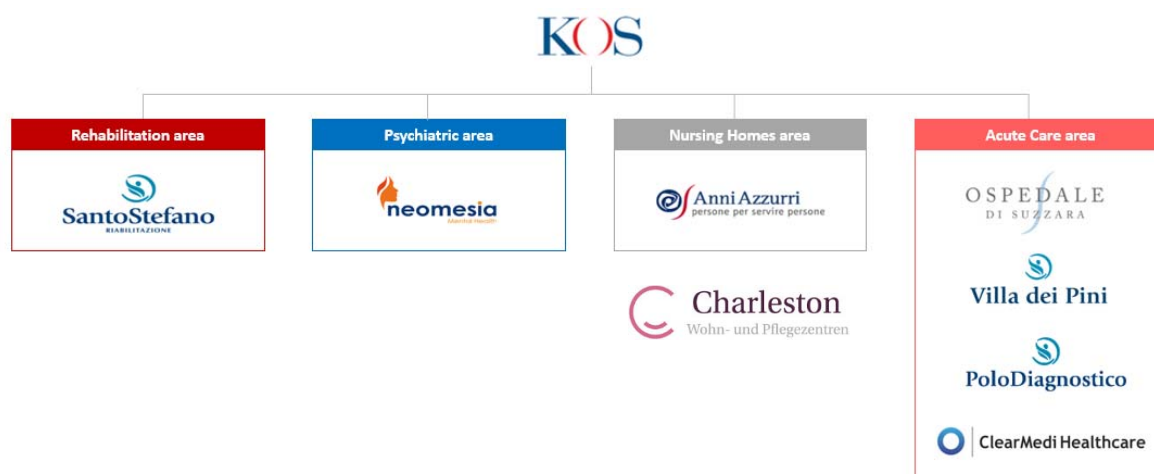
In 2021, the Foundation took part in the FORWORK project, which had the objective of developing, implementing and evaluating an innovative path for the integration of asylum seekers into the Italian labour market. It also took part in the "Nati per Leggere" (born to read) project, developed in Piedmont and promoted by Compagnia San Paolo with the aim of making children more familiar with books and their families more aware that reading is important. Lastly, it looked into the socio-economic consequences of the pandemic through various initiatives, including its annual conference, a study dedicated to the effects of school closures on student learning, a fact-finding survey on the new inequalities produced by pandemic in the world of work and in the distribution of income in Italy.

CIR is also a member of various trade associations and takes part in their activities: Assonime, European Issuers and ERT - European Round Table for Industry.

5. KOS

5.1 The business

KOS is a leading Italian healthcare Group operating in the field of health and social care and chronic residential care, rehabilitation, psychiatry and acute care medicine.



Anni Azzurri offers residential and health care to self-sufficient and non self-sufficient elderly people, including those with disabilities and pathologies, through a network of 56 facilities in 8 regions for a total of 6,200 beds (with another c. 750 currently under construction).

Charleston offers the same services in Germany, through 47 residences with an availability of 4,051 beds and 4 day care centres (with another c. 700 beds currently under construction).

Santo Stefano offers functional, residential and outpatient rehabilitation services through a network of 17 facilities for a total of 1,800 beds (in addition to c. 70 under construction).

Neomesia offers mental health services in 19 different facilities, both communities and clinics, with a total of over 830 beds.

Suzzara Hospital and **Villa dei Pini** are hospitals in Italy, with over 300 beds and 26 outpatient centres.

5.2 KOS's strategic commitments for sustainable growth

During 2021, KOS drew up an ESG plan for its activities in Italy; a similar exercise will be extended in 2022 to German activities as well.

KOS undertaken three strategic commitments, supported and implemented as part of a system of governance based on best market practices.

KOS's strategic commitments intersect multiple targets defined by the SDG framework, as represented in paragraph § 3.3 above.

Governance excellence		
ESG-driven innovation	Eco-compatibility	Well-being of individuals and communities
<p>To reach sustainable success, KOS will strive for:</p> <ul style="list-style-type: none"> ✓ permanent enrichment of its own care philosophy ✓ continuous improvement in the quality of the assistance offered to its patients and guests 	<p>KOS is committed to protecting the environment by reducing:</p> <ul style="list-style-type: none"> ✓ energy consumption ✓ emissions ✓ and waste of resources generated by consumption functional to the services offered 	<p>KOS is aware that sustainable success requires the maximisation of:</p> <ul style="list-style-type: none"> ✓ the contribution it makes to the well-being of guests and patients ✓ engagement of its human resources ✓ integration with local communities

KOS has broken down these strategic commitments into operational objectives, indicators for measuring their achievement and the targets for 2025.

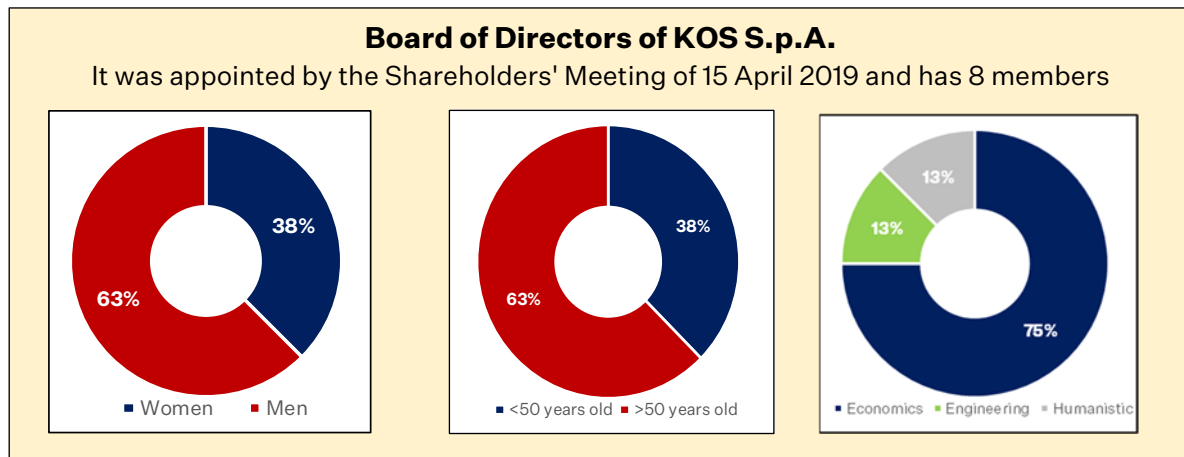
5.3 Governance excellence

KOS S.p.A., which controls the KOS Group, is owned by CIR S.p.A. (with 59.77% of the capital) and F2i - Fondi Italiani per le Infrastrutture SGR (40.23%).

The corporate governance model is a "traditional" one, with the Shareholders' Meeting, the Board of Directors as the management body and the Board of Statutory Auditors as the control body. The members of the Board are appointed by the two shareholders on the basis of a shareholders' agreement which regulates the number of members appointed by each.

The Board of Directors of KOS chose to establish an advanced system of governance, in line with best market practices, adopting on a voluntary basis a model typical of listed companies, with the establishment of committees with their own regulations, namely the control and risks committee, the remuneration committee and a supervisory body.

The composition of the Board of Directors reflects a reasonable level of diversity by gender, age and skills.



KOS has set up an Internal Control and Risk Management System in line with the characteristics of the ICRMS already described above for CIR. In particular, the following safeguards, tools and models are worth emphasising, as they have been adapted to the specific nature of the business, as well as to the regulatory framework of reference:

- ✓ **Code of Ethics:** binding for those who work for KOS or collaborate even on a temporary basis;
- ✓ **231 Model:** the last update was approved by the Board of Directors in 2021; following this update, anti-corruption training sessions were set up for management personnel, which involved 25 managers, 76 facility managers and middle managers and second line staff functions;
- ✓ **Whistleblowing:** this procedure, released in 2019, defines the protection levels of any whistleblowers, as well as publicising this tool (no reports were received during the year);
- ✓ **Enterprise Risk Management,** periodically updated by the Risk Management function to reflect the company's growth in size and organisational changes; in particular, re-evaluations of it have recently been carried out, following a number of exceptional events, such as the adoption of the electronic medical record, revision of the legislation on privacy and, last but not least, the pandemic; the Risk Manager is also extending the risk assessment procedure to the German subsidiary Charleston, acquired at the end of 2019 and thoughts are being given to the inclusion of sustainability risks in the ERM;
- ✓ **Clinical and administrative audits:** widespread operating controls, which concern organisational, management and healthcare aspects, based on an annual plan approved by the Board of Directors, to which are added any checks on reports or specific situations that arise during the year.

As regards **Relations with the Public Administration:** the services provided to patients in affiliated facilities are remunerated by the National Health Service through the regional health services; the Group signs annual contracts with the local health authorities which 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 or by local public funds which establish the levels of service. The assumption of commitments towards the Public Administration and Public Institutions is conducted in compliance with the most rigorous observance of applicable legal and regulatory provisions and is reserved exclusively for those responsible for the functions in question and authorised to do so.

5.4 ESG-driven innovation: philosophy of care and quality of assistance

TARGETS	#	KPIs	2020	2021	2025
Orient the organisation towards continuous improvement in the care and services provided to patients/customers Improve health management through the provision of tools and staff training	1	Net Promoter Score*: % of facilities that have improved their NPS by more than 5p.p. vs previous year.	n.a.	27%	25%
	2	Internal clinical audits: % of facilities checked annually	69%	64%	80%
	3	Electronic Medical Record: % of facilities that adopt digital medical records	1%	18%	70%
	4	Diffusion of the approach to care: % of new hires who have completed a training course in corporate culture	n.a.	85%	95%
Guide the organisation and all stakeholders to act in full compliance with the law and the Group's Code of Ethics	5	Compliance audit: % of facilities checked annually	24%	41%	50%
	6	Suppliers: % of suppliers subjected to screening based on ISO 14001 and ISO 45001 certifications	-	-	90%

* customer experience summary index, based on the question "how much would you recommend our facility to friends and relatives?" between 0 to 10

In KOS, the commitment to sustainable success is first and foremost based on the adequacy of the philosophy of care and on the quality of the assistance offered to patients and guests, as expressed in the corporate mission: *"We offer our customers healthcare and personal assistance services with professionalism, a welcoming spirit and humanity..."*. Innovation means improvements in care and service.

The adequacy of the philosophy of care and the quality of the service and their continuous improvement over time is measured through the satisfaction expressed by the guests and internal checks that processes are carried out correctly.

Regarding the **satisfaction of patients, guests and their families**, every year KOS performs a multi-channel survey (interviews, conversations, surveys and signage towers) using third party providers on the level of satisfaction (measured by the Net Promoter Score) of guests and their families. In 2021, the survey received over 5,500 responses; there was an overall improvement in the Net Promoter Score, with 27% of the facilities showing progress of more than 5 percentage points compared with the previous year. The target in the medium term is to achieve a significant improvement in the quality perceived in 25% of the facilities every year; in 2021 the target was exceeded.

With regards to **internal audit**, in addition to those of the health and administrative authorities at the individual facilities, the Group also carries out clinical healthcare audits; in 2020 and 2021 they involved, respectively, 64% and 69% of the facilities, compared with a target coverage of 80% per year set for 2025.

With a view to improving the service, KOS believes that an important contribution can come from the **digitisation of patients' medical records**, which makes it much easier to share the information in real time within the multidisciplinary team that takes care of patients and, potentially, with members of the family as well. The digitisation process has been going on since 2020; in 2021 it was completed in 18 % of the facilities and the target is 70% coverage by 2025.

Moreover, always with a view to improving the service, the professionalism of human resources and, in particular, the **training of new colleagues** is considered vital; in this sense, KOS aims to

complete the training of new hires in the philosophy of care during their first 12 months of activity. In 2021 this occurred in 85% of cases and the goal is to increase it to 95% by 2025.

KOS carries out audits on the facilities to check on legal and ethical **compliance**: 41% of the facilities were checked in 2021 and the target is to achieve 50% coverage each year.

Lastly, from 2021, several stakeholders have expressed an interest that **suppliers** should also comply with ESG principles; a screening procedure has therefore begun according to the main “ethical” certifications held by current suppliers and the target is that 90% of suppliers should be certified by 2025.

5.4 **Eco-compatibility**

KOS's business has a low environmental impact: **i)** energy is mainly for residential use and medical equipment, **ii)** product waste consists of sanitary material for the treatment of patients (potentially infected and not disposable), material for the maintenance and management of buildings and ordinary waste produced by the facilities, while water consumption is for hygiene and food.

Nonetheless, KOS considers it appropriate to adopt a policy in this area.

TARGET	#	KPIs	2020	2021	2025
Reduce CO ₂ emissions by increasing energy efficiency, reducing energy consumption and promoting renewable energy sources	7	Energy Mix*: % renewable electricity used/total energy used	0.14%	0.31%	25%
	8	Energy intensity: reduction of energy consumed*/revenue**	0.19	0.19	-3% on 2019
Minimise waste and promote recycling and reuse	9	Food waste reduction: % of properties with a meal reservation system	n.a.	22%	75%
	10	Waste recycling or regeneration: % of waste destined for recycling, regeneration or energy recovery	43%	30%	50%
Adopt best operating practices	11	% of newly built facilities that are LEED-certified	0%	50%	100%
	12	Monitoring systems: % of plants covered by energy monitoring systems	16%	16%	25%

* energy expressed in MWh

** rate increases applied by KOS will be excluded from revenue in future

To contribute to decarbonisation, the Group is pursuing **i)** procurement from renewable energy sources and **ii)** a reduction in energy intensity.

Regarding procurement from **renewable sources**, the company aims to reach 25% by 2025. On **energy intensity**, the Company has adopted a plan and the energy efficiency initiatives continued in 2021 (redevelopment of the thermo-refrigeration plants and elimination of the diesel and LPG plant); in any case, energy intensity remained stable in 2021 (0.19 in 2021 and 2020), as the beneficial effects of the plan were offset by the need to ventilate the premises more to combat the spread of Covid 19, with a greater use of air intake systems. The target is a 3% reduction in energy intensity in 2025.

In order to reduce **food waste**, software to handle daily meal reservations is being implemented in Italy, replacing a mechanism that already exists, but which is not adequately supported in terms of tools; the new instrument became operational in 2021 in about one fifth of the facilities and the ambition for 2025 is coverage of 75%.

As for **waste recycling**, due to the protracted health emergency, the production of potentially infected waste has been higher than in the past; given that the specific disposal criteria for such waste do not allow recycling, the total value of recycled or regenerated waste was lower than the previous year (30% vs 43% in 2020). The ambition for 2025 is that 50% of waste can be recycled.

Lastly, the company has chosen to adopt the best operating practices in terms of environmental protection, in particular to build new facilities that are **LEED-certified** (LEED stands for Leadership in Energy and Environmental Design and is the strictest system that exists for the efficiency of buildings) and implement a system of continuous measurement of energy, gas and water consumption to foster rational and efficient use of these resources; the system currently covers 16% of the facilities, in line with 2020, while the target for 2025 provides for an increase to 25%.

5.5 Well-being of individuals and communities

Human resources are a key success factor for the business: their skills and engagement largely determine the quality of service provided. From this point of view, HR management plans geared to ensuring an adequate and structured plan for the development of skills and careers and a safe, fair and motivating work environment are a strategic priority for the Company.

TARGET	#	KPIs	2020	2021	2025
Contribute to the development of various professional skills	13	Training: number of training hours per year for employees and external workers	5.6	6.5	30
	14	Remuneration policies: % employees involved in a structured assessment process	50%	n.a.	70%
Ensure a fair, safe and motivating work environment	15	Diversity: basic salary ratio between man and woman	98%	98%	99%-101%
	16	Level of staff satisfaction and involvement*	-	10%	50%
	17	Work-related injuries**: frequency of accidents at work	19.2	21.4	-3% on 2019
Contribute to a positive impact on the local community	18	Facilities involved in sustainability initiatives in the area (e.g. education, sports, solidarity, health): % of facilities involved	0%	40%	70%

* % of employees surveyed/other types of satisfaction measurements

** calculated as the number of injuries per million hours worked, excluding Covid and injuries when travelling, if not organised by the company

During 2020 and 2021, the hours of **training** offered to employees were limited to the mandatory ones, as running the facilities during the acute phases of the pandemic forced operators to dedicate themselves to field work. KOS has still prepared to provide more and better training by launching KOS Academy, which is able to give multidisciplinary and continuous training on technical skills in the clinical field to the professionals who work in the field of assistance to frail people. The goal is to quickly return to 30 hours of training for all employees and co-workers per year.

KOS also believes that an extensive and structured process of staff **skill assessment** is strategic to promote professional growth and increase the efficiency, effectiveness, quality and productivity of the company's services. KOS applies a so-called "mixed" assessment, which combines an evaluation of skills and an assessment by objectives (MBO bonus system). At the same time, a digital project was launched in the field of human capital management through the adoption of

Talentia, a platform for the management and monitoring of organisational data and performance, which will be adopted from 2022. By 2025, KOS aims to extend the process to 70% of employees.

KOS wants to offer a fair working environment and monitors the **wage equality between genders**: the 2021 figures confirm that there is total alignment for people in the same roles.

In 2021, 10% of employees were involved in a listening programme to understand the degree of **staff satisfaction and commitment**; this process will in future help people give more suitable answers to their colleagues. The goal is for the programme to be extended progressively to cover 50% of employees each year.

Regarding **safety in the workplace**, the accident rate excluding those deriving from Covid remains almost in line with the previous year.

In 2021, despite the persistence of the pandemic, 40% of facilities organised **initiatives in favour of local communities** and the ambition is that 70% of facilities can hold at least one initiative of this kind every year. KOS has in any case maintained its commitment to local communities through a series of initiatives to combat Covid-19 in support of the territories in which it operates, such as the activation of Covid hospitals and structures, in support of the National Health Service (7 facilities with over 200 beds for non-acute patients and 6 facilities dedicated to Covid patients) and the activation of points for the execution of serological tests and antigenic and molecular swabs.

For more information about the activities of the KOS Group, its methods of managing ESG issues and those relating to Legislative Decree 246/2016, please refer to the Sustainability Report prepared by the KOS Group, which is available on the company's website.

6. Sogefi

6.1 The business

The Sogefi Group's business, making components for the automotive industry, consist of **three product lines**, each with numerous sub-categories.

Air and Cooling

The division designs and manufactures high-tech thermoplastic components for vehicles that replace the metal parts used in the past, with significant advantages in terms of price, weight and emissions. In addition to this traditional activity, it makes products for E-Mobility, i.e. for the needs of customers wanting electric and fuel cell mobility.

Filtration

The division produces a full range of vehicle engine filters for the Original Equipment (OE), Original Equipment Spares (OES) and Independent Aftermarket (IAM). Added to these are new applications linked to the transition to electric with new products such as air purifiers, transmission filters and thermal combustion cells.

Suspension

The division produces a wide range of suspension components (coil springs, stabilizer bars, torsion bars, stabilinks, leaf springs and track tensioning units) used in cars, light and heavy commercial vehicles, earthmoving machinery and railway carriages.

6.2 Sogefi's strategic commitments for sustainable growth

During 2021, Sogefi drew up an ESG plan for inclusion in its multi-year strategic plan. It will be implemented from 2022.

In accordance with the Group guidelines, Sogefi has made three strategic commitments, supported and implemented within the framework of a governance based on market best practices.

Sogefi's strategic commitments intersect multiple targets defined by the SDG framework, as represented in paragraph § 3.3 above.

Governance excellence		
ESG-driven innovation	Eco-compatibility	Well-being of individuals and communities
<p>In order to achieve sustainable success, Sogefi intends to become leader in the product segments where it already operates on the emerging electric vehicle (EV) market, developing high-tech products intended mainly for the E-Mobility market.</p>	<p>Sogefi undertakes to:</p> <ul style="list-style-type: none"> ➤ reduce CO₂ emissions, increasing energy efficiency and the use of energy from renewable sources ➤ minimise waste and promote recycling and reuse ➤ adopt operating best practices 	<p>Sogefi undertakes to:</p> <ul style="list-style-type: none"> ➤ help personnel to develop professional skills ➤ enhance diversity and ensure equal treatment, rejecting all forms of discrimination ➤ ensure a safe and motivating work environment, ➤ contribute to a positive impact on the local community

6.3 Governance excellence

Sogefi S.p.A., head of Sogefi Group, is a listed company and CIR owns 56.6% of its shares.

In addition to complying with current legislation and its articles of association, Sogefi also adheres to the Code of Corporate Governance of Borsa Italiana S.p.A.. It has drawn up procedures and policies on the main activities of the Board of Directors, adopted its own Code of Ethics and prepared all of the tools needed to make individuals aware of the Group's values and principles and to guarantee the necessary control measures.

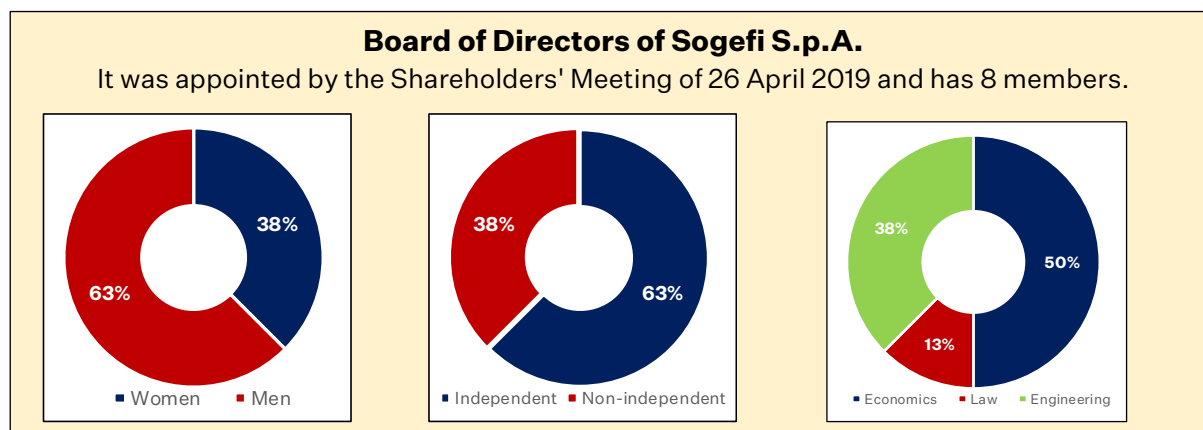
Sogefi's corporate governance model is a "traditional" one, with the Shareholders' Meeting, the Board of Directors as the management body and the Board of Statutory Auditors as the control body. The Board of Directors has the central role, to which are delegated the broadest powers to manage the Company.

In order to encourage an aware, informed and thoughtful decision-making process, the Board of Directors has set up three committees, with consultative and propositional functions: the Appointments and Compensation Committee, the Control, Risks and Sustainability Committee and the Related-Party Transactions Committee. All these committees are made up exclusively of independent directors. The roles and activities of these committees are explained in the "2022 Report on Corporate Governance and the Ownership Structure", which is available on the Company's website (which also contains biographies of the directors in the "Governance" section").

Sogefi's Board of Directors is made up of eight members, two of whom are executive directors and the rest non-executive. Non-executive directors are, in terms of number and authority, sufficient to guarantee that their judgement can have a significant weight in board decisions.

Out of eight directors, five of them are **independent**. In terms of profile and number, given that the majority of directors are independent, they ensure that the Board of Directors has sufficient autonomy to act in the interests of all the shareholders.

The composition of the Board of Directors ensures a marked level of **diversity**, in terms of gender (with a prevalence of female directors), training, age and international experience.



An update of the governance system was initiated during 2021. **Sogefi's new Corporate Governance Code** was adopted, in line with the Corporate Governance Code of Borsa Italiana S.p.A., principally with the aim of **integrating sustainability** as a fundamental prerogative of the success of the Company and the Group, strengthening the skills of the Board of Administration, the duties of the Control, Risks and Sustainability Committee, as well as those of the various functions involved in internal control and risk management on sustainability issues.

Sogefi has set up an Internal Control and Risk Management System in line with the characteristics of the ICRMS already described above for CIR. In particular, the following safeguards, tools and models are worth emphasising, as they have been adapted to the specific nature of the business:

- ✓ **Code of Ethics**: binding for those who work for Sogefi;
- ✓ **231 Model**: the last update of which was approved by the Board of Directors in February 2021;
- ✓ **Whistleblowing**: the procedure, introduced in 2019, defines the protection levels of any whistleblower, as well as publicising this tool (one report was received during the year);
- ✓ **Enterprise Risk Management**, periodically updated by the Risk Management function to reflect internal and external evolutions;

- ✓ **Related party procedure:** this is a series of rules of conduct that the Company is required to adopt to ensure correct management of transactions of this nature;
- ✓ A series of policies adapted to the business profile, including the **Code of Commercial Conduct**, policies in the field of **Human rights, Health and Safety in the workplace, Environment and IT Security**.

In 2021, no episodes of corruption were found internally, nor was the Company involved in corruption disputes; there were no investigations by public authorities that led to significant exposures for the Group.

6.4 **ESG-driven innovation: products for EV**

Sogefi's business, like the entire automotive sector, is fully involved in the green transition driven, on the one hand, by evolving legislation, with increasingly stringent laws and regulations on the reduction of CO₂ emissions; and, on the other hand, by growing market demand for more sustainable vehicles, thanks to the increased awareness of the risks associated with climate change, which is influencing the choices made by consumers.

The automotive industry is therefore increasingly committed to designing and producing vehicles with a lower environmental impact.

As a consequence, Sogefi is committed to reorienting its R&D, production and order book towards innovative products and technologies to be used in "E-Mobility".

TARGET	#	KPIs	2020	2021	2025
Develop innovative and eco-responsible products and technologies, mainly intended for the E-Mobility market	1	sales of e-mobility products* as a % of total sales	-	15%**	45%
	2	value of orders for e-mobility products* as a % of total orders acquired**	-	23%**	65%
	3	R&D expenditure for e-mobility products* as a % of total R&D expenditure	Sensitive data, not disclosed		50%
	4	Number of new patents registered per year	1	32	50

* intended for vehicles with electric / hybrid / fuel cell engines

** best internal estimate based on available information

In particular, with a view to sustainable growth and long-term economic prosperity, Sogefi aims to increase the value of **production destined for e-mobility** from the current 15% of total production to 45%, which has been set as the target for 2025, and the value of new orders acquired from 23% in 2021 to 65% in 2025.

To make this transition possible, Sogefi intends to adopt a selective approach to new developments, reorienting its **research and development** and **investments** towards technologies for *E-Mobility*, to which it intends to allocate more than half of its annual capital expenditure by 2025.

Sogefi also aims to develop new high-tech products and expand its patent portfolio, which gained 32 new patents in 2021, at a rate of 50 patents a year in 2025.

6.5 Eco-compatibility

Since 2016, the Group has adopted and established an Environmental Management System (EMS) to monitor the risks and mitigate the impacts of its production and commercial activities on the external environment.

TARGET	#	KPIs	2020	2021	2025
Reduce CO ₂ emissions by increasing energy efficiency, reducing energy consumption and promoting renewable energy sources	5	Energy Mix*: renewable electricity used as a % of total energy used	5%	5%	25%
	6	Energy intensity: reduction of energy consumed*/revenue**	1,751	1,352	-4% on '19
Minimise waste and promote recycling and reuse	7	Waste recycling or regeneration: waste destined for recycling, regeneration or energy recovery as a % of total waste, in tons	72%	+80%	97%
Adopt operating best practices	8	Certification level: % of sites certified for quality systems, environmental systems and energy management systems:			
		▪ Quality (QL): IATF 16949	98%	100%	100%
		▪ Environment (EV): ISO 14001	95%	100%	100%
		▪ Energy (EG): ISO 50001	2 sites	2 sites	5 sites

* energy expressed in MWh

** the 2020 and 2021 figures are not significant because of a particular production mix

Sogefi undertakes to reduce the environmental impacts of its production activities in terms of CO₂ emissions, through **i)** a reduction in energy intensity and **ii)** procurement from sustainable sources (also by purchasing Guarantees of Origin).

As regards reducing **energy consumption**, it is useful to remember that energy intensity was particularly high in 2020 due to production inefficiencies linked to the irregular trend of activity caused by the pandemic; this largely explains the lower energy intensity in 2021. The target for 2025 was defined in relation to 2019, the year in which production followed a regular pattern, and envisages a 4% reduction in energy intensity.

As regards **procurement from sustainable sources**, it currently represents 5% of the energy consumed, a stable share compared with the previous year, and the target is to increase it to 25% by 2025.

Regarding **waste generated** during the year, about 80% went for valorisation, which is more than in 2020, and Sogefi's target is to reach 97% in 2025.

Lastly, to ensure implementation of operating **best practices**, Sogefi has set the target of IATF 16949 certification (the specific international quality standard for the automotive industry) and ISO 14001 (international environmental standard), as well as gradually achieving ISO 50001 certification (the strictest international energy management standard) for production sites, on the basis of one per year.

6.6 Well-being of individuals and communities

Sogefi has approximately 5,400 employees around the world, distributed in 20 countries, of which 71% are blue-collar workers, 28% are office workers and 1% are managers. 94% of the Group's employees have a permanent employment contract.

TARGET	#	KPIs	2020	2021	2025
Contribute to the development of various professional skills	9	Training: number of training hours per year for employees	9.2	14.3	25
Enhancing diversity and ensuring equal treatment, rejecting all forms of discrimination and harassment	10	Diversity: global application and monitoring of the "Gender Equality Index" *	-	9%	100%
	11	Staff satisfaction level: carrying out one survey per year **	-	-	1 p.a.
Ensure a safe and motivating work environment, minimising risks and preventing inconvenience and accidents at work	12	Work-related injuries: frequency of accidents at work (per million hours worked)	4.0	3.5	1.3
Contribute to a positive impact on the local community	13	% of sites involved in sustainability projects in the area (e.g. educational, sports, solidarity, health): % of facilities involved		65%	100%

* after reaching the application of this index globally, appropriate targets will be set

** Upon obtaining a complete and reliable data set, targets will be set

Throughout the year, the hours of **training** given per employee amounted to 14, a significant increase on 2020, when they had been reduced due to the health emergency. The goal is to increase the number of training hours to 25 every year, also in consideration of the evolution of technologies and products over the next few years.

In 2022, being aware of the importance that a work environment can have for the purposes of employee engagement and well-being, a process will also be launched to monitor **the degree of satisfaction** of employees on the various aspects of corporate culture and management.

Sogefi is keen to ensure a fair and merit-based work environment and monitors the **"Gender Equality Index"**, for the moment only in France. The objective is to extend it progressively to the whole Group and, once the index is universally recognised, define objectives, making a commitment to formulate precise action plans if the index is unsatisfactory.

Sogefi pays particular attention to **safety at work** and has set itself the goal of reducing accidents at work by 60% before the end of 2025.

65% of the Group's production sites have organised **initiatives with a social vocation in its own area**, including initiatives in partnership with the Anti-Cancer Alliance in Mexico and donations to music and sports projects in Brazil.

For more information about the activities of the Sogefi Group, its methods of managing ESG issues and those relating to Legislative Decree 246/2016, please refer to the Non-Financial Report prepared by the Sogefi Group, which is available on the company's website.

7. EU taxonomy

The EU Taxonomy Regulation (EU Regulations 2020/852 and 2021/2178) introduces the obligation for listed companies to indicate which part of their business contributes to the achievement of six environmental objectives, through an evaluation process that involves identifying the activities that are considered "eligible", indicate the value of certain KPIs of these activities and quantify the share of the KPIs that are "compliant" or "non-compliant" with certain technical parameters, qualitative valuations and specific management methods.

For 2021, companies were asked to indicate which activities fall within the scope of the first two objectives, i.e. mitigation and adaptation to climate change, to define the KPIs and their methods of calculation.

Sogefi carried out a two-level analysis: the first on its own activities, comparing them with those included in the technical annexes to the taxonomy – resulting in no eligible activities – and a second, at a product level, which highlighted that the company is developing products for E-Mobility, which only once completed and distributed will fall within the scope of the Taxonomy. The only eligible capex and opex are not material (installation of photovoltaic panels and replacement of a gas heat pump), so the company did not include any figure.

The analysis of KOS's activities revealed that the management of health and social care residences - "home care activities" in Italy and Germany - are eligible and therefore fall within the scope of the Taxonomy (as described in point 12.1 of Annex II to EU Reg. 852). However, these activities are not "enabling" (their product does not support other activities to become compliant); in addition, a complete technical screening on the vulnerability of facilities to physical risks deriving from climate change is under process; so, according to the instructions contained in the FAQ published on 2 February 2022 by the European Commission, neither the turnover nor the costs or capital investments can be declared as eligible. Capital investments, which refer exclusively to energy efficiency projects carried out at the various structures, are of an insignificant amount.

At the moment, due to lack of information and the complexity of the data collection process, it is not possible to include in eligible operating expenses and investments those referring to suppliers aligned with the Taxonomy.

8. Other information

8.1 Methodological note

The GRI Content Index, summarising the significant indicators for 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 Structures, 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 2021 (from 1 January to 31 December) and ensure an understanding of the Group's activity, performance, results and impact, it covers environmental, social, personnel, 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 **CIR³** and all of the subsidiaries consolidated on a line-by-line basis at 31 December 2021 (the Group or CIR Group).

The data and information contained in this document relate to 2021, unless stated otherwise; where possible, to show the evolution over time, we make comparisons with 2019 and 2020.

A number of extraordinary transactions occurred in 2019 and 2020 - explained in the annual and periodic financial reports - modifying the scope of the CIR Group substantially when compared with the one included in 2019 NFS; where possible and meaningful, indicators on a pro forma basis with the same scope have been provided to facilitate an understanding of trends; below we report the various transactions have influenced CIR Group scope and NFS reporting:

- ✓ Merger between CIR S.p.A. and COFIDE S.p.A. (February 2020): following the merger, COFIDE (the merged company) changed its name to "**CIR S.p.A. - Compagnie Industriali Riunite**". The website where you can find Group information is www.cirgroup.it;
- ✓ Disposal 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;
- ✓ Disposal 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);

³ "CIR" means 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 nor do they 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".

- ✓ 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 11 March 2022.

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)

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), or to the Investor Relations function (ir@cirgroup.com).

8.2 Materiality matrix

The CIR Group has mapped its stakeholders, as follows:



For KOS, the mapping of stakeholders started from a benchmarking of the companies operating in the management of healthcare facilities, equipped with sustainability or non-financial reporting; this helped to identify a set of potentially material sustainability topics, after which a survey was carried out to assess the material topics involving KOS employees and suppliers. These topics were then evaluated by management, giving them a level of materiality for the Group on the basis of their present and future impact.

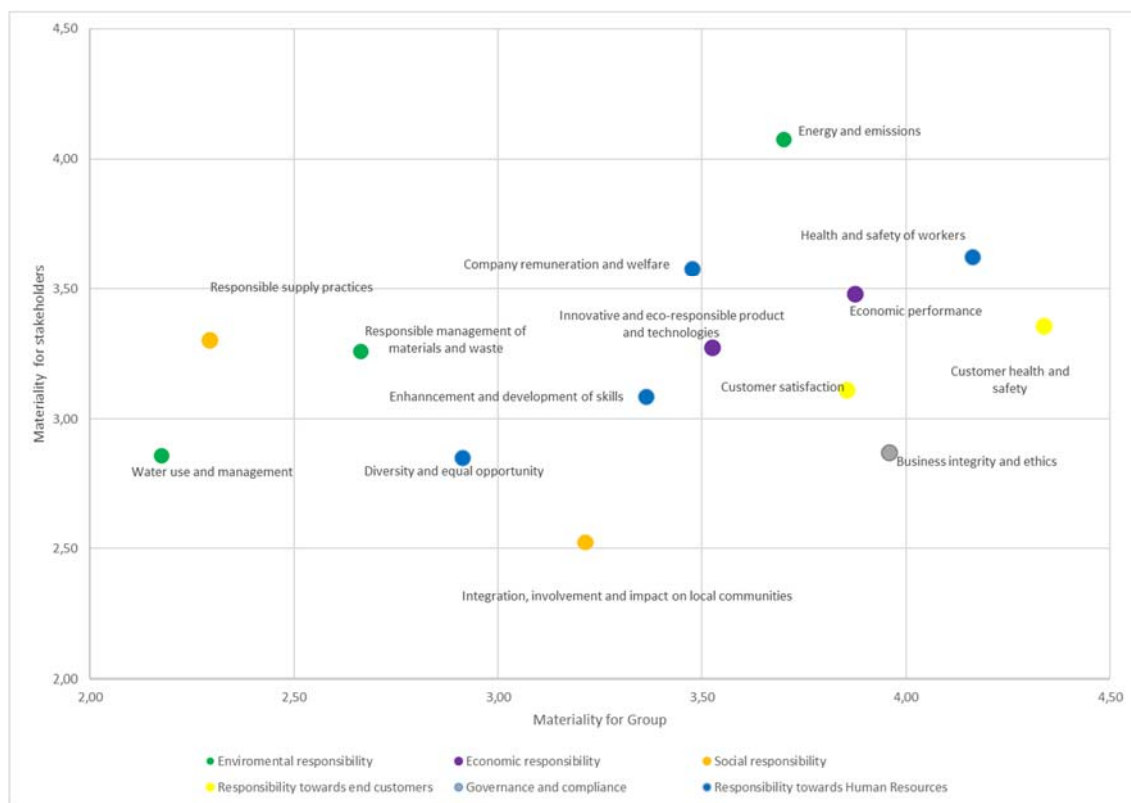
Sogefi carried out a Sustainability Survey with a panel of stakeholders, both external (customers and suppliers which, respectively, represented more than 50% of total Group turnover and

purchases) and internal (first line management of the Group). Through these surveys, the materiality of the 12 ESG aspects considered material for the business was assessed. These assessments were then shared with the CEO and agreed with the Control, Risks & Sustainability Committee.

Following the analysis of KOS and Sogefi's results, the most important internal and external topics for the CIR Group were selected, providing an overview of the activities, while respecting the specific aspects of the two businesses. The synthesis of these topics 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 compliance-related responsibility, customer-related responsibility, personnel-related responsibility, environmental responsibility and social responsibility.

With respect to the material topics identified in 2020, we would point out that "Privacy and data protection" is no longer material, while the importance of "Innovative and eco-responsible products and technologies" has increased after being considered more important in the matrix of KOS, as has "Remuneration and welfare of employees" after being considered more important for Sogefi.

CIR Group' Materiality Matrix 2021



8.3 Taxation

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 frequent only for the Filtration Aftermarket business), arising from end customer requests 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 consolidations, mainly in Italy (involving CIR S.p.A. and the Italian businesses of KOS and Sogefi) and in France (where consolidation occurs for various companies of the three Sogefi divisions).

The CIR Group does not have a central department (this central function is only present within the Sogefi Group, but with a mere role of 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 to the Codes of Ethics of the directors of the various companies to the segregation of duties in place among different actors, 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 topics 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 130 corporate entities, of which 22 operate in Italy, 67 in Germany and 7 in France; in total, 109 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) or in so-called "black-list" or "grey-list" countries as defined by the EU.

The attachments provide information on tax on a "country by country" basis⁴, presenting 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 containing this information 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 independent 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.

⁴ The numbers contained in it differ from those in the consolidated financial statements as (i) it excludes the accounting impacts of the consolidation, (ii) it classifies financial and other income as revenue and (iii) it only considers the taxes paid and not those collected (refunds, withholding tax 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.

9. Other consolidated indicators

Taxation

207-4 Country by country reporting

Figures for 2020								
€ / m	No. of companies	No. of employees	Revenue from third parties	I/C revenue	Profit/(loss) before taxes	Tangible assets (other than cash and cash equivalents)	Taxes paid	Income taxes in the income statement
France	7	2,205	368.7	74.3	-114.8	117.9	0.3	0.1
Germany	67	3,232	260.5	35.2	-6.9	28.7	2.6	2.3
Italy	22	7,561	549.5	72.6	78.8	286.0	7.2	2.6
Luxembourg	3	2	20.7	0.1	5.5	0.0	-	0.0
Holland	2	31	3.9	1.2	0.8	2.1	0.1	0.2
Romania	2	210	32.2	0.2	-2.2	56.4	0.4	0.3
Russia	1	3	1.8	-	-1.4	-	-	-0.2
Slovenia	1	401	31.8	17.3	0.7	15.9	-	0.2
Spain	3	393	76.3	4.9	-39.0	20.8	5.3	3.9
Sweden	1	1	-	0.4	0.1	-	0.0	0.0
EU	109	14,039	1,345.4	206.3	-78.4	527.7	15.9	9.5
UK	3	347	58.2	5.9	0.2	16.9	0.0	0.1
Canada	1	339	98.6	0.8	5.0	17.9	1.4	1.0
Mexico	1	219	54.9	0.2	0.2	1.1	0.8	0.7
United States	2	380	97.1	7.2	6.0	26.1	3.4	3.3
NAFTA	4	938	250.6	8.1	11.2	45.1	5.6	5.0
China	4	554	84.5	7.3	2.1	51.4	-	-
Hong Kong	1	-	-	-	-	-	-	-
India	4	2,683	72.8	3.4	-10.0	37.4	1.3	1.0
Asia	9	3,237	157.3	10.7	-7.9	88.8	1.3	1.0
Argentina	2	423	33.9	0.3	0.2	7.0	0.1	0.7
Brazil	2	658	49.8	0.4	-9.1	17.4	-	0.0
LATAM	4	1,081	83.7	0.7	-8.9	24.4	0.1	0.7
Morocco (Africa)	1	149	27.6	0.6	-7.5	15.6	-	-

Figures for 2019								
€ / m	No. of companies	No. of employees	Revenue from third parties	I/C revenue	Profit/(loss) before taxes	Tangible assets (other than cash and cash equivalents)	Taxes paid	Income 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
Holland	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
EU	112	15,647	1,429.7	173.3	135.0	528.0	23.4	22.4
UK	7	405	83.0	7.3	4.4	25.3	1.3	0.1
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
NAFTA	4	958	288.1	12.1	17.2	71.0	5.8	4.4
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
Asia	9	3,451	167.1	12.3	3.9	98.5	2.8	2.2
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
LATAM	4	1,282	160.1	0.9	-9.7	38.2	0.6	0.8
Morocco (Africa)	1	112	15.0	0.4	-7.4	22.3	-	-

Human Resources

Composition of the workforce ^{5 6}

CIR Group - Analysis of employees and co-workers by gender									
no. of people	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees	8,287	8,594	16,881	6,732	10,228	16,960	6,344	10,177	16,521
Co-workers	1,934	1,129	3,063	1,451	968	2,419	1,837	1,409	3,246
Total	10,221	9,723	19,944	8,183	11,196	20,045	8,181	11,586	19,767

CIR Group - Analysis of employees by professional type (full time vs part time) and by gender									
no. of people	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	8,051	6,962	15,013	6,204	6,558	12,762	5,699	6,517	12,216
Part-time	235	1,633	1,868	528	3,670	4,198	645	3,660	4,305
Total	8,286	8,595	16,881	6,732	10,228	16,960	6,344	10,177	16,521

CIR Group - Analysis of employees by contract type (fixed term vs permanent) and by gender									
no. of people	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Fixed-term contract	473	724	1,197	507	1,559	2,066	701	1,541	2,242
Permanent contract	7,813	7,871	15,684	6,225	8,669	14,894	5,643	8,636	14,279
Total	8,286	8,595	16,881	6,732	10,228	16,960	6,344	10,177	16,521

CIR Group –employees broken down by contract type (fixed-term vs permanent) and by geographical area (2021)											
no. of people	Europe		North America		South America		Asia		Total		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Total
Fixed-term contract	549	1,526	--	--	152	15	--	--	701	1,541	2,242
Permanent contract	4,235	8,267	571	215	207	7	630	147	5,643	8,636	14,279
Total	4,784	9,793	571	215	359	22	630	147	6,342	10,177	16,521

⁵ The employment figures for KOS in 2020-2021 have been recalculated on the basis of the KOS Group NFS and exclude the employees of the companies in India (about 666 people).

⁶ 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 Sogefi Suspensions Eastern Europe S.r.l. (Romania), which employed 7 persons at the end of 2020.

CIR Group – employees broken down by contract type (fixed-term vs permanent) and by geographical area (2020)											
no. of people	Europe		North America		South America		Asia		Total		
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Total
Fixed-term contract	507	1,559	--	--	--	--	--	--	507	1,559	2,066
Permanent contract	4,383	8,271	573	207	505	43	764	148	6,225	8,669	14,894
Total	4,890	9,830	573	207	505	43	764	148	6,732	10,228	16,960

CIR Group – employees broken down by contract type (fixed-term vs permanent) and by geographical area (2019)											
no. of people	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
Total	5,715	7,452	593	220	805	197	1,173	726	8,286	8,595	16,881

Turnover ^{7 8}

CIR Group - Inbound and outbound turnover by gender and age (2021)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	530	655	176	1,361	21%	477	776	345	1,598	25%
Women	733	1,355	465	2,553	25%	649	1,431	675	2,755	27%
Total	1,263	2,010	641	3,914	24%	1,126	2,207	1,120	4,353	26%

CIR Group in Europe - Inbound and outbound turnover by gender and age (2021)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	383	440	156	979	20%	276	512	310	1,098	23%
Women	683	1,272	459	2,414	25%	596	1,182	660	2,438	25%
Total	1,066	1,712	615	3,393	23%	872	1,694	970	3,536	24%

⁷ The turnover data for Europe and Asia does not include the inbound and outbound employees of KOS Group companies in India and the United Kingdom.

⁸ The numbers of inbound and outbound turnover for 2020 have been restated following an improvement in the reporting process.

CIR Group in North America - Inbound and outbound turnover by gender and age (2021)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	104	88	17	209	37%	89	98	22	209	37%
Women	42	38	6	86	40%	29	40	11	80	37%
Total	146	126	23	295	37%	118	138	33	289	37%

CIR Group in South America - Inbound and outbound turnover by gender and age (2021)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	6	11	--	17	5%	6	19	6	31	9%
Women	1	2	--	3	14%	3	153	--	156	709%
Total	7	13	--	20	5%	9	172	6	187	49%

CIR Group in Asia - Inbound and outbound turnover by gender and age (2021)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	37	116	3	156	25%	106	147	7	260	41%
Women	7	43	--	50	34%	21	56	4	81	55%
Total	44	159	3	206	26%	127	203	11	341	44%

CIR Group - Inbound and outbound turnover by gender and age (2020)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	474	601	172	1,247	18%	550	1,536	1,239	3,352	50%
Women	856	1,327	558	2,741	27%	943	2,050	1,291	4,284	42%
Total	1,330	1,928	730	3,988	23%	1,493	3,613	2,530	7,636	45%

CIR Group in Europe - Inbound and outbound turnover by gender and age band (2020)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	387	479	160	1,026	21%	402	1,147	1,152	2,701	55%
Women	827	1,271	554	2,652	27%	879	1,884	1,276	4,039	41%
Total	1,214	1,750	714	3,678	25%	1,268	2,170	1,081	6,740	46%

CIR Group in North America - Inbound and outbound turnover by gender and age (2020)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	49	56	11	116	20%	54	80	22	156	27%
Women	16	37	4	57	27%	16	27	7	50	24%
Total	65	93	15	173	22%	70	107	29	206	26%

CIR Group in South America - Inbound and outbound turnover by gender and age (2020)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	7	15	1	23	5%	54	215	52	321	64%
Women	1	7	--	8	19%	39	117	8	164	381%
Total	8	22	1	31	7%	93	332	60	485	93%

CIR Group in Asia - Inbound and outbound turnover by gender and age (2020)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	31	51	--	82	11%	40	121	13	174	2%
Women	12	12	--	24	16%	9	22	--	31	21%
Total	43	63	--	106	13%	49	143	13	205	27%

CIR Group - Inbound and outbound turnover by gender and age (2019)										
no. of people	New hires					Resignations				
	<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%
Total	1,477	2,342	742	4,561	27%	991	1,867	869	3,727	22%

CIR Group in Europe - Inbound and outbound turnover by gender and age (2019)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	178	273	83	534	9%	109	248	195	552	10%
Women	141	142	25	308	4%	44	111	90	245	3%
Total	319	415	108	842	6%	153	359	285	797	6%

CIR Group in North America - Inbound and outbound turnover by gender and age (2019)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	67	51	9	127	21%	82	64	15	161	27%
Women	22	25	3	50	23%	32	27	13	72	33%
Total	89	76	12	177	22%	114	91	28	233	29%

CIR Group in South America - Inbound and outbound turnover by gender and age (2019)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	17	44	1	62	8%	46	87	34	167	21%
Women	10	10	0	20	10%	13	42	2	57	29%
Total	27	54	1	82	8%	59	129	36	224	22%

CIR Group in Asia - Inbound and outbound turnover by gender and age (2019)										
no. of people	New hires					Resignations				
	<30	30-50	>50	Total	Turnover	<30	30-50	>50	Total	Turnover
Men	172	88	4	264	22%	40	68	4	112	9%
Women	17	32	0	49	7%	6	25	0	31	4%
Total	189	120	4	313	16%	46	93	4	143	7%

Diversity and equal opportunities

CIR Group – Percentage of employees broken down by professional category and by gender (2021)			
no. of people	Men	Women	Total
Executives	1%	1%	2%
Managers	0%	0%	0%
White collars	13%	22%	35%
Blue collars	18%	6%	23%
Operators	7%	33%	40%
Total	38%	62%	100%

CIR Group – Percentage of employees broken down by professional category and by age band (2021)				
no. of people	<30	30-50	50>	Total
Executives	0%	1%	1%	2%
Managers	0%	0%	0%	0%
White collars	5%	19%	11%	35%
Blue collars	4%	12%	7%	23%
Operators	6%	20%	15%	40%
Total	15%	52%	34%	100%

CIR – Percentage of employees broken down by professional category and by gender									
no. of people	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	23%	8%	31%	20%	5%	25%	22%	6%	28%
Managers	4%	15%	19%	5%	20%	25%	6%	11%	17%
White collars	15%	35%	50%	15%	35%	50%	17%	39%	56%
Total	42%	58%	100%	40%	60%	100%	44%	56%	100%

CIR – Percentage of employees broken down by professional category and age band												
no. of people	2019				2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	8%	23%	31%	0%	0%	25%	25%	0%	6%	22%	28%
Managers	0%	8%	11%	19%	0%	10%	15%	25%	0%	11%	6%	17%
White collars	0%	23%	27%	50%	0%	20%	30%	50%	0%	22%	33%	56%
Total	0%	39%	61%	100%	0%	30%	70%	100%	0%	39%	61%	100%

KOS⁹ – Percentage of employees broken down by professional category and by gender									
<i>no. of people</i>	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	0%	0%	0%	1%	1%	1%	1%	1%	1%
White collars	17%	43%	60%	9%	28%	37%	9%	30%	39%
Operators	6%	34%	40%	11%	51%	62%	11%	49%	60%
Total	23%	77%	100%	20%	80%	100%	21%	79%	100%

KOS¹⁰ – Percentage of employees broken down by professional category and by age												
<i>no. of people</i>	2019				2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	0%	0%	0%	0%	1%	1%	1%	0%	1%	1%	1%
White collars	7%	38%	15%	60%	6%	19%	12%	37%	6%	20%	12%	39%
Operators	4%	22%	14%	40%	9%	30%	22%	62%	9%	29%	22%	60%
Total	11%	60%	29%	100%	15%	50%	35%	100%	15%	50%	35%	100%

Sogefi – Percentage of employees broken down by professional category and by gender									
<i>no. of people</i>	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	2%	0%	2%	2%	0%	2%	1%	0%	1%
White collars	20%	7%	27%	20%	7%	27%	20%	8%	28%
Blue collars	53%	18%	71%	53%	18%	71%	53%	17%	71%
Total	75%	25%	100%	75%	25%	100%	74%	26%	100%

Sogefi – Percentage of employees broken down by professional category and by age												
<i>no. of people</i>	2019				2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	1%	1%	2%	0%	1%	1%	2%	0%	1%	1%	1%
White collars	3%	17%	7%	27%	3%	17%	7%	27%	3%	16%	9%	28%
Blue collars	14%	38%	19%	71%	14%	38%	19%	71%	12%	38%	21%	71%
Total	17%	56%	27%	100%	17%	56%	27%	100%	15%	55%	30%	100%

GEDI - Percentage of employees broken down by professional category and by gender									
<i>no. of people</i>	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	2%	1%	3%	--	--	--	--	--	--
Journalists	32%	16%	48%	--	--	--	--	--	--
White collars	23%	20%	43%	--	--	--	--	--	--
Blue collars	5%	1%	6%	--	--	--	--	--	--
Total	62%	38%	100%	--	--	--	--	--	--

⁹ The 2019 figure does not include the employees of the German company Charleston.

¹⁰ The 2019 figure does not include the employees of the German company Charleston.

GEDI - Percentage of employees broken down by professional category and by age												
no. of people	2019				2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	1%	2%	3%	--	--	--	--	--	--	--	--
Journalists	0%	18%	30%	48%	--	--	--	--	--	--	--	--
White collars	1%	18%	24%	43%	--	--	--	--	--	--	--	--
Blue collars	0%	2%	4%	6%	--	--	--	--	--	--	--	--
Total	1%	39%	60%	100%	--	--	--	--	--	--	--	--

Remuneration policies

Sogefi Group - ratio of basic salary and remuneration of women to men¹¹

	Ratio of the average basic salary of women to men by category and by geographical area			Ratio of the average remuneration of women to men by category and by geographical area		
	2019	2020	2021	2019	2020	2021
Europe						
Executives	91%	73%	100%	91%	77%	94%
White collars	80%	81%	84%	80%	77%	70%
Blue collars	90%	84%	78%	90%	81%	75%
North America						
Executives	67%	73%	58%	55%	66%	84%
White collars	74%	84%	80%	63%	86%	83%
Blue collars	82%	90%	85%	80%	95%	84%
South America						
Executives	3%	n/a	n/a	4%	n/a	n/a
White collars	64%	64%	69%	62%	64%	69%
Blue collars	65%	82%	80%	63%	83%	80%
Asia						
Executives	n/a	n/a	n/a	n/a	n/a	n/a
White collars	66%	84%	69%	45%	84%	69%
Blue collars	89%	92%	96%	89%	98%	100%

¹¹ 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			
%	2019	2020	2021 ¹²
Executives	45%	n/a	n/a
Managers	96%	97%	99%
White collars	89%	95%	95%

CIR - women/men average remuneration ratio			
%	2019	2020	2021
Executives	37%	n/a	n/a
Managers	99%	103%	71%
White collars	86%	85%	84%

KOS - women/men basic pay ratio			
%	2019 ¹³	2020	2021
Executives	78%	66%	70%
White collars	87%	68%	68%
Operators	94%	89%	88%

The figure in the table refers to the entire KOS Group, whereas the ESG plan only refers to Italy.

KOS - women/men average remuneration ratio			
%	2019 ¹⁴	2020	2021
Executives	74%	67%	70%
White collars	85%	70%	72%
Operators	94%	88%	91%

GEDI - women/men basic pay ratio ¹⁵			
%	2019	2020	2021
Executives	78%	--	--
Journalists	85%	--	--
White collars	88%	--	--
Blue collars	94%	--	--

¹² n/a as women are not employed in the specific professional category. The CEO of CIR S.p.A. was excluded from the calculation of the ratio of average wages for women/men and basic wages for women/men.

¹³ Figures calculated for the companies belonging to KOS Italia, excluding the German company Charleston.

¹⁴ Figures calculated for the companies belonging to KOS Italia, excluding the German company Charleston.

¹⁵ For GEDI, the basic pay and average remuneration of executives do not include the General Managers or the Central Managers.

GEDI - women/men average remuneration ratio			
	2019	2020	2021
Executives	75%	--	--
Journalists	81%	--	--
White collars	82%	--	--
Blue collars	80%	--	--

Training

CIR Group – Average annual hours of training per employee (2021)			
no. hours	Men	Women	Total
Executives	17,0	9,7	14,1
Managers	6,0	7,0	6,7
White collars	12,3	8,0	9,5
Blue collars	14,1	8,3	12,6
Operators	4,3	4,0	4,1
Total	11,7	5,9	8,1

CIR - Average hours of training by employee category and by gender									
no. hours	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	26.0	40.0	29.5	18.0	2.0	14.8	6.0	--	4.8
Managers	60.0	2.6	14.1	22.0	3.5	7.2	6.0	7.0	6.7
White collars	0.0	26.3	18.2	--	17.8	12.5	--	14.9	10.5
Total	19.6	21.8	20.9	11.8	11.7	11.7	3.8	11.9	8.3

KOS - Average hours of training by employee category and by gender									
no. hours	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	3.3	1.2	2.9	3.2	5.5	4.4	5.8	7.5	6.7
White collars	8.1	8.7	8.5	4.7	5.1	5.0	6.4	6.7	6.6
Operators	12.7	9.4	9.9	4.3	4.5	4.5	4.3	4.0	4.1
Total	9.3	9.0	9.1	4.4	4.7	4.7	5.3	5.1	5.1

The table above shows the figure for employees only, whereas the ESG plan shows the average figure for employees and co-workers.

Sogefi - Average hours of training by employee category and by gender									
no. hours	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	15.6	18.5	16.0	4.2	3.8	4.2	30.1	22.9	28.9
White collars	35.6	28.2	33.6	15.3	11.6	14.3	17.8	17.1	17.6
Blue collars	18.7	20.0	19.0	7.9	5.8	7.4	14.1	8.3	12.6
Total	23.1	22.3	22.9	9.8	7.5	9.2	11.2	15.0	12.0

GEDI - Average hours of training by employee category and by gender ¹⁶									
no. hours	2019			2020			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	3.3	2.8	3.2	--	--	--	--	--	--
Journalists	2.7	2.6	2.6	--	--	--	--	--	--
White collars	5.8	5.7	5.8	--	--	--	--	--	--
Blue collars	6.3	0.4	5.0	--	--	--	--	--	--
Total	4.1	4.1	4.1	--	--	--	--	--	--

Health and safety^{17 18 19}

CIR Group – Employee work-related injuries			
no. of accident	2019	2020	2021
Work-related injuries	340	1,335	482
of which cases of Covid-19	--	1006	231
of which: fatalities	--	--	--
of which with serious consequences (excluding fatalities)	1	--	1

CIR Group - Hours worked - employees			
	2019	2020	2021
Hours worked	25,341,219	24,149,703	24,858,140

CIR Group - Employee health and safety indicators			
no. of accident	2019	2020	2021
Injury frequency rate (causes other than Covid-19)	13.4	13.6	10.1
Injury frequency rate (due to Covid-19)	--	55,3	19,4
Death rate	--	--	--
Frequency of injuries with serious consequences (excluding deaths)	0.04	0,0	0.04

¹⁶ The classroom training delivered on anti-corruption matters during 2019 is analysed by professional category as follows: Executives, 50%; white collars, 11%.

¹⁷ Rates calculation based on 1,000,000 hours worked:

- Injury frequency rate: (amount 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: (amount of injuries with serious consequences/number of hours worked) x 1,000,000.

¹⁸ Following various improvements to the reporting system, both for employees and co-workers, the data relating to accidents at work in 2019 and 2020 for the Sogefi Group have been restated with respect to those published in the previous NFS.

¹⁹ In 2020, in the KOS Group 1,006 cases of Covid-19 were recorded out of 1,285 accidents at work for employees, all in Italy; in 2021 there were 444 cases, of which 231 cases of Covid-19 in Italy and Germany.

CIR Group – Collaborator work-related injuries ²⁰			
no. of accident	2019	2020	2021
Work-related injuries	33	18	12
of which: deaths	--	--	--
Of which with serious consequences (excluding deaths)	2	--	--

CIR Group - Hours worked by co-workers ²¹			
	2019	2020	2021
Hours worked	4,767,434	3,624,090	4,477,713

CIR Group - Collaborator health and safety indicators			
no. of accident	2019	2020	2021
Injury frequency rate	6.9	5.0	2.7
Death rate	--	--	--
Rate of injuries with serious consequences (excluding fatalities)	0.4	--	--

CIR Group – Employee work-related ill health			
	2019	2020	2021
Work-related ill health	44	23	31
of which fatalities	--	--	--

CIR Group – Co-worker work-related ill health			
	2019	2020	2021
Work-related ill health	1	--	2
of which fatalities	--	--	--

²⁰ The data relating to the number of accidents 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 co-workers 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.

²¹ The figures relating to hours worked by co-workers refer only to the Sogefi Group.

Environment ²²**Energy consumption and greenhouse gas emissions**

CIR Group - Energy consumption						
	2019 ²³		2020 ²⁴		2021	
	Total	GJ	Total	GJ	Total	GJ
Electricity (kWh)	345,044,807	1,242,152	277,184,791	997,857	266,059,546	957,809
Natural gas (m ³)	42,674,749	1,636,692	41,347,663	1,585,748	35,134,073	1,341,193
Diesel (L)	531,537	27,120	329,672	19,948	546,437	41,410
District heating (kWh)	800,930	2,883	5,886,608	21,192	6,755,746	24,321
LPG (l)	181,332	4,316	202,704	4,928	191,493	4,661
Wood chips (ton)	408	5,549	565	7,684	455	6,181
Petrol (l)	--	--	71,425	2,344	168,088	5,567

CIR Group – Greenhouse gas (GHG) emissions			
tCO ₂	2019	2020	2021
Scope 1 - Direct GHG emissions	87,694	85,309	74,128
Scope 2 – Location based	97,768	77,522	72,770
Scope 2 - Market based	120,467	91,117	88,263
Total Location-based Emissions	185,462	162,831	146,898
Total Market-based Emissions	208,161	176,426	162,391

Waste

CIR Group - Waste production (t) ²⁵						
tons	2018		2019		2021	
	Total	%	Total	%	Total	%
Non-hazardous waste	32,373	78%	20,095	81%	22,584	16%
Hazardous waste	8,988	22%	4,761	19%	4,326	84%
Total	41,361	100%	24,856	100%	26,910	100%

²² The following conversion factors were used to calculate energy consumption:

- electricity 1 kWh = 0.0036 GJ for the three-year period;
- natural gas 1 m³ = 0.035530 GJ in 2019, 1 m³ = 0.03576 GJ in 2020 and 1 m³ = 0.03584 in 2021;
- diesel fuel 1t = 42.87 GJ in 2019, 1t = 42.64 GJ in 2020 and 1t = 42.47 GJ in 2021.

²³ Energy consumption in 2019 include GEDI Group and don't include Charleston (KOS Group).

²⁴ In the absence of actual data for 2020, the energy consumption of some Charleston facilities (KOS Group) was estimated on the basis of the 2019 actual figures.

²⁵ The chart does not show the tonnes of waste generated by CIR, which amounts to 0.004403 % of the total in 2021. 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.

GRI 306-4 Waste diverted from disposal

Waste not sent for disposal by recovery method (tons) - Group			
Method	2021		
	On-site	Off-site	Total
Hazardous waste	121	297	418
Reuse	117	--	117
Recycling	4	297	301
Non-hazardous waste	2,256	15,618,60	17,875
Reuse	2,256	37	2,293
Recycling	--	15,547	15,547
Other ²⁶	--	35	35
Total	2,377	15,916	18,293

GRI 306-5 Waste directed to disposal

Waste sent for disposal by disposal method (tons) - Group			
Method	2021		
	On-site	Off-site	Total
Hazardous waste	75	3.833	3.908
Incineration (including energy recovery)	3	597	600
Incineration (thermal destruction)	--	1,400,40	1,400
Landfill	2	522,20	524
Energy recovery	70	1,313	1,383
Non-hazardous waste	107	4,602	4,709
Incineration (including energy recovery)	--	1,069	1,069
Incineration (thermal destruction)	--	2,138	2,138
Landfill	35	1,062	1,097
Energy recovery	72	333	405
Total	182	8,435	8,617

CIR Group - Waste disposal methods (t)				
tons	2020			
	Hazardous waste	Non-hazardous waste	Total	% 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	1,527	714	2,241	9%
Total	4,761	20,095	24,856	100%

²⁶ Other refers to various methods that include composting, on-site storage and deep-well injection.

Water management

Water withdrawn ^{27 28}					
MI	2019		2020		Change 2019-2020
Sources	Freshwater	Other water	Freshwater	Other water	Total
Surface water	231	297	7	300	-42%
Groundwater	181	53	156	77	0%
Seawater	--	--	--	--	--
Produced water	--	--	--	--	--
Third-party water	1.106	14	1.283	28	+17%
Total	1,518	364	1,446	405	-2%

Water withdrawn from water-stressed areas ²⁹					
MI	2019		2020		Change - 2019-2020
Sources	Freshwater	Other water	Freshwater	Other water	Total
Surface water	1	--	1	--	0%
Groundwater	22	3	22	--	-12%
Seawater	--	--	--	--	--
Produced water	--	--	--	--	--
Third-party water	188	14	252	27	38%
Total	211	17	275	27	32%

²⁷ The chart does not show the water consumed by CIR, which was less than 0.2052% of the total. Following a process of improvement in the reporting system, the 2019-2020 figures relating to water withdrawal, drainage and consequently to water consumption have been restated with respect to those published in the previous NFS.

²⁸ 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.

²⁹ Water-stressed areas are defined using the aqueduct tool developed by the World Resources Institute; they are areas subject to extremely high or medium-to-high water scarcity. Water-stress drawings are included in the table of total water drawn.

Water withdrawal (2021) ³⁰			
MI		Total water withdrawn	Of which from water-stressed areas
Water withdrawn	Surface water		
	Freshwater ($\leq 1,000$ mg/L total dissolved solids)	626	--
	Other water ($> 1,000$ mg/L total dissolved solids)	--	--
	Groundwater		
	Freshwater ($\leq 1,000$ mg/L total dissolved solids)	215	73
	Other water ($> 1,000$ mg/L total dissolved solids)	2	2
	Sea water		
	Freshwater ($\leq 1,000$ mg/L total dissolved solids)	--	
	Other water ($> 1,000$ mg/L total dissolved solids)	--	
	Produced water		
	Freshwater ($\leq 1,000$ mg/L total dissolved solids)	--	
	Other water ($> 1,000$ mg/L total dissolved solids)	--	
	Third party water		
	Freshwater ($\leq 1,000$ mg/L total dissolved solids)	1,328	417
	Other water ($> 1,000$ mg/L total dissolved solids)	12	3
Total water withdrawn	Surface water (total) + groundwater (total) + sea water (total) + produced water (total) + third-party water (total)	2,183	495

³⁰ The chart does not show the water consumed by CIR, which was less than 0.0851% of the total.

10. Attachments

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; socio-economic compliance; income 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	Remuneration and welfare of employees	Diversity and equal opportunities	Personnel matters
	Diversity and equal opportunities	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 purchasing practices	Procurement practices	Social impact
	Integration, involvement and impact on local communities	Local community	Respect for human rights
Environmental responsibility	Water management and use	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
Economic responsibility		
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
Governance and compliance		
Ethics and integrity	CIR Group	Direct - Caused by the CIR Group
Customer-related responsibility		
Customer health and safety	CIR Group	Direct - Caused by the Group and indirect – associated with the activities of the CIR Group
Privacy and protection of customer data	CIR Group	Direct - Caused by the CIR Group
Environmental responsibility		
Water management and use	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
Personnel-related responsibility		
Remuneration and welfare of employees	CIR Group	Direct - Caused by the CIR Group
Diversity and equal opportunities	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
Social responsibility		
Responsible purchasing practices	Sogefi Group, KOS Group, suppliers, commercial partners	Direct - Caused by the Group and indirect – associated with the activities of the Sogefi Group
Integration, involvement and impact on communities	CIR Group, local community and area	Direct - Caused by the CIR Group

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102-48	Restatements of information	-
102-49	Changes in reporting	30-31
102-50	Reporting period	31
102-51	Date of most recent report	5
102-52	Reporting cycle	5
102-53	Contact point for questions regarding the report	31
102-54	Claims of reporting in accordance with the GRI standards	5
102-55	GRI content index	52
102-56	External assurance	59

Indicator		Page	Omission
TOPIC-SPECIFIC STANDARDS			
GRI 200: ECONOMIC SERIES			
MATERIAL TOPIC: Economic performance (2016)			
103-1	Explanation of the material topic and its boundary	7,32	
103-2	The management approach and its components	7	
103-3	Evaluation of the management approach	7	
201-1	Direct economic value generated and distributed	7	
MATERIAL TOPIC: Procurement practices (2016)			
103-1	Explanation of the material topic and its boundary	10,37	
103-2	The management approach and its components	10	
103-3	Evaluation of the management approach	10	
204-1	Proportion of spending on local suppliers		Note 1
MATERIAL TOPIC: Anti-corruption (2016)			
103-1	Explanation of the material topic and its boundary	10-15,32	
103-2	The management approach and its components	10-15	
103-3	Evaluation of the management approach	10-15	
205-2	Communication and training about anti-corruption policies and procedures	10-15	
205-3	Confirmed incidents of corruption and actions taken	No incidents	
MATERIAL TOPIC: Taxes (2019)			
103-1	Explanation of the material topic and its boundary	32-34	
103-2	The management approach and its components	33-34	
103-3	Evaluation of the management approach	33-34	
207-1	Approach to tax	33-34	
207-2	Tax governance, control, and risk management	33-34	
207-3	Stakeholder engagement and management of concerns related to tax	32-33	
207-4	Country-by-country reporting	35-36	
GRI 300: ENVIRONMENTAL SERIES			
MATERIAL TOPIC: Materials (2016)			
103-1	Explanation of the material topic and its boundary	9, 21, 27,32	
103-2	The management approach and its components	9, 21, 27	
103-3	Evaluation of the management approach	9, 21, 27	
301-1	Materials used by weight or volume	9, 21, 27	Note 1
MATERIAL TOPIC: Energy (2016)			
103-1	Explanation of the material topic and its boundary	9, 21, 27,48	

103-2	The management approach and its components	9, 21, 27	
103-3	Evaluation of the management approach	9, 21, 27	
302-1	Energy consumption within the organization	9, 21, 27, 44-45	Note 1
MATERIAL TOPIC: Water and effluents (2018)			
103-1	Explanation of the material topic and its boundary		Note 1
103-2	The management approach and its components		Note 1
103-3	Evaluation of the management approach		Note 1
303-1	Interactions with water as a shared resource		Note 1
303-2	Management of water discharge-related impacts		Note 1
303-3	Water withdrawal	50-51	
MATERIAL TOPIC: Emissions (2016)			
103-1	Explanation of the material topic and its boundary	9, 21, 27	
103-2	The management approach and its components	9, 21, 27	
103-3	Evaluation of the management approach	9, 21, 27	
305-1	Direct GHG emissions (Scope 1)	9, 21, 27, 48	
305-2	Energy indirect (Scope 2) GHG emissions	9, 21, 27, 48	
MATERIAL TOPIC: Waste (2020)			
103-1	Explanation of the material topic and its boundary	9, 21, 27	
103-2	The management approach and its components	9, 21, 27	
103-3	Evaluation of the management approach	9, 21, 27	
306-1	Waste production and significant waste-related impacts	9, 21, 27	
306-2	Waste by type and disposal method (total weight)	9, 21, 27	
306-4	Waste diverted from disposal	9, 21, 27, 48-49	
306-5	Waste directed to disposal	9, 21, 27, 48-49	
SOCIAL INDICATORS			
MATERIAL TOPIC: Employment (2016)			
103-1	Explanation of the material topic and its boundary	22, 28, 32	
103-2	The management approach and its components	22, 28	
103-3	Evaluation of the management approach	22, 28	
401-1	New employee hires and employee turnover	38-41	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	23-28	
MATERIAL TOPIC: Labour/management relations (2016)			
103-1	Explanation of the material topic and its boundary	17	
103-2	The management approach and its components	17	

103-3	Evaluation of the management approach	17	
402-1	Minimum notice periods regarding operational changes		Omission
MATERIAL TOPIC: Occupational health and safety (2018)			
103-1	Explanation of the material topic and its boundary	22, 28,32	
103-2	The management approach and its components	22, 28	
103-3	Evaluation of the management approach	22, 28	
403-1	Occupational health and safety management system	22, 28	Note 1
403-2	Hazard identification, risk assessment, and incident investigation	22, 28	Note 1
403-3	Occupational health services	22, 28	Note 1
403-4	Worker participation, consultation, and communication on occupational health and safety	22, 28	Note 1
403-5	Worker training on occupational health and safety	22, 28	Note 1
403-6	Promotion of worker health	22, 28	Note 1
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	22, 28	Note 1
403-9	Work-related injuries	46-47	
403-10	Work-related ill health	46-47	
MATERIAL TOPIC: Training and education (2016)			
103-1	Explanation of the material topic and its boundary	22, 28	
103-2	The management approach and its components	22, 28	
103-3	Evaluation of the management approach	22, 28	
404-1	Average hours of training per year per employee	45-46	
MATERIAL TOPIC: Diversity and equal opportunity (2016)			
103-1	Explanation of the material topic and its boundary	22, 28,32	
103-2	The management approach and its components	22, 28	
103-3	Evaluation of the management approach	22, 28	
405-1	Diversity of governance bodies and employees	13, 19, 25, 41-43	
405-2	Ratio of basic salary and remuneration of women to men	13, 19, 25, 43-45	
MATERIAL TOPIC: Non-discrimination (2016)			
103-1	Explanation of the material topic and its boundary	22, 28,32	
103-2	The management approach and its components	22, 28	
103-3	Evaluation of the management approach	22, 28	
406-1	Incidents of discrimination and corrective actions taken	None	
MATERIAL TOPIC: Local communities (2016)			
103-1	Explanation of the material topic and its boundary	22, 28,32	

103-2	The management approach and its components	22, 28	
103-3	Evaluation of the management approach	22, 28	
413-1	Local communities	22, 28	
MATERIAL TOPIC: Customr Health and Safety (2016)			
103-1	Explanation of the material topic and its boundary	20, 26,32	Note 1
103-2	The management approach and its components	20, 26	Note 1
103-3	Evaluation of the management approach	20, 26	Note 1
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No Incidents	
MATERIAL TOPIC: Socio-economic compliance (2016)			
103-1	Explanation of the material topic and its boundary	20, 26,32	
103-2	The management approach and its components	20, 26	
103-3	Evaluation of the management approach	20, 26	
419-1	Non-compliance with laws and regulations in the social and economic area	No penalty exceeding € 10,000	
Innovative and eco-responsible products and technologies			
103-1	Explanation of the material topic and its boundary	20, 26,32	
103-2	The management approach and its components	20, 26	
103-3	Evaluation of the management approach	20, 26	
Customer Satisfaction			
103-1	Explanation of the material topic and its boundary	20, 26,32	
103-2	The management approach and its components	20, 26	
103-3	Evaluation of the management approach	20, 26	

Note 1: Please refer to the publications of KOS and Sogefi for this.

Auditors' Report



(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

CIR Group – Compagnie Industriali Riunite

2021 consolidated non-financial statement

(with independent auditors' report thereon)

KPMG S.p.A.

7 April 2022



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

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 2021 consolidated non-financial statement of the CIR – Compagnie Industriali Riunite Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 11 March 2022 (the "NFS").

Our procedures did not cover the information set out in section "7. EU taxonomy" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

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"), which they have identified as the reporting 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 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:

- at parent's level:
 - 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 the Sofefi and KOS subgroups, including as part of the engagements assigned by the subsidiaries, 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.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2021 consolidated non-financial statement of the CIR – Compagnie Industriali Riunite 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.



CIR Group – Compagnie Industriali Riunite
Independent auditors' report
31 December 2021

Our conclusion does not extend to the information set out in section “7. EU taxonomy” the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Milan, 7 April 2022

KPMG S.p.A.

(signed on the original)

Giovanni Rebay
Director of Audit

