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SUSTAINABILITY REPORT



comer industries

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COMER INDUSTRIES S.p.A.

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2023

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LETTER TO STAKEHOLDERS

Dear Stakeholders,

This year I decided to open this letter with a famous quote from Lao Tzu, founder of Daoism as well as one of the most important Chinese philosophers of the 6th century BCE:

"A falling tree makes more noise than a growing forest."

We are living in times of great complexity, where environmental and geopolitical events create tension and instability, spreading a global climate of uncertainty. Sometimes we may feel that we are being overwhelmed by bad news, but we cannot forget that we live in a period of history that offers tremendous opportunities. We often tend to forget the progress humanity has made thanks to the constant efforts of many. Just to name a few: in 2023 the number of individuals living in absolute poverty dropped to historic lows, 2 billion more people had access to clean water than at the beginning of the millennium, and 50 million more girls had access to schooling than in 2015. And again, global life expectancy increased by 0.4%, reaching 73 years for the first time. And these are just a few of humanity's often under-reported achievements.

It is thanks to the commitment of so many that this is possible, and it is thanks to this commitment that we can guarantee a future for the next generation. As individuals, but especially as businesses, we are called upon to take great responsibility. Each person in their own small way is an indispensable actor for necessary change.

At Comer Industries we firmly believe this and are committed to doing our part.

It is with pride and deep gratitude that I present you with our Group's 2023 Sustainability Report. It is with humility and commitment that we share our achievements, highlighting our unwavering dedication to sustainable growth, aware of our responsibility to future generations.

In this year of unprecedented market uncertainty, our Group has stood as a beacon of safety and reliability for our stakeholders: our employees, investors, suppliers, and most importantly our customers. Your trust and continued support have fueled our resilience and growth in an ever-changing landscape.

In 2023 we accomplished everything we set out to do. Among the various projects – which until a year ago were only goals and are now achievements – I recall the creation of the Control, Risk and Sustainability Committee with proactive and coordinating functions regarding sustainability development strategy and performance monitoring, a significant global reduction in the injury rate, not to mention a decrease in CO₂ emission intensity in internal processes driven mainly by an increase in energy efficiency. During the year we extended electric car charging stations to foreign sites, initiated supply chain due diligence on issues of sustainability and respect for human rights, and approved a medium- to long-term sustainability strategy outlining a path for improving environmental, social, and governance performance with a 2030 horizon.

Comer Industries' growth in recent years has followed a path of constant innovation and progress, driven not only by our ambition to be an industry leader but also by an unwavering commitment to people and the planet. Indeed, we recognize the absolute importance of balancing business growth with the impact that this has on our surroundings.



Our commitment to sustainability is not just a business imperative, it is an integral part of our identity. We believe that lasting success goes hand in hand with social and environmental responsibility. Our global presence is accompanied by a deep-rooted closeness to the communities we operate in.

Throughout this journey we have always kept people's needs at heart, ensuring safe, rewarding working conditions for our employees and supporting important initiatives that benefit our local community. These include the donation to the Italian Red Cross (Reggiolo) of two innovative ambulances that offer rapid support and state-of-the-art equipment that can ensure an effective emergency response.

We have other important milestones to achieve in 2024, including the introduction of non-financial targets in the criteria of the variable compensation plan as evidence of the full integration of sustainability into corporate strategy and management commitment, a further push for energy consumption efficiency and reduction of CO₂ emissions, the upgrading of the network of wastewater treatment systems to reduce hazardous waste, and the issuance of a new integrated anti-corruption policy.

Comer Industries will continue to be committed to maintaining its proximity and dedication to people and the local area by pursuing growth that is not only economic but above all ethical and sustainable, forward-looking, and attentive. Your trust is the engine that drives us to overcome every challenge, to constantly innovate, and to grow responsibly.

We thank you for your continued support and invite you to join us on this journey toward a better future for all.

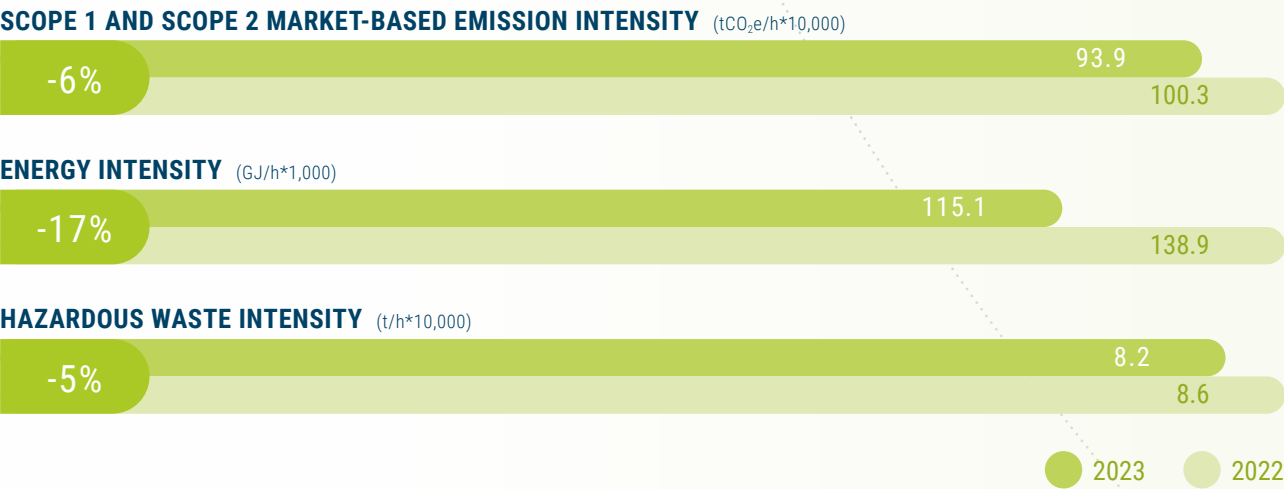


Matteo Storchi
President & CEO

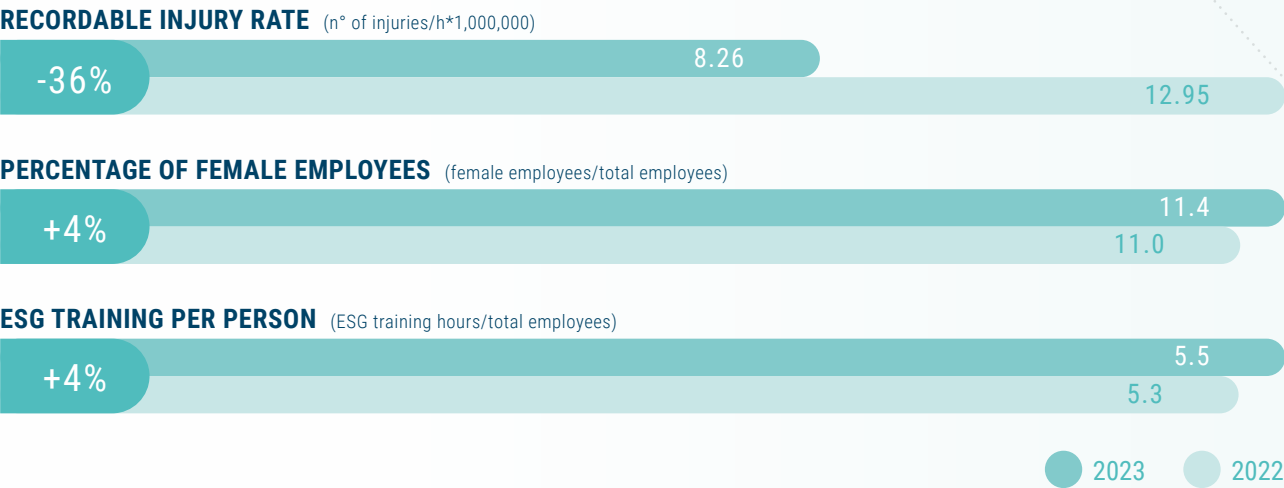
SUSTAINABILITY IN A NUTSHELL

RESULTS

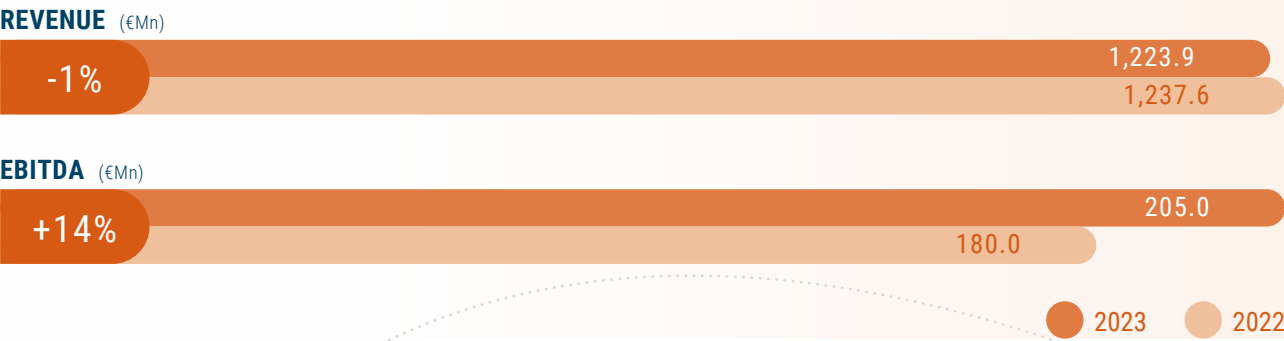
ENVIRONMENTAL



SOCIAL



ECONOMIC



HIGHLIGHTS

THE BIRTH OF E-COMER

Comer Industries launched a new green-tech division dedicated to the electric vehicle motor and transmission market, following the acquisition of Sitem and Benevelli. Comer Industries thus expanded its product range in the field of electrification and environmentally friendly technologies, consolidating its presence and know-how.

ENERGY EFFICIENCY

Continuing the trend that has been under way for several years, Comer Industries improved energy efficiency (energy consumed per unit of work developed) by 17% through investments in green technologies and industrial management aimed at eliminating waste.

HUMAN RIGHTS DUE DILIGENCE

Attention to the issues of people's working conditions and human rights is embodied in the human rights violation risk assessment completed during the year, involving the entire company and supply chain.

ESG TRAINING

Training policies also focus on ESG issues. Comer Industries Academy promotes the dissemination and effectiveness of training by monitoring specific indicators. The goal is to increase the number of hours devoted to these issues over time and to spread awareness of them in the Company, which is essential for proactive and integrated sustainability management.

OUR BRIGHT IMPACT 2030: THE SUSTAINABILITY STRATEGY

Comer Industries defines its sustainability development strategy with a time horizon to 2030. Focused on growth aimed at generating shared value for all stakeholders, the 2030 Sustainable Development Plan defines global sustainability goals related to the organization's environmental, social, and governance impacts, accompanying them with qualitative and quantitative targets and a detailed road map.

AN INTEGRATED MANAGEMENT SYSTEM

After the acquisition of Walterscheid, Comer Industries pursued the objective of integrating company policies and procedures. Today the processes of the two Companies are governed by common shared rules and standards while still maintaining the specificities of the different realities where necessary.

METHODOLOGICAL NOTE

Comer Industries S.p.A. (hereinafter referred to as "Comer Industries," the "Group," "the Company," names referring to the parent company Comer Industries S.p.A., and all corporate names under the parent company as of December 31, 2023) is a company listed on the Euronext Milan Multilateral Trading Facility (MTF) regulated market of the Italian stock exchange.

Since 2023, Comer Industries has been fulfilling its compliance obligation with respect to the provisions of Article 5(3)(b) of Italian Legislative Decree 254/2016, preparing this Consolidated Non-Financial Statement, hereinafter "NFS," which is separate from the Management Report.

This NFS for FY 2023 covers the period from January 1 to December 31, 2023 and includes reporting on the Group's management of its impacts on the environment, people and their human rights, and the economy.

In order to ensure the maximum reliability of the data and information reported in the financial statements, the inclusion of directly measurable quantities was preferred while the use of estimates was avoided as much as possible. Where present, such estimates are based on the best methodologies available. Quantitative information for which estimates have been used is reported in the various sections of this document.

Sustainability reporting was prepared in accordance with the "in accordance" method of the Global Reporting Initiative Sustainability Standards (GRI Standards) published in 2021 by the Global Reporting Initiative (GRI), the internationally recognized independent body that sets the guidelines for non-financial reporting.

The reporting scope of the economic data and information corresponds to that of the Group's Consolidated Financial Statements. The scope of reporting of environmental and social data and information refers to the parent company Comer Industries S.p.A. and subsidiaries consolidated on a line-by-line basis in the Group's consolidated financial statements as of December 31, 2023. Compared to 2022, e-comer S.r.l., the new green-tech division of Comer Industries created from the acquisition of the Benevelli Electric Powertrain Solutions and Sitem Motori Elettrici companies, consolidated as from January 1, 2023, is also included in the scope. Moreover, with respect to the 2022 NFS, note that the document also includes environmental data for FY 2023 from Aftermarket & Services, which were not available for previous years. Data related to water withdrawals from Comer Industries UK Ltd's sales office remain excluded as they are not relevant to ensuring an understanding of the Group's business, performance and results given their limited environmental impact. The environmental disclosures do not include data from the Aftermarket & Services branches in Budweis (Czech Republic), Ishøj (Denmark), Oslo (Norway), Vestby (Norway), Sint-Truiden (Belgium), Moscow (Russia) and Sekocin Nowy (Poland) as a result of the discontinuation of operations or the minimum impact on the results for the year.

In accordance with the principle of "impact materiality," the content being reported on and the performance indicators adopted were defined by the Company from the results of an Impact Materiality Analysis (see The Strategic Value of Sustainability | The Materiality Analysis) that identified the most relevant impacts (and relative topics) related to the Group's activities vis-à-vis ESG issues. The details of the reported indicators are given in the "GRI Content Index" table at the end of the document.

For the purpose of discussing the environmental issues, specifically relating to the Group's impact on climate change, consideration was given to the European Commission's communication published in June 2019 on "Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01)". The document is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, which include four topical areas: governance, strategy, risk management, metrics and objectives.

As a company obliged to prepare the Consolidated Non-Financial Statement pursuant to EU Directive 95/2014 (implemented in Italy by Italian Legislative Decree 254/2016), Comer Industries included the disclosure required by the regulations related to the so-called "EU Taxonomy" (Regulation EU 2020/852 and its Delegated Regulations) reporting on the Group's environmentally sustainable activities. Note also that in conducting the analysis and preparing the relevant disclosures a prudential approach was adopted overall based on its understanding and interpretation of the applicable regulatory requirements.

The NFS shall be drawn up on an annual basis. In order to allow for the comparison of data over time and the evaluation of Comer Industries' business performance, comparative data for fiscal year 2022 have been included in this document while previous years have not been considered as they are not consistent with the scope of reporting.

The process of drafting the NFS involved the heads of the various Group departments. The Statement was approved by the Board of Directors of Comer Industries S.p.A. on March 13, 2024 and is the subject of a limited review ("limited assurance engagement" according to the criteria indicated in ISAE 3000 Revised) by Deloitte & Touche S.p.A., which did not extend to the disclosure related to the Taxonomy. The Independent Auditors' Report is included at the end of this document.

It should be noted that Comer Industries will have to apply the new Corporate Sustainability Reporting Directive (CSRD) from the financial year starting on 1 January 2024. In this regard, in March 2024 the Group has started mapping the requirements envisaged by the CSRD and the European Sustainability Reporting Standard (ESRS) to identify the information that the Group will have to integrate with reference to the 2024 financial year and define an action plan to ensure compliance with the new legislation.

The NFS was posted on Comer Industries' corporate website in the [Sustainability](#) section. More information or comments on this document can be requested by writing to sustainability@comerindustries.com

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THE STRATEGIC VALUE OF SUSTAINABILITY

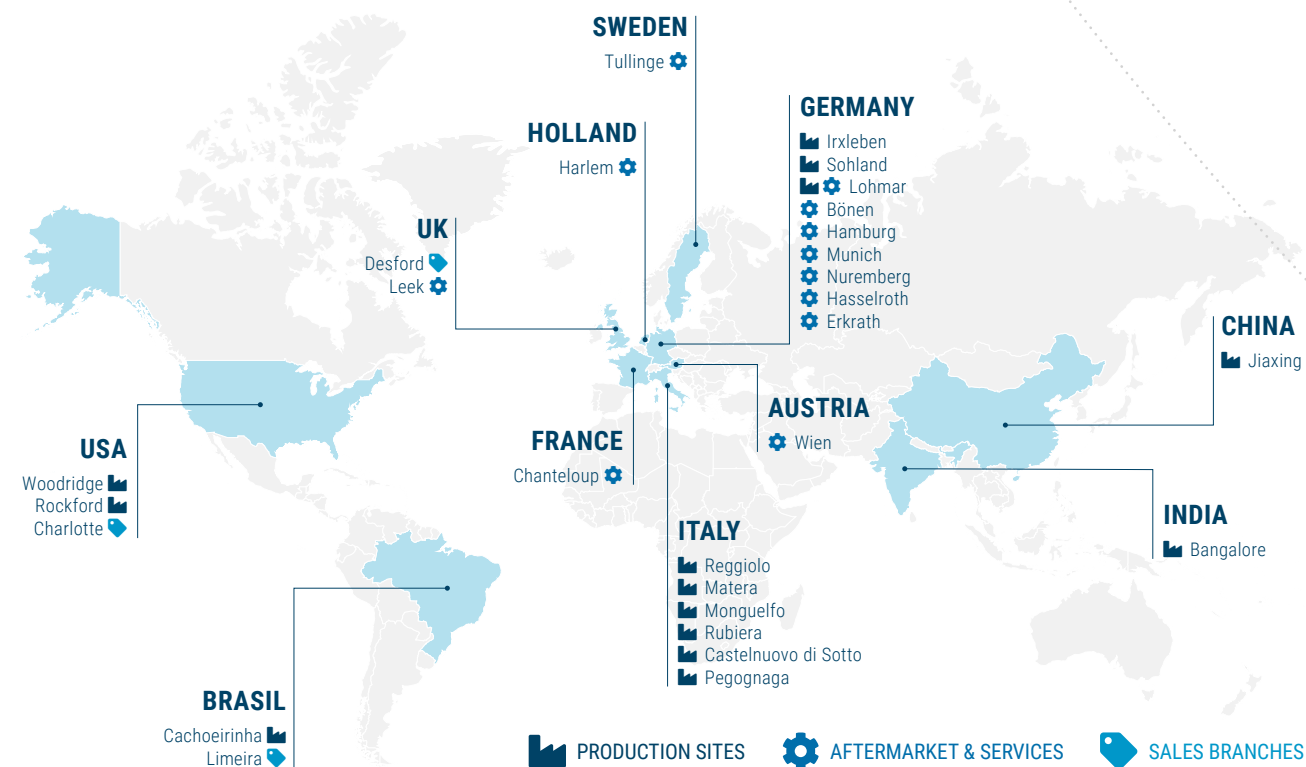
COMER INDUSTRIES

Comer Industries, with headquarters in Reggiolo (Reggio Emilia, Italy), is a company¹ listed on the Italian stock exchange's Euronext Milan market and is the world leader in the design and manufacture of advanced engineering systems and mechatronic solutions for power transmissions. The Company operates in the fields of agricultural machinery, construction, wind power, and electric vehicle motors and transmissions.

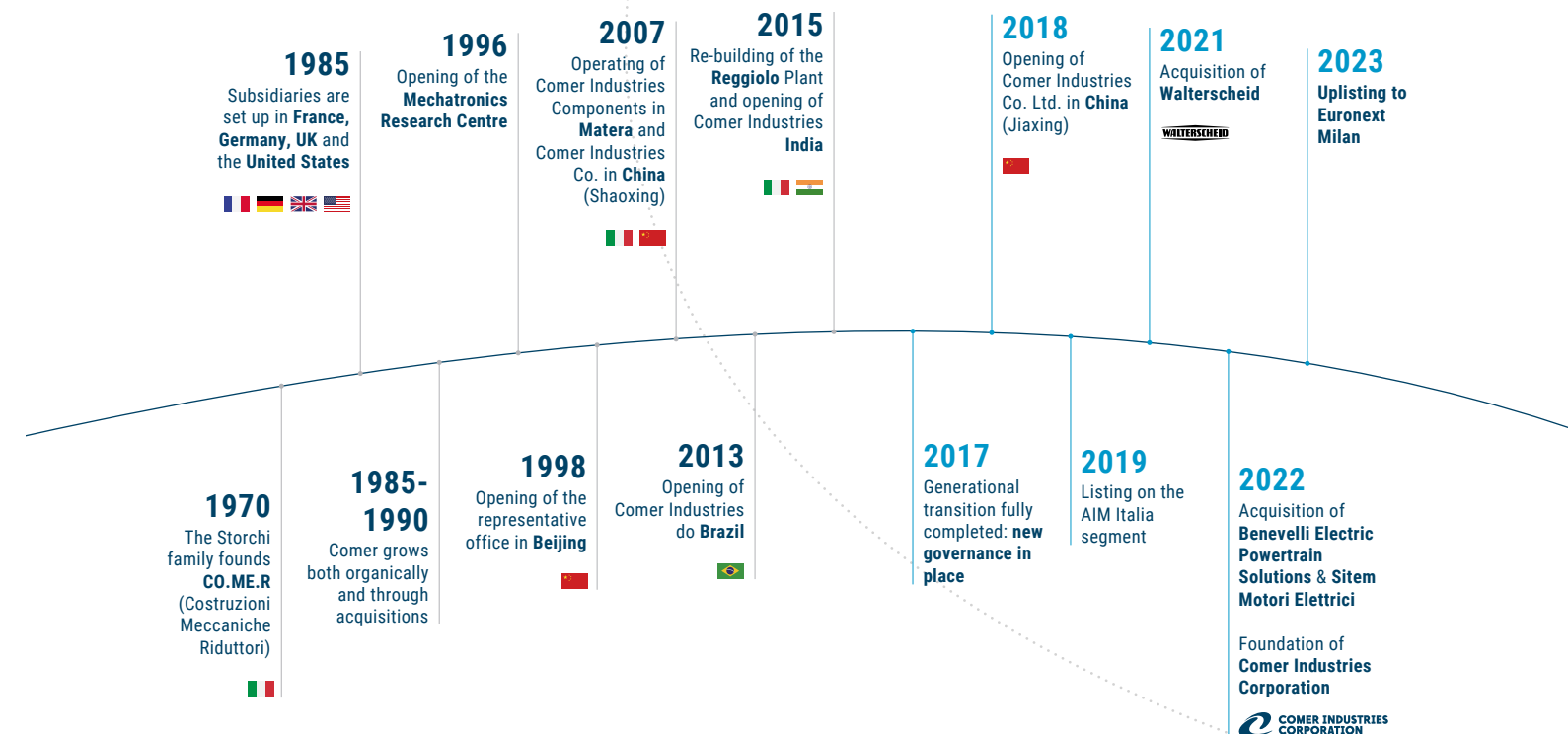


PRESENCE AROUND THE WORLD

Established in 1970 and grown over the years, the Group is active on four continents with production facilities and Aftermarket & Services² sites:



HISTORY



1 - Please refer to the Consolidated Financial Statements as of December 31, 2023 for a description of the corporate structure and shareholder composition.

2 - Aftermarket & Services sites are mainly dedicated to the service and repair of components, as well as the sale of finished products and replacement components.

VALUES

OUR BRIGHT IMPACT - OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

PEOPLE AT THE CENTER

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

TEAMWORK

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

ATTENTION AND RESPECT FOR STAKEHOLDERS

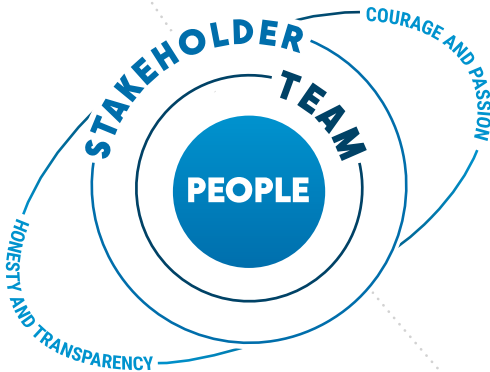
Comer Industries' people work with stakeholders in terms of integration and synergy, simplification and efficiency, flexibility and prompt orientation towards change.

COURAGE AND PASSION

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

HONESTY AND TRANSPARENCY

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



PURPOSE

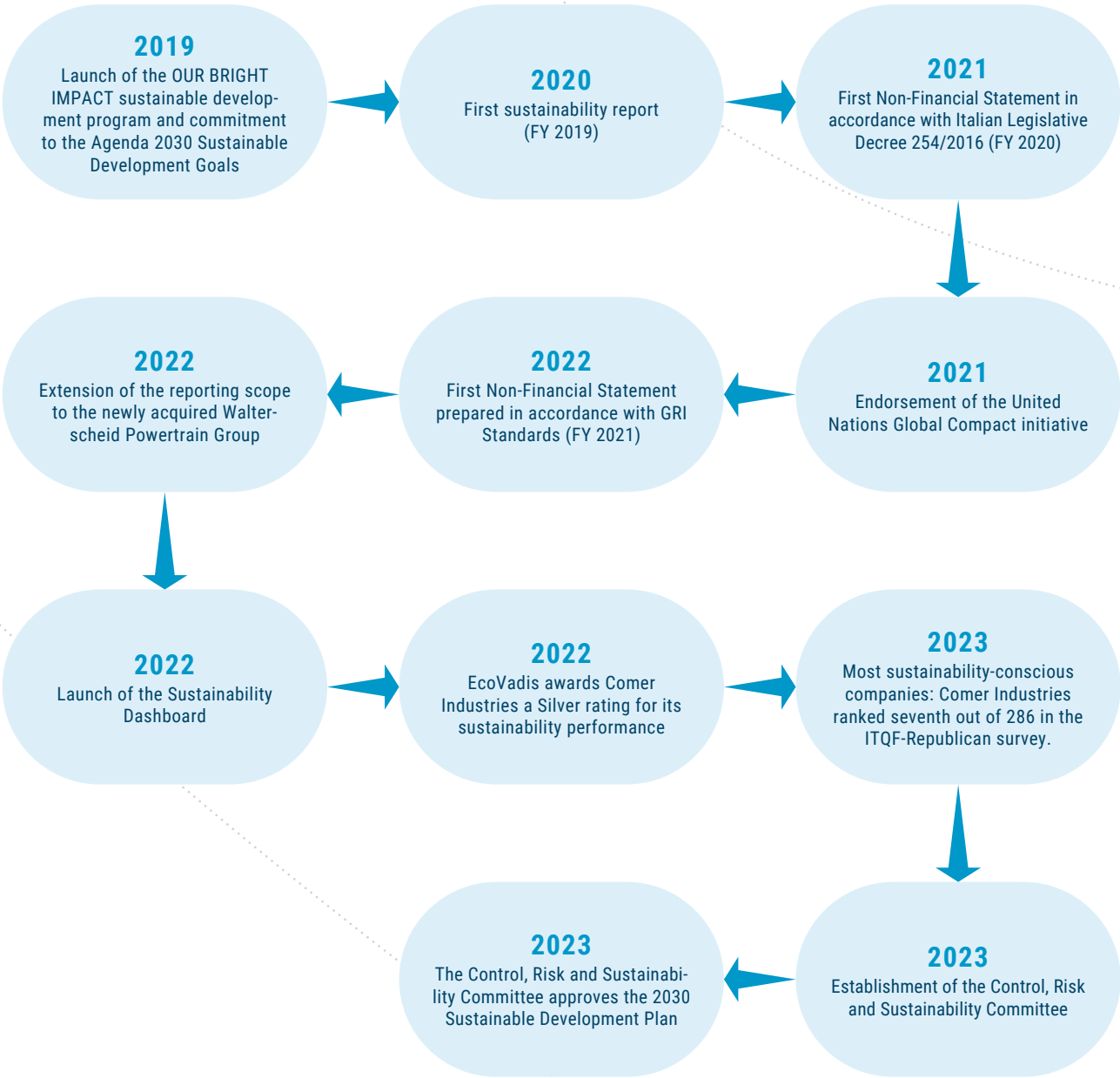
WE ARE UNCONVENTIONAL MAKERS

Changing people's lives by making access to sustainable food, roads, housing, and energy easier globally by developing engineering solutions with an "unconventional" approach.



THE PATH OF SUSTAINABLE DEVELOPMENT

In December 2019 Comer Industries launched a systematic plan to develop and progressively integrate sustainability and corporate responsibility into the business through the launch of the *OUR BRIGHT IMPACT* program. Since that time, following the plan Comer Industries has implemented initiatives that have impacted all aspects of the company, from culture to strategy, from planning to communication.



CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

With the OUR BRIGHT IMPACT program Comer Industries is committed to contributing to the achievement of the Sustainable Development Goals (SDGs), an integral part of the United Nations 2030 Agenda and a point of reference for the construction of a strategy based on sustainability.

The Group has chosen to respect this commitment by progressively integrating programs and actions into the business model, applying criteria based on sustainability in strategic choices and operations.

The Company periodically assesses the consistency of its business model with the SDGs, analyzing its specific targets in light of its strategy, values, and the characteristics of its products and processes. The analysis enables the identification of priority SDGs based on the organization's impacts on economic, environmental and social dimensions, including respect for human rights.



THE 2030 SUSTAINABLE DEVELOPMENT PLAN

To ensure consistency with the corporate strategy, in 2023 sustainability development initiatives were redefined as part of a plan with a horizon of 2030, also in accordance with the time horizons of EU targets. This long-term plan, approved on September 27, 2023, by the Control, Risk and Sustainability Committee under delegated authority from the company's highest governing body, integrates with the business plan by packaging the strategic sustainability goals into a project consistent with development of the business.

The 2030 Sustainable Development Plan is based on the strategic priorities of sustainability, which correspond to the priority SDGs and material topics, and serves as the link between sustainability policies and annual development plans, the subject of non-financial reporting. Thanks to this model, initiatives are positioned within the broader framework of the 2030 plan, enabling more effective monitoring of progress with respect to SDG commitments and performance targets.



The goals have been grouped and divided into five pillars, linked to the material topics and priority SDGs, which also constitute the plan's development vectors.

PILLAR	MATERIAL TOPICS (2023)	SDG
CLIMATE CHANGE	Effective and efficient energy management • Emissions and climate change	 
CIRCULARITY	Circularity of production processes • Responsible waste management • Product environmental impact • Responsible use of water	   
HUMAN CAPITAL	Human capital • Training and staff development • Diversity and equal opportunity • Occupational health and safety	   
GOVERNANCE ESG	Compliance • Business ethics and integrity • Business continuity • Risk management • Human rights and fair labor practices • Personal data and information security • Product quality and safety • Product/service innovation • Digitization	   
SUSTAINABLE PROCUREMENT	Sustainable procurement	   

Multiple objectives have been identified within each pillar, broken down into qualitative and quantitative targets³, each monitored by specific performance indicators⁴. Progress against targets is verified through internal monitoring integrated with corporate performance evaluation processes and a periodic information flow on results addressed to the Control, Risk and Sustainability Committee, and through the latter to the Board of Directors.

Annual non-financial reporting is tasked with reporting the percentage of goal achievement updated to the year under analysis.



3 - Targets refer to the total perimeter of the Group and the baseline specified.
4 - Performance indicators called intensity are calculated as the ratio of the physical quantity measured to the number of hours worked. They thus quantify the amount of resources used per work unit.

PILLAR	GOAL	TARGET	BASELINE	WITHIN
CLIMATE CHANGE	Reduce GHG emissions	CO ₂ emission intensity (Scope 1 & Scope 2 market-based t CO ₂ e) reduction of 30% ^A	2022	2030
		CO ₂ emission intensity (Scope 3 t CO ₂ e) reduction of 10% ^B	2023	2030
		Reduction of 30% energy intensity	2022	2030
		Increase of 60% of renewable energy consumption (both purchased and self-produced energy)	2022	2030
CIRCULARITY	Optimization of resource use in production processes	Reduction of 20% hazardous waste	2022	2030
		Reduction of 10% water intensity	2023	2030
HUMAN CAPITAL	Strengthening equal opportunity and gender equality	Increase by 30% of the rate of female employees	2022	2030
		Reaching and maintain the training engagement rate > 93%	2022	2030
	Increase and spread awareness on ESG issues	Increase by 20% in the per capita number of hours of training on ESG	2022	2030
	Consolidating the zero-injury culture	100% digitization of HSE reporting processes (audits and spontaneous reporting)	Partial (only auditing)	2025
		50% speed increase in closing HSE reports	2024	2030
GOVERNANCE ESG	Evaluate all ESG risks and opportunity and implement the relevant action plan	Risk and opportunity assessment on 100%	2023	2025
		Action plan to mitigate risks and take opportunities	-	2028
	Consolidate the Corporate ESG commitment	Non-financial targets integrated in variable compensation plan	-	2025
	Improve ESG ratings	Reach and maintain Rating EcoVadis "Gold" e CDP "B"	Rating EcoVadis "Silver" e CDP "C"	2026
		Reach and maintain Rating EcoVadis "Platinum" e CDP "A"	Rating EcoVadis "Silver" e CDP "C"	2030
SUSTAINABLE PROCUREMENT	Implement an effective sustainable procurement policy	Supply chain engagement: 75% of tier-1 suppliers with complete ESG assessment	-	2026
	Reduce supply chain carbon footprint	Assessment of carbon footprint della supply chain	-	2030

A - From scenario analysis 1.5°C near term 2030.
B - From scenario analysis 2°C near term 2030.

THE MATERIALITY ANALYSIS

ANALYSIS PROCESS

The reporting in the Sustainability Report is broken down into material topics, focusing on the concept of impact and risk analysis. As defined by the GRI Standards, material topics are those aspects that reflect the organization's most significant impacts on the economy, environment and people, including on human rights. In 2023, Comer Industries updated the materiality analysis in a manner consistent with the results obtained in the previous year and in accordance with the requirements outlined in internal procedures and standards (GRI 3rd edition 2021).

Specifically, the materiality analysis was performed in four main steps and activities, as described below:

1. CONTEXT ANALYSIS

In July 2023, an analysis was conducted that considered the internal context, industry trends (International and national ESG growth strategy and policies, EU Regulations/Directives, ISO/UNI Standards in ESG, 2021 GRI and SASB), and benchmarking, referring to major players in the industry, to companies comparable in positioning and size, and to customers.

2. IDENTIFICATION OF SUSTAINABILITY IMPACTS

Following the context analysis, the organization's current or potential positive or negative impacts on the economy, environment, and people were identified and assessed (see Table 1 in *Appendix I The materiality analysis*). The list of impacts identified was submitted for stakeholder review.

3. EVALUATION OF THE SIGNIFICANCE OF THE IMPACTS AND PRIORITIZATION

An analysis of the significance of the impacts was performed through engagement and discussion with stakeholders (see the next section on stakeholder engagement). This step is an essential part of materiality analysis, as it integrates stakeholder needs and expectations within the decision-making process. The magnitude of each impact was assessed by combining the information gathered in the previous steps regarding its probability of occurrence and severity. Furthermore, each impact is associated with the related material topic, also grouping impacts into homogeneous material topics where applicable.

4. PRIORITIZATION AND VALIDATION OF THE MATERIAL TOPICS

The significance of the impacts and related material topics was assessed by sorting the impacts according to their magnitude and identifying a significance threshold, which defines the material topics relevant for reporting. The impact prioritization phase was completed by an additional grouping that identified Comer Industries' priority material topics (priority 1). The materiality analysis was concluded with the formal approval of the process and results by the Control, Risk and Sustainability Committee on October 30, 2023 by delegation from the highest governing body.

STAKEHOLDER ENGAGEMENT

Involvement and continuous discussion with stakeholders (stakeholder engagement) is a central phase of the materiality analysis, in order to integrate their needs and expectations into the decision-making process. The relations with stakeholders provide for different tools and dialog channels for the different categories.

While maintaining an ongoing system of relationships that goes beyond materiality analysis, stakeholder engagement involves differentiated tools and channels of dialog for the different categories, based on the level of interdependence and influence on the organization and according to the peculiarities of the engagement plan of the reporting year.

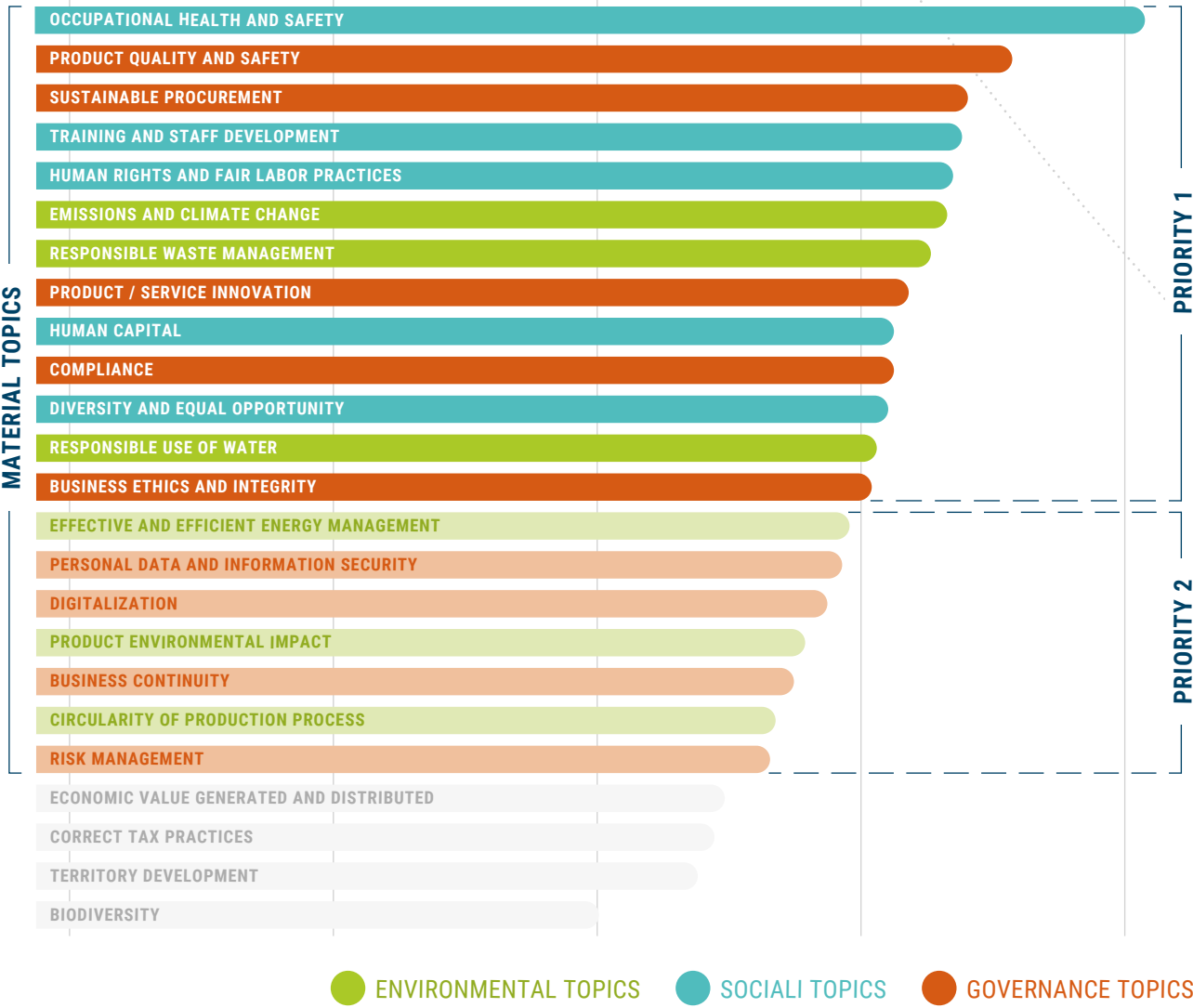
STAKEHOLDERS	ENGAGEMENT ACTIVITIES (PROJECTS, INITIATIVES, RELATIONSHIPS)
SHAREHOLDERS	Shareholders' Meeting Board of Directors
BANKS AND INVESTORS	Specific survey with assessment of relevant impacts Shareholders' meeting Investor Relations activities Periodic meetings and events Press releases
EMPLOYEES	Constant dialog with management Focus groups with executives with interactive questionnaire Informal and institutional meetings Specific survey with assessment of relevant impacts that affected all Group employees Training meetings and events Corporate welfare initiatives Company Intranet Smartphone application Performance evaluation process
TRADE UNIONS - WORKERS' REPRESENTATIVES	Periodic meetings and discussions with labor representatives Periodic consultations with workers' safety representatives
SUPPLIERS, PARTNERS AND COMMERCIAL AGENTS	Survey administered to the main suppliers following a specific communication and engagement activity Definition and sharing of standards Sales meetings and visits to the Company and suppliers Qualification or compliance audits Communication portals Evaluation tools and questionnaires Adherence to the Code of Ethics
CUSTOMERS	Sales meetings and Company visits Social media Other dedicated communication channels (customer portals with ratings and score cards) Performance evaluation tools and questionnaires Audits and inspections
PUBLIC ADMINISTRATION	National and local government agencies National and local authorities Regulatory and supervisory agencies: meetings and exchange of communications for compliance or specific requests
COMMUNITY AND TERRITORY	Meetings with representatives of the local communities Company visits
MEDIA	Dissemination of press releases Social media

RESULTS

Confirming the integration of sustainability management procedures within its business model, Comer Industries has updated its materiality analysis for the third consecutive year, analyzing and incorporating changes in the context and stakeholders from time to time.

Compared to 2022, confirming the high level of focus on *Occupational health and safety*, the analysis showed a higher priority for the topics of *Product quality and safety*, *Sustainable sourcing*, *Personnel training and development*, *Emissions and climate change*, *Responsible waste management*, *Product/Service innovation*, and finally *Diversity and equal opportunity*. The position of the topics *Responsible use of water resources* and *Security of personal data and information* remained unchanged.

Of note is the new topic *Circularity of production processes*. Compared to those reported in the previous NFS, *Value generation and distribution* is no longer among the material topics as it did not emerge from the Impact Materiality Analysis. However, for consistency with previous years, it was discussed extensively in this document all the same, along with *Correct tax practices*, which was also excluded from the 2023 list of material topics.



The material topics identified are discussed in the report with an increasing level of detail based on relevance and have a close correlation with the commitment to United Nations Sustainable Development Goals, representing the framework within which the Company's commitment to sustainability is developed.

SUSTAINABLE ACTIVITIES: THE TAXONOMY OF THE EUROPEAN UNION

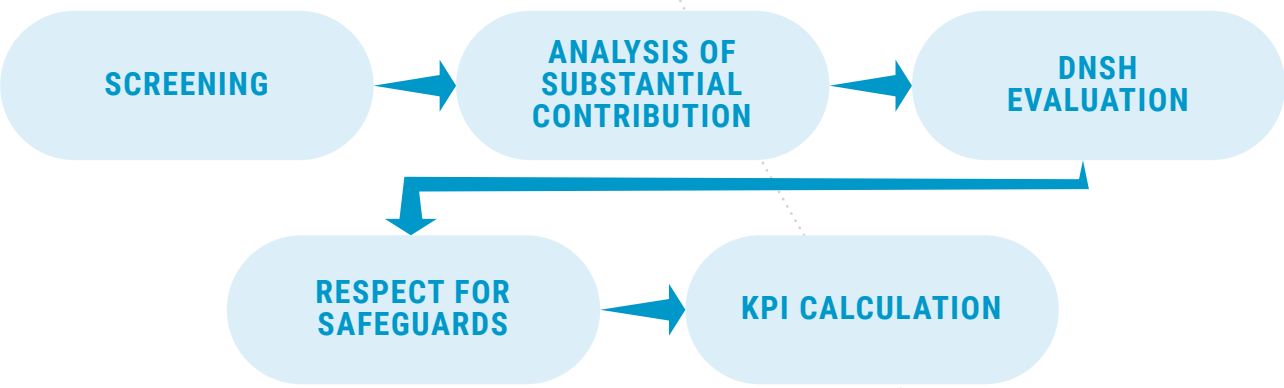
THE REGULATORY FRAMEWORK

In order to coordinate efforts to achieve climate and energy goals, and to consistently direct investments toward sustainable projects and initiatives, the European Union has seen fit to define a shared terminology that clearly identifies what can be defined as "sustainable."

Regulation EU 2020/852 on the Taxonomy (hereafter also the *Taxonomy Regulation* or *Taxonomy*), which came into force on July 12, 2020, and the Delegated Regulations (EU Regulations 2021/2139 and 2021/2178) as supplemented and amended (Regulations EU 2023/2485 and 2023/2486) address this very need and set out the requirements that an economic activity must meet to be considered environmentally sustainable. Specifically, it is deemed such if it contributes substantially to the achievement of one or more of the environmental objectives defined by the Taxonomy: such as climate change mitigation or adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and reduction, protection and restoration of biodiversity and ecosystems. Moreover, in achieving one or more of the aforementioned environmental objectives an economic activity must not cause significant harm to any of the others, must be carried out in compliance with the Minimum Safeguards, and must comply with the envisaged Technical Screening Criteria. Based on Article 8 of the Regulations, starting with publications after January 1, 2022, in the Non-Financial Statement non-financial enterprises are required to report several indicators representative of economic operations that are considered environmentally sustainable and related to their share of turnover, capital expenditures, and operating expenses.

The Taxonomy Regulation and Delegated Regulations can be found on the EU website. As recalled in the Methodological Note of this document, as a company obliged to prepare the Consolidated Non-Financial Statement pursuant to EU Directive 95/2014 (implemented in Italy by Italian Legislative Decree 254/2016), Comer Industries has included the disclosure required by the regulations regarding the Taxonomy in relation to the eco-sustainable activities conducted by the Group, also taking into account the interpretative clarifications provided by the European Commission.

THE PROCESS OF IDENTIFYING ENVIRONMENTALLY SUSTAINABLE ACTIVITIES



Comer Industries has initiated a five-step process to analyze the applicability of the EU Taxonomy to the Group's activities:

1. SCREENING

Identification of eligible economic activities with respect to the six environmental objectives defined by Art. 9 of Reg. EU 2020/852 (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and reduction, and protection and restoration of biodiversity and ecosystems).

2. ANALYSIS OF SUBSTANTIAL CONTRIBUTION

Assessment of compliance with the Technical Screening Criteria set out in the annexes to Delegated Regulations (EU) 2021/2139 of June 4, 2021 and 2023/2486 of June 27, 2023, which set out the requirements that an economic activity must meet in order to make a substantial contribution to the objectives enumerated in the Taxonomy Regulation.

3. EVALUATION OF COMPLIANCE WITH THE DNSH PRINCIPLE⁵

Assessment of compliance with DNSH criteria, i.e., that the activity does not cause significant harm to any of the environmental objectives in Article 9 of Reg. EU 2020/852, in accordance with Article 17 of the same Regulation.

4. EVALUATION OF RESPECT FOR MINIMUM GUARANTEES OF SAFETY⁶

Assessment of whether procedures implemented by the enterprise are in place to ensure that they respect the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the International Labor Organization's Declaration on fundamental principles and rights at work and the International Bill of Human Rights.

5. CALCULATION OF KPIS⁷

Delegated Regulation (EU) 2021/2178 of July 6, 2021 and subsequent amendments and additions introduced by Delegated Regulation (EU) 2023/2486 of June 27, 2023, specified the contents, methodology, and manner of presentation of the information to be reported, supplementing the provisions of Article 8 of the Taxonomy Regulation.

5 - "Do No Significant Harm" principle.
6 - For the assessment of compliance with the Minimum Safeguards, reference was made to the guidance in *A User Guide to navigate the EU Taxonomy for sustainable activities* published by the European Commission in June 2023.
7 - The KPIs represent the turnover, capital expenditures (CapEx), and operating expenditures (OpEx) of aligned and unaligned activities, as required by Article 8 of Regulation EU 2020/852.

The process implemented identified Taxonomy-eligible aligned, Taxonomy-eligible not aligned, and not eligible activities⁸ and calculated the metrics required by the Taxonomy Regulation related to the turnover, capital expenditures (CapEx), and operating expenditures (OpEx) associated with them for 2023.

ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

As a result of the evaluation described, the Taxonomy-eligible activities shown in the following table were identified.

GOAL	ELIGIBLE ECONOMIC ACTIVITY	DESCRIPTION OF THE ACTIVITY
Mitigation	3.1 Manufacture of renewable energy technologies ⁹	Manufacture of planetary gearboxes for wind turbine generators
Mitigation	3.18 Manufacture of automotive and mobility components ¹⁰	Manufacture of electric drive components for zero-emission personal mobility devices

Regarding the Circular Economy objective, Comer Industries' activities associated with NACE code C28.22 *Manufacturing of lifting and handling equipment* could be classified as eligible, potentially falling under the categories related to *Repair, remanufacture, and refabrication and Sale of spare parts* (described in Sections 5.1 and 5.2, respectively, of Attachment II to Delegated Regulation (EU) 2023/2486 of June 27, 2023). To date, however, the accounting system used does not allow for the extrapolation of specific data for the construction of the KPIs required by the taxonomy that can be associated with these activities. Therefore, adopting a prudent approach, Comer Industries has decided to consider them as ineligible, committing to upgrade the IT systems for tracking and calculating the KPIs of the Taxonomy in the coming years.

With regard to activities 3.1 carried out at the Jiaxing and Matera plants, they were assessed with respect to compliance with the DNSH (Do No Significant Harm) criteria, in accordance with the dictates of Delegated Regulations EU 2021/2139 and 2023/2486, so that they do not cause significant harm to any of the environmental objectives set out in Article 9 of Reg. EU 2020/852. For this purpose, evidence available in the Integrated System¹¹ was used, particularly in the areas of environmental and product legislative compliance management. Subsequently the activities under review were assessed in light of compliance with the Minimum Safeguards, demonstrating that they are carried out according to a set of principles and rules in line with the *United Nations Guiding Principles on Business and Human Rights* and the *OECD Guidelines for Multinational Enterprises*.¹² Therefore, the activity of manufacturing planetary gearboxes for wind turbines is found to be aligned with the Taxonomy, contributing substantially to achieving the goal through compliance with the Technical Screening Criteria, not causing significant harm to any of the other objectives, and being carried out in compliance with the Minimum Safeguards. Finally, it turns out to be enabling according to Article 16 of the Taxonomy Regulation.

8 - *Taxonomy Eligible Aligned*: refers to an economic activity that simultaneously meets the following three conditions: it is included in the EU Taxonomy Regulation for its potential substantial contribution to the six climate objectives; it meets the specific criteria developed by the EU Taxonomy Regulation for specific environmental objectives; it meets all DNSH criteria and Minimum Safeguards. *Taxonomy-Eligible not aligned*: refers to an economic activity that: is included in the EU Taxonomy Regulation for its potential substantial contribution to the six climate objectives; but does not meet the Technical Screening Criteria developed by the EU Taxonomy Regulation for such activities and specific environmental objectives; or does not meet at least one of the DNSH and/or Minimum Safeguards. *Not Taxonomy Eligible*: refers to an economic activity that has not yet been included among those that can contribute substantially to the six environmental objectives under the Taxonomy Regulations.
9 - This activity is described in Section 3.1 of Annex I to EU Delegated Regulation 2021/2139 of June 4, 2021. In this regard, note that by adopting a prudential approach in the process of screening and evaluating the eligibility of economic activities, the activity of manufacturing planetary gearboxes was considered permissible because they are designed, manufactured, and sold to serve wind turbines, and likewise are an integral and essential part thereof.
10 - This activity is described in Section 3.18 of Annex I to EU Delegated Regulation 2023/2485 of June 27, 2023.
11 - For evidence regarding compliance with DNSH criteria, see Appendix I Sustainable activities: the European Union Taxonomy.
12 - See Appendix I Sustainable activities: the European Union Taxonomy for evidence of compliance with the Minimum Safeguards.

As stipulated in Delegated Regulation (EU) 2023/2486 of June 27, 2023, the alignment assessment has not been extended to activity 3.18 of manufacturing electric drive train organs for zero-emission personal mobility devices and those selling spare parts, postponing its application to the next fiscal year.

Regarding the objectives of climate change adaptation, sustainable use and protection of water and marine resources, pollution prevention and reduction, and protection and restoration of biodiversity and ecosystems, Comer Industries' activities are not among those classified to date as eligible for the Taxonomy.

Finally, CapEx and OpEx values have been identified with respect to the purchase of individual measures that enable the Group's activities to contribute to the achievement of the six environmental objectives set forth in the Taxonomy and listed in the respective delegated regulations.

KPIS ASSOCIATED WITH ENVIRONMENTALLY SUSTAINABLE ACTIVITIES

The charts show the share of aligned eligible and not eligible activities relative to turnover, CapEx and OpEx calculated for 2023. *Appendix I Sustainable activities: the Taxonomy of the European Union* provides detailed tables of the indicators as required by EU Delegated Regulation 2021/2178 (Annex II) as amended and supplemented.

Financial information was collected and extracted from the accounting system used by the Company for the preparation of the statutory financial statements, prepared in accordance with IFRS. The data used to calculate the indicators on turnover, CapEx and OpEx required by the regulations were therefore derived from the relevant administrative flows, comparing them with the previous year's values.

KPI	PERCENTAGE ELIGIBLE ALIGNED	PERCENTAGE ELIGIBLE NOT ALIGNED	PERCENTAGE INELIGIBLE
Sales	3.4%	0.1%	96.5%
CapEx	-	0.3%	99.7%
OpEx	-	80%	20%



02



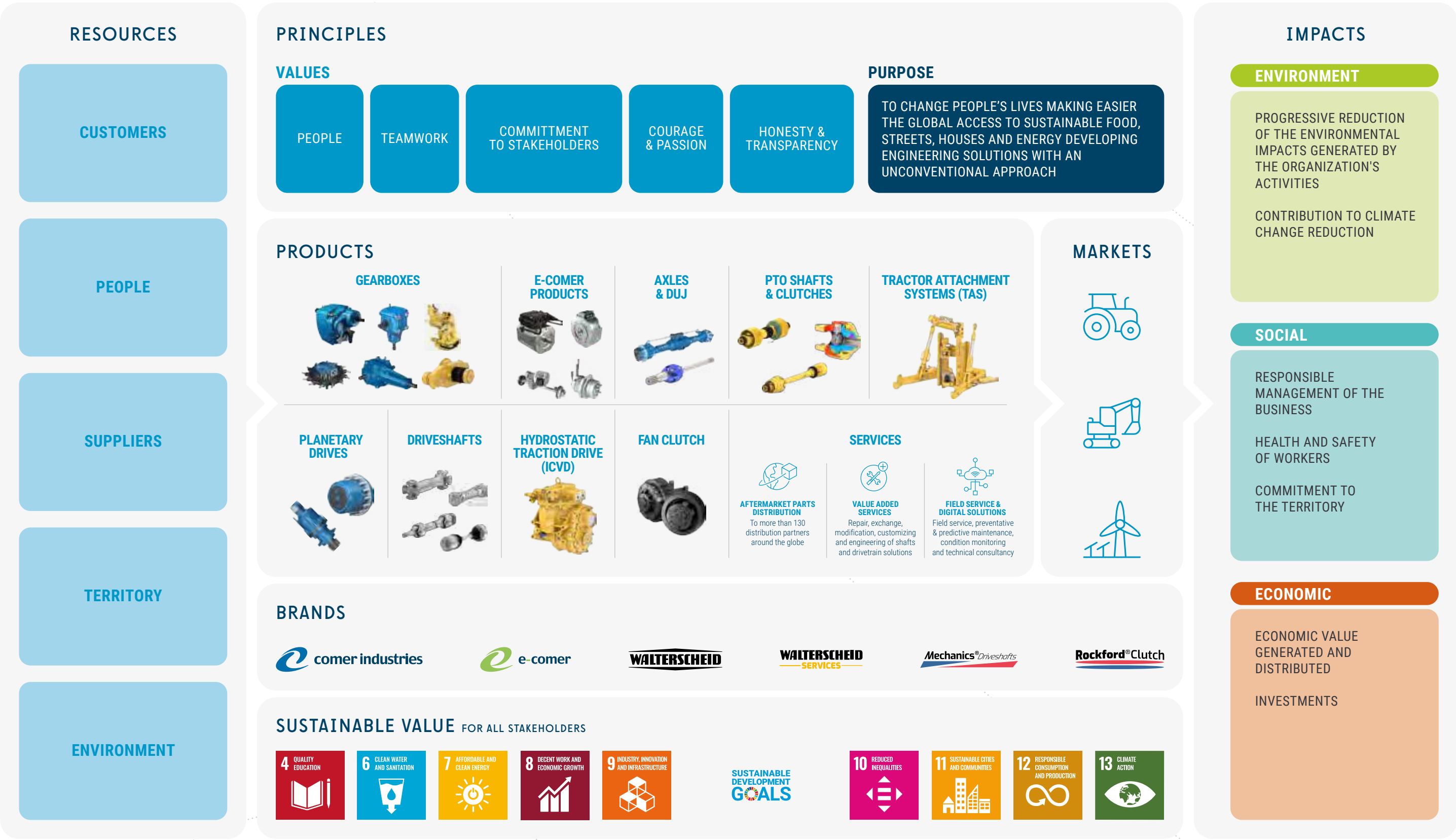
comer industries

UNCONVENTIONAL MAKERS: THE COMER INDUSTRIES MODEL

Comer Industries has developed a business model aimed at creating economic, social, and environmental value for the benefit of all its stakeholders, optimizing its available resources through its signature pragmatic approach.

The corporate *purpose* and values underpin the model, and together with the Integrated System of policies, procedures, and standards that govern processes, drive the Group's sustainable growth and the generation of shared environmental, social, and economic value.

BUSINESS MODEL



PRODUCT INNOVATION AND SUSTAINABILITY: VALUE FOR CUSTOMERS

With the acquisition of the Benevelli and Sitem businesses, completed in January 2023, and the subsequent creation of the new e-comer brand, the Group has consolidated its leadership position in the agricultural, construction, and renewable energy markets, further expanding its customer base and product range and far exceeding 1 billion euros in total sales.

PRODUCTS AND SERVICES

By expanding its product range in electric-powered applications, which complements its traditional range in mechatronics, Comer Industries is now a global partner in the market capable of developing complex, technologically advanced systems modeled on the customer's specific needs, supporting them from the conceptual stages through product implementation. During mass production supply is complemented by constant dialog and customer service, collecting and analyzing feedback from the field and end users to continuously improve the product and service offered.

GEARBOXES

E-COMER PRODUCTS

AXLES & DUJ

PTO SHAFTS & CLUTCHES

TRACTOR ATTACHMENT SYSTEMS (TAS)

PLANETARY DRIVES

DRIVESHAFTS

HYDROSTATIC TRACTION DRIVE (ICVD)

FAN CLUTCH

SERVICES

AFTERMARKET PARTS DISTRIBUTION

To more than 130 distribution partners around the globe

VALUE ADDED SERVICES

Repair, exchange, modification, customizing and engineering of shafts and drivetrain solutions

FIELD SERVICE & DIGITAL SOLUTIONS

Field service, preventative & predictive maintenance, condition monitoring and technical consultancy

CUSTOMERS

THE ANSWER TO A CONSTANTLY CHANGING MARKET

Two major international trade fairs were held in 2023: **ConExpo in Las Vegas** in March for the construction machinery sector, where e-comer products were introduced to the market for the first time, and **Agritechnica in Hanover** in November, the most important global agricultural trade fair, where Comer Industries and Walterscheid presented themselves under a single identity.

The trade shows confirmed the growing market trend of moving towards products having a lower environmental impact. Comer Industries is responding by offering a range of innovative transmissions, using electric drives and limiting weight and size without sacrificing performance and reliability. This allows manufacturers to sell machines that offer high performance while minimizing resource use and greenhouse gas emissions.

THE DRIVERS OF SUSTAINABILITY IN DESIGN

- Reduction of the weight of components and improvement of transmission efficiency to help reduce machine consumption.
- Reduction in the amount of lubricant used to operate the systems.
- Search for materials with less impact on the environment and user health and safety.
- Application of electric drives to replace traditional fossil fuel drives.
- Use of sensors to optimize the maintenance of transmission systems.
- Partnerships with customers to develop products for renewable energy applications or zero-emission mobility solutions.



One example of this evolution toward greater efficiency is the coil sprinkler solution, the **e-742 gearbox**. This new electrically driven transmission concept is designed to optimize the resources used for irrigation, simultaneously reducing water and energy consumption with an estimated 10% savings in fuel used.

Another similar application is self-propelled feed mixers, for which an auger gearbox driven by an electric motor has been developed. The use of a higher ratio in the **PGA1603** bevel gearbox allows the electric motor to work at its maximum efficiency, leading to lower fuel consumption and reduced CO₂ emissions and noise levels compared to current hydraulic solutions on the market.



Also growing steadily in the agricultural market is the presence of fully self-driving machines (also known as **AgBots**), typically harvesting or multipurpose machines that are operated in a fully electric mode, which eliminates CO₂ production at the source. For these applications, Comer Industries offers the new e-comer-branded **WD220** Series, an integrated all-electric all-in-one drive available in both low and high voltage, waterproof, interchangeable with existing hydraulic drives and meeting expectations for long machine life.





For a customer wishing to replace traditional fossil-based technology with one with zero direct emissions while avoiding too heavy an impact on their equipment architecture, Comer Industries offers the full range and packages of dedicated electrohydraulic **e-pumps** as the first level of electrification.

By tracking hours worked and type of use, the introduction of the **WCS Counter** – an upgradeable sensor that can be adapted to any type of Walterscheid driveshaft – extends the performance of the Walterscheid Connected Service app. Using push notifications, this application enables the planning and execution of maintenance based on actual operating hours, resulting in reduced costs, time and materials.



An example of the synergy between fuel economy and environmental impact achieved through design solutions is the new forks for the **Gamma T** double joints, where the mass has been reduced by 15% while maintaining the same performance. Since it is a rotating organ, this reduction translates into less machine weight and lower overall vehicle inertia. A further effect on environmental impact is related to the 20% reduction in the weight of the raw parts, resulting in less raw material use.

COLLABORATION WITH CUSTOMERS FOR A LOWER ENVIRONMENTAL IMPACT

In addition to the initiatives and activities undertaken at the level of design and manufacture of its products, the Company is engaged in numerous collaborations with customers in an effort to reduce its environmental impact through zero-emission mobility applications.

The cooperation with a Belgian customer has led to the co-design development of all-electric street sweepers and washers. These include a street sweeper, equipped with both the **TX2** electric drive for vehicle traction and **AMAC 200** series low-voltage asynchronous electric motors for all other auxiliary functions.

Compact sweepers, ideal for central and pedestrian areas of a city with small or difficult-to-access spaces, which offer a performance equivalent to the corresponding internal combustion versions while significantly reducing the noise level.

e-comer is also involved in the development of all-electric garbage collection trucks equipped with **SMAC 200** series electric motors. Combined with other innovative technologies, the introduction of these motors has resulted in improved energy efficiency and load capacity with zero direct emissions, in keeping with the quest for greater sustainability in city centers.

In the construction equipment segment, in order to eliminate polluting fuels altogether, more and more end users are looking for vehicles - for example telehandlers - with the option of zero direct emissions.



To satisfy this market demand, the product ranges of major OEMs increasingly include options for fully electrically driven vehicles in their catalogs: Comer Industries can facilitate the achievement of this goal with the introduction of the **539e** all-electric drive transmission, coupled with the **SMAC 270** liquid-cooled motor, an emblematic example of synergy and co-design among the various divisions of Comer Industries. Originally designed and optimized for electric actuation and control, this new generation of transmissions provides the same speed and ease of synchronization as hydraulic counterparts.



Another example of integrating sustainability criteria during the product development stage is the endorsement of the initiative promoted by several manufacturers to eliminate certain restricted chemicals, such as lead in the alloy used for caps.

COMMITMENT AND PRODUCT RESPONSIBILITY

Starting from the development stage and continuing throughout the life cycle, the Company follows a process aimed at the responsible management of the product.

Special attention is paid to compliance with all national and international standards applicable in the various target markets, as well as contractual requirements and technical specifications. Furthermore, the process aims to achieve the highest standards of user safety, minimize environmental impacts, and achieve full supply chain involvement.

A commitment that is expressed in the *Product Quality, Sustainability, and Responsibility Policy* published in 2022 and available on the Company's website.

Compliance with the regulatory framework applicable to the products sold (such as the Machinery Directive 2006/42/EC, Regulation 1907/2006/EC *REACH*, *RoHS* Directive) is a prerequisite that is therefore assessed in advance, as early as the feasibility study stage. In this regard, Comer Industries relies on a central function with internally developed application know-how, as well as decentralized competence centers to better oversee the specifics of each market.

During the product design phase Comer Industries applies methodologies for the preventive assessment of potential failures (*DFMEA*), identifying characteristics having an impact on safety or reliability and measures to mitigate these risks. During manufacturing, these characteristics are managed in such a way as to minimize the probability of failure through anti-error or automatic control systems.

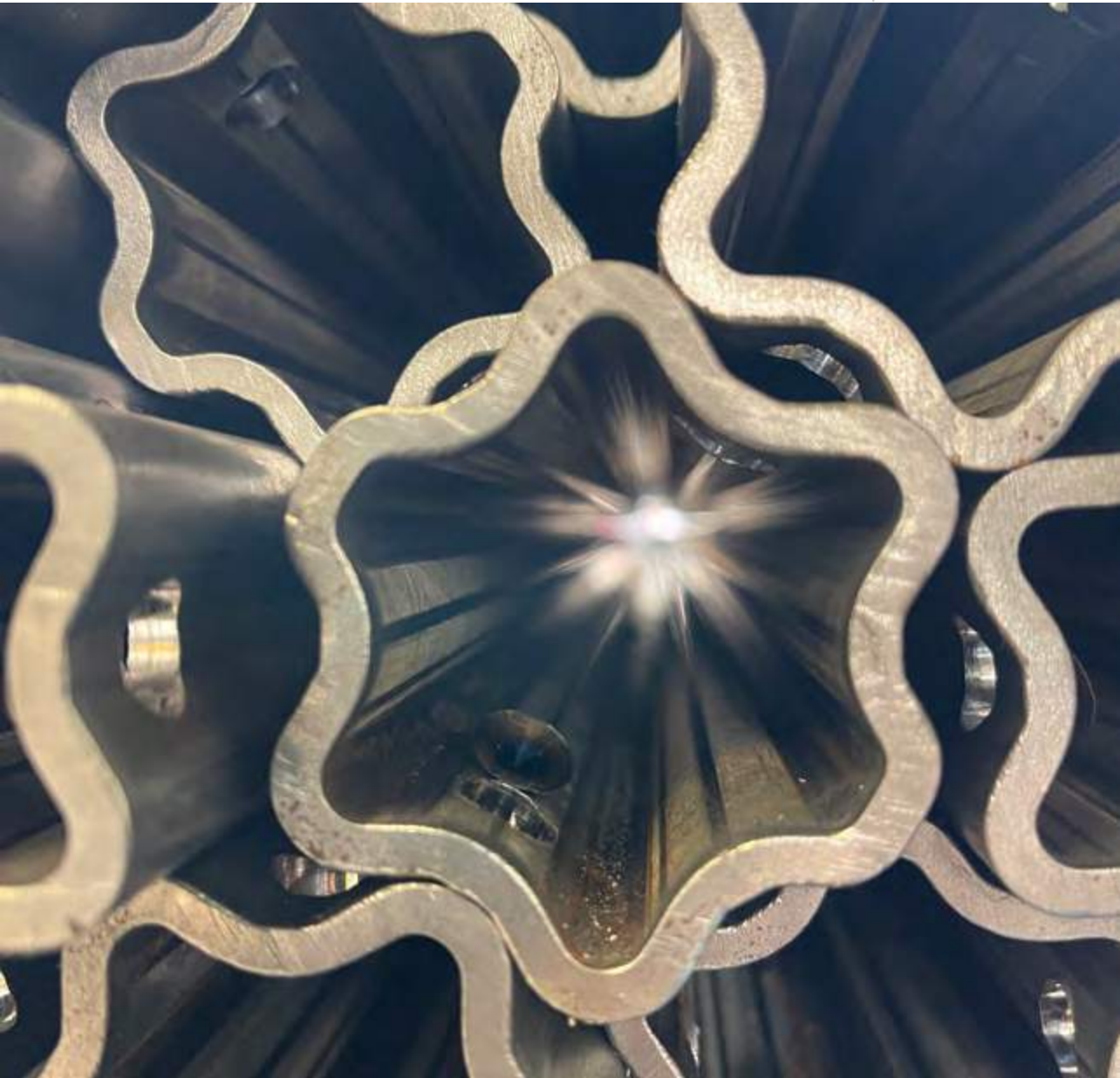
Advanced testing and simulation systems are then used in the **Testing and Validation Centers** situated in various locations. Following the acquisition of Walterscheid, the Testing and Validation Area has a total of 60 main test stations and a staff of 28 specialized technicians located at the Reggiolo, Monguelfo, Lohmar, and Rockford sites covering a total area of about 8,000 m². The centers conduct functional, endurance, and fatigue tests according to the validation criteria set for each type of system, and in the specific case of gimbals in the agricultural sector for the purpose of type approval according to the Machinery Directive. A total of 85,000 hours of testing were passed in 2023 for the purpose of technical validation of new products, approval of components from new suppliers, and support for the quality and manufacturing areas.

The Company constantly checks the performance and quality levels of its products against the preset targets, by monitoring specific performance indicators, checking semi-finished and finished products and conducting process audits inside and outside its production plants. To this end, digital systems that accelerate and automate data collection, management reporting and analysis to focus efforts on problem solving and prevention are available.

Customer satisfaction is monitored by consulting digital platforms for sharing information and any type of communication received in order to promptly manage any deviations or signs of deviation in performance.

Any non-conformities detected internally or reported by customers are received, prioritized through criteria based on the evaluation of potential impacts, and addressed with problem solving methods (such as *8D* or *DMAIC*), aimed at the definitive elimination of the causes of the problem and the extension of the solutions to other potentially affected products. Methods and procedures are integral parts of the **Quality Management System**, developed according to the ISO 9001:2015 standard, extended globally and certified by accredited bodies.

There were no incidents of noncompliance with regulations and/or voluntary codes regarding health and safety impacts of products during the reporting period.



COMMITMENT TO THE REGION

Generating a positive impact for the economic, social, and cultural development of the regions Comer Industries operates in is a priority for the Company fueled by the awareness that it has an important responsibility towards the planet and its resources, which must be preserved and enhanced. Consistent with the company's purpose and in keeping with the Sustainable Development Goals defined by the United Nations, Comer Industries is committed to supporting and pursuing various initiatives to support the areas it believes in most: from education to innovation, from environmental sustainability to creating opportunities for its employees and future generations.

"Comer Industries wants to show its appreciation for the area where it was founded and developed, where it retains its roots and where it operates globally, and it does so by investing first and foremost in education, ensuring more opportunities for the creation of know-how and value for the future."

Matteo Storchi
President & CEO

ATELIER A PALAZZO: A PROJECT BORN FROM THE COLLABORATION BETWEEN INSTITUTIONS, ENTREPRENEURSHIP AND THE WORLD OF EDUCATION

In 2021 Comer Industries, the Municipality of Reggio, the Reggio Children Foundation, and Azienda Servizi Bassa Reggiana joined together to found the *Atelier a Palazzo* project in **Palazzo Sartoretti**, home to the offices of the municipal administration, and the adjacent park. The project blends the worlds of institutions, business, and education and training. The result is a fun, educational space suited to a diverse audience of children, teens, and adults that aims to investigate the phenomena of mechanics and gears and explain them with a variety of media and workshops. Over the years Palazzo Sartoretti has hosted and continues to host numerous schoolchildren and teachers from different parts of the world, becoming an important point of reference for the entire school system, even reaching beyond national borders. A project that uses an educational environment to create a driver of development not only for Reggio, but for the entire province of Reggio Emilia and the surrounding area.



REGGIO CHILDHOOD STUDIES PHD

Comer Industries supports the 39th cycle of the International Industrial Doctoral Program in Reggio Childhood Studies, sponsored by the Reggio Children's Foundation and the Department of Education and Human Sciences at the University of Modena and Reggio Emilia. It is an international research project dedicated to the Atelier di Palazzo Sartoretti in Reggiolo, a further extension of the collaboration between Comer Industries, Reggio Children, the Municipality of Reggiolo and Azienda Servizi Bassa Reggiana, expanding the possibilities for the development of educational opportunities. A commitment to social sustainability that adds value to the world of education by encouraging research in academia and further development of the educational philosophy born in Reggio Emilia: the **Reggio Emilia Approach®**, a heritage of great international significance.

ITALIAN RED CROSS, TWO AMBULANCES FOR REGGIOLO

At the end of 2023 Comer Industries made an important donation that was accompanied by an inauguration event involving the workers and citizens of Reggiolo and vicinity in an atmosphere of solidarity typical of the Christmas season. Equipped with state-of-the-art equipment and cutting-edge technology, the ambulances received by **the Italian Red Cross in Reggiolo** are a symbol of Comer Industries' focus on the important issue of health, as well as representing a concrete gesture in support of local health system and the community where the company retains its roots, in an effort to make the emergency services available to citizens more effective and efficient. The two Mercedes Sprinter 190hp ambulances are equipped with advanced electro-medical equipment, making them suitable both for basic operations and as mobile resuscitation units.



SCHOOL 2030

School 2030 is the educational, information, and guidance project for the younger generation initiated through a partnership with the **Gazzetta di Reggio** newspaper. On the one hand, the project aims to provide students with the tools to read and understand current events, experience different forms of journalism, and at the same time get to know their own region and take advantage of its opportunities. On the other hand, thanks to partners from the business world such as Comer Industries, young men and women have the opportunity to meet companies, approach the working world and various professions and learn of potential job opportunities as early as secondary school, even before they graduate from high school.

COLLABORATION WITH ITALIAN AND INTERNATIONAL UNIVERSITIES AND COLLEGES

Talent acquisition, placement of youth within the Company and training of future generations are the main levers driving the now multi-year collaboration between Comer Industries and universities and colleges. These are training initiatives that involve students who are about to enter the working world and/or pursue a course of study that reflects their career aspirations. Thanks to visits to the Company and the experience brought to the classroom by Comer Industries' various professionals, the children can experience the world of mechanics and company processes firsthand. The **University of Parma**, the **University of Bologna**, the **University of Modena and Reggio Emilia**, and the more recent **Campus of Carpi UNIMORE** are among the main academic institutions that Comer Industries collaborates with. In Germany, on the other hand, the **University of Cologne** is the main partner. The partnership primarily involves the faculty of agricultural engineering, with thesis and research projects, educational internship experiences, and company visits to the Walterscheid plant in Lohmar by students being crucial to learning the relationship between the study of theory and practice, ensuring a virtuous exchange of skills between academia and the working world.

VIDYA HOME: A PLACE DEDICATED TO EDUCATION, PROVIDING CONCRETE SUPPORT TO DESERVING GIRLS

Vidya Home is the result of a multi-year collaboration between Comer Industries and the volunteer association *Namaste, Onore a te*, which for over 20 years has been working to guarantee the right to education and health to children and young people in poverty. The initiative aims to provide concrete support to the Bangalore community where the Company has been operational since 2015 by providing ten deserving female students with everything they need to complete their studies and fulfill their dream of becoming nurses. In addition to university tuition, the Company also provides room, board, and protection through the presence of a resident mentor. In 2023 some young women completed their university studies and then continued with an internship and career in their hometowns in order to stay closer to their families and offer them economic support.



ÜFA: TRAINING FOR YOUNGER EMPLOYEES

ÜFA is both a training company and an educational and local development project first established at the Walterscheid site in Lohmar, where young people can get hands-on experience in an actual limited liability company with its own capital and shares. Thanks to ÜFA, young men and women can take personal responsibility much more quickly and learn the processes of a real organization characterized by an actual flow of money and goods.

WE CONTINUE TO SUPPORT INNOVATION WITH LE VILLAGE BY CRÉDIT AGRICOLE

Le Village by CA Parma is the first Benefit Company of the Crédit Agricole Italia Group and one of the first European hubs to earn this recognition. It is an open ecosystem that supports the growth of start-ups and accelerates the innovation of companies thanks to the synergy and shareholding of the most important institutional and industrial players in the area. A part of this framework is the multi-year partnership with Comer Industries having the dual goal of continuing to spread a culture of innovation internally and fostering the growth of start-ups. While start-ups can take advantage of services to accelerate their growth and work alongside structured entities, established industrial businesses benefit from collaborations with start-ups in terms of know-how and innovative ideas applied to their businesses, leveraging new technologies as facilitators of business development.

JOBBIKE: BIKING TO WORK

The **Jobbike** pilot project was launched with the aim of promoting a healthy, sustainable lifestyle. It is a modern form of bicycle leasing that offers Walterscheid Lohmar employees bicycles for work and personal use. Comer Industries aims to motivate its employees to switch from cars or public transportation to bicycles and have a positive impact on their health and the planet. Preparations are already under way to extend the offer to other Comer Industries sites.



JOBBIKE

a sustainability initiative

WALTERSCHEID

COMER INDUSTRIES PROMOTES SPORTS

Since 2018 Comer Industries has been supporting **Sessantallora**, the amateur sporting association of Carpi, Modena, which organizes cycling, mountain biking and triathlons, promoting both a healthy lifestyle and sustainable mobility.

The collaboration with the **Padel Club of Reggiolo** sports club also sees sports as levers for economic and social development of the area, and youth entrepreneurship as an asset to focus on for the future.

Comer Industries helped make the sports facility more welcoming by branding some areas and taking care to provide numerous benefits for employees, a way to promote sports and wellness among the workforce and spread values such as team spirit, fair play and togetherness.

Another sports-related initiative was organized by Walterscheid, a Comer Industries Group company, which supported the "Walterscheid Cup", a youth soccer tournament organized by the **SV 1919** club in Lohmar.



FAI CORPORATE GOLDEN DONOR

Since 2019 Comer Industries has been supporting the **FAI** - Fondo per l'Ambiente Italiano as a Corporate Golden Donor. The initiative reaffirms the Company's attention and concrete commitment to art and culture, with the conviction that Italy's landscape and cultural heritage is the starting point for building a better future for us and for younger generations. FAI protects and takes care of many critical sites in Italy: enchanting royal residences and historic parks, castles and museums with surprising spaces, not to mention botanical gardens, nature trails and villages that preserve ancient traditions.



HEARTS OF GOLD: SUPPORTING ASSOCIATIONS IN AND AROUND LOHMAR AND SOHLAND FOR YEARS

For years the **Hearts of Gold** initiative has been supporting area associations in and around Lohmar and Sohlund thanks to the contributions of Walterscheid employees who can donate overtime compensation and reimbursements. Furthermore, at the annual celebration dedicated to employees and their families - the Family Festival - or during the various open days organized by the Company, proceeds from admissions and activities such as the raffle are donated to the project. In 2023 alone about 79,000 euros were raised, and over the years since the Hearts of Gold initiative began more than 1 million euros have been donated to about 130 social institutions.



COMER INDUSTRIES SUPPORTS CORE

In 2023 Comer Industries supported the Reggio Emilia Oncology and Hematology Center (**CORE**): a place that is highly specialized in research on cancer diagnosis and treatment aimed at better patient care. The use of state-of-the-art technology and a strongly person-centered approach underpin the facility's state-of-the-art clinical and care model.

ECONOMIC VALUE CREATED AND DISTRIBUTED

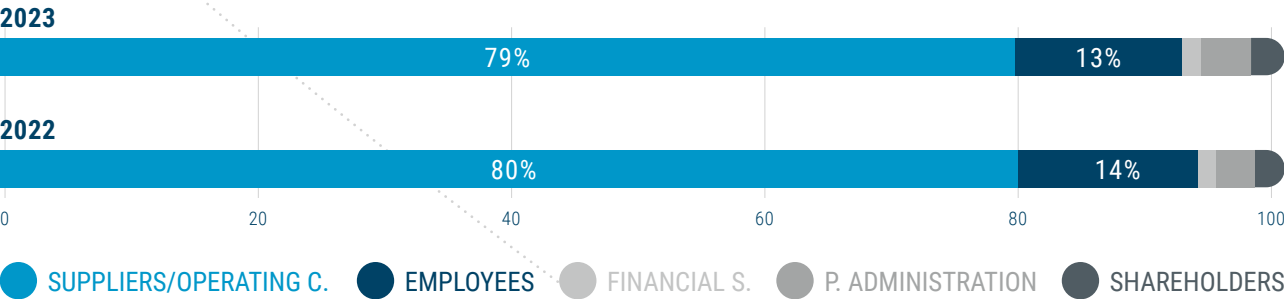
Through the reclassification of the consolidated income statement, data on the creation and distribution of economic value provide a basic indication of how the Company creates wealth for stakeholders by highlighting the economic effects produced by business operations on major categories.

In 2023 the economic value generated by Comer Industries amounts to 1,230.3 million euros (1,250.4 million euros in 2022) distributed for 91% to stakeholders. In detail, 150.6 million euros were distributed to employees, 883.1 million euros to suppliers for operating costs. Shareholders were distributed 35.8 million euros in the form of dividends. The retained economic value represents the difference between the economic value generated and distributed, includes the impact of the application of the IFRS 16 accounting standard and does not include the depreciation of tangible and intangible assets, provisions and deferred taxes.

ECONOMIC VALUE CREATED AND DISTRIBUTED (MILLION EUROS)	2022	2023
Economic value generated	1,250.4	1,230.3
Suppliers – Operating costs ^A	916.4	883.1
Employees	157.1	150.6
Financial system	6.9	14.2
Public Administration	41.5	36.3
Shareholders ^B	21.5	35.8
Economic value distributed	1,143.4	1,120.1
Economic value retained	106.9	110.2

A - This item includes the impact of the application of the IFRS 16 accounting standard.
B - This item includes the proposal for distribution to shareholders of profits for the year that the Board of Directors resolved to propose to the Shareholders' Meeting of Comer Industries S.p.A.

ECONOMIC VALUE DISTRIBUTED



For further details on economic and financial aspects, please refer to the Consolidated Financial Statements at December 31, 2023.

INVESTMENTS

With the aim of pursuing a continuous strengthening of financial solidity, in 2023 the Company invested 42.3 million euros in tangible and intangible fixed assets acquired from third parties, net of internal capitalizations and excluding the impact of the IFRS 16 accounting standard.

A significant portion of the investments was devoted to technological renovations of the machinery with important corollary effects in terms of energy efficiency and reduction of production waste.

In this regard, as part of a multi-year plan two new horizontal machining centers dedicated to cast iron flow and a new gear hobbing cell with oil-free cutting were commissioned at the Italian plant in Reggiolo. Following the Industry 4.0 approach, the machines were interfaced with existing factory systems. Also on the machining front, a new robot cell for the production of mechanical steel components and a new automatic line for surface treatments of agricultural gimbals were installed at the German plant in Lohmar in 2023. At the Italian plant in Monguelfo, on the other hand, a measuring machine for mechanical machining integrated with the production process went into operation.

Processes downstream of the machining also underwent major renovations in an effort to automate production and digitize information flows. An investment was made at the Reggiolo plant for a new semi-automatic axle assembly line, which will go into operation during the next fiscal year. This line is equipped with modern servo and handling systems and management and supervision software. In Bangalore, India, assembly systems for double joints and axles were installed in the new plant opened during the year.

Of particular note in terms of sustainability are the investments made in the treatment of industrial wastewater from machining and painting processes at the Reggiolo, Sohland, and Jiaxing sites. An investment was also made at the Lohmar plant for a new semi-automatic coating plant with water-based paint products, confirming the environmentally-friendly approach taken in this area. The paint line is also equipped with all the latest paint application and production management technologies to optimize productivity, quality, and safety levels.

Finally, the implementation of the plan to increase electric vehicle charging systems continues, with the purchase and installation of eight charging points at the Sohland site during 2023.

SUPPLIERS

As a key element of the company's strategy and an essential factor for operational excellence, over time Comer Industries has built a network of suppliers based on a logic of long-term collaboration. The Group can rely on a global supply chain while still ensuring a local presence to optimize lead times, flexibility, and competitiveness over time.

SUPPLIER DAY

Organized at the Reggiolo plant in June 2023 with the Group's strategic partners, the event was titled One Plus One is more than Two to underscore the importance of mutual collaboration and integration, also considering the recent acquisition of Walterscheid. Supplier Day was an opportunity to present and share Group strategies, to establish common synergies to cope with market volatility. The event was attended by more than 100 suppliers with locations around the world: Europe, America, China, and India. At the conclusion of the day time was set aside for visits to the Group's production facilities. Opening the doors of the factories was a way to engage suppliers and make them understand their strategic value. At the end of the day the vendors appreciated the hospitality, considering the event both interesting and rich in new ideas.



In addition to building strong and lasting relationships, attentive risk analyses also contribute to strengthening the Company's resilience in an extremely complex and changing market.

SUPPLY CHAIN RISK ASSESSMENT

Based on analyses integrated into the Enterprise Risk Management (ERM) model, Comer Industries implements and periodically updates a comprehensive assessment of risks that can impact the Company's continuity of supply or reputation. A variety of factors in the internal and external environment - whether financial, social, environmental, geopolitical or health-related - are considered and a joint risk mitigation plan is implemented.

THE PROCESS OF SELECTION, QUALIFICATION, MONITORING, AND CONTINUOUS IMPROVEMENT

The process of selecting suppliers and establishing purchasing conditions for goods and services is a crucial phase guided by scrupulous and balanced assessments. The approach to supplier selection is based on *Total Cost of Ownership*, a model that aims to thoroughly and comprehensively examine the direct and indirect costs associated with supplies. This methodology prioritizes purchasing products from suppliers that not only meet high ethical and sustainability standards, which are necessary to avoid negative social and reputational impacts, but also ensure robust economic and financial stability, which is essential for running a profitable business over time.

Subsequent to the selection process, **supplier qualification** managed by the *Supplier Development* function is initiated through a timely analysis of the information collected. At the same time, audits are conducted to evaluate quality management systems, environmental, social, and health and safety aspects, along with verification of the technological capacity of suppliers.

During 2023, 100% of new suppliers were qualified using social and environmental criteria.

If the assessment is successful, the supplier endorses the values and ethical principles underlying the partnership by registering on the company's portal. Finally, production audits are performed using PPAP rules, with the aim of certifying the supply process, i.e., determining whether the process is able to maintain the required standards even during mass production.

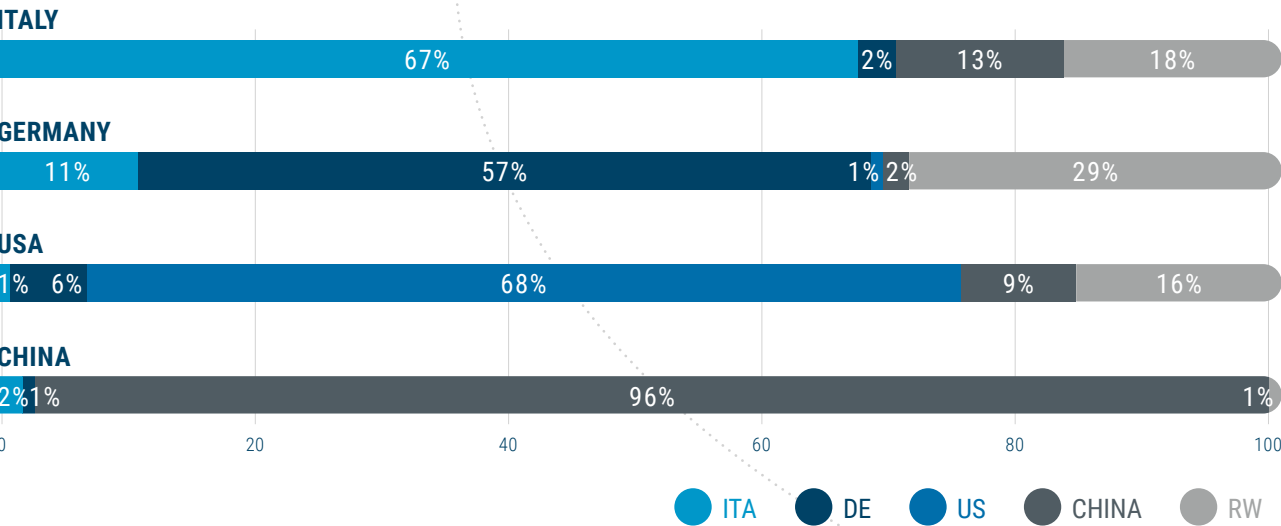
The phase of **monitoring** supplier performance, coordinated by the Global Sourcing function, is of strategic importance for managing risks and opportunities related to the supply chain. The Vendor Rating is the main tool used by Comer Industries to oversee and communicate supplier performance. By evaluating results in the areas of product compliance, sustainability, business relationship and service, key strengths and critical areas are identified to define a shared plan for improvement where necessary.

In order to involve the supply chain in the sustainability development process and pursue sustainable sourcing goals, Comer Industries has integrated sustainability assessment criteria not only at the qualification stage but also within the Vendor Rating. Special attention is paid to the reporting of environmental impacts, and in particular greenhouse gas emissions related to suppliers' processes. The findings will enable an overall assessment and reduction of the Group's emission footprint in the coming months, including the impact of out-of-scope activities, in line with long-term plan goals.

Comer Industries also uses the *Kraljic matrix* to manage the supply chain: a management tool that, by classifying suppliers into product categories allows planning different supply policies to minimize supply risks and consequent impacts on the company's business through the optimization of resources and the definition of contractual strategies. One risk mitigation measure is the use of multiple sourcing for the same component to avoid production continuity risks or delays.

COMER INDUSTRIES SUPPLIERS

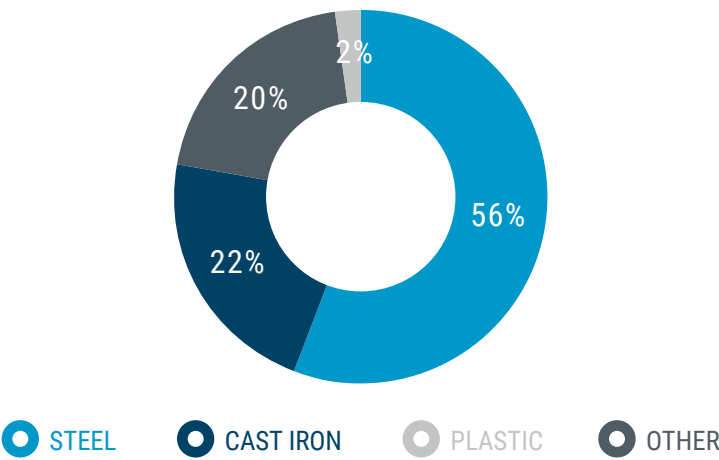
With the aim of ensuring operational synergies, flexibility, and rapid responses to market needs, the composition of the supply chain reflects the geographical distribution of production facilities around the world.¹³



More than **56%** of the purchasing volumes of major production facilities come from local suppliers, rooted in the same geographic area where the product is assembled. This strategy not only intensifies the link between local production and supply, but also embodies a commitment to responsible, sustainable supply chain management.

Thanks in part to the recent acquisition of Walterscheid, in 2023 Comer Industries expanded its procurement process, involving a network of about 1,280 suppliers and generating a procurement value of about 600 million euros. The supply consists mainly of cast iron objects, components made of ferrous alloys or steel, and, to a lesser extent, plastic materials.

In terms of spending, 80% was devoted to the purchase of steel, cast iron, and plastic materials. The remaining 20% was channeled towards the purchase of other components, including electronic and commercial items.



13 - In this and subsequent disclosures, the acronym RW identifies the set of countries where Comer Industries operates that are not individually made explicit in the disclosure.

03



comer industries

GOVERNANCE

PILLAR	GOAL	TARGET	WITHIN	TARGET ACHIEVEMENT STATUS AS OF 31.12.2023
GOVERNANCE ESG	Evaluate all ESG risks and opportunity and implement the relevant action plan	Risk and opportunity assessment on 100%	2025	90%
		Action plan to mitigate risks and take opportunities	2028	Project to be started in 2024
	Consolidate the Corporate ESG commitment	Non-financial targets integrated in variable compensation plan	2025	Project to be started in 2024
	Improve ESG ratings	Reach and maintain Rating EcoVadis "Gold" e CDP "B"	2026	Rating EcoVadis "Silver" e CDP "C"
		Reach and maintain Rating EcoVadis "Platinum" e CDP "A"	2030	Project to be started after reaching the previous milestone
SUSTAINABLE PROCUREMENT	Implement an effective sustainable procurement policy	Supply chain engagement: 75% of tier-1 suppliers with complete ESG assessment	2026	Project started in 2023
	Reduce supply chain carbon footprint	Assessment of carbon footprint della supply chain	2030	Project to be started in 2024



CORPORATE GOVERNANCE

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

CORPORATE BODIES

SHAREHOLDERS' MEETING

The Shareholders' Meeting is the collective body that expresses the will of Comer Industries S.p.A.'s shareholders. In particular, the Meeting approves the Financial Statement and appoints BoD members.

THE BOARD OF DIRECTORS

This is the Governing Body that leads and manages the Company, except for activities in charge to Shareholders' Meeting. The BoD is responsible for strategic and organizational guidelines, it verifies the appropriateness of organizational structure and the suitability of necessary controls to monitor Company performance.

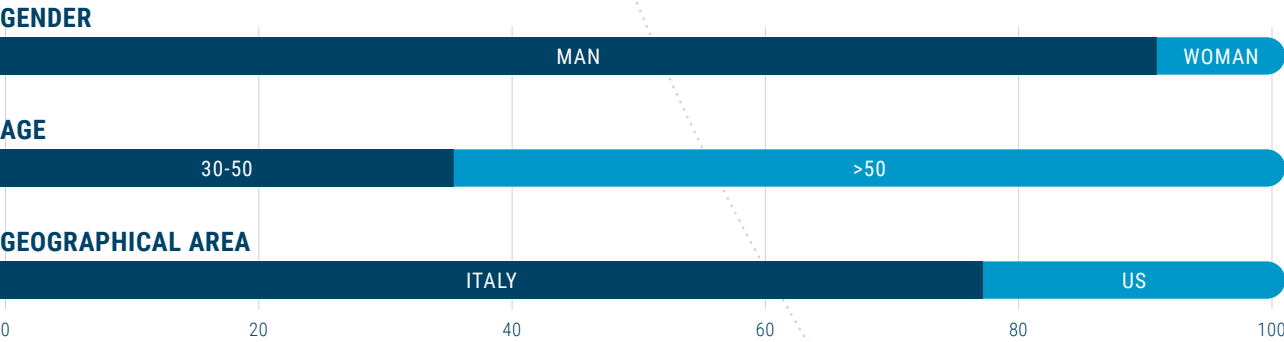
BOARD COMMITTEES

The BoD makes use of three Internal Committees - Appointment and Remuneration, Related Parties and Control, Risk and Sustainability (hereinafter CRSC) - whose compositions are detailed below.

MEMBER	OFFICE ON THE BOARD OF DIRECTORS	IN OFFICE SINCE	ATTENDANCE AT BOD MEETINGS ^A	COMMITTEES	NO. OF OTHER IMPORTANT POSITIONS ^B
Matteo Storchi	Chair	April 26, 2018	100%	-	1
Cristian Storchi	Vice President and Director	April 26, 2018	100%	-	3
Luca Gaiani	Board member	April 27, 2017	90%	Control, Risk and Sustainability	20
Matteo Nobili	Board member	February 25, 2019	100%	Appointment and Remuneration	2
Arnaldo Camuffo	Independent Board member	February 25, 2019	90%	Appointment and Remuneration (Chair) Control, Risk and Sustainability Related Parties	1
Marco Storchi	Board member	February 25, 2019	100%	-	1
Paola Pizzetti	Independent Board member	May 20, 2019	100%	Related Parties (Chair) Control, Risk and Sustainability (Chair) Appointment and Remuneration	4
Joseph P. Huffsmith	Board member	December 01, 2021	80%	-	3
Lee M. Gardner	Board member	December 01, 2021	80%	-	1

A - During the period from January 1 to December 31, 2023

B - For the purpose of the number of concurrent positions, offices held as of December 31, 2023 as director, statutory auditor, shareholder, and subordinate employment in companies with sales exceeding one million euros or financial companies as reported in the respective declarations are taken into account



Article 12.2 of the Bylaws requires directors to meet the requirements of the regulations applicable from time to time. Furthermore, a number of directors, in any case no fewer than the minimum number required by applicable legal provisions, must meet the independence requirements of Article 148(3) of the Consolidated Law on Finance.

For transactions entered into with related parties (as defined in IAS 24), the Company applies the *Procedure for Related Party Transactions* (see *Governance / Responsible business management* in this chapter) adopted by the BoD in accordance with the provisions of the Italian Civil Code and Consob regulations on related party transactions. In the case of potential conflicts of interest, as per Italian law any executive with an interest in the transaction must report it to the CEO, or, in the case of a member of the BoD, to the governing body. Furthermore, in the cases envisaged by law, the Company must publish specific press releases describing the nature of the executive's interest. Finally, the transactions that are most significant in terms of value are included in the annual or interim financial reports (with all the specifics regarding the relationships of the executives involved and stakeholders, where necessary).

Three representatives of Eagles Oak S.r.l., the majority shareholder with 51.05% of the share capital, and two representatives of WPG Parent BV, with 23.86%, sit on the board. The positions of Chair and Chief Executive Officer are both held by Matteo Storch. As Chair, given his background, authority, and credibility, he performs functions of representation with respect to the outside world and of guarantee to all stakeholders, exercises powers of direction, coordination, and balanced guidance of the activities of the BoD, impartially maintains a balance among the members of the Board, and guarantees them complete and timely information. In the role of Chief Executive Officer, given his specific prerogatives and strong managerial skills, he exercises powers of proposal to the Board of Directors with particular regard to strategic plans and management guidelines, and ensures concrete implementation.

The members of the BoD have specific expertise in legal (1 director), tax (2), sustainability (1), lean management (1), markets and products (5), and international (2) issues.

BOARD OF STATUTORY AUDITORS

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

Luigi Gesaldi	Chair
Francesca Folloni	Standing Auditor
Massimiliano Fontani	Standing Auditor

AUDIT FIRM

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

For a detailed description of the corporate structure, please see the Consolidated Financial Statements for the year ended December 31, 2023.

THE GOVERNANCE OF SUSTAINABILITY

The sustainability governance structure has the BoD at the top, assisted by the Control, Risk and Sustainability Committee with functions of setting and coordinating the sustainability development strategy and liaising between the BoD and the organization's functions. Specifically, the Quality, Sustainability & Lean Development function is assigned the authority to manage the organization's impacts in the economic, environmental and social dimensions in synergy with other business functions, and to implement the projects with which sustainability goals are applied to operations. The results of the sustainability development program are monitored and reported to company management on a monthly basis, implementing any corrective actions in case of deviations.

- The CRSC was also proactive and provided information to the BoD through multiple initiatives. Since its establishment, the CRSC met three times in 2023, placing the following topics on the agenda:
- Resolution on the 2030 Sustainable Development Plan.
 - Approval of the sustainability reporting procedure.
 - Analysis and approval of the materiality analysis as delegated by the BoD.
 - Application of the requirements introduced by Directive No. 2022/2464 on Corporate Sustainability Reporting (CSRD) and the European Sustainability Reporting Standards (ESRS) developed by EFRAG.

PARTICIPATIONS AND AWARDS

WE SUPPORT



Since December 2021, the Company has adhered to the **United Nations Global Compact** initiative and is committed to disseminating and applying the **Ten Principles** in the areas of human rights, labor standards, environmental protection, and anti-corruption.

Launched in 2000, the **United Nations Global Compact** is the world's largest strategic corporate citizenship initiative. It is followed by more than **25 thousand** participants in **160 countries**, creating a reality of global cooperation.

The Company's commitment to the Climate Ambition Accelerator program sponsored by the Global Compact continued in 2023. The program provides companies with the knowledge and skills needed to accelerate the science-based definition of initiatives and targets to contain the temperature rise to within 1.5°C in the medium term, moving them toward the net zero target by 2050.

Comer Industries adheres to the **EcoVadis** platform for the evaluation of sustainability performance. EcoVadis is a global service active in more than **180 countries** and with more than **125 thousand** companies evaluated. In keeping with the principles of transparency, the Company shares evaluation results and improvement actions with stakeholders.





In 2023 EcoVadis updated its assessment of Comer Industries' sustainability performance in the dimensions of environment, labor and human rights, ethics, and sustainable procurement, confirming the Silver rating that places Comer Industries in the 12% of companies evaluated by EcoVadis worldwide with the highest score.

Participation in the Global Compact and the related initiatives implemented in 2022 and continued in 2023 represent only the most recent step along a path toward reducing greenhouse gas emissions and protecting the environment that Comer Industries has been pursuing since 2015, with its adherence to the **Carbon Disclosure Project (CDP)** framework. The project involves questionnaires that provide businesses, local authorities, governments, and investors with a comprehensive system of environmental measurement and reporting.



There are currently **more than 23,000 companies and more than 1,100 cities, states, and regions** participating in CDP surveys on Climate Change, Water, Forests programs with the ultimate goal of building a global economic system that is attentive to environmental sustainability.

In 2023 the Company participated in the Climate Change program, receiving a grade of C on an A-D scale, in line with the industry average. In addition to constituting and underscoring the commitment and assumption of responsibility in combating climate change, the climate disclosure is being progressively aligned with the **TCFD Recommendations** (see the section *Environment | Climate change and emissions management: distribution by geographic area*).

Comer Industries ranks **seventh out of 286 among the most sustainability-conscious companies** according to *ITQF* and *La Repubblica Affari & Finanza*, with a score of 86.55 out of 100. The ranking is the result of a survey with a focus on the three ESG factors conducted by the German Quality Institute and presented by the influential newspaper in its latest report, *The Champions of Sustainability*. It is a positioning that represents recognition of achievements and progress in the environmental, social, and economic dimensions.

RESPONSIBLE BUSINESS MANAGEMENT

THE RISK CONTROL MODEL AND COMPLIANCE

The control model exercised in Comer Industries makes use of a number of tools integrated into the corporate management model. These tools are intended to implement action to prevent and mitigate the risks of actions that conflict with the Company's ethical principles, procedures, and compliance obligations. They also aim to spread a culture based on integrity, ethical conduct, and corporate responsibility, as well as compliance with laws.

THE CODE OF ETHICS

The Code of Ethics and Conduct (*Code of Ethics*) is the foundation of the control model and underscores the principles underlying all Company activities: integrity, transparency, respect, legality, and confidentiality. The Code of Ethics also defines the standards of conduct to be observed by all collaborators and prohibited behavior, with particular reference to areas where there is a potential risk of committing a crime. It was updated in 2023 with the aim of standardizing the rules of conduct and principles of behavior within the new scope of the Group.

The Code of Ethics applies to all Companies of the Group, consistent with the laws and regulations in force in each country, and is available on the [Comer Industries](#) website.

THE SUPPLIER CODE OF ETHICS

In order to apply the company's ethical principles throughout the supply chain and implement the sustainable procurement policy, which is one of the Group's strategic objectives, Comer Industries produced a manual with the minimum set of requirements that every supplier of components or services is required to comply with for a solid, long-lasting partnership. All suppliers are required to sign the Code of Ethics, complying with its principles as an integral part of their contractual obligations.

THE ORGANIZATION AND MANAGEMENT MODEL PURSUANT TO LEG. DECREE 231/2001

The Organization and Management Model (*231 Model*), which includes the Code of Ethics as an integral part, defines the rules and measures adopted to prevent behaviors that may represent offense pursuant to Leg. Decree 231/2001 and spreading the culture of legality and awareness in all those who operate on behalf and in the interest of the Company. The governance structure envisages separate 231 Models for the two Italian Companies.

The 231 Model is made up of a General Part and several Special Parts, drawn up in relation to the types of offenses whose commission is abstractly conceivable due to the activities carried out by Companies. The 231 Model underwent several updates during 2021 and 2022 to implement regulatory developments and new requirements.

ANTI-CORRUPTION POLICY

With the aim of preventing conduct that deviates from ethical principles and laws on anti-corruption in all countries it operates in, the Company has adopted a system of codes that are an integral part of the 231 Model.

In this regard, the risk assessment of sensitive processes within the Group was completed in 2023, based on the Global Compact guidelines. In light of the findings, a new anti-corruption policy will be issued during 2024, extended to all Group Companies and integrated into the control and risk management model.

During 2023, as in previous years, there were no episodes of corruption ascertained or reported to the Supervisory Body that involved employees or directors of Comer Industries.

COMPANY PROCEDURES

Other elements of the control system include the procedures governing operations in compliance with the principles of transparency and truthfulness and applicable European or national regulations. Relevant guidelines, defined and approved by the Board of Directors, have been formalized in the *Procedure for related party transactions*, the *Procedure for internal dealing*,¹⁴ and the *Procedure for handling inside information*. During the reporting year, no incidents occurred and no proceedings or legal action were initiated against the Company regarding violations of free competition, monopolistic practices, antitrust.

The 231 Model, Anti-Corruption Policies, and Corporate Procedures can be found on the website.

SUPERVISORY BODY

Or *SB*, is the body appointed by the BoD, responsible for the respect, efficient and effective application of the 231 Model and for its updating. The Body has a board structure that includes at least one external member and one internal member, in compliance with the requirements of independence, autonomy, and professionalism. In addition to periodic checking, inspections and information flow analysis, the SB prepares every six months specific reports about performed activities and their results.

COMER INDUSTRIES SPA		COMER INDUSTRIES COMPONENTS SRL	
Tommaso Rotella	Chair	Luca Mazzei	Chair
Luca Mazzei	External member	Antonio Lattarulo	Internal member
Antonio Lattarulo	Internal member		

COMPLIANCE MANAGEMENT

For the Company, the culture of integrity and compliance is a key factor for solid and lasting success. With the belief that compliance is not just an obligation to be met but an opportunity to create sustainable value, compliance management has been fully integrated into the corporate culture and organizational models. An effective management system enables proactive governance of compliance and deadlines related to mandatory and contractual requirements, applicable regulations, and organizational standards. In addition to reducing sanction and business continuity risks, the measures taken enable transparent evidence of compliance – and thus good corporate governance – to all stakeholders. To this end, Comer Industries has developed management models that also use digital tools modeled on its processes. The goal is to analyze compliance obligations to anticipate critical issues, monitor compliance execution, and evaluate performance. In fact, the Company employs a system for monitoring compliance with the requirements required by all laws and regulations regarding the environment and safety in the workplace, applicable according to the local specificities of the sites where the Group operates. These tools also allow for the incorporation of new and updated developments in the applicable regulatory framework. The Company also uses qualified sources and newsletters with updates on other compliance issues (privacy, 231 model, product regulations). Furthermore, it has a digital privacy management system in accordance with the regulations applicable in the countries where the Group operates and that is constantly updated based on the actual staffing structure.

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

14 - Transactions involving the purchase and sale of the securities of a listed company by its directors, auditors, or top managers.

During FY 2023 there were no significant instances of noncompliance with laws or regulations or events that resulted in sanctions. As of the date of this writing, there have been no substantiated complaints regarding breaches of customer privacy and loss of customer data.

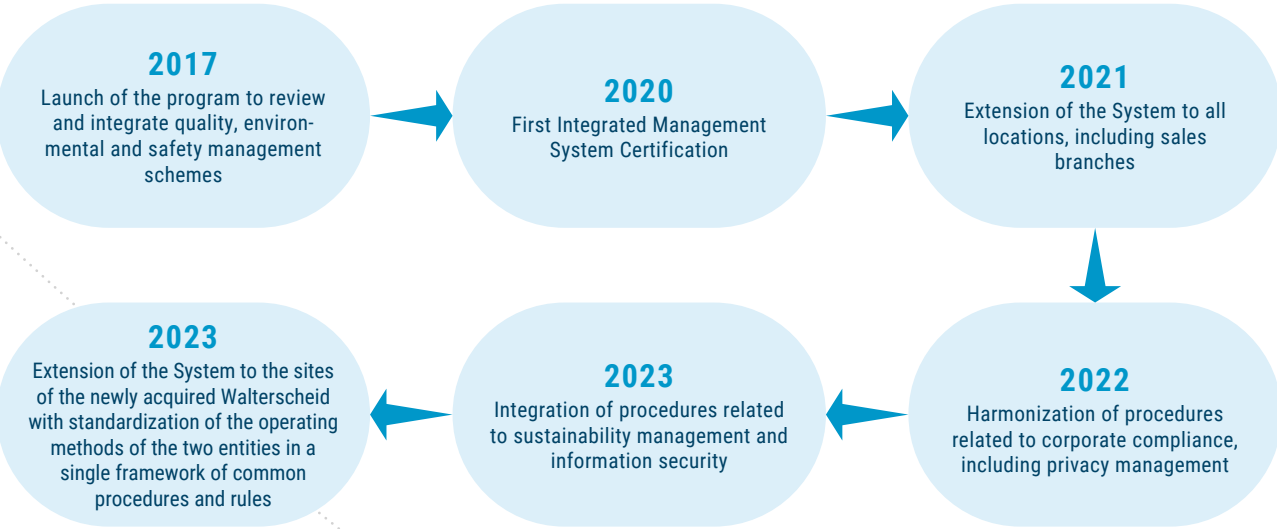
WHISTLEBLOWING

In compliance with European Directive 2019/1937 on whistleblowing, transposed in national legislation with specific implementing regulations, including Decree 24/2023 in Italy, Comer Industries has established telephone and digital communication channels to report actions or conduct in conflict with the company's Code of Ethics, policies, procedures or legal requirements, preserving the rights to personal data protection and confidentiality of the whistleblower. Moreover, it has defined a **whistleblowing procedure**, approved by the BoD and applicable in all Group Companies, to govern how to ascertain the validity and substantiation of reports. and then take appropriate corrective and disciplinary action.

THE INTEGRATED MANAGEMENT SYSTEM

2023 saw the extension and consolidation of the **Integrated Management System** throughout the company, expanded following the acquisition of Walterscheid Powertrain Group in 2021 and the Benevelli and Sitem business units in 2023. Procedures, operational tools, methods, and actions aimed at managing quality, sustainability, information security, and compliance converge in the system, placing risk management and process simplification at the foundation of the model. The goal is to further consolidate a multidisciplinary risk-based management model that is integrated into the business and able to respond effectively to rapid changes in the environment and to exploit synergies in business processes, supporting simplification and efficiency.

MANAGEMENT SYSTEM ROAD MAP

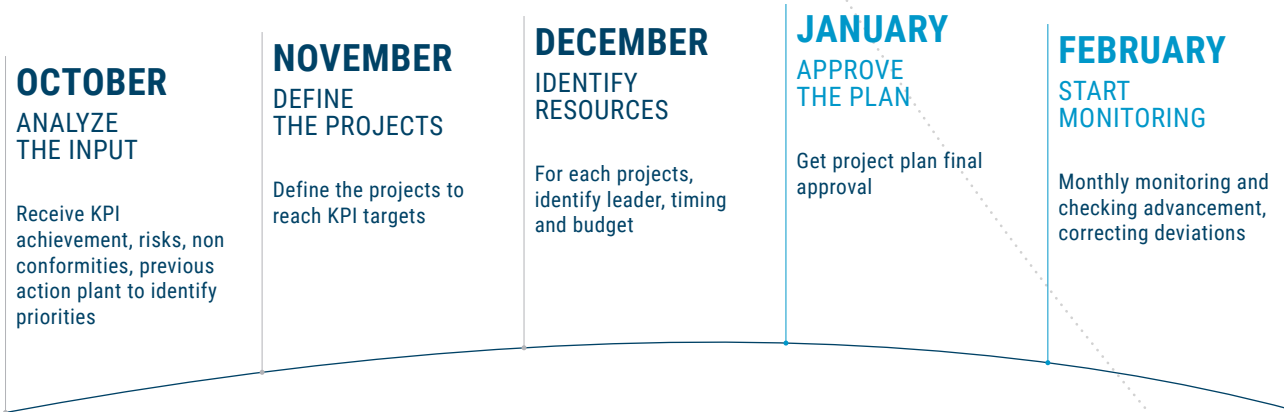


THIRD-PARTY CERTIFICATION OF THE INTEGRATED SYSTEM IS PLANNED DURING 2024

THE SYSTEM'S TOOLS FOR CONTINUOUS IMPROVEMENT: THE INTEGRATED PLAN

Comer Industries is committed to constantly increasing the effectiveness of the management system with specific actions. With regard to performance, the Quality, Sustainability & Lean Development function identifies not only the most suitable indicators based on business processes and the organizational model, but also sets specific quantitative targets to be achieved by individual sites each year based on the previous year's results and global strategy.

Therefore, each site draws up an improvement plan setting out objectives, resources and responsibilities, the progress of which is monitored in detail during the year.



THE POLICIES

INTEGRATED QUALITY, SUSTAINABILITY AND PRODUCT RESPONSIBILITY POLICY

The Integrated Quality, Sustainability, and Product Responsibility Policy makes explicit the commitment to pursuing goals of sustainable development and value creation for stakeholders. Revised in 2022 to bring it in line with the new consolidation scope with the acquisition of Walterscheid, the Policy aims to define the general framework within which the improvement goals the Company intends to pursue in the areas of quality and sustainability are set, including commitments in terms of sustainable and responsible sourcing.



INTEGRATED INFORMATION SECURITY POLICY

In 2022 Comer Industries updated and extended the Integrated Information Security Policy to the new scope, confirming its commitment to protect data, information, and consequently the systems that handle them, especially those that are of strategic value to the company's business, employing security measures that are commensurate with their value and the risks they are subject to.



INTEGRATED HUMAN RIGHTS POLICY

The Integrated Human Rights Policy is in line with relevant international standards the Company adheres to, such as the *Universal Declaration of Human Rights* and the *Ten Principles of the Global Compact*. The definition of the Policy completes a risk analysis conducted on the internal processes of the Group's Italian and foreign offices and also extended to the main partners the Company works with, especially with regard to certain sensitive areas (see the section *People | Human rights*). No cases or episodes of violation of human rights occurred in Group Companies.



INTEGRATED POLICY ON DIVERSITY AND INCLUSION

In 2022 the Policy on Diversity and Inclusion was updated and extended to the new scope. This action implements the policy document adopted by Comer Industries in December 2021 at the Group level, formalizing its intention to pursue a strategy of valuing diversity and a human resources management model based on equal opportunities and inclusion in all areas of Company life.



FISCAL TRANSPARENCY

Comer Industries operates through Companies based in different countries around the world, contributing to the development of their respective economies. An economic contribution that is also expressed at a fiscal level and takes the form of various types of taxes, which can be grouped into the following categories:

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

According to the Code of Ethics, the Company is committed to operating in each of its entities with honesty and integrity in all tax matters and with a transparent and sustainable long-term tax approach. It complies with the laws of the jurisdictions it operates in and works closely with tax authorities, advisors, and auditors to ensure that taxes due are paid.

Note that starting in 2024, with regard to the reporting period coinciding with the 2023 fiscal year, the Company is required to submit Country-by-Country Reporting (CbCR) in accordance with the provisions of Council Directive (EU) 2016/881, Art. 1(145-146) of Italian Law No. 208 of December 28, 2015 (2016 Stability Law) and all subsequent local implementing regulations and provisions issued by the Revenue Agency.¹⁵ The CbCR report must therefore be submitted annually to the Revenue Agency by the consolidating Parent Company by December 31 of the year following the year being reported. The first communication will therefore be made by next December 31, 2024 with respect to the 2023 reporting year.

TAX PLANNING

Consistent with the Company values and principles of the Code of Ethics, the Company does not pursue tax planning strategies or schemes, nor does it engage in conduct or domestic or transnational operations that result in constructions that do not reflect economic reality and from which undue tax benefits can reasonably be expected.

For tax purposes, intra-group transactions are governed by the so-called arm's length principle as defined by the OECD (Model Tax Convention and Transfer Pricing Guidelines), and aim to align transfer conditions and prices as correctly as possible with the places where value is created within the Group.

TAX MANAGEMENT AND RELATIONS WITH THE AUTHORITIES

Reasonable and well-founded tax choices and interpretations are adopted by the Company to determine the tax treatment of a particular transaction or activity. On the basis of the size and complexity of the business, risks may arise in relation to the interpretation of local tax regulations. These risks are identified and analyzed both internally and with the support of tax advisors. Comer Industries ensures transparency and propriety when dealing with tax authorities. It aims to build and maintain open and fruitful relations with all competent tax authorities and to resolve any dispute in a spirit of cooperation. In cases of particular uncertainty about the tax treatment applicable to relevant issues, the tools to know in advance the position of the competent tax authority are used.

¹⁵ - Comer Industries must comply with the obligation starting in 2024 with reference to 2023, since in 2022 (the year preceding the reporting period) the consolidated revenue threshold of 750 million euros was exceeded at the Multinational Group level.

RISK MANAGEMENT

With a view to continuous improvement, Comer Industries has adopted a risk management model inspired by the ISO 31000 standard.

With this in mind, in 2023 the Company completed the implementation of an Enterprise Risk Management (ERM) model after performing a series of analyses of various areas of assessment and company processes. The model was adopted consistent with the Risk Management topic resulting from the materiality analysis.

The process is formalized in a specific procedure and coordinated by the Control, Risk and Sustainability Committee formed in 2023 within the BoD. Working with the other functions supporting the BoD in decision-making processes - the Board of Statutory Auditors, the Supervisory Body, and the Auditing Firm - the Quality, Sustainability & Lean Development function is entrusted with the task of translating the BoD's guidelines into operations.

PROCEDURE FOR IDENTIFICATION AND ASSESSMENT OF RISKS

CONTEXT ANALYSIS

The internal and external issues and the stakeholders are defined for each context dimension and for each primary process.

IDENTIFICATION OF RISKS AND OPPORTUNITIES

Based on the relevant issues, needs and expectations of involved stakeholders, possible events are identified, the consequences of which could prevent, hinder, or delay the achievement of objectives (risk) or promote, increase, accelerate the achievement of objectives (opportunities).

RISK AND OPPORTUNITY ASSESSMENT

The risk is assessed by combining the extent of the impact (severity) with the probability of its occurrence. The evaluation is carried out considering any existing measures, which confirm or modify the severity and probability measures. Risks are classified into four categories with increasing impact: low, medium, significant and high. The opportunity is assessed by combining the extent of the expected benefit with its duration. The risk matrix is the tool for assessing and recording risks and opportunities.

RISK AND OPPORTUNITY TREATMENT

Each level of risk/opportunity corresponds with a priority of intervention and relative treatment. The maximum threshold of risk acceptability was identified as medium, above which mitigation is required. Each action is linked to a manager and a completion date.

MONITORING AND REVIEW

The plan is periodically monitored to verify the closure of the actions within the pre-established times and to identify any changes in the identification or assessment of the risks and opportunities due to changes in the context.

There are **summary and quantitative indicators** whose trends are periodically evaluated. Quarterly monitoring enables analysis of trends in risk levels and the effectiveness of actions aimed at minimizing the likelihood or effects of priority risks.

The Company also applies the **precautionary principle**. Introduced in 1992 at the United Nations Conference on Development and Environment, the principle states that *"In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific*

certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation." Regarding the risk management strategy, the application of the precautionary principle involves a prior assessment of potential adverse environmental and social effects, which could result from strategic decisions or choices related to products and processes. In the event of risk of serious or irreversible damage is identified, the adoption of appropriate and effective measures, also in relation to the benefits and costs, aimed at preventing or mitigating the negative impacts must be evaluated.

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

MANAGEMENT APPROACH

In summary, or with specific cross-references, the following table shows how the main risks pertaining to the material topics identified are managed, divided into the families that make up the risk management model. For other risk families not covered in the disclosure, and in particular with regard to financial risks, see the relevant section in the *Management Report - Consolidated Financial Statements as of December 31, 2023*.

To date the analysis has identified no critical risks related to the material topics, all having been rated either low or medium.

AREA / RISK DESCRIPTION	UNDERLYING MATERIAL TOPIC	MANAGEMENT APPROACH
STRATEGIC		
Climate change: risks related to the transition or physical risks	• Effective and efficient energy management • Emissions and climate change • Sustainable procurement	See the relevant section in Environment Climate change and emissions management
Company performance not aligned with stakeholder ESG expectations	All material topics	The Company prepared the 2030 Sustainable Development Plan (see section The strategic value of sustainability OUR BRIGHT IMPACT - Our commitment to sustainable development) that impacts all dimensions of sustainability and takes into account stakeholder expectations
Product performance not aligned with growing ESG requirements of the market or users	• Product/service innovation • Environmental impact of products throughout the life cycle	Stakeholder engagement updated annually, including the study of the context and expectations of stakeholders
Cybersecurity: loss or dissemination of strategic data	• Security of personal data and information • Business continuity • Digitization	Specific <i>risk assessment</i> section within the ERM model with actions implemented according to a priority scale and continuous monitoring
Sociopolitical risks related to social, political, and economic instability in the countries where the Group operates or sells its products	• Ethics and integrity in business • Human rights and fair labor practices • Compliance • Sustainable procurement • Business continuity	Monitoring of the evolving socio-political-economic environment and worst-case assessment of impacts along the value chain and compliance. Specific risk mitigation actions
COMPLIANCE		
Failure to comply with environmental or safety regulatory requirements	• Compliance • Ethics and integrity of the business • Environmental impact of products throughout the life cycle • Responsible use of water resources • Responsible waste management	Compliance management model integrated into the Integrated System and supported by digital tools for compliance management and tracking changes in the regulatory system

Failure to comply with the requirements of product regulations, which are becoming increasingly stringent throughout the world (e.g., REACH, Conflict Minerals, CBAM, Plastic Taxes)	• Compliance • Ethics and integrity of the business • Environmental impact of products throughout the life cycle	Comer Industries has assigned the centralized <i>Global Compliance</i> team the responsibility for monitoring the proper application of regulations, supporting the local business units that manage the various product families
Privacy: loss or disclosure of the personal data of employees or other stakeholders in violation of Regulation EU 269/2016 or national regulations in force in the countries where Comer Industries operates	• Security of personal data and information • Compliance • Ethics and integrity in business • Digitization	• Specific <i>risk assessment</i> section within the ERM model with actions implemented according to a priority scale and continuous monitoring • Digital system for managing personal data and the impacts of context and regulatory changes
Risks related to corruption in violation of the Code of Ethics and Legislative Decree 231/2001 on corporate administrative liability	• Ethics and integrity in business • Compliance	Specific <i>risk assessment</i> section within the ERM model with actions implemented according to a priority scale and continuous monitoring
Risks related to the violation of human rights in Company operations or by Company stakeholders	• Ethics and integrity in business • Compliance • Human rights and fair labor practices	Specific <i>risk assessment</i> section within the ERM model with actions implemented according to a priority scale and continuous monitoring
Risks related to violations of international trade regulations, including restrictions and sanctions applied with respect to the socio-political environment	• Ethics and integrity in business • Compliance • Human rights and fair labor practices	Objective and subjective evaluations of products sold and business partners, with relevant updates based on regulatory developments
OPERATIONAL RISKS		
Negative social and environmental impacts of the product downstream of the supply chain	• Product/service innovation • Product quality and safety • Environmental impact of products throughout the life cycle	• Design solutions aimed at reducing environmental impacts and maximizing safe use • Systematic evaluation of product failures before production • Specific requests and evidence relating to product compliance at the same time as the component validation procedure
Scarcity of resources used in production processes or increasing requirements in terms of sustainability from Customers	• Circularity of production processes • Responsible use of water resources • Responsible waste management	The Integrated Management System includes a set of indicators for the continuous monitoring and improvement of the efficiency of production processes and the consumption of resources used, with corrective actions in case of off-target values or negative trends
Injuries to personnel inside and outside the company	Occupational health and safety	• Integrated Health and Safety Management System • Specific procedures for contracted suppliers and visitors • Procedures for traveling staff
Attractiveness to qualified personnel and ability to retain key resources	• Human capital • Personnel training and development • Diversity and equal opportunities • Human rights and fair labor practices	• Continuous training processes and specific paths – Comer Academy • Structured performance evaluation and feedback systems (ASC) • Implementation of the Diversity and Inclusion Policy with challenging goals for improving performance indicators • Promotion of diversity and the protection of minorities • Application of agile work in a structured form
Supply chain: continuity and development related to ESG factors	• Sustainable procurement • Ethics and integrity in business • Human rights and fair labor practices • Compliance • Business continuity • Environmental impact of products throughout the life cycle	• Implementation of a sustainable procurement strategy with long-term goals in the strategic plan • Sustainability performance evaluation during qualification and mass production • Inclusion of sustainability criteria in Vendor Rating metrics • Due diligence to assess sustainability performance within the supply chain
Disruption of the product supply in emergency conditions	Business continuity	Preparation of a business continuity plan with differentiated procedures and responsibilities for taking action based on the type of emergency and the characteristics of the operational locations, the result of a careful risk assessment in all operational areas

04

PEOPLE



comer industries

PILLAR	GOAL	TARGET	WITHIN	TARGET ACHIEVEMENT STATUS AS OF 31.12.2023
HUMAN CAPITAL	Strengthening equal opportunity and gender equality	Increase by 30% of the rate of female employees	2030	12%
		Reaching and maintain the training engagement rate > 93%	2030	49%
	Increase and spread awareness on ESG issues	Increase by 20% in the per capita number of hours of training on ESG	2030	18%
	Consolidating the zero-injury culture	100% digitization of HSE reporting processes (audits and spontaneous reporting)	2025	50%
		50% speed increase in closing HSE reports	2030	Project to be started in 2024



PERSONNEL MANAGEMENT AND DEVELOPMENT POLICIES

People are an essential resource and a strategic factor in the success of the Group, which is constantly striving to create a positive and stimulating work environment where people can give their best and maximize their contributions. Having completed the process of integration that began in 2022, Comer Industries and Walterscheid now operate using a unique model for managing their resources that also respects local regulatory peculiarities and ensures fair treatment among all employees through the implementation of shared procedures and best practices.

Key measures include the implementation of a remote working policy that is applicable throughout the perimeter, which can improve people's work-life balance, increase motivation and satisfaction, and reduce commuting time and costs by reducing the environmental impact caused by traveling between home and work. Globally, the average percentage of remote working hours by eligible individuals (thus excluding workers in production) was about 20%, in line with the previous year.

Comer Industries has continued to support families by making adjustments as needed during particular times such as births or difficult events, offering flexible hours, temporary part time, or special leave.

- To strengthen people's involvement, specific initiatives have been organized such as:
- The **Family Day** in Lohmar, where families were able to get a close look at the reality experienced by employees on a daily basis and spend some time together and have fun in order to strengthen ties with the Company while contributing to the Hearts of Gold charity project (see section *Governance | Commitment to the region*).
 - The **visit of retired former employees** to the Comer Industries plant in Reggiolo, where the younger generation showed former co-workers and managers how the lessons they had learned were put to good use and adapted to new organizational needs. A meeting of past and present as an example of know-how that is handed down and strengthened over time.
 - The **Presentation of the Strategic Plan** at Porsche Experience Center Franciacorta, where the sharing of achievements and goals detailed in the next five-year business plan was alternated with track driving by all meeting participants.

In 2023 a Group-wide global corporate intranet was introduced, where all employees can access information, documentation, and procedures, improving and streamlining internal communications and nurturing a sense of cohesion and belonging.

INTERNAL COMMUNICATIONS

Key internal communication tools such as the intranet, web app, and digital signage systems constantly inform and update the entire workforce on the company's financial results, welfare, sustainability and social responsibility projects and activities. In a multinational corporation like Comer Industries with offices all over the world, communications with employees are crucial for increasing a sense of belonging and getting everyone to act as spokespersons for common integrated messages, both internally and to external stakeholders. Internal communication thus becomes a strategic lever for engagement, creating intangible value in terms of motivation, involvement, and sharing of corporate values.



The processes for **selecting, managing, and developing people** are governed by specific procedures globally, with dedicated sections on the corporate intranet.

The onboarding phase is supported through **induction plans** aimed at familiarizing new resources with the company's overall organization, culture, values, and expectations from the outset.

The entire professional life cycle is characterized by **continuing education**, creating the conditions for positively embracing changes and acquiring the necessary skills to deal with them.

Extreme importance is placed on the professional development of resources through **internal job postings** that can offer employees the opportunity to take on new challenges and learn new skills, increasing their motivation and connection with the Company.

As in previous years, the Group's commitment to promoting the **international mobility** of resources remains constant, offering the possibility of gaining professional experience abroad. Specifically, in 2023 the Group offered three employees in Italy the opportunity to work at companies based in Germany and the US. In this way the Company intends to promote an agile culture, boosting the long-term employability of employees, encouraging them to take on new challenges and assignments, and improving technical and management skills.

The Group continues to pursue the professional growth of its resources and employment stability: as a demonstration of this commitment, about **88%** of employees are employed with permanent contracts.

Where present, Comer Industries also engages in continuous dialog and constructive discussions with union representatives, and applies collective bargaining within the terms provided by law. Specifically, to date **more than 70% of the workforce is covered by a collective bargaining system**.

THE PEOPLE OF THE GROUP

As of December 31, 2023, Comer Industries' total workforce is **3,628 people**, including 423 outsourced workers hired to meet seasonal production needs.

The majority of the Company's workforce is concentrated in Italy and Germany (73%), where the Group's most important production plants are located (Reggiolo, Matera, Lohmar, and Sohland), the United States (12.6%) and China (7.6%), while the remaining share of the workforce is distributed among the production plants in India and Brazil and the service centers.

DISTRIBUTION OF EMPLOYEES BY EMPLOYMENT CONTRACT

The percentage of employees hired with permanent contracts increased slightly compared to the previous year. The gender distribution also increased compared to the previous year, confirming in absolute terms the typical characteristics of the industry and the work done.

	2022				2023			
	F	M	TOT	%	F	M	TOT	%
Fixed term	37	354	391	12.1%	33	345	378	11.8%
Permanent	320	2,532	2,852	87.9%	332	2,495	2,827	88.2%
Total	357	2,886	3,243	100%	365	2,840	3,205	100%
% of Total	11.0%	89.0%	100%	-	11.4%	88.6%	100%	-

The geographical distribution of employees is in line with 2022. As in previous years, there is evidence of a prevalence of fixed-term contracts in China resulting from the Chinese hiring process, which typically envisages an initial fixed-term contract phase. The decrease in the percentage of employees in China is due to the successful aggregation of Comer Industries' and Walterscheid's production plants in the region.

	2022					2023				
	IT	DE	US	CN	RW	IT	DE	US	CN	RW
Fixed term	17	158	0	199	17	13	131	0	227	7
Permanent	1,024	1,082	362	126	258	1,115	1,080	405	16	211
Total	1,041	1,240	362	325	275	1,128	1,211	405	243	218
% of Total	32.1%	38.2%	11.2%	10.0%	8.5%	35.2%	37.8%	12.6%	7.6%	6.8%

DISTRIBUTION OF EMPLOYEES BY TYPE OF EMPLOYMENT

Compared with the previous year, there were slight changes in 2023 in the ratio of full-time to part-time workers, with a slight increase in favor of the former.

2022					2023			
	F	M	TOT	%	F	M	TOT	%
Full-time	310	2,873	3,183	98.1%	323	2,830	3,153	98.4%
Part-time	47	13	60	1.9%	42	10	52	1.6%
Total	357	2,886	3,243	100%	365	2,840	3,205	100%

2022						2023				
	IT	DE	US	CN	RW	IT	DE	US	CN	RW
Full-time	1,018	1,210	362	325	268	1,106	1,182	405	243	217
Part-time	23	30	-	-	7	22	29	-	-	1
Total	1,041	1,240	362	325	275	1,128	1,211	405	243	218

EMPLOYEE TURNOVER

During 2023, 457 people were hired and 575 left. While hires were slightly down compared to the previous year¹⁶ (with the exception of a slight increase in hires of personnel under the age of 30 versus the other age groups), the increase in departures in 2023 was mainly driven by the process of merging the production facilities in China.

	2022			2023		
	F	M	TOT	F	M	TOT
Hired employees	79	414	493	65	392	457
Hired employee rate	2.4%	12.8%	15.2%	2.0%	12.2%	14.3%
Terminated employees	69	367	436	74	501	575
Terminated employee rate	2.1%	11.3%	13.4%	2.3%	15.6%	17.9%

16 - Compared to the Consolidated Non-financial Statement of 2022, there was a recalculation of people leaving due to the reclassification of the departure date of three male Italian employees. Thus the total figure for 2022 departures dropped from 439 to 436.

2022				2023		
	<30	31-50	>50	<30	31-50	>50
Hired employees	197	234	62	216	186	55
Hired employee rate	6.1%	7.2%	1.9%	6.7%	5.8%	1.7%
Terminated employees	126	182	128	141	284	150
Terminated employee rate	3.9%	5.6%	3.9%	4.4%	8.9%	4.7%

2022						2023				
	IT	DE	US	CN	RW	IT	DE	US	CN	RW
Hired employees	98	120	131	58	86	100	69	188	58	42
Hired employee rate	3.0%	3.7%	4.0%	1.6%	2.7%	3.1%	2.2%	5.9%	1.8%	1.3%
Terminated employees	99	88	124	62	66	107	94	144	140	90
Terminated employee rate	3.0%	2.7%	3.8%	1.9%	2.0%	3.3%	2.9%	4.5%	4.4%	2.8%



DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES

The Group promotes equal opportunities and ensures respect for professional rights and freedoms through the implementation of the Integrated Policy on Diversity and Inclusion. It values diversity and creates an inclusive work environment where all people can feel free to express themselves regardless of race, gender, age, sexual orientation, disability, nationality, political views, and religion.

These are principles that also extend to internal and external communication through language that respects gender differences and avoids stereotypes of any kind.

Comer Industries encourages all employees to act with respect and integrity in every relationship with co-workers, customers, suppliers and all actors they interact with, making a concrete commitment to respect the values, principles, and rules stated in the Code of Ethics at all levels. With a view to encouraging constructive discussions and improving the work environment, it also promotes a culture of dialog with co-workers and managers to raise problems, questions, or concerns.

As also evidenced by international mobility projects, the integration of people from different cultures and geographical areas is considered an opportunity for cross-cultural growth and enrichment.

The Group is committed to ensuring equal treatment and opportunity for each person during every stage of their professional life, from hiring (ensuring equal access to selection processes between women and men) to the subsequent management of the employment relationship, especially when it comes to performance evaluations and remuneration policies.

As evidence of the effectiveness of the measures taken, no cases and/or incidents of discrimination were reported in Group Companies in 2023.

Regarding the recruitment stages, the Group considers collaboration with higher education institutions and universities in the areas it operates in to be a fundamental tool for the selection process: an opportunity to meet young talent interested in the industry it competes in and to allow young people, without distinction, to approach the working world through curricular and extracurricular internships or apprenticeships.

The main colleges and universities the group collaborates with worldwide are:

- Italy: University of Modena and Reggio Emilia, University of Bologna, University of Parma, Bari Polytechnic
- Germany: Cologne University of Applied Sciences, FH Sankt Augustin, Technische Universität Dresden
- USA and Brazil - Symbol Trade School, Joliet Junior College, Jane Adams Tech School, LITE; WILCO Career Center, Rock Valley College, Anhanguera Educacional, UNIASSELVI, UNIFTEC, SENAI - Serviço Nacional de Aprendizagem Industrial
- China - Shaoxing School

Collaboration with universities also takes the form of training courses in which students have access to the Group's production sites and can interact with employees through active discussions, workshops, and sessions in which people share their skills.

DISTRIBUTION OF EMPLOYEES BY CATEGORY

Also in 2023, the distribution of qualifications reflected a composition typical of the Company's industry, with a prevalence of workers in production compared to office workers. There are no significant changes in the distribution by qualification and gender, with the exception of a slight increase in younger women (aged up to 30) in the worker category. In fact, the processes of production automation and logistics in manufacturing facilities, especially in Italy, have led to more favorable conditions for women.

	2022			2023		
	F	M	TOT	F	M	TOT
Executives	0.1%	0.2%	0.3%	0.1%	0.2%	0.3%
Managers	1.0%	6.2%	7.2%	0.8%	5.4%	6.2%
Professionals	7.3%	22.5%	29.8%	7.5%	22.9%	30.4%
Workers	2.6%	60.1%	62.7%	3.0%	60.1%	63.1%
Total	11.0%	89.0%	100%	11.4%	88.6%	100%

	2022			2023		
	<30	31-50	>50	<30	31-50	>50
Executives	-	0.1%	0.2%	-	0.1%	0.2%
Managers	0.2%	4.1%	2.9%	0.2%	3.4%	2.6%
Professionals	5.2%	14.2%	10.6%	4.5%	14.3%	11.7%
Workers	11.3%	30.3%	20.9%	13.5%	29.3%	20.4%
Total	16.7%	48.6%	34.6%	18.2%	47.0%	34.8%

PERFORMANCE EVALUATION AND COMPENSATION POLICIES

In 2023 the performance appraisal system that manages and promotes people's professional development was extended to the entire Group. The application of a single standardized process addresses the need to integrate metrics and evaluation criteria against a global backdrop.

With this in mind, all employees are involved on an annual basis in a process of assigning, discussing, and summarizing goals (professional, economic, and personal development) with the aim of clarifying job responsibilities, priorities, and expectations while at the same time creating a constructive dialog between manager and employee.

Measuring employee performance goes beyond a simple quantitative assessment to include elements related to the organization's culture and behavior in relation to corporate values.

In 2023, the **Performance Management** process involved the entire white-collar population representing 25% of the Group's employees.

Comer Industries ensures that the **remuneration policies** for employees promote a salary progression linked exclusively to meritocratic criteria referring to the skills used in the position held and the performance achieved regardless of gender, age, and geographic location, guaranteeing equal access without any kind of distinction or preclusion.

Based on the performance achieved and in a closely related manner, each year the Company coordinates a globally standardized **compensation & reward** process with the aim of rewarding people who have received a positive evaluation, consolidating the alignment of their performance with the Company's strategic priorities.

In 2023 the compensation & rewards plan involved about 150 employees, of whom 18% were women.

An important new development in 2023 was the extension of the **Corporate Welfare** plan to the entire workforce of Comer Industries SpA, previously available only to Comer Industries Components S.r.l. and designed to meet the needs of employees and guarantee them an increase in their purchasing power. Using a dedicated platform, the Company enabled employees to take advantage of a welfare credit consisting of the amount envisaged in the relevant collective bargaining agreement and an amount agreed to in the company's supplementary agreement, which the employee was free to use for services of their own choosing, in accordance with current regulations. Employees could also go to their personal area in the portal and choose to convert all or part of the balance of the performance bonus (disbursed the year following the year of vesting) into corporate welfare. In this way the employee could benefit from the full tax deduction of the converted amount without any withholding.

THE RATIO BETWEEN WAGES

The gender gap of average wages by important site¹⁷ revealed a greater difference in Italy, although the overall value was above 90%.
The ratio in Germany and the US remained essentially unchanged from 2022.

2022			2023			
	F	M	%	F	M	PAY GAP
IT						
Executives & Managers	90,219	105,055	86%	81,168	125,532	65%
Professionals	37,777	42,643	89%	38,598	44,943	86%
Workers	25,835	27,304	95%	27,497	29,307	94%
Total	35,282	37,033	95%	35,704	39,225	91%
DE						
Executives & Managers	91,004	103,181	88%	89,783	110,188	81%
Professionals	60,943	65,338	93%	65,905	75,708	87%
Workers	47,331	49,055	96%	50,568	50,502	100%
Total	63,301	56,875	111%	66,624	59,829	111%
US						
Executives & Managers	93,234	116,593	80%	106,466	113,833	94%
Professionals	69,099	87,626	79%	66,578	87,091	76%

17 - Important sites are defined as locations whose total number of employees (in descending order) covers a percentage of total employees greater than 80%.

Workers	44,934	50,270	89%	45,636	49,996	91%
Total	62,189	66,538	93%	63,191	66,743	95%

Year on year there was an average increase in total annual employee compensation from +4.23% in 2022 over 2021 to +6.12% in 2023 over 2022.
One of the differences is related to increases envisaged in national collective bargaining in 2023 that affected several organizational units, especially in EMEA.

	2022			2023		
	MAXIMUM ^B	MEDIAN	RATE	MAXIMUM ^B	MEDIAN	RATE
Total annual employee compensation (in thousands) ^A	330.24	43.181	7.65	333.08	43.012	7.74
Percentage increase in total annual employee compensation	33.74%	4.23%	7.98	0.86%	6.12%	0.14

A - When calculating total annual remuneration, gross annual remuneration, allowances, fringe benefits, and individual target achievement awards are considered. Values in thousands of euros.
B - The population of employees as of December 31, 2023 was considered for the calculation of the maximum total annual salary and the corresponding percentage increase. Note that the numerator did not include the person receiving the highest salary, including all employees as reported in the 2-7 disclosure. In fact, the salaries of members of corporate bodies were not considered.



HUMAN RIGHTS

Respect for human rights in all areas that it operates in is a founding principle for Comer Industries that goes beyond mere compliance with the law and permeates its ethics and business practices. This is why the issue is given a high priority among the values expressed in the Code of Ethics, echoing the principles of the international standards of reference applied by the Company, such as the *Universal Declaration of Human Rights* and the *Ten Principles of the Global Compact*.

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

In 2023 the risk assessment of sensitive processes in the Group was completed, based on the Global Compact guidelines, highlighting the main areas to focus preventive measures and training on. Using interviews, document audits, and field observations, internal processes at production sites in Italy and abroad were analyzed, especially in India and China. Furthermore, human rights due diligence involving the entire supply chain was performed, also incorporating the mandatory requirements set out in the German **Supply Chain Act**, one of the most advanced regulatory frameworks on the subject, and anticipating the requirements contained in the EU Corporate Sustainability Due Diligence (CSDD) Directive, which is to be implemented in the future.

The assessment explored various areas of the human rights sphere, with particular regard to the fight against forced and child labor and freedom of association and collective bargaining, weighting the risk based on criteria related to the type of process, commodity class, and the country¹⁸ the activity takes place in.

To date no operations or suppliers with significant risks of incidents of forced labor, child labor or violation of freedom of association have been identified to date.

The results of this activity and the Company's commitment to implement a concrete human rights program are expressed in the Integrated Human Rights Policy defined and published in 2022.

18 - For the country risk assessment, account was taken of the indices contained in the report https://www.theglobaleconomy.com/rankings/human_rights_rule_law_index

TRAINING IN THE COMPANY

Training is provided globally following the consolidation of the integration process with Walterscheid. The identification of training needs and the attentive planning of sessions are the starting point for all training aimed at increasing everyone's skills at multiple levels according to the needs of the individual resources, based on their role in the Company, and the various work teams.

The Company's effort in this regard is divided into courses on a variety of subject areas, each with their own objectives and methods. The training undertaken aims to promote the professional growth of employees through the development of managerial and technical and specialized knowledge and skills, with different delivery methods depending on the specific characteristics of each area involved.

Drawing on the experience gained and the consolidation of methods that have been tested and deemed successful in various company settings, course content is offered via external providers, technologically advanced platforms, and internal instructors who share skills and knowledge gained in the field with their co-workers. This creates a relationship of continuity and appreciation from a human point of view as well.

The Company ensures a structured, gradual induction process starting with onboarding. The induction plan, structured specifically based on the worker's profile, is different for white collar workers and blue collar workers (see the section *People / Personnel management and development policies*).

The integrated training procedure defined in 2022 made it possible to draw up training plans tailored to the needs of each location, while still ensuring their cross-cutting nature given the contextual use of the same training content by employees from different functions or locations. Plans are developed to ensure the acquisition of skills, and as a result the growth of people both "vertically" (hierarchically) and "horizontally" (functionally).

The training plan is drawn up based on an assessment of the knowledge and skills required by the organization's roles, thus forming the company's map of training needs. Based on this map, and thanks to the information gathered, the Academy schedules courses, selects external providers and teachers, or identifies internal instructors. The effectiveness of the training is measured through learning and satisfaction tests taken at the end of the training. The tests allow any corrective actions to be implemented promptly if participants have not achieved an adequate level of understanding and expertise. They also reveal strengths and areas needing improvement, including with respect to the organization of the class and the competence of the instructor. Mandatory training requirements concerning safety are managed through a computerized system that monitors deadlines, thereby ensuring compliance.

THE ACADEMY

The Academy is an internal training facility established by Comer Industries back in 2008, reflecting the Company's well-established commitment to the development of skills and the growth of its people. It is the heart of the Company in terms of training, human capital development, professional growth, and knowledge sharing. It is a place for meeting and discussion that plays a decisive role in ensuring the competitive ability that the market recognizes in Comer Industries and offers classes whose content allows methods, approaches, and operational solutions that cut across various business processes to be immediately applicable. The Academy, which has been extended to the entire new scope of the Group, continues its important role in promoting and implementing training programs for personnel at all company sites.

TRAINING PROGRAMS

In 2023 the integration process continued with a special focus on the dissemination of the *Integrated Procedures and Standards* (more than 80 issued during the year), which the Academy supported by involving all sites in the various countries around the world. The Manufacturing Training System (MTS), already applied at Comer Industries locations, has also been extended globally through the provision of training to all managers and production team leaders.

As part of the collaborative projects between different business functions – particularly the Research & Product Development function – and Italy’s leading university hubs, the Academy organized cross-training involving employees from different sites using webinars.

In accordance with legal requirements, training necessary for the certifications required to perform specific tasks is also provided. Specifically, training in special process qualification was organized during 2023 followed by the issuance of the relevant qualifying certificates.

Training of key users on how to use the **SAP** information system continued in 2023 at the Monguelfo and Sohland sites, with classes on the daily management and use of the data managed by the platform.

The management training organized in collaboration with Porsche Consulting was of considerable and strategic importance, involving co-workers from different parts of the world for a total of about 900 hours. It was an important opportunity to discuss strategic plans and future challenges facing all business functions. During the day attendees participated in a driving experience, a team-building activity that underscored how speed is one of the key factors for the Company’s success.

During the year attention to the topic of **cybersecurity** and personal data processing regulations remained high, with the organization of training related to cybersecurity and data protection at all sites. Data Protection Training Level 1 and Cybersecurity Training are some of the courses delivered through platforms that offer the viewing of short videos with intermediate quizzes and final theoretical and practical learning tests.

Courses related to the issues of compliance, anti-corruption, antitrust, and export control were also offered through a dedicated platform.

Comer Industries promotes an inclusive and values-based corporate culture by providing the impetus and encouraging discussions and reflection on these issues among its employees. To this end, a major training program called **Intergenerational Discussions** was launched in the Italian sites of Reggiolo and Pegognaga, currently involving almost all workers in the Italian production departments for a total of about 2,500 classroom hours. The commitment to intergenerational skill development will continue in 2024.

Attention to **health and safety** issues is always at the forefront, with the aim of consolidating awareness and strengthening the preventive approach to workplace accidents. Educational *video clips* have been created and disseminated at Italian and German production sites on possible hazardous situations within the plants. Given the effectiveness of contextualizing these issues within the specific work environment, the videos were filmed in the production departments with the support of professional actors, with the aim of creating greater involvement during content delivery.

To raise the awareness of departmental staff on the importance of posture and proper movement when working, especially when using equipment, tools, and utensils, a series of **ergonomics** training sessions was offered at the Monguelfo plant.

EDUCATIONAL COMMITMENT¹⁹

The data underscore the Company's continued focus on training and developing people in terms of technical skills, soft skills, and intercultural and intergenerational skills.

In 2023 Comer Industries provided a total of about 106 thousand training hours between employees and contractors, for a total of 29 hours per employee.

The tables below contain data on the employees of companies throughout the Group, including those in e-comer that were reported as of this year.

Furthermore, as from 2023 the classification of training hours by area has undergone a change as a result of the creation of the ESG Training area, which now includes all classes on environmental, social and governance sustainability issues. The new grouping will facilitate the monitoring of ESG-related training sessions and the implementation of measures to increase awareness of sustainability issues.

TRAINING HOURS PER EMPLOYEE	2022			2023		
	F	M	TOT	F	M	TOT
Executives	13.0	9.4	9.8	47.0	40.5	41.3
Managers	12.1	16.3	15.7	10.8	15.4	14.9
Professionals	15.9	22.0	20.5	12.9	15.1	14.5
Workers	15.8	12.0	12.2	20.2	26.1	25.8
Total	15.5	14.9	14.9	14.8	22.6	21.7

TRAINING HOURS PER EMPLOYEE	2022			2023		
	F	M	TOT	F	M	TOT
Managerial	2.9	1.8	1.9	2.0	0.8	0.9
Technical	6.8	7.8	7.7	8.3	16.2	15.3
ESG	5.7	5.2	5.3	4.6	5.6	5.5
Total	15.5	14.9	14.9	14.8	22.6	21.7

19 - For data on outsourced workers see [Appendix | Training in the Company](#).

OCCUPATIONAL HEALTH AND SAFETY

People form the core of Comer Industries' sustainable development strategy, driving the achievement of sustainability goals. Therefore, health and safety in the workplace is central to every activity and is addressed with a proactive approach through the ISO 45001:2018 compliant Health and Safety Management System certified by accredited bodies.

The Health and Safety Management System covers 96% of workers.

The model is based on the logic of identifying and prioritizing risks, and planning corrective actions in a systematic way. Risk assessment includes hazards related to specific processes, environmental conditions, and regulatory changes. In defining the action plan, which involves the participation of workers through cross-cutting working groups, the Company adopts technical, organizational, and procedural prevention and protection measures.

The hierarchy of actions includes elimination of hazards, replacement with less hazardous processes, technical and design measures, reorganization of work, administrative measures, and the use of personal protective equipment (PPE). The effectiveness of these actions is monitored through performance indicators and periodic audits.

The inclusive approach to continuous improvement involves everyone in identifying hazards, promoting risk awareness and the active role of workers who, from the moment they are hired, follow a structured training program, thereby furthering a culture of safety. A reporting system allows workers to identify and communicate potentially dangerous situations or near misses. Each report is submitted to analysis by a technical team in order to implement mitigation actions and provide feedback. Acting on these reports helps to gradually reduce the number of injuries.

In 2023, 2,665 prior warnings of potential danger and near misses were recorded, or 0.73 warnings per capita, and more than 200 audits were performed.

PROBLEM SOLVING

In the event of an injury or near miss at work, detailed procedures are triggered based on a structured resolution methodology designed to remove the root cause to prevent similar events in the future. Then, with a view to preventing similar incidents and sharing best practices, the feasibility of extending the solution identified to other areas or production facilities is examined.

Compliance with strict safety standards is required of all who enter the Company's premises, from contracted suppliers to temporary workers. Entry in the Company is preceded by detailed instruction with the support of audiovisual and digital media covering the risk areas and rules to be followed while on the Company's premises. Prior to visits by contractors, a preliminary assessment of their technical preparation and specific training is conducted. Even when on site, company workers accompanying visitors must constantly monitor their behavior and work, ensuring continuous compliance with safety standards and company procedures.

INJURIES

In 2023, as in previous years, there were no deaths due to work-related injuries. However, there is one case classified as a *serious injury*, as the event resulted in an absence from work of more than 180 days. Overall, there were 54 accidents out of a total of more than 6 million hours worked. Most injuries involve bruises, cuts, or situations related to foreign bodies. In accordance with the relevant standards, the data are broken down distinguishing between employees and non-employees.

EMPLOYEE INJURIES	2022 ^C	2023 ^C
Number of fatalities as a result of work-related injury	-	-
Number of high-consequence work-related injuries (excluding fatalities)	-	1
Number of no high-consequence work-related injuries	84	53
Number of recordable work-related injuries	84	54
Number of hours worked	6,487,171	6,535,415

C - For details on the type of injuries, see [Appendix I Occupational health and safety](#).

With the further expansion of the reporting scope compared to 2022 due to the acquisition of e-comer, and a nearly stable number of hours worked, the data show a marked improvement in the injury rate as a result of various initiatives implemented during the year. These include the provision of training sessions supported by videos depicting actual hazardous conditions, filmed in the production facilities (see above) in an effort to increase workers' awareness of hazards and risks. Second, a preventive approach, problem solving methodology, and worker involvement in hazard identification were extended and consolidated in all Group operating sites. Finally, actions were taken to reduce risk and improve ergonomics in production facilities.

INJURY RATES	2022	2023
Rate of fatalities as a result of work-related injury ^D	-	-
Rate of severe work-related injuries ^E	-	0.15
Rate of recordable injuries in the workplace ^F	12.95	8.26

D - (No. of fatalities / No. of hours worked) x 1,000,000

E - (No. of high-consequence work-related injuries / No. of hours worked) x 1,000,000

F - (No. of recordable injuries / No. of hours worked) x 1,000,000

The rate of recordable injuries has decreased by 36% since 2022.

GOAL OF ZERO INJURIES

The Bangalore plant achieved the goal of zero injuries for the third consecutive year.

Consistent with the effort to include all stakeholders in the Company’s sustainable growth process, the monitoring of health and safety performance also includes outsourced workers and contractors in addition to the employees.

EMPLOYEE AND NON-EMPLOYEE INJURIES	2022		2023	
	EMPLOYEES	NON-EMPLOYEES	EMPLOYEES	NON-EMPLOYEES
Number of fatalities as a result of work-related injury	-	-	-	-
Number of high-consequence work-related injuries (excluding fatalities)	-	-	1	-
Number of no high-consequence work-related injuries	61	23	47	6
Number of recordable work-related injuries	61	23	48	6
Number of hours worked	5,410,967	1,076,204	5,457,638	1,077,777

The distribution of injuries saw 48 events involving employees and 6 involving outsourced and contractor workers, a significant decrease from the previous year for both categories. An achievement that testifies to the effectiveness and degree to which good practices in occupational health and safety are being disseminated.

EMPLOYEE AND NON-EMPLOYEE INJURY RATES	2022		2023	
	EMPLOYEES	NON-EMPLOYEES	EMPLOYEES	NON-EMPLOYEES
Rate of fatalities as a result of work-related injury ^D	-	-	-	-
Rate of severe work-related injuries ^E	-	-	0.18	-
Rate of recordable injuries in the workplace ^F	11.27	21.37	8.80	5.57

D - (No. of fatalities / No. of hours worked) x 1,000,000
E - (No. of high-consequence work-related injuries / No. of hours worked) x 1,000,000
F - (No. of recordable injuries / No. of hours worked) x 1,000,000

OCCUPATIONAL DISEASES

Also for the management of occupational diseases, Comer Industries takes a preventive approach based on risk assessment. Among the highest risk areas - though always with low to medium levels - assembly is the process with the highest exposure to risk, mainly related to the manual handling of loads. According to the information available in 2023, there were no cases of occupational disease for employees or any other categories of workers.



05



comer industries

THE ENVIRONMENT

PILLAR	GOAL	TARGET	WITHIN	TARGET ACHIEVEMENT STATUS AS OF 31.12.2023
CLIMATE CHANGE	Reduce GHG emissions	Reduction by 30% of CO ₂ emission intensity (Scope 1 & Scope 2 market-based t CO ₂ e)	2030	21%
		Reduction by 10% of CO ₂ emission intensity (Scope 3 t CO ₂ e)	2030	Project started in 2023
		Reduction by 30% of consumed energy intensity	2030	57%
		Increase by 60% of the rate of electricity from renewable sources (both purchased and self-produced)	2030	Project started in 2023
CIRCULARITY	Optimize resources used in manufacturing	Reduction by 30% of hazardous waste intensity	2030	24%
		Reduction by 10% of water withdrawal intensity	2030	Project started in 2023



ENVIRONMENTAL POLICY

Reducing environmental impacts and protecting the environment are an integral part of the Company's development strategy and daily operations. In its environmental management, Comer Industries takes a preventive, systems approach, integrating criteria for assessing environmental impacts into industrial choices and starting with the product and process design stages. A commitment expressed in the Integrated Quality, Sustainability and Product Responsibility Policy.

The Group has set up an Environmental Management System according to the ISO 14001:2015 standard covering 87% of the sites, and which is fully integrated with the quality and health and safety management schemes.

Based on the strategic objectives and with a planning and control rationale, the targets for the performance indicators and the program of actions to achieve them are defined each year, with a clear allocation of resources, responsibilities, and timeframes.

On the monitoring front, Comer Industries makes use of an advanced digital system that aggregates and processes locally reported data into analytical dashboards to assess trends in key indicators and implement timely corrective actions in the event of any deviations from the targets.

With the aim of consolidating monitoring actions, the Quality, Sustainability & Lean Development function conducts periodic internal audits in order to verify compliance with applicable mandatory requirements, the proper application of relevant procedures, and ultimately the effectiveness of the system.



ENERGY MANAGEMENT

Efficiency in the use of energy resources plays a key role in the Group's environmental impact management strategy. Focusing on processes that are more energy intensive, during the design and implementation phases Comer Industries considers energy efficiency to be a central parameter in its monitoring and continuous improvement activities.

The energy vectors with the greatest impact on consumption are electricity and natural gas, so these are the resources that improvement and optimization initiatives are mainly focused on.

Energy performance is subject to continuous measurement through various locally distributed data collection and detection systems. The analyses that decisions on corrections and improvements are based on are supported by digital systems capable of identifying the main sources of consumption and a digital dashboard that can process and aggregate data, showing the status of consumption in real time and promptly spotlighting any deviations from targets.

In 2023 total energy consumption was 358,966 GJ, of which 12% was generated from renewable sources, thanks to power generation from photovoltaic systems and the purchase of electricity from GO and I-REC certified renewable sources.

ENERGY CONSUMPTION - INTERNAL (GJ)	2022	2023
Natural gas	152,817	155,689
LPG	254	172
Diesel fuel	7,124	4,216
Petrol	3,104	1,139
Methanol	123	1,019
Propane	56	56
District heating	8,204	9,006
Electricity purchased from the grid	175,263	178,738
Of which from renewable sources	53,054	34,933
Of which not from renewable sources	122,209	143,805
Self-generated electricity - photovoltaic systems	10,135	9,865
Of which consumed for own use	9,327	8,931
Of which injected into the grid	808	934
Total electricity consumed (purchased + self-produced)	184,590	187,669
Total energy ^A	356,271	358,966
Of which from renewable sources	62,381	43,864

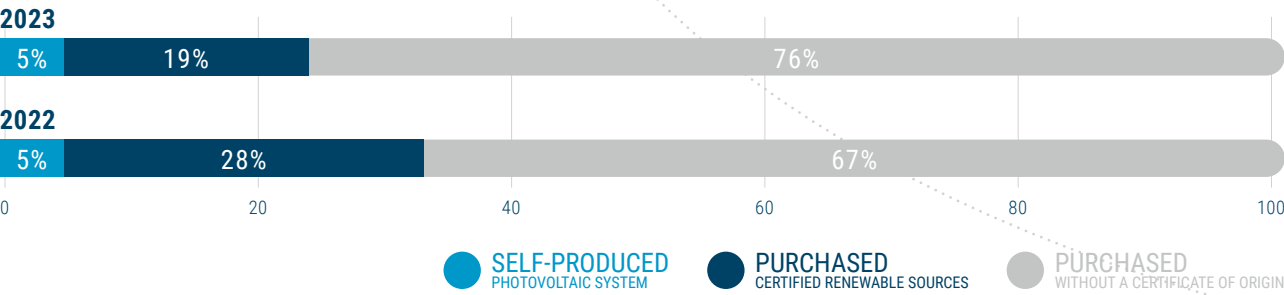
A - For details of consumption by geographical area see [Appendix I Energy management](#).

The distribution of the Group's energy consumption during the fiscal year was consistent with previous years. 52% of energy consumption is for electricity and 3% for district heating, while 45% is related to the use of fuels, mainly natural gas (96%²⁰ of total fuels), both for the air conditioning of rooms and for production activities such as painting and heat treatment.

Compared with the previous year, there was an increase in natural gas consumption due to the different production mix and climatic factors. With regard to electricity, while consumption was essentially stable, in 2023 24% came from renewable sources, a slight decrease versus 2022. The decrease was driven by the change in geographic mix from the previous year, focusing purchases in countries with higher emission factors²¹, such as China.

20% of all electricity from renewable sources consumed in 2023 will come from the self-generation of five photovoltaic plants installed at the Italian factories in ReggioIo and Matera, with a total capacity of 2,172 kWp covering 5% of the Group's total needs.

ELECTRICITY CONSUMED



INTENSITY OF ENERGY CONSUMPTION

2023 saw a marked improvement in the energy intensity index (energy consumption per hourly unit of production) due to the combined effect of reduced electricity and natural gas consumption against an increase in hours worked.

The result was made possible by the application of management and efficiency logics and a systemic approach to energy management extended to the plants in the new scope formed with the acquisition of Walterscheid.

Playing a central role in making production processes more efficient were the numerous initiatives carried out in 2023, including the installation of systems for thermal efficiency at the ReggioIo plant and for reducing natural gas consumption in the production area at the Sohland site.

20 - The remaining 4% of fuels are mainly diesel and gasoline, which are used for company vehicles and to power emergency generators.

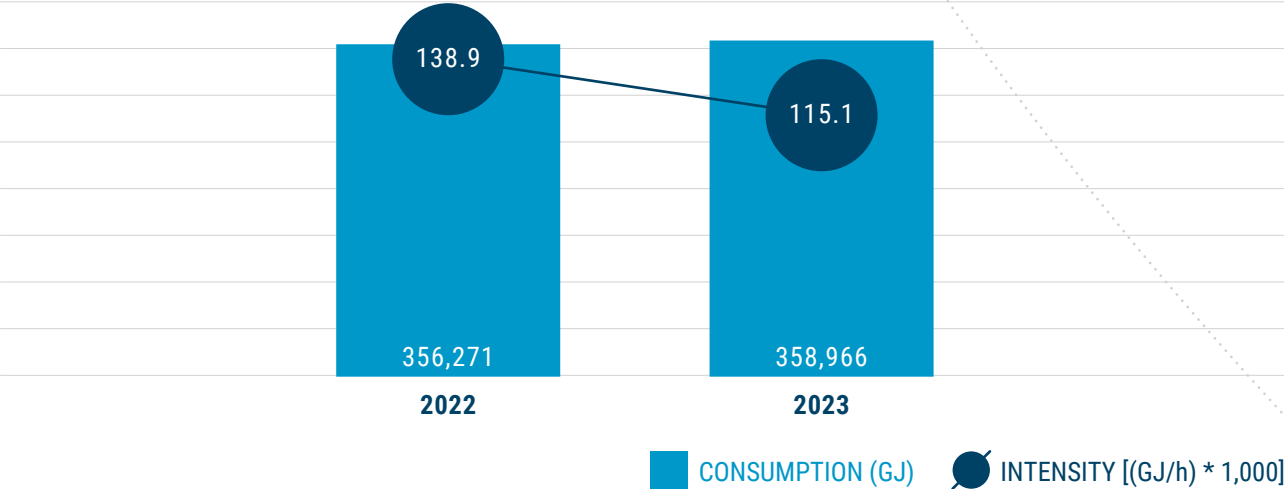
21 - Electricity emission factors depend on how this energy is produced within the country of origin. A country that produces electricity mainly from renewable sources will have a low emission factor because these sources generate power without emitting significant amounts of greenhouse gases or pollutants. On the other hand, countries that rely primarily on non-renewable sources, such as coal and natural gas, tend to have greater environmental impacts due to emissions of carbon dioxide and other pollutants associated with burning fossil fuels.

ENERGY INTENSITY	2022	2023
Energy consumption (GJ)	356,271	358,966
Machine hours for product manufacturing ^B (h)	2,564,418	3,118,308
Energy intensity index ^C	138.9	115.1

B - Machine hours for product manufacturing, resulting from the actual progress of production orders in the system.

C - (Energy consumption/machine hours for product manufacturing) x 1,000.

ENERGY INTENSITY



Overall energy efficiency improved by 17% compared to 2022.

CLIMATE CHANGE AND EMISSIONS MANAGEMENT

THE CLIMATE CHANGE RISK

Comer Industries works to achieve its goal of contributing to the fight against climate change through progressive alignment and adherence to the Recommendations of the TCFD-Task force on Climate-related Financial Disclosures.

In 2023 the spectrum of analysis was further expanded and updated, incorporating instances from new operating locations in light of recent acquisitions.

A. SCENARIO ANALYSIS

The analysis was conducted considering the specifications of the 2017 Technical Supplement, The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities .

The first phase involved a mapping of the current state on which to construct scenario assessments in terms of economic growth ²² and exogenous factors, correlating them with potential levels of climate-changing gases (GHGs) released into the atmosphere.

Using 2022 as the base year, a time horizon to 2030 was assessed using two scenarios: the first corresponding to the goal of limiting global warming to 1.5°C (Net Zero 2050); the second aligned with the preservation of current policies (business as usual) and global warming greater than 2°C. The analysis was developed for the countries the Group's sites are located in: Brazil, China, Germany, India, Italy, UK, USA.

B. GOVERNANCE

The Company's current governance model is defined in more detail in the specific section (see [Governance / Corporate governance](#)).

The BoD is responsible for strategic and organizational direction with respect to climate change and for verifying the adequacy of the organizational structure and resources needed. To manage the related risks and impacts, it relies on the Control, Risk and Sustainability Committee, which has proposing and support functions in setting environmental policies and monitoring the proper implementation of the strategy. The authority for the coordination of the strategy's implementation and assessment of risks and opportunities related to climate change management is assigned to the Quality, Sustainability & Lean Development function. This function sets specific quantitative targets to be achieved each year for each individual site and each indicator based on the results achieved in the previous year and the medium- to long-term sustainability development plan. Each site develops an improvement plan defining projects, resources, and responsibilities. Progress is monitored monthly to update and revise the action plans and to manage progress and performance. The CEO receives monthly progress reports.

Specific indicators related to climate risk management aimed at monitoring and reporting quarterly to the CRSC and the BoD on the effectiveness of implemented mitigation plans are also being defined.

The Integrated Quality, Sustainability and Product Responsibility Policy is the key document that defines the modus operandi of the Company and expresses its commitment to the Sustainable Development Goals.

22 - For considerations of economic variables, IMF, World Economic Outlook - 2022 and Organisation for Economic Co-operation and Development (OECD) forecasts were used. To determine a business-as-usual GHG emissions scenario associated with assumptions of growth in the organization's economic outputs such as sales, the correlation between the following parameters was evaluated: EBITDA [million euros]; Revenue [million euros]; Worked hours [n]; Electricity [GJ]; Natural Gas [GJ].

C. RISK MANAGEMENT

The process was based on the scenario analysis described above. In compliance with the Recommendations of the Task Force on Climate-related Financial Disclosures, the Risk Management system was supplemented by a timely analysis of risk factors related to climate change. The scope of analysis includes all the Group's sites.

Risk weighting and related mitigation actions were carried out through the tools and criteria provided in Comer Industries' risk management model. The prioritization of climate risks is based on a specific Risk = Probability x Impact matrix, with which risks are classified into high, significant, medium and low in light of any prevention or mitigation measures that have already been applied. In accordance with the internal risk management procedure, specific mitigation plans are defined for risks classified as high and significant, while medium and low risks may be considered acceptable. Any action plans flow into the corporate ERM monitoring system.

The mapping and assessment of significant physical climate risks relevant to Comer Industries are carried out based on data and information inferred from specific models in the public domain and internationally recognized. For the classification of physical hazards reference was made to the table in Appendix A of Attachment I to Del. Reg. 2021/2139.

The mapping and assessment of significant and relevant transitional climate risks for Comer Industries was made possible through the direct involvement of function heads and management, as well as the characterization of sites according to their geographic area. The classification of transition risks was made considering those envisaged in the technical specification. The regulatory framework applicable to the context and the impact on the Company's processes and products were also considered, especially the recently published legislation by the European Union aimed at combating carbon emissions (Carbon Border Adjustment Mechanism²³).

Finally, each of the risks identified was assigned an estimate of the related and residual financial impacts as a result of the application of the specific mitigation actions implemented.

For the financial quantification of acute and chronic physical climate risks, two economic quantities related to the organization's operations were identified and used according to the specific type of risk:

- Value of buildings and their contents (e.g., plant, machinery, etc.) for each Comer Industries site. These values were derived from expert estimates or alternatively from the literature.²⁴ In the latter case, the available values were updated considering inflation for the years in question.
- Sales of the various Group companies and EBITDA.

The expected economic damage was assessed²⁵ in prospective terms by calculating the increase in damage up to 2030 based

on two scenarios: net zero 2050 (corresponding to a global average temperature increase of 1.5°C) and delayed transition (corresponding to a global average temperature increase of 2°C).²⁶

The quantification of the financial impact related to transition climate risks was calculated using the proxy methodology based on the carbon price suggested by TCFD in the Guidance on Metrics, Targets and Transition Plan (October 2021).

Below is the summary table of the risks and opportunities identified.

RISKS		OPPORTUNITIES	
TRANSITION			
Legal	Impact of the <i>Carbon Boarder Adjusted Mechanism</i> on supplies		
Legal	Compliance with national and supranational regulations to avoid recalls that could impact financial management		
Market	Increased cost of raw materials		
Market	Increased insurance cost related to climate change risks		
Market	Increased demand in new markets or for specific applications related to climate change		
Technological	Replacement of existing products with alternatives with low environmental and emission impacts		
Technological	Promotion of energy efficiency policies and use of renewable sources to achieve significant energy cost benefits		
Reputational	Stigmatization of the industry		
Reputational	Facilitation of access to credit and competitiveness due to increased performance related to emission impacts		
PHYSICAL			
Acute	Heat wave		
Acute	Extreme events (cyclone, hurricane, typhoon)		
Acute	Heavy rainfall		
Chronic	Temperature change		
Chronic	Heat stress		

Note that the weighting phase did not show **any risk above the action threshold**, all risks having a Low or Medium rating.

23 - Regulation (EU) 2023/956

24 - Global flood depth damage functions; see the 2017 JRC Technical Report.

25 - *Chronic physical risk related to a rise in temperature.* The expected economic damage is related to the extra energy cost for cooling and ventilation and calculated based on the projected global average temperature increase by 2030 in the two scenarios above. The estimated cost values also take into account the long-term electricity price forecast provided by IEA 2022 in the Global Energy and Climate (GEC) Model.

Chronic physical risk related to heat stress. The expected economic damage is related to the loss of productivity expressed as a percentage reduction in EBITDA value and calculated up to 2030 in the two scenarios above.

Acute physical risk from heavy rainfall and flooding. The expected economic loss is related to damage to buildings, plant, and machinery resulting from the occurrence of extreme weather events. Exposure to damage was estimated for each site by considering the value of the buildings and their contents as an economic quantity. Specifically, the expected annual loss up to 2030 was calculated as a function of the probability of occurrence of the event associated with the return time of that event under the two prospective scenarios above. Return times were determined based on several databases that provide the specific hazard classes for the identified risk.

Acute physical risk related to extreme weather events such as cyclones, hurricanes, storms, tornadoes, etc. The expected economic loss is related to damage to buildings, plant, and machinery resulting from the occurrence of extreme weather events. Exposure to damage was estimated for each site by considering the value of the buildings and their contents as an economic quantity. Specifically, the expected annual loss was calculated as a function of the probability of occurrence of the event associated with the return time of that event and the extent of damage to the structure under the two prospective scenarios above. Return times were determined based on several databases that provide the specific hazard classes for the identified risk.

Acute physical risk related to heat waves. The expected economic damage is related to the loss of productivity expressed as a percentage of EBITDA value and calculated up to 2030 in the two scenarios above.

26 - <https://climate-impact-explorer.climateanalytics.org/>

D. STRATEGY

In a medium- to long-term perspective, the acquisition of Walterscheid required a new reflection on objectives and strategic choices, as it redefines the scope subject to corporate sustainability performance measurement. This assessment took place during 2022, and the process of monitoring and mapping risks and opportunities took this new arrangement into account. While not identifying any risks above the internal threshold for acceptability, listed below are the risks found to be most financially impactful, the relevant scenario, and the relevant time horizon.²⁷

RISKS		SCENARIO	HORIZON
TRANSITION			
Market	Increased cost of raw materials	Business as usual	Short term
PHYSICAL			
Acute	Heat wave	Net Zero 2050 Business as usual	Short term
Acute	Extreme events (cyclone, hurricane, typhoon)	Net Zero 2050 Business as usual	Short term
Acute	Heavy rainfall	Net Zero 2050 Business as usual	Medium term

The risk framework described above and the related impact assessment show that the Company has an adequate level of resilience with respect to the two scenarios analyzed.

With regard to transition risks, and more specifically to increases in raw material costs due to factors related to climate change, Comer Industries has initiated a process to put in place a sustainable sourcing policy (see the section *Unconventional makers: the Comer Industries model | Suppliers*). After integrating sustainability criteria²⁸ during supplier selection, qualification, and evaluation, Comer Industries is progressively involving the supply chain in the sustainability development process through the assessment of environmental and social performance to promote its improvement as the next step with positive repercussions not only in terms of continuity of supply but also economically, in the medium term.

Moreover, with its research and development Comer Industries contributes to risk reduction through solutions that favor circularity and the use of substances having a lower environmental and social impact (see the section *Unconventional makers: the Comer Industries model | Product innovation and sustainability: value for customers*).

With regard to physical risks, the geographical distribution of sites does not generate any particular issues, including from the perspective of medium- to long-term scenarios. The impacts are also mitigated by the already active plans for business continuity, emergency management, continuous HVAC efficiency and insurance coverage.

However, Comer Industries is committed to a path of progressive refinement of forecasting model techniques and results, aware of the rapid changes in the internal and external environment, monitoring trends in phenomena and preparing to take any additional actions or implement changes where necessary.

The climate risk assessment model and its weighting and acceptability criteria will be discussed in the coming months in the Control, Risk and Sustainability Committee and then submitted to the highest governing body for approval.

E. METRICS AND OBJECTIVES

The current climate change reporting system is summarized below:

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

A summary indicator of climate change-related risk is being prepared based on which quantitative targets will be set starting next year.

The objectives related to these indicators are reported and monitored in the 2030 Sustainable Development Plan (see section *The strategic value of sustainability | OUR BRIGHT IMPACT - Our commitment to sustainable development*).

THE VOLUME OF EMISSIONS

Combating climate change is one of the central pillars of Comer Industries' sustainability program. In fact the Company's operations generate greenhouse gas emissions²⁹, thus contributing to climate impacts.

Direct emissions (Scope 1) come mainly from the operation of plants and machinery owned or fully operated by the Company, such as thermal and production plants (painting and heat treatment) powered by natural gas. Indirect emissions arise from the consumption of purchased or acquired energy (Scope 2) for civil and production purposes (machining and assembly) and from the entire value chain (Scope 3), e.g., component manufacturing processes, goods transportation, and waste disposal.

The calculation of GHG Scope 2 emissions is done using two distinct approaches: location-based and market-based.³⁰ In keeping with its strategy of increasing the share of energy produced from renewable sources, the Company has chosen to monitor global performance using the market-based approach. This decision reflects a commitment to assess environmental performance comprehensively and take into account the specific source of energy, encouraging the transition to renewable, sustainable sources.

27 - Short term represents a short-term horizon (< 3 years) during which the risk could materialize; medium term represents a medium-term horizon (3-6 years); long term represents a long-term horizon (> 6 years).

28 - Parameters for assessing environmental impact, occupational health and safety, legislative compliance, and respect for human rights.

29 - Source of emission factors: Scope 1: <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>. Scope 2 location-based: European sites (<https://www.aib-net.org>), USA (<https://www.epa.gov/egrid>), China, India, Brazil (<https://www.climate-transparency.org>). Scope 2 market-based emission factors: European sites (<https://www.aib-net.org>, emissions are expressed in tons of CO₂e, as the percentage of methane and nitrous oxide has a negligible effect on total GHG emissions as inferred from the relevant technical literature), USA (<https://www.epa.gov/egrid>), China, India and Brazil (<https://www.climate-transparency.org>). Scope 3: <https://www.gov.uk/government/organisations/department-for-environment-food-rural-affairs>

30 - The location-based method considers the average GHG emission intensity of the networks energy is consumed from. The market-based calculation considers emissions from electricity that an organization has intentionally and contractually chosen and includes the use of a residual mix if the organization's emissions intensity level is not specified in its contracts.

DIRECT EMISSIONS ^D - GHG SCOPE 1 (t CO ₂ e)	2022	2023
Natural gas	8,048	8,254
LPG	16	11
Diesel fuel	507	295
Petrol	207	74
Refrigerant gases for air conditioning systems	523	69
Methanol	151	116
Propane	4	4
Total	9,456	8,822
INDIRECT EMISSIONS ^D - GHG SCOPE 2 LOCATION-BASED (t CO ₂ e)		
Purchased electricity	16,010	17,600
District heating	289	317
INDIRECT EMISSIONS ^D - GHG SCOPE 2 MARKET-BASED (t CO ₂ e)		
Purchased electricity	16,200	20,377
District heating	68	75
GHG SCOPE 1 + SCOPE 2 TOTAL EMISSIONS (t CO ₂ e)		
GHG Scope 1 + Scope 2 location-based total emissions	25,755	26,740
GHG Scope 1 + Scope 2 market-based total emissions	25,724	29,274

D - For details of emissions by geographical area see [Appendix I Climate change and emissions management: distribution by geographic area](#).

The Group's overall direct emissions (Scope 1) saw an overall decrease of 7% from 2022, equivalent to a reduction of 634 tons of CO₂e. This significant decrease is attributable to lower fuel consumption resulting from the technological renewal of machinery and equipment and the optimization of production processes during the year.

In parallel, indirect emissions from electricity consumption (Scope 2 market-based) saw a 26% increase compared to 2022 as the number of hours worked increased.

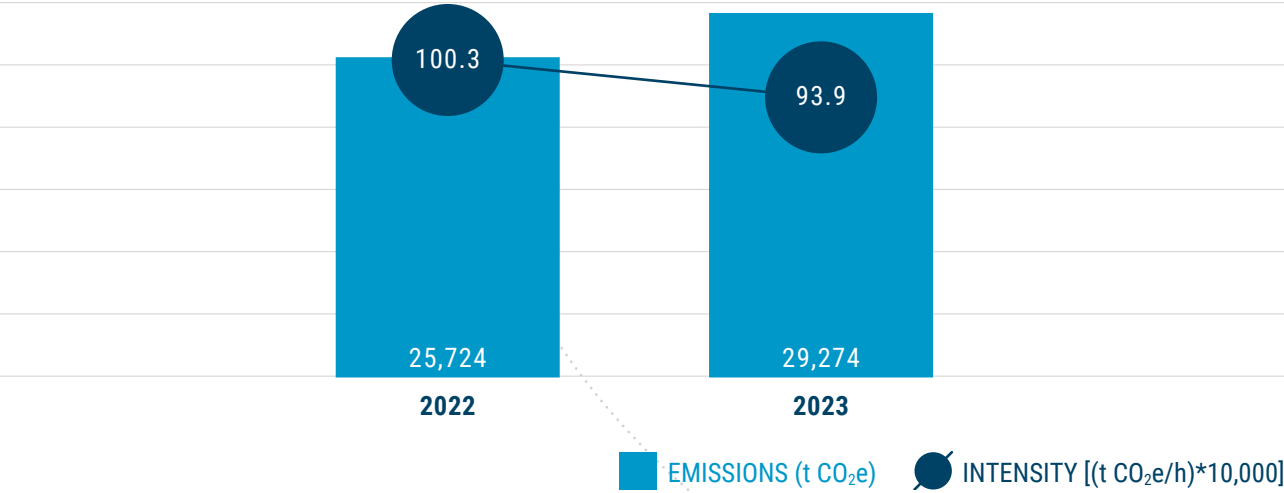
However, considering Scope 1 and Scope 2 emissions together there was a 6% decrease in emission intensity, demonstrating the effectiveness of the initiatives undertaken to reduce the Group's overall environmental impact.

EMISSION INTENSITY	2022	2023
Scope 1 + Scope 2 <i>market-based</i> (t CO ₂ e)	25,724	29,274
Machine hours for product manufacturing ^E (h)	2,564,418	3,118,308
Emission intensity index ^F	100.3	93.9

E - Machine hours for product manufacturing, resulting from the actual progress of production orders in the system.

F - [(Scope 1 + Scope 2 market-based) / machine hours for product manufacturing] x 10,000.

TOTAL EMISSIONS



The intensity of emissions related to internal operations improved by 6% compared to 2022.

SCOPE 3 EMISSIONS

As part of the progressive integration of the reporting scope, in 2023 Comer Industries extended the scope of the three categories for which it has provided emissions data to date:

- Upstream transportation and distribution (category 4): a distance-based methodology was used to determine the contribution related to employee commuting.
- Waste produced (category 5): a waste-type-specific method was applied with regard to the treatment of waste generated.
- Employee commuting (category 7): a specific calculation algorithm was used to study the impact generated by transportation of the finished product.

OTHER GHG SCOPE 3 INDIRECT EMISSIONS (t CO ₂ e)	2022	2023
Transport of the finished product ^G	1,540	5,418
Treatment of waste produced ^H	718	995
Commuting ^I	1,092	1,306
Total	3,350	7,719

G - The figure includes all transportation (managed by the Company) of the finished product that leaves Comer Industries' Italian plants and travels directly to customer sites, as well as the transport of semi-finished products between the Group's production facilities.

H - The monitoring boundary refers to all sites covered by this reporting, thus also including Aftermarket & Services for 2022.

I - The monitoring perimeter includes only Italian sites of Reggiolo, Monguelfo, Matera and Pegognaga.

The reporting of transport-related emissions saw an expansion of the scope in 2023, thus including, in addition to the emissions related to the transport of finished product, also the emissions of the transport of semi-finished products between the Group's production plants. The deviation between the 2022 and 2023 data is mainly attributed to this expansion.

The increase in emissions related to waste is also mainly due to a change in scope compared to the previous year: while in 2022 only the emissions from production sites were reported, in 2023 Aftermarket & Services sites were also included in the calculation. Therefore, 2023 is the first fiscal year in which the *treatment of waste generated* emissions category is calculated in its entirety.

With regard to emissions related to employee commuting, the Company consolidated the positive results achieved in 2022 and at the same time increased its reporting scope to include data related to the Monguelfo site. Initiatives carried out in order to promote sustainable mobility include the installation of eight charging stations for electric vehicles at the Sohland site, which add to the existing 16 dual-charging stations at the Italian sites, and the introduction of parking areas for staff participating in carpooling at the Matera plant. Finally, consistent with previous years, the Company continued to offer employees with office duties the option of working remotely.



SCOPE 3 EMISSIONS MAP

In 2023 Comer Industries made important progress in defining the methodologies and scope of reporting on emissions from its value chain (Scope 3), with the dual aim of giving an increasingly complete and transparent representation of its emissions impact and including all stakeholders in the decarbonization plan. To this end, a study was carried out in accordance with the GHG Protocol,³¹ which identified the most significant emission categories for the Company and the approaches to be taken to manage them, thus delineating the Scope 3 perimeter subject to measurement and reporting. Of particular note in this analysis were the emission categories upstream of the Company's operations, particularly those related to the components purchased to make the product (Category 1, purchased goods and services).

CATEGORY 1	PURCHASED GOODS AND SERVICES	SIGNIFICANT
CATEGORY 2	CAPITAL GOODS	SIGNIFICANT
CATEGORY 3	FUEL AND ENERGY RELATED ACTIVITIES	SIGNIFICANT
CATEGORY 4	UPSTREAM TRANSPORTATION & DISTRIBUTION	SIGNIFICANT
CATEGORY 5	WASTE GENERATED IN OPERATIONS	SIGNIFICANT
CATEGORY 6	BUSINESS TRAVEL	SIGNIFICANT
CATEGORY 7	EMPLOYEE COMMUTING	SIGNIFICANT
CATEGORY 8	UPSTREAM LEASED ASSETS	NOT APPLICABLE
CATEGORY 9	DOWNSTREAM TRANSPORTATION & DISTRIBUTION	SIGNIFICANT
CATEGORY 10	PROCESSING OF SOLD PRODUCTS	NOT SIGNIFICANT
CATEGORY 11	USE OF SOLD PRODUCTS	NOT SIGNIFICANT
CATEGORY 12	END-OF-LIFE TREATMENT OF SOLD PRODUCTS	NOT SIGNIFICANT
CATEGORY 13	DOWNSTREAM LEASED ASSETS	NOT APPLICABLE
CATEGORY 14	FRANCHISES	NOT APPLICABLE
CATEGORY 15	INVESTMENTS	NOT SIGNIFICANT

In 2024 Scope 3 emissions mapping will be substantiated through the reporting (referring to 2023) of categories deemed significant, thus creating the baseline for improvement actions to be implemented in the coming years in accordance with the 2030 Sustainable Development Plan.

31 - GHG Protocol is a standards body that sets guidelines on the measurement and management of greenhouse gas (GHG) emissions in the public and private sectors. It is the result of a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).



OTHER EMISSIONS³²

In an effort to continuously improve and boost its environmental performance, Comer Industries monitors emissions of significant substances generated by production processes. The values below summarize the results obtained during periodic analyses and the information contained in the relevant environmental site permits. To the extent not specified in the latter, estimates based on similar plants were used to define plant operating ranges.

The most significant emissions come from volatile organic substances (VOCs), mainly generated by the painting process. In 2023 there was an increase in emissions compared to 2022, especially VOCs, mainly due to the effects of the change in production mix.

ATMOSPHERIC EMISSIONS – (t)	2022	2023
C0	4.2	4.4
NOx	7.9	5.1
PM	3.5	2.8
SOV	37.1	57.1
Other substances	0.5	0.6

32 - Manufacturing plants located in Germany do not fall under the emission monitoring requirement under current law, and consequently, given the unavailability of the data are not included in the reporting scope.

THE CIRCULARITY OF PRODUCTS AND PROCESSES

The commitment to responsible resource consumption is reflected in the long-term plan's goals on product and process circularity, reflected both in component procurement policies and in the optimization of substances and materials used in the production process.

Specifically, improvement initiatives are focused on product raw materials and packaging and on reducing waste and water withdrawals related to production.

Comer Industries also monitors waste indicators of components, semi-finished and finished products, and the production efficiency indicators of its processes, setting annual improvement targets with dedicated actions throughout the scope.

THE PRODUCT: RAW MATERIALS AND PACKAGING

From the perspective of product circularity, Comer Industries is progressively integrating criteria for evaluating the environmental and social impacts of its products into its development and procurement processes, aiming to gradually optimize their performance. With the aim of verifying the product’s compliance with regulatory and contractual requirements, progressively reducing the use of hazardous substances, and improving its environmental impact throughout its life cycle, the Group has developed a methodology for mapping and evaluating materials used in components and manufacturing processes. The system makes it possible to determine product characteristics, including **chemical composition, percentages of recycled material, and levels of downstream recyclability**. The data used are provided mainly by the component suppliers, or alternatively from reliable sources found in industry literature.

As in previous years, an assessment of the level of recycling and recyclability was also conducted in 2023 on a representative product family of the overall inventory: driveshafts (PTO Drive Shafts), which is thus in addition to the studies previously carried out on planetary gearboxes for the wind power sector (WPT Wind Power Turbine) and double joints (DUJ Double Joints).

Below is a summary overview illustrating the outcomes of the studies conducted:

PRODUCT	RECYCLABLE CONTENT	RECYCLED CONTENT
WPT 	95%	26%
DUJ 	95%	28%
PTO 	91%	52%
Average	94%	35%

Given the representativeness of the categories studied and the homogeneity of the results, it is reasonable to say that the percentages of 35% and 94% can be considered an approximate average indication of the input materials recycled and the level of recyclability of Comer Industries' products, respectively.

Initiatives directed at reducing environmental impacts are not just about the final product. Several production sites in Europe have now undertaken packaging rationalization and optimization. For some product categories this has resulted in the elimination of disposable wooden packaging and replacement with returnable types. With this substitution, and in collaboration with customers, it has been possible to reduce the impact associated with waste generation and improve logistics flow. In 2024 the initiatives will be extended to other products made in production facilities located in the US and Brazil.

PROCESS OPTIMIZATION: WASTE MANAGEMENT

To efficiently manage waste from its processes, the Company takes a targeted approach with a twofold objective: to ensure full compliance with national and EU regulations and to reduce the amount of hazardous waste generated. A monitoring system implemented at all sites makes it possible to check progress and assess areas requiring action through an analytical dashboard, identifying priorities in terms of environmental and economic impact.

Specific waste management software was also implemented at all Italian sites in 2023 to simplify the data collection process and promote timely and accurate analysis of the amount of waste generated.

Waste transport and final treatment are carried out in compliance with the national directives applicable to each plant where the Company operates, using disposal service providers authorized according to local regulations. At regular intervals, both centrally and at each site, Comer Industries monitors the validity of the relevant permits to ensure compliance with current regulations.

Machining and painting operations are the processes that generate the most hazardous waste such as emulsions and aqueous solutions and non-hazardous waste such as metal scrap. In 2023 the Group generated a total of 15,877 tons of waste, 16% of which was hazardous. The figure is two percentage points higher than in 2022. The reason for this slight deviation is mainly due to extraordinary maintenance operations and plant decommissioning as part of production layout rationalization.

TREATMENT / Waste category (t)	2022			2023		
	RECOVERY	DISPOSAL	TOTAL	RECOVERY	DISPOSAL	TOTAL
Hazardous waste	1,863	336	2,199	1,819	725	2,544
Non-hazardous waste	13,131	761	13,892	12,487	846	13,333
Total	14,994	1,097	16,091	14,306	1,571	15,877

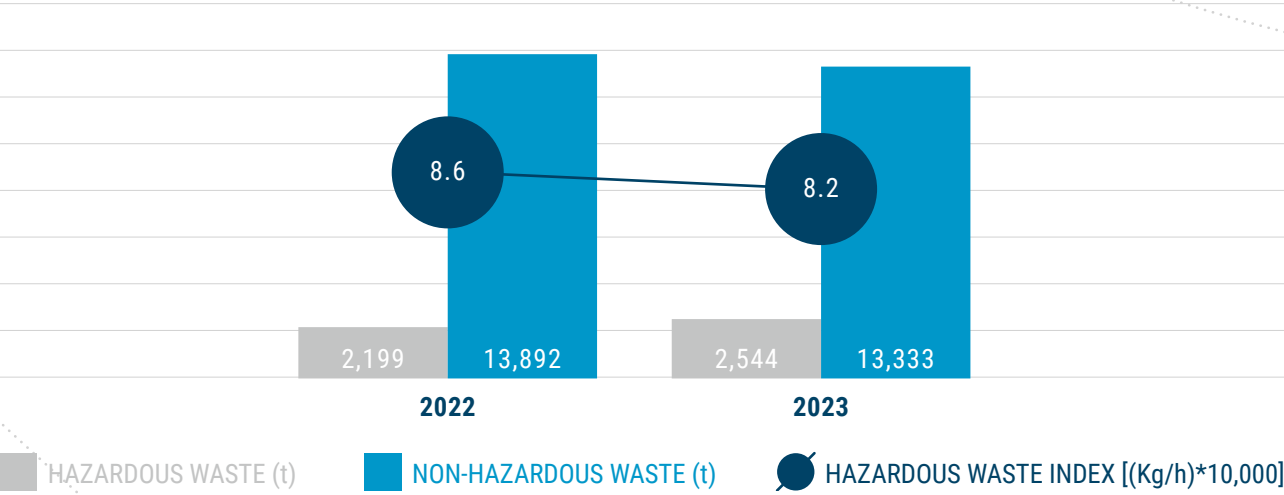
In order to normalize the quantities of waste generated and identify trends, intensity performance indicators calculated by comparing quantities to directly-related hours worked are monitored in addition to absolute values.

This analysis shows a generalized improvement in performance for waste intensity indicators. In detail, the intensity index for total waste saw a decrease of 19% from the previous year, while the intensity of non-hazardous waste further improved, decreasing 21%. The rate of **hazardous waste also confirms the improving trend, dropping by more than 5% compared to 2022**. These reductions in waste intensities are due both to an increase in hours worked by the machines and to the many projects completed during the year.

WASTE INTENSITY	2022	2023
Hazardous waste (t)	2,199	2,544
Non-hazardous waste (t)	13,892	13,333
Machine hours for product manufacturing ^J (h)	2,564,418	3,118,308
Hazardous waste intensity index ^K	8.6	8.2
Non-hazardous waste intensity index ^L	54.2	42.8
Total waste intensity index ^M	62.8	50.9

J - Machine hours for product manufacturing, resulting from the actual progress of production orders in the system.
K - (hazardous waste / machine hours for product manufacturing) x 10,000.
L - (non-hazardous waste / machine hours for product manufacturing) x 10,000.
M - [(hazardous waste + non-hazardous waste) / machine hours for product manufacture]] x 10,000.

TOTAL WASTE



The Company has adopted a method of waste management focused on separate waste collection and compliance with current regulations. Each plant separately collects waste by type, preferring destination facilities that aim to recover recyclable materials. This approach is also being extended to offices, with separate collection of toner, paper, and cardboard, and to common areas such as dining areas and cafeterias.

Staff receive regular training and detailed information on waste sorting criteria, with the aim of reducing and promoting the recycling of the waste generated.

An analysis of the destination and treatment of waste generated at the sites in 2023 showed that 90% of the waste is managed through recovery operations, while the remaining 10% is destined for disposal.

Of the latter, only one-third is disposed of in landfills. These percentages reflect an ongoing commitment to reducing the environmental impacts of products throughout their life cycle.

RECOVERY

TREATMENT / Waste category (t)	2022			2023		
	HAZARDOUS	NON-HAZARDOUS	TOTAL	HAZARDOUS	NON-HAZARDOUS	TOTAL
Recycling	456	8,140	8,596	351	7,698	8,049
Other recovery operations	1,407	4,991	6,398	1,469	4,789	6,257
Total	1,863	13,131	14,994	1,819	12,487	14,306

DISPOSAL³³

TREATMENT / Waste category (t)	2022			2023		
	HAZARDOUS	NON-HAZARDOUS	TOTAL	HAZARDOUS	NON-HAZARDOUS	TOTAL
Incineration without energy recovery	2	45	47	44	0	44
Incineration with energy recovery	9	189	198	17	192	209
Landfill	-	248	248	46	508	555
Other disposal operations	325	279	604	617	146	763
Total	336	761	1,097	725	846	1,571

PROCESS OPTIMIZATION: WATER MANAGEMENT

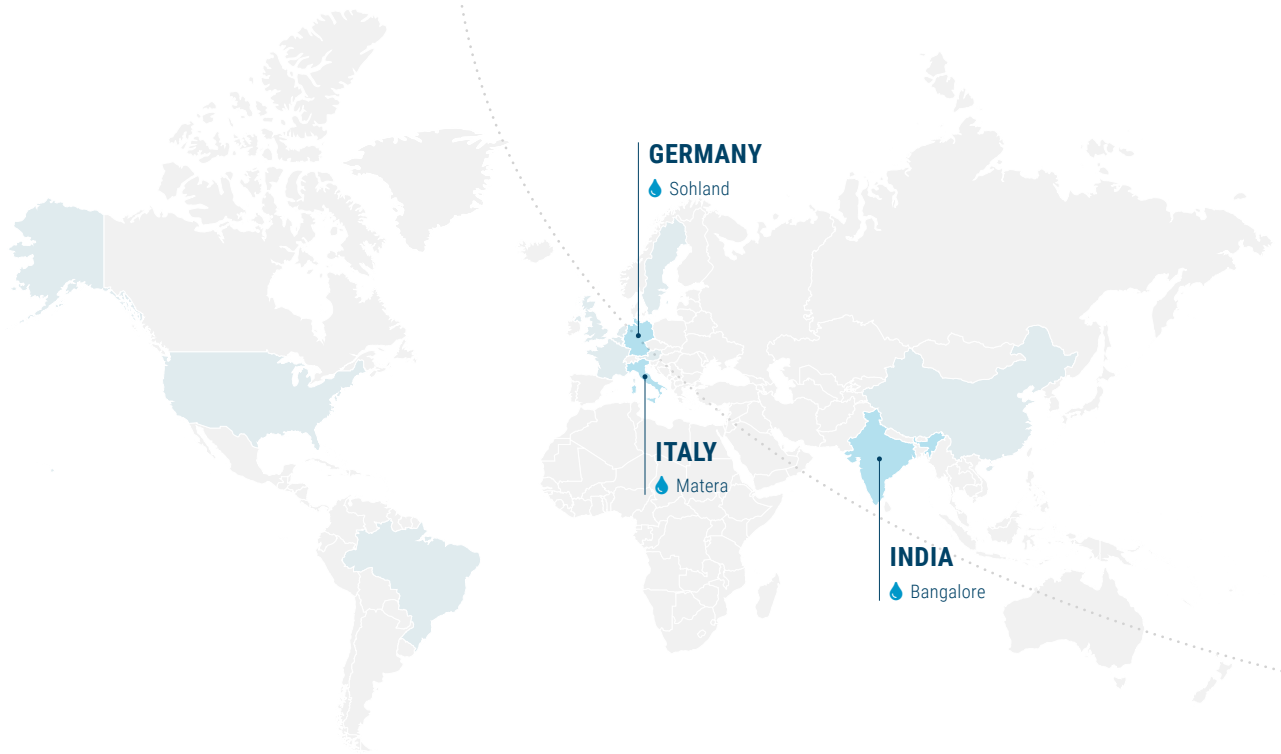
While generating limited impacts on water resources given the characteristics of the processes and products produced, the Company has identified the management of this type of resource as a material topic because of its long-term implications and in a broader context beyond the company's scope. In keeping with its commitment to a circular economy, Comer Industries has therefore decided to incorporate a goal related to the preservation of water resources in its 2030 Sustainable Development Plan, to be achieved through projects to reduce the withdrawal and reuse of the resource at its various operating sites.

The production processes that use the most water are painting, where water is used for preliminary washing, and machining, for lubrication. In addition to production processes, water is also used for civil purposes (showers, restrooms and irrigation) and firefighting.

Regardless of size, production processes, and local water availability, all of the Group's production sites monitor water withdrawals on a monthly basis, measuring both the absolute value and the intensity.

33 - Note that hazardous and non-hazardous waste is disposed of at external sites.

The Company closely monitors water withdrawals at plants located in areas with high levels of **water stress**³⁴. As of 2023, Comer Industries has three plants located in regions where water stress exceeds 80%, namely **the Sohland plant in Germany, the Matera plant in Italy, and the plant near Bangalore in India**. In these areas there was a decrease in the intensity of water withdrawals of 9% between 2023 and 2022. This performance was the result of the constant monitoring of KPIs as well as the implementation of best practices at the three production sites.



The main source of water at the Group's sites is from the local waterworks (94%), while the remainder (6%) is extracted from wells.³⁵ In 2023 almost all the water withdrawn was classified as *freshwater*, with the exception of a modest amount of *other types of water withdrawn* in India.³⁶

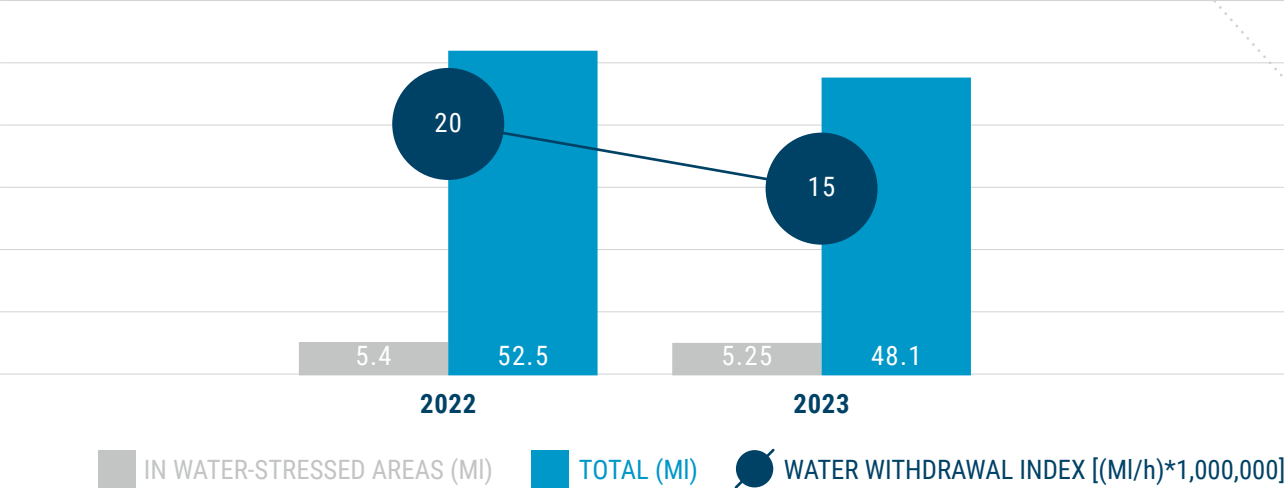
34 - Water stress refers to the ability or inability to meet the water demand, both from humans and from ecosystems as a whole. Water stress can refer to the availability, quality or accessibility of water. The World Resources Institute's Aqueeduct Water Risk Atlas was used as a tool to assess water stress areas.
35 - At the Monguelfo and Lohmar plants there was an additional use of water from wells amounting to 775 MI solely for cooling the production machines, without any consumption or contamination. Specifically, at the Monguelfo plant the water flows through a continuous, closed circuit that consists of drawing water from the well and then returning it once it has traveled through the plant.
36 - Other waters are defined as any water that has a concentration of dissolved solids greater than 1,000 mg/l.

WATER WITHDRAWAL BY SOURCE (ML) ^N	2022		2023	
	TOT	WATER STRESS AREAS	TOT	WATER STRESS AREAS
Groundwater / Wells	3.45	1.29	2.66	1.55
freshwater	2.16	-	2.66	1.55
other types of water	1.29	1.29	-	-
Third Party Water Resources / Public Aqueducts	49.05	4.11	45.45	3.70
freshwater	49.05	4.11	45.34	3.60
other types of water	-	-	0.11	0.11
Total	52.50	5.40	48.10	5.25

N - No data available for water use at the Comer Industries UK Ltd site.

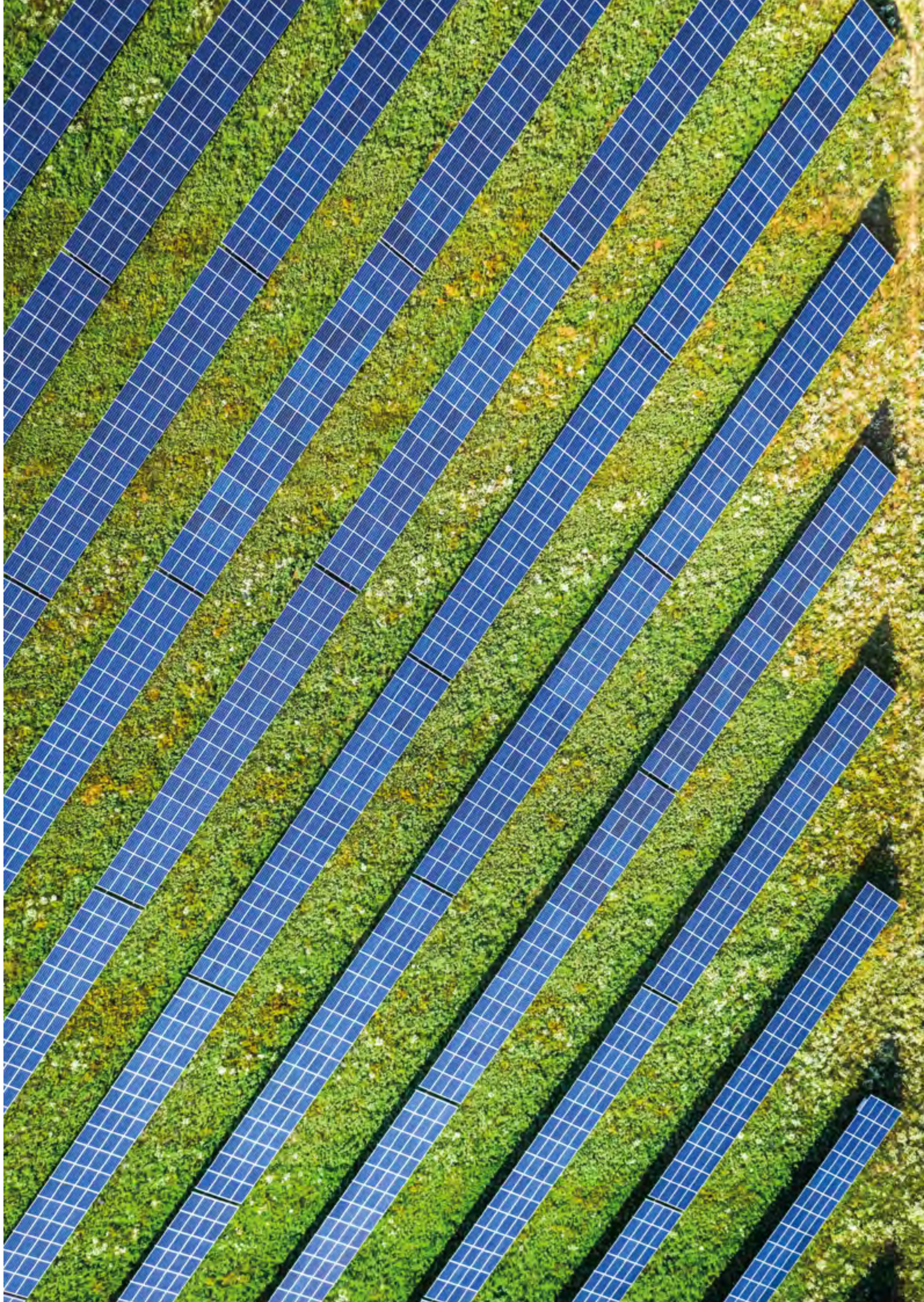
Water withdrawals are mostly concentrated at the German site in Lohmar, the Chinese site in Jiaxing, and the Reggio sites, which together account for more than 54% of total withdrawals. Compared to 2022, the Group recorded an 8% decrease in absolute water consumption and a concurrent 25% decrease in water intensity. The trends are mainly attributable to the introduction of production process improvement measures and the extension of monitoring of water withdrawal indicators.

WATER WITHDRAWAL



In terms of water discharges, the vast majority are directed to local sewer systems, with a very small percentage going to surface water bodies. In the latter case, such discharges - mainly of a civil nature - flow into the basins respecting the criteria of local laws. Water from production processes is collected in special containers, such as underground tanks, and managed as waste in accordance with current regulations. Alternatively, they undergo specific treatments at the site.

The focus on efficient and sustainable use of water is also manifested through the assessment of impacts related to contamination risk. In order to ensure its control and minimization, as part of the company's management system procedures and related instructions were drafted and adopted that outline the proper management of the resource in the production environment.



APPENDIX

THE MATERIALITY ANALYSIS

Association between impacts, material topics, and the Sustainable Development Goals.

IMPACTS	EVALUATION	STATUS	SDG	MATERIAL TOPIC
Impacts in the short, medium and long term resulting from compliance with and enforcement of the Code of Ethics, regulatory compliance in economic, environmental and social matters, and the adoption of company conduct guided by ethics and integrity	Positive	Current	 	Ethics and integrity in business
	Positive	Current		Compliance
Impacts generated by decision-making processes are based on comprehensive and integrated risk management through activities such as risk mapping, identification, measurement, assessment, and treatment	Positive	Current		Risk management
Impacts from the adoption of company practices to ensure the security of personal data and internal information of customers, suppliers, and other stakeholders	Positive	Current	 	Security of personal data and information
Impacts from the adoption of a sustainable procurement model and policies and measures to reduce the environmental impact of the supply chain	Positive	Current	  	Sustainable procurement
Impacts generated by investments in technological and digital innovation measures that ensure the provision of quality, safe and reliable products that fully satisfy customers and ensure the health and safety of end users	Positive	Current	 	Product quality and safety
	Positive	Current		Product/service innovation
Impacts generated by the digitization of business processes and products makes it possible to strengthen reliability levels and review business information flows with a view to simplification and rationalization	Positive	Current		Digitization
As part of a strategic management process, impacts deriving from the adoption of practices to ensure business continuity, that is, the ability to continue to deliver products and services at predefined levels under emergency conditions or following an incident	Positive	Current		Business continuity
Impacts on employee health caused by occupational injury or illness. In order to create a safe working environment, Comer systematically assesses the dangers and risks associated with its activities and those of all those involved and implements consequent measures	Negative	Current		Occupational health and safety

Impacts generated by the adoption of company measures to ensure a balanced staff composition and proper management of employees, as well as employee welfare through the adoption of corporate welfare measures in order to promote a work-life balance	Positive	Current		Human capital
Impacts generated by an approach based on planning and implementation of education and training plans for skill development, with creation of relevant career paths and motivation in performing one's job and periodic performance evaluations	Positive	Current	 	Personnel training and development
Impacts from the adoption of initiatives aimed at integrating people from different cultures and geographic areas. The Company intends to pursue these objectives with full respect for human rights and the principles of inclusion and non-discrimination in all sites, production contexts, and in all company areas, as well as through the support of initiatives to protect internal and/or external equal opportunities (gender, age, minorities, vulnerable groups, etc.) with respect to career advancement and remuneration policies	Positive	Current	  	Diversity and equal opportunities
Impacts generated by the adoption of company practices aimed at preventing the risk of human rights violations, encouraging and ensuring freedom of association and the adoption of collective bargaining tools (including in the selection of suppliers)	Positive	Current		Human rights and fair labor practices
Impacts generated by the organization related to energy and how it manages it	Negative	Current	 	Effective and efficient energy management
Impact related to emissions generated by its own operations and the resulting effect on climate change	Negative	Current	 	Emissions and climate change
Impacts generated by company operations on water and its availability, especially in areas with high water stress	Negative	Current	 	Responsible use of water resources
Impacts on the environment generated by products placed on the market by Comer throughout their life cycle	Negative	Current	  	Environmental impact of products throughout the life cycle
Impacts from waste generation, management, and disposal	Negative	Current	 	Responsible waste management
Impacts of production processes that limit material and energy inputs and minimize waste	Negative	Current	  	Circularity of processes

For each material topic, evidence is given of the link to the areas of Legislative Decree 254/2016 and with the indicators (GRI Standards) used for reporting.

MATERIAL TOPIC	PERIMETER		STAKEHOLDERS INVOLVED	REFERENCE AREAS LEG. DECREE 254/2016	GRI STANDARD
	IMPACT	INVOLVEMENT			
GOVERNANCE					
Ethics and integrity in business	Comer Industries	Generated by the Group	• Shareholders • Banks and Investors • Public Administration	• Fight against active and passive corruption • Respect for human rights	• GRI 205-1 • GRI 205-3 • GRI 206-1
Compliance	Comer Industries	Generated by the Group	• Shareholders • Banks and Investors • Public Administration	Social	• GRI 207-1 • GRI 207-2 • GRI 207-3 • GRI 207-4
Risk management	Comer Industries	Generated by the Group	All stakeholders	• Fight against active and passive corruption • Respect for human rights • Social • Personnel • Environment	N/A
Security of personal data and information	Comer Industries	Generated by the Group	All stakeholders	Respect for human rights	GRI 418-1
Digitization	Comer Industries	Generated by the Group	All stakeholders	Social	N/A
Business continuity	Comer Industries	Generated by the Group	All stakeholders	Social	N/A
SOCIAL					
Occupational health and safety	Employees and contractors ³⁷ of Comer Industries	Generated by the Group	• Employees • Outsourced workers • Trade Unions • Workers' representatives	Personnel	• GRI 403-1 • GRI 403-2 • GRI 403-3 • GRI 403-4 • GRI 403-5 • GRI 403-6 • GRI 403-7 • GRI 403-8 • GRI 403-9 • GRI 403-10
Human capital	Employees and outsourced workers of Comer Industries	Generated by the Group	• Employees • Outsourced workers • Trade Unions • Workers' representatives	Personnel	• GRI 401-1 • GRI 406-1
Personnel training and development	Employees and outsourced workers of Comer Industries	Generated by the Group	• Employees • Outsourced workers • Trade Unions • Workers' representatives	Personnel	• GRI 404-1 • GRI 404-3
Diversity and equal opportunities	Comer Industries employees	Generated by the Group	• Employees • Trade Unions • Workers' representatives	• Personnel • Respect for human rights	• GRI 405-1 • GRI 405-2

37 - Specifically, data on the health and safety of non-employee workers include only the categories of Comer Industries' contractors and suppliers of works or services operating at Group sites, and not other types of non-employee workers operating at Group sites and/or under the Group's control, in view of their significance and the availability of data over which the Group does not exercise direct control.

Human rights and fair labor practices	Comer Industries	Generated by the Group and related to the Group through its commercial relationships	All stakeholders	- Personnel - Respect for human rights	- GRI 407-1 - GRI 408-1 - GRI 409-1
ENVIRONMENTAL					
Effective and efficient energy management	Comer Industries	Generated by the Group and related to the Group through its commercial relationships	All stakeholders	Environment	- GRI 302-1 - GRI 302-3
Emissions and climate change	- Comer Industries - Electricity suppliers	Generated by the Group and related to the Group through its commercial relationships	All stakeholders	Environment	- GRI 305-1 - GRI 305-2 - GRI 305-3 - GRI 305-4 - GRI 305-7
Responsible use of water resources	Comer Industries	Generated by the Group	All stakeholders	Environment	- GRI 303-1 - GRI 303-2 - GRI 303-3
Responsible waste management	Comer Industries	Generated by the Group	All stakeholders	Environment	- GRI 306-1 - GRI 306-2 - GRI 306-3 - GRI 306-4 - GRI 306-5
Environmental impact of products throughout the life cycle	Comer Industries	Generated by the Group and to which the Group contributes	All stakeholders	Environment	- GRI 301-2 - GRI 301-3
Circularity of processes	Comer Industries	Generated by the Group and to which the Group contributes	All stakeholders	Environment	- GRI 301-2 - GRI 301-3
SUPPLY CHAIN					
Sustainable procurement	- Comer Industries - Suppliers	Generated by the Group and related to the Group through its commercial relationships	- Suppliers - Partners - Sales agents	- Respect for human rights - Social - Environment	- GRI 204-1 - GRI 308-1 - GRI 414-1
ECONOMIC					
Economic value generated and distributed	Comer Industries	Generated by the Group	- Shareholders - Financial community	Social	GRI 201-1
Correct tax practices	Comer Industries	Generated by the Group	- Shareholders - Financial community	Social	- GRI 207-1 - GRI 207-2 - GRI 207-3 - GRI 207-4
PRODUCT					
Product quality and safety	- Comer Industries - Direct customers	Generated by the Group	Customers	Social	- GRI 416-1 - GRI 416-2
Product/service innovation	- Comer Industries - Direct customers	Generated by the Group	Customers	Social	N/A

SUSTAINABLE ACTIVITIES: THE TAXONOMY OF THE EUROPEAN UNION

Evidence regarding compliance with DNSH criteria.

	GOAL 2	GOAL 3	GOAL 4	GOAL 5	GOAL 6
BLDG	ADAPTATION TO CLIMATE CHANGE	SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES	TRANSITION TO A CIRCULAR ECONOMY	POLLUTION PREVENTION AND REDUCTION	PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS
Matera	Conducted analysis of physical climate risks that may impact the plant's activities considering the physical climate risks listed in Section II of Appendix A of Attachment 1 of Delegated Regulation EU 2021/2139	It has no industrial wastewater discharges	• Study of levels of recyclability and recycled material within products • Product data sheets • Monitoring of waste quantities destined for recycling • Internal procedure for the management of chemical substances	• Declaration of compliance with Regulation EC 2019/1021 (POPs) • Supplier self-assessment on the use of certain substances (mercury) • List of refrigerant gases found in the air conditioning systems • Declaration of compliance with the RoHS Directive • Declaration of compliance with Regulation EC 2016/1907 (REACH)	The site is not located in an area of high biodiversity (source Natura 2000 et al.)
Jiaxing	Conducted analysis of physical climate risks that may impact the plant's activities considering the physical climate risks listed in Section II of Appendix A of Attachment 1 of Delegated Regulation EU 2021/2139	• It has no industrial wastewater discharges • Paint effluent treatment systems with reuse of treated water	• Study of levels of recyclability and recycled material within products • Product data sheets • Monitoring of waste quantities destined for recycling • Internal procedure for the management of chemical substances	• Declaration of compliance with Regulation EC 2019/1021 (POPs) • Supplier self-assessment on the use of certain substances (mercury) • List of refrigerant gases found in the air conditioning systems • Declaration of compliance with the RoHS Directive • Declaration of compliance with Regulation EC 2016/1907 (REACH)	The site is not located in an area of high biodiversity (source Natura 2000 et al.)

Evidence regarding compliance with the Minimum Safeguards.

APPROACH PROPOSED BY THE EU TAXONOMY USER GUIDE	POLICIES	MANAGEMENT SYSTEM	PERFORMANCE INDICATORS	AUDITS
Definition of the policies, procedures, and indicators necessary to adhere to the United Nations Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises	• Integrated Quality, Sustainability and Product Responsibility Policy • Integrated Human Rights Policy	Procedures, regulations and standards for the management of people and their human rights in the workplace are part of the Integrated Management System	• Monitoring the number and frequency of injuries, treatments, and near misses • Results of the human rights violation risk assessment • Gender pay gap • Percentage of female employees	• Internal audits on occupational health and safety • Due diligence on human rights compliance in the supply chain



FINANCIAL YEAR 2023	2023			CRITERIA FOR SUBSTANTIAL CONTRIBUTION						DNSH CRITERIA ("DO NOT SIGNIFICANT HARM")										
ECONOMIC ACTIVITIES	CODE(S)	ABSOLUTE TURNOVER	SHARE OF TURNOVER	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARD CRITERIA	SHARE OF TURNOVER (A.1) OR TAXONOMY ELIGIBLE (A.2), YEAR 2022	CATEGORY (ELIGIBLE ACTIVITY)	CATEGORY (TRANSITION ACTIVITY)	
MEASURING UNIT	EURO		%	YES; NO; N/ADM						YES; NO						YES; NO	%	A	T	
A. Taxonomy-eligible activities																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of planetary gearboxes for wind turbine generators	CCM - 3.1 ^B	41,420,918.92 €	3.4%	YES	N/ADM	N/ADM	N/ADM	N/ADM	N/ADM	N/A	YES	YES	YES	YES	YES	YES	YES	4.0%	A	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		41,420,918.92 €	3.4%	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	YES	4.0%		
of which enabling		41,420,918.92 €	3.4%	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	YES	4.0%	A	
of which transitional		0.00 €	0.0%	0.0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%		
A.2 Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)																				
				ADM; N/ADM																
Manufacture of electrical transmission parts for zero-emission personal mobility devices	CCM - 3.18 ^C	1,388,854.90 €	0.1%	ADM	N/ADM	N/ADM	N/ADM	N/ADM	N/ADM									N/A ^D		
Turnover of Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities) (A.2)		1,388,854.90 €	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%									0.0%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		42,809,773.82 €	3.5%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%									4.0%		
B. Taxonomy non-eligible activities																				
B. Turnover of Taxonomy non-eligible activities	1,181,128,260 €		96.5%																	
TOTAL (A + B)	1,223,938,034 €		100.0%																	

A - Ref. Del. Reg. EU 2021/2178 - Attachment I, para. 1.1.1.

B - 3.1 Manufacture of renewable energy technologies, ref. Att. I Del. Reg. (EU) 2021/2139 of June 04, 2021.

C - 3.18 Manufacture of automotive and mobility components, ref. Att. I to Del. Reg. (EU) 2023/2485 of June 27, 2023. As stipulated in Delegated Regulation (EU) 2023/2486 of June 27, 2023, the alignment assessment was not extended to this activity.

D - Economic activity 3.18 mentioned in note B was introduced by Del. Reg. (EU) 2023/2485 of June 27, 2023. Moreover, the activity in question was not within the 2022 reporting boundary.

FINANCIAL YEAR 2023	2023			CRITERIA FOR SUBSTANTIAL CONTRIBUTION						DNSH CRITERIA (“DO NOT SIGNIFICANT HARM”)									
ECONOMIC ACTIVITIES	CODE(S)	CAPEX	SHARE OF CAPEX	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARD CRITERIA	SHARE OF CAPEX (A.1) OR TAXONOMY ELIGIBLE (A.2), YEAR 2022	CATEGORY (ELIGIBLE ACTIVITY)	CATEGORY (TRANSITION ACTIVITY)
MEASURING UNIT	EURO	%				YES; NO; N/ADM				YES; NO						YES; NO	%	A	T
A. Taxonomy-eligible activities ^A																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of planetary gearboxes for wind turbine generators ^C	CCM - 3.1 ^B	0.00 €	0.0%	YES	N/ADM	N/ADM	N/ADM	N/ADM	N/ADM	N/A	YES	YES	YES	YES	YES	YES	0.0%	A	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00 €	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	0.0% ^D		
of which enabling		0.00 €	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	0.0%	A	
of which transitional		0.00 €	0.0%	0.0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%		
A.2 Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)																			
				ADM; N/ADM															
Manufacture of electrical transmission parts for zero-emission personal mobility devices	CCM - 3.18 ^E	0.00 €	0.0%	ADM	N/ADM	N/ADM	N/ADM	N/ADM	N/ADM								N/A ^H		
Other taxonomy-aligned CapEx ^F	CCM - 7.3, 7.4, 7.5, 7.6 ^G	178,889.06 €	0.3%	ADM	N/ADM	N/ADM	N/ADM	N/ADM	N/ADM								1.7% ^D		
CapEx of Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities) (A.2)		178,889.06 €	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%								1.7% ^D		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		178,889.06 €	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%								1.7%		
B. Taxonomy non-eligible activities ^A																			
B. Capital expenditures of Taxonomy noneligible activities		57,745,673 €	99.7%																
TOTAL (A + B) ^A		57,924,562 €	100.0%																

A - Ref. Del. Reg. EU 2021/2178 - Attachment I, para. 1.1.2. At present, Comer Industries has no plan to expand economic activities aligned with the taxonomy ("CapEx plan").

B - 3.1 Manufacture of renewable energy technologies, ref. Att. I Del. Reg. (EU) 2021/2139 of June 04, 2021.

C - The accounting system currently used by Comer Industries does not allow for the avoidance of double counting. For this reason, a precautionary approach was taken and this item was assumed to be 0.

D - There was a change in the calculation method used with respect to 2022. Applying an even more conservative approach, the items "Other CapEx eligible for the taxonomy" in para. 1.1.2.2(c) of Att. I to Del. Reg. (EU) 2021/2178 of July 6, 2021, were classified among A.2 activities instead of A.1 activities. In fact, the information currently available does not allow for an assessment with acceptable margins of accuracy and reliability of whether the alignment criteria have been met for each of the activities identified and falling into this category. The 2022 figure was recalculated using the new methodology to make it comparable with the 2023 figure (restatement).

E - 3.18 Manufacture of automotive and mobility components, ref. Att. I to Del. Reg. (EU) 2023/2485 of June 27, 2023. As stipulated in Delegated Regulation (EU) 2023/2486 of June 27, 2023, the alignment assessment was not extended to this activity.

F - EU Delegated Regulation 2021/2178 - Attachment I, para. 1.1.2.2 c) The accounting system currently used by Comer Industries does not allow detailing the financial flows related to CapEx associated with individual activities and measures.

G - Ref. Att. I Del. Reg. (EU) 2021/2139 of June 4, 2021. 7.3 Installation, maintenance, and repair of energy efficiency devices; 7.4 Installation, maintenance, and repair of electric vehicle charging stations in buildings (and in parking spaces pertaining to buildings); 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings; 7.6 Installation, maintenance and repair of renewable energy technologies.

H - Economic activity 3.18 mentioned in note B was introduced by Del. Reg. (EU) 2023/2485 of June 27, 2023. Moreover, the activity in question was not within the 2022 reporting boundary.

FINANCIAL YEAR 2023	2023			CRITERIA FOR SUBSTANTIAL CONTRIBUTION						DNSH CRITERIA (“DO NOT SIGNIFICANT HARM”)										
ECONOMIC ACTIVITIES	CODE(S)	OPEX	SHARE OF OPEX	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARD CRITERIA	SHARE OF OPEX (A.1) OR TAXONOMY ELIGIBLE (A.2), YEAR 2022	CATEGORY (ELIGIBLE ACTIVITY)	CATEGORY (TRANSITION ACTIVITY)	
MEASURING UNIT	EURO	%		YES; NO; N/ADM						YES; NO						YES; NO	%	A	T	
A. Taxonomy-eligible activities ^A																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Manufacture of planetary gearboxes for wind turbine generators ^C	CCM - 3.1 ^B	0.00 €	0.0%	YES	N/ADM	N/ADM	N/ADM	N/ADM	N/ADM	N/A	YES	YES	YES	YES	YES	YES	YES	0.0%	A	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.00 €	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	0.0% ^D			
Of which enabling		0.00 €	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	0.0%	A		
Of which transitional		0.00 €	0.0%	0.0%						N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0%			
A.2 Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities)																				
				ADM; N/ADM																
Manufacture of electrical transmission parts for zero-emission personal mobility devices	CCM - 3.18 ^E	0.00 €	0.00%	ADM	N/ADM	N/ADM	N/ADM	N/ADM	N/ADM								N/A ^H			
Other taxonomy-aligned OpEx ^F	CCM - 7.3, 7.4, 7.5, 7.6 ^G	4,081,847.93 €	80.0%	ADM	N/ADM	N/ADM	N/ADM	N/ADM	N/ADM								53.4% ^D			
OpEx of Taxonomy-eligible activities but not environmentally sustainable (not Taxonomy-aligned activities) (A.2)		4,081,847.93 €	80.0%	80.0%	0.0%	0.0%	0.0%	0.0%	0.0%								53.4% ^D			
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		4,081,847.93 €	80.0%	80.0%	0.0%	0.0%	0.0%	0.0%	0.0%								53.4%			
B. Taxonomy non-eligible activities ^A																				
B. OpEx of Taxonomy noneligible activities		1,018,530.67 €	20.0%																	
TOTAL (A + B) ^A		5,100,378.61 €	100.0%																	

A - Ref. Del. Reg. EU 2021/2178 - Attachment I, para. 1.1.3. At present, Comer Industries has no plan to expand economic activities aligned with the taxonomy ("CapEx plan")

B - 3.1 Manufacture of renewable energy technologies, ref. Att. I Del. Reg. (EU) 2021/2139 of June 4, 2021

C - The accounting system currently used by Comer Industries does not allow for the avoidance of double counting. For this reason, a precautionary approach was taken and this item was assumed to be 0.

D - There was a change in the calculation method used with respect to 2022. Applying an even more conservative approach, the items "Other OpEx eligible for the taxonomy" in para. 1.1.3.2(c) of Att. I to Del. Reg. (EU) 2021/2178 of July 6, 2021, were classified among A.2 activities instead of A.1 activities. In fact, the information currently available does not allow for an assessment with acceptable margins of accuracy and reliability of whether the alignment criteria have been met for each of the activities identified and falling into this category. The 2022 figure was recalculated using the new methodology to make it comparable with the 2023 figure (restatement).

E - 3.18 Manufacture of automotive and mobility components, ref. Att. I to Del. Reg. (EU) 2023/2485 of June 27, 2023. As stipulated in Delegated Regulation (EU) 2023/2486 of June 27, 2023, the alignment assessment was not extended to this activity.

F - EU Delegated Regulation 2021/2178 - Attachment I, para. 1.1.2.2 c). The accounting system currently used by Comer Industries does not allow detailing the financial flows related to OpEx associated with individual activities and measures.

G - Ref. Att. I Del. Reg. (EU) 2021/2139 of June 4, 2021: 7.3 Installation, maintenance, and repair of energy efficiency devices; 7.4 Installation, maintenance, and repair of electric vehicle charging stations in buildings (and in parking spaces pertaining to buildings); 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings; 7.6 Installation, maintenance and repair of renewable energy technologies.

H - Economic activity 3.18 mentioned in note b) was introduced by Del. Reg. (EU) 2023/2485 of June 27, 2023. Moreover, the activity in question was not within the 2022 reporting boundary.

PEOPLE

Below is the distribution of outsourced workers by contract.

2022					2023			
	F	M	TOT	%	F	M	TOT	%
Fixed term	44	401	445	78.8%	24	329	353	83.5%
Permanent	13	107	120	21.2%	9	61	70	16.5%
Total	57	508	565	100%	33	390	423	100%
% of Total	10.1%	89.9%	100%	-	7.8%	9.2%	100%	-

2022						2023				
	IT	DE	US	CN	RW	IT	DE	US	CN	RW
Fixed term	254	75	37	31	48	202	41	12	43	55
Permanent	120	-	-	-	-	70	-	-	-	-
Total	374	75	37	31	48	272	41	12	43	55
% of Total	66.2%	13.3%	6.5%	5.5%	8.5%	64.3%	9.7%	2.8%	10.2%	13.0%

TRAINING IN THE COMPANY

Below are the training hours per employee for outsourced workers.

2022				2023		
	F	M	TOT	F	M	TOT
Managerial	0.1	0.4	0.3	0.1	0.3	0.3
Technical	55.1	62.1	61.4	87.8	64.7	66.5
ESG	10.7	11.3	11.2	9.7	14.5	14.1
Total	65.9	73.7	72.9	97.6	79.5	80.9

OCCUPATIONAL HEALTH AND SAFETY

EMPLOYEE INJURIES	2022	2023
Bruising	17	14
Dislocation, distraction, distortion, crushing	12	16
Injury from other agents	1	1
Foreign bodies	-	2
Strain injuries	11	5
Wound, cut, splinters	13	7
Other	7	3
Total	61	48

NON-EMPLOYEE INJURIES	2022	2023
Bruising	11	3
Dislocation, distraction, distortion, crushing	2	1
Injury from other agents	-	-
Foreign bodies	-	1
Strain injuries	2	-
Wound, cut, splinters	6	1
Other	2	-
Total	23	6

ENERGY MANAGEMENT: DISTRIBUTION BY GEOGRAPHIC AREA

ENERGY CONSUMPTION (GJ)	2022	2023
Italy	143,232	134,889
Germany	132,737	144,793
USA	46,771	42,403
ROW	33,531	36,881
Total	356,271	358,966

CLIMATE CHANGE AND EMISSIONS MANAGEMENT: DISTRIBUTION BY GEOGRAPHIC AREA

GHG SCOPE 1 DIRECT EMISSIONS (t CO ₂ e)	2022	2023
Italy	3,343	2,505
Germany	4,258	4,667
USA	1,223	982
ROW	632	668
Total	9,456	8,822

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

GHG SCOPE 2 LOCATION-BASED DIRECT EMISSIONS (t CO ₂ e)	2022	2023
Italy	5,439	6,745
Germany	6,218	6,087
USA	3,058	1,732
ROW	1,584	3,353
Total	16,299	17,917

Source Scope 2 location-based emission factors: European sites (<https://www.aib-net.org>), USA (<https://www.epa.gov/egrid>), China, India, Brazil (<https://www.climate-transparency.org>).

GHG SCOPE 2 MARKET-BASED DIRECT EMISSIONS (t CO ₂ e)	2022	2023
Italy	2,833	7,018
Germany	8,979	10,741
USA	2,870	1,732
ROW	1,586	960
Total	16,268	20,452

Source Scope 2 market-based emission factors: European sites (<https://www.aib-net.org>, emissions are expressed in tons of CO₂e, as the percentage of methane and nitrous oxide has a negligible effect on total GHG emissions as inferred from the relevant technical literature), USA (<https://www.epa.gov/egrid>), China, India and Brazil (<https://www.climate-transparency.org>).

GRI CONTENT INDEX

The GRI Standards published in 2021 were used for the 2023 NFS.

Statement of use	Comer reported in accordance with GRI standards for the period 01/01/23-31/12/23
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI industry standards	Not Applicable

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	PAGES	OMISSIONS			GRI SECTOR STANDARD REF. NO.
			REQUIREMENTS	REASON	EXPLANATION	
GENERAL INFORMATION						
GRI 2: General disclosures 2021	2-1 Organizational details	16				
	2-2 Entities included in the organization's sustainability reporting	16-17				
	2-3 Reporting period, frequency, and point of contact	12-13				
	2-4 Restatements of information	13, 134-135				
	2-5 External assurance	134-137				
	2-6 Activities, value chain, and other business relationships	34-40, 49-51				
	2-7 Employees	73-74				
	2-8 Non-employee workers	73				
	2-9 Governance structure and composition	55-57				
	2-10 Nominating and selecting the highest governance body	55				
	2-11 Chair of the highest governance body	55				
	2-12 Role of highest governance body in impact management control	56-57				
	2-13 Delegation of responsibility for impact management	56				

GRI 2: General disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	57	
	2-15 Conflicts of interest	56	
	2-16 Communication of critical issues	60-61	
	2-17 Collective knowledge of the highest governance body	56-57	
	2-18 Evaluating the highest governance body's performance		Disclosure 2-18 was not reported due to unavailable/incomplete information because the process for its determination is still ongoing. Comer Industries commits to provide the information in next year's reporting
	2-19 Remuneration policies		Disclosure 2-19 was not reported due to unavailable/incomplete information because the process for its determination is still ongoing. Comer Industries commits to provide the information in next year's reporting
	2-20 Process for determining remuneration		Disclosure 2-20 was not reported due to unavailable/incomplete information because the process for its determination is still ongoing. Comer Industries commits to provide the information in next year's reporting
	2-21 Annual total compensation ratio		Disclosure 2-21 was not reported for confidentiality reasons. In this regard, Comer Industries has no public disclosure regarding remuneration and is not subject to any regulatory requirements
	2-22 Declaration on the sustainable development strategy	6-8	
	2-23 Policy commitment	59-63	
	2-24 Integration of policy commitments	59-63	
	2-25 Processes aimed at remedying negative impacts	65-67	
	2-26 Mechanisms for seeking clarification and raising concerns	61	
	2-27 Compliance with laws and regulations	61	
	2-28 Membership in associations	57-58	

GRI 2: General disclosures 2021	2-29 Approach to stakeholder engagement	24-25	
	2-30 Collective bargaining	72	
MATERIAL TOPICS			
GRI 3: Material Topics 2021	3-1 Process of determining material topics	24-26	N/A
	3-2 List of material topics	26	N/A
ETHICS AND INTEGRITY IN BUSINESS MANAGEMENT			
GRI 3: Material topics 2021	3-3 Management of material topics	59-63, 65-67, 112-113	N/A
GRI 205: Anti-corruption 2016	205-1 Operations assessed to determine the risks related to corruption	59-63	N/A
	205-3 Confirmed incidents of corruption and actions taken	59	N/A
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	60	N/A
COMPLIANCE			
CORRECT TAX PRACTICES			
GRI 3: Material topics 2021	3-3 Management of material topics	64, 112-113	N/A
GRI 207: Taxes 2019	207-1 Approach to tax	64	N/A
	207-2 Tax governance, control and risk management	64	N/A
	207-3 Stakeholder engagement and management of tax-related matters	64	N/A
	207-4 Country-by-country reporting		Information not available as the process of integrating information collection due to recent acquisitions is nearing completion. The information will be included in next year's reporting
SECURITY OF PERSONAL DATA AND INFORMATION			
GRI 3: Material topics 2021	3-3 Management of material topics	61, 112-113	N/A
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	61	N/A

SUSTAINABLE PROCUREMENT			
GRI 3: Material topics 2021	3-3 Management of material topics	50-51, 112-113	N/A
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	51	N/A
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	50	N/A
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	50	N/A
ECONOMIC VALUE GENERATED AND DISTRIBUTED			
GRI 3: Material topics 2021	3-3 Management of material topics	47-48, 112-113	N/A
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	47-48	N/A
PRODUCT QUALITY AND SAFETY			
GRI 3: Material Topics 2021	3-3 Management of material topics	36-40, 112-113	N/A
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts for product and service categories	36-40	N/A
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	40	N/A
RISK MANAGEMENT			
GRI 3: Material Topics 2021	3-3 Management of material topics	112-113, 65-67	N/A
DIGITIZATION			
GRI 3: Material Topics 2021	3-3 Management of material topics	39-40, 48, 50-51, 112-113	N/A
BUSINESS CONTINUITY			
GRI 3: Material Topics 2021	3-3 Management of material topics	112-113, 50-51, 60-61	N/A
PRODUCT/SERVICE INNOVATION			
GRI 3: Material Topics 2021	3-3 Management of material topics	112-113, 36-40	N/A
OCCUPATIONAL HEALTH AND SAFETY			
GRI 3: Material topics 2021	3-3 Management of material topics	82-86, 112-113	N/A

GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	84	N/A
	403-2 Hazard identification, risk assessment, and incident investigation	84	N/A
	403-3 Occupational health services	84	N/A
	403-4 Worker participation, consultation, and communication on occupational health and safety	84	N/A
	403-5 Worker training on occupational health and safety	82-83, 85	N/A
	403-6 Promotion of worker health	84-85	N/A
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	84-85	N/A
	403-8 Workers covered by an occupational health and safety management system	84	N/A
	403-9 Work-related injuries	85-86	N/A
	403-10 Work-related ill health	86	N/A
HUMAN CAPITAL			
GRI 3: Material topics 2021	3-3 Management of material topics	71-75, 112-113	N/A
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	74-75	N/A
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	76	N/A
PERSONNEL TRAINING AND DEVELOPMENT			
GRI 3: Material topics 2021	3-3 Management of material topics	77.81-83, 112-113	N/A
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	83	N/A
	404-3 Percentage of employees receiving regular performance and career development reviews	77	N/A

DIVERSITY AND EQUAL OPPORTUNITIES			
GRI 3: Material topics 2021	3-3 Management of material topics	55-56, 76-79, 112-113	N/A
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity within the organization's governance bodies and amongst employees	55-56, 77	N/A
	405-2 Ratio of basic salary and remuneration of women to men	78-79	N/A
HUMAN RIGHTS AND FAIR LABOR PRACTICES			
GRI 3: Material topics 2021	3-3 Management of material topics	80, 112-113	N/A
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	80	N/A
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	80	N/A
GRI 409: Forced or Compulsory Labor 2016	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	80	N/A
EFFECTIVE AND EFFICIENT ENERGY MANAGEMENT			
GRI 3: Material topics 2021	3-3 Management of material topics	112-113	N/A
GRI 302: Energy 2016	302-1 Energy consumption within the organization	92-93	N/A
	302-3 Energy intensity	93-94	N/A
EMISSIONS AND CLIMATE CHANGE			
GRI 3: Material topics 2021	3-3 Management of material topics	112-113	N/A
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	99-101	N/A
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	99-101	N/A
	305-3 Other indirect GHG emissions (Scope 3)	101-103	N/A
	305-4 GHG emission intensity	100-101	N/A
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant emissions	104	N/A

ENVIRONMENTAL IMPACT OF PRODUCTS THROUGHOUT THE LIFE CYCLE			
CIRCULARITY OF PROCESSES			
GRI 3: Material topics 2021	3-3 Management of material topics	112-113	N/A
GRI 301: Materials 2016	301-2 Recycled input materials used	105-106	N/A
	301-3 Recovered products and related packaging materials	105-106	N/A
RESPONSIBLE WASTE MANAGEMENT			
GRI 3: Material topics 2021	3-3 Management of material topics	112-113	N/A
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	106-108	N/A
	306-2 Management of significant waste-related impacts	106-108	N/A
	306-3 Waste generated	106-107	N/A
	306-4 Waste diverted from disposal	108	N/A
	306-5 Waste directed to disposal	108	N/A
RESPONSIBLE USE OF WATER RESOURCES			
GRI 3: Material topics 2021	3-3 Management of material topics	112-113, 108-110	N/A
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	108-109	N/A
	303-2 Management of water discharge-related impacts	110	N/A
	303-3 Water withdrawal	109-110	N/A

AUDITOR’S REPORT



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

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter “Decree”) and to article 5, paragraph 1, letter g) of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Comer Industries S.p.A. and its subsidiaries (hereinafter “Comer Group” or “Group”) as of December 31, 2023 prepared ex art. 4 of the Decree, and approved by the Board of Directors on March 13, 2024 (hereinafter “NFS”).

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph “Sustainable activities: the Taxonomy of the European Union”.

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

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the “*Global Reporting Initiative Sustainability Reporting Standards*” established by GRI - *Global Reporting Initiative* (hereinafter “GRI Standards”), which they have identified as reporting framework.

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

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

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

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

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Auditor’s Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

During the year covered by this assurance engagement, our auditing firm applied *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s responsibility

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

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

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group’s activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Comer Group;



4. understanding of the following matters:

- business management model of the Group’s activities, with reference to the management of the topics specified by article 3 of the Decree;
- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

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

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

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

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

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



Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Comer Group as of December 31, 2023 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS of Comer Group does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph “Sustainable activities: the Taxonomy of the European Union”.

DELOITTE & TOUCHE S.p.A.

Signed by
Silvia Dallai
Partner

Bologna, Italy
March 20, 2024

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

